



# ANNUAL REPORT 2019



আল-আরাফাহ্  
ইসলামী ব্যাংক লিঃ





آل-آرافاه  
ہیملامی بامک لمٹڈ



# Annual Report 2019

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)*



## Hadith on Interest

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- “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)



## Opinion

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### of other Religions and Great Men on Interest

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





## Board of Directors

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### **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

(Nomine Director of China Builders and Machinaries Ltd.)

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

Alhajj Badsha Meah

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

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### 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 Labu

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-Hajj A.Z.M. Shamsul Alam

Alhaji Abdus Samad Labu

#### Secretary

Md. Abdur Rahim Khan



## Management Team

---

### MANAGING DIRECTOR

Farman R. Chowdhury

### DEPUTY MANAGING DIRECTOR

Md. Fazlul Karim

S. M. Jaffar

Mohammed Zubair Wafa

Sabbir Ahmed

Md. Shafiqur Rahman

### SENIOR EXECUTIVE VICE PRESIDENT

Md. Abdullah Al- Mamun

Syed Masodul Bari

Abed Ahmed Khan

Md. Nadim

Md. Mahmudur Rahman

Kazi Mahmood Karim

Md. Mujibul Quader

### EXECUTIVE VICE PRESIDENT

M. Tariqul Islam

Md. Abdur Rahim Duary

Manir Ahmad

Md. Manjur Hasan

A. N. M. Mofidul Islam

Md. Aminul Islam Bhy.

Engineer Md. Habib Ullah

S. M. Kowsar

Mohammed Hossain

S. M. Abu Jafar

Md. Monjurul Alam

Md. Asaduzzaman Bhuiyan

Md. Idris Ali

Aktar Kamal

Md. Mazharul Islam

Md. Obaydul Islam

Md. Soheb Ahmed

Mohammad Azam

### SENIOR VICE PRESIDENT

A. K. M. Amzad Hossain

Md. Sharif Uddin Pramanik

Iqbal Hossain Ahmed

Md. Golam Sarwar

Md. Zakir Hossain Bhuiya

M. A. S. Jalal Azad

Md. Masudur Rahman

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

Mohammad Ullah

Jalal Ahmed

Md. Majiber Rahaman

Monir Ahammad

Md. Salamat Ullah

Md. Abdul Mobin

Md. Nazmul Huda

### VICE PRESIDENT

A. K. M. Sazzad Hossain

Md. Abdur Rahim Sarder

Md. Mizanur Rahman

Md. Sultan Mahmud

Md. Abul Kalam

C. G. M. Asaduzzaman

Md. Shah Jalal Sheikh

Md. Aminul Islam

Masudur Rahman Khalifa

Ishtiaq Ahmed

Md. Habibullah Bahar

Md. Mainul Islam

Mahbub Hasan

Md. Asif Chowdhury

Md. Hashim Uddin

Md. Lokmanur Rahman

Ashraf Hossain

Jashim Ahmed Chy

Md. Azmal Hoque

Md. Abdul Mannan Akhand

S. M. Zabidul Haque

Md. Ferdous Hassan

Md. Jahangir Alam

Md. Nahid Hossain

Md. Shamsul Huda Babar

Md. Kabir Ahamed

Touhid Siddique

Jahangir Alam

Md. Shahjahan

Jalal Ahmad



## Management Team

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Md. Abdur Rahim Khan  
Md. Zahurul Hoque  
Mirza Mohidul Islam  
Khondoker Monirul Hoque  
Md. Rafiqul Islam  
Ashik Ahmed Siddikey  
Imroz Chowdhury  
Md. Shamsul Kabir  
Muhammed Alamgir  
Md. Aminur Rahman  
Md. Shafi Mahmood  
Md. Jahangir Alam  
Md. Ibrar  
Md. Ashraful Haque  
M. Shamsuddin Ahmed

### SENIOR ASSISTANT VICE PRESIDENT

Md. Zahid Hasan  
A. K. M. Fokhrul Islam Majumder  
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

Shahadat Ali  
Md. Mustafizur Rahman  
Md. Mustaque Ahamed Mollah  
Md. Enayet Fakir  
A.M.M. Arif Billah Mithu  
Md. Golam Quddus Talukder  
Md. Momtazul Hoque  
Md. Golam Arfin  
Md. Zamshed Hossain Sarker  
Md. Mushfiqur Rahman Talukder  
Md. Towhidul Islam  
Syed Ariful Bari  
Md. Shakhawat Ullah  
Md. Zahid Hossain  
A.F.M. Faisal Kabir  
M.M. Rafikul Islam  
Md. Monir Hossain  
Mirza Asma Ferdous

### ASSISTANT VICE PRESIDENT

Md. Asaduzzaman Khan  
Md. Mahbubul Hoque  
Md. Rafiqul Islam  
Md. Mizanur Rahman  
M.M. Shamsul Alam  
H.M. Zakir Khan  
Md. Kamruzzaman  
A.S.M. Gouch Uddin Siddiquee  
Md. Kamrul Islam  
Md. Alauddin  
Syed Ariful Islam  
Syed Taslim Alam  
Md. Delowar Hossain  
Mahbubul Amin  
Md. Ashiqur Rahman  
Md. Abul Hossain  
Md. Abdur Rahim Sarder  
Md. Yusuf Sharif

Md. Abul Hossain Saju  
Md. Humayun Kabir Sardar  
Md. Mujibur Rahman  
Md. Moniruzzaman  
Md. Akber Hussain  
Md. Maynal Hossain  
Mollah Khalilur Rahman  
Md. Mijanur Rahman  
Md. Ismail Hossain  
Gazi Abdur Rahman Aminy  
Md. Abdur Rahman Bhy  
Ahamuduzzaman  
Md. Anwarul Quader Chy.  
Md Moinul Haque  
Nashir Ahmed  
Md. Taslim Hossain  
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 Zulfiqur Ali Mahbub  
Md. Zahurul Islam Patwary  
Md. Masud Parves  
Md. Ali Farhad  
Md. Mahbubur Rahman  
Munshi Sanaur Rahman



## Management Team

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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. Bashirul Islam  
A.K. Md. Rezwan Mohiuddin  
Md. Mustahidul Bashar  
Md. Khairul Alom  
Md. Mizanur Rahman Bhuiyan  
A. K. M. Yunus Ali  
Md. Kazi Md Elias  
Md. Abdul Mannan  
Md. Faruk Ahamed Khan  
Md. Raihan Uddin  
Md. Rafique Ullah  
Md. Zillur Rahim  
Md. Enamul Hoque  
Mohammed Nizam Uddin Bhuiyan  
Mohammad Elyas  
Mohd. Mahafujur Rohman  
Md. Shariful Alam  
Md. Golam Hossain

Kazi Shafiqul Islam  
Md. Neyamat Ullah  
Md. Koysor Khan  
Md. Belal Uddin  
Md. Maniruzzaman Khan  
Md. Serajummuner  
Saif Mohd. Zulkar Naeen  
Md. Anisur Rahman  
Md. Nurul Karim  
Kh. Kamranur Rahman Shovon  
Md. Rabiul Alam  
Md. Zahidul Islam  
Mollah Masum Billah Azadi  
A. K. M. Mijanur Rahman  
Himal Pasha  
Md. Mijanur Rahman  
Md. Moin Uddin  
Md. Mizanur Rahman  
Md. Murtaza  
Md. Rofiqul Islam  
K. M. Jalal Uddin  
Niaz Ahamad Rashed  
Asaduzzaman Bhuiyan  
Kazi Rokibul Anwar  
Yasmin Aziz  
Nilufer Yesmin  
Mohammad Oli Ullah  
Md. Zahangir Alam  
Md. Giasuddin Mridha  
Md. Abul Kalam Azad  
Md. Rabiul Basher  
Md. Abu Jafar  
Md. Ekramul Hoque  
Md. Abdul Basith

Md. Abdus Shukur  
Mahmudur Rahman Chow.  
Mohammad Zakir Hossain  
Feroz Ahammed  
Md. Sanaul Haque  
Md. Shah Alam  
Md. Abul Hasan  
A. K. M. Tawhid  
Imtiaz Ahmed  
Md. Anwer Hossain  
Md. Anas Abdullah  
Md. Mizanur Rahman  
A. K. M. Mahbulul Alam  
Jalal Uddin  
Md. Abul Kalam Azad  
A. K. M. Arifur Rahman  
Ismail Hossain  
Asifur Rahman  
Md. Mahfujul Hoque  
Md. Nurul Huda  
Md. Ashraful Alam  
Md. Imteaz Hossain  
Md. Minhajul Islam  
Md. Istiaque Hasan  
Sk. Asadul Hoque  
Md. Javed Omar  
Md. Sakhawat Hossain  
Md. Amir Hossain  
Imtiazul Alam  
Md. Jahidur Rahman Khan Nayon  
Mohammad Ishaque



## Vision

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

## Mission

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- Achieving the satisfaction of Almighty Allah both here and hereafter.
- Proliferation of Shariah Based Banking Practices.
- Rendering quality financial services by leveraging latest technology.
- Fast and efficient customer service.
- Maintaining high standard of business ethics.
- Balanced growth.
- Steady and 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

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- Ours is a customer focused modern Islamic Banking with sound and steady growth in both deposit mobilization and making quality Investment to keep our position intact 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.
- To always align our business initiatives with the ever changing industrial and business needs of the clients.
- To deliver product and services that creates value for the customers.
- To conduct our business within well defined risk tolerance level.



Honorable Chairman, Directors & Managing Director of AIBL are seen on the dais at the 24th Annual General Meeting

## 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	10,649.02 Million
Local Partnership of Capital	100%
Equity	24,148.21 Million
Number of Branches	182
Deposit	297,241.81 Million
Investment	288,486.02 Million
Number of Employees	3,795
Number of Shareholders	24,276



Section of the Honorable Shareholders attending the 24th Annual General Meeting of the Bank

## Corporate Information

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### Auditors

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#### **RAHMAN MOSTAFA ALAM & CO.**

Chartered Accountants

Paramount Heights (7th Floor D2,C1 & A)

65/2/1 Box Culvert Road, Purana Polton, Dhaka- 1000

#### **HUSSAIN FARHAD & CO.**

Chartered Accountants

House# 15, Road # 12, Block # F

Niketon, Gulshan-1, Dhaka- 1212

### Company Secretary

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Md. Mahmudur Rahman

### Registered Office

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

Tel : +88-02-44850005

PABX : 44850005-20

SWIFT : ALARBDDH

E-mail : [info@al-arafahbank.com](mailto:info@al-arafahbank.com)

Web : [www.al-arafahbank.com](http://www.al-arafahbank.com)



#### NOTICE OF THE 25<sup>th</sup> ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 25th Annual General Meeting (AGM) of the Shareholders of Al-Arafah Islami Bank Limited will be held on Thursday the 03rd September, 2020 at 11.30 a.m. virtually by using digital platform through the link '<https://alarafahbank.bdvirtualagm.com>' (in pursuance with Bangladesh Securities and Exchange Commission's Order No.SEC/SRMIC/ 04-231/25 dated 08 July, 2020) to transact the following businesses and to adopt necessary resolutions :

#### AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2019 along with the Reports of the Directors and the Auditors thereon.
2. To approve Dividend for the year ended December 31, 2019 as recommended by the Board of Directors
3. To appoint External Auditors of the Company for the term until the conclusion of the next Annual General Meeting and to fix their remuneration.
4. To appoint Certification Auditor of the Company as per Corporate Governance Code-2018 for the year 2020 and to fix their remuneration.
5. To elect/re-elect of Directors under Rotation.
6. Approval for appointment/re-appointment of Independent Directors Jb. Mahbubul Alam and Jb. Md. Amir Uddin PPM.
7. Approval of Nominee Director of China Builders & Machineries Ltd.
8. Approval of offload 41% shares of Millennium Information Solutions Ltd. at a price of NAV and hold remaining 10%
9. 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 join the meeting in time through the link '<https://alarafahbank.bdvirtualagm.com>'

By order of the Board



(Md. Mahmudur Rahman)  
SEVP & Company Secretary

Date: Dhaka  
28<sup>th</sup> June, 2020  
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. 30th July, 2020 will be eligible to join the Annual General Meeting (AGM) and entitled to the dividend, as approved.
- (2) A member will be eligible to join and vote at this virtual 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) Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No.BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018. Link of the downloadable PDF copy of the Annual Report 2019 along with Notice, Proxy Form and Attendance will also be available in the company's web-site ([www.al-arafahbank.com](http://www.al-arafahbank.com)) amongst others are to be send to respective Member's email address available in beneficiary owner (BO) account with the Depository participant (DP).
- (4) Concerned Depository participants (DP)/Stock Brokers are requested to provide us with a list of their margin loan holders who hold AIBL shares, as on record date with the details of Shareholders' name, BO ID, shareholding position, cash dividend receivable, tax rate etc. within August 15, 2020, along with the name of the contact person to the Share Department of the Company or at [share.aibl@al-arafahbank.com](mailto:share.aibl@al-arafahbank.com), otherwise dividends will be paid to bank accounts of the members whose name would appear on the 'Record Date'. The DP / Stock Brokers are requested to provide us with their Bank Account name & number, routing number etc. to mentioned email address for receiving the dividends of their margin loan holders.
- (5) The shareholders will join the virtual AGM through the link. The shareholders will be able to submit their questions/comments electronically before 24 (twenty-four) hours of commencement of the AGM through this link and also during the Annual General Meeting. In order to login for the virtual AGM, the shareholders need to click on the link and provide their 16 digit Beneficiary Owners (BO) account number or 5 digit Folio number, name of shareholders, their number of shares and mobile no or email number. Al-Arafah Islami Bank Limited emphasizes on maintaining transparency and highest corporate governance throughout this process and conduction of the AGM using the digital platform during this pandemics of COVID-19 when social distancing is the highest priority to ensure health and safety for its shareholders and other stakeholders
- (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) Shareholders are requested to login to the system prior to starting of the meeting. For any IT related guidance and help with the login process the respected members may contact at +8802 4485005-20, (Ext-212-215) visit [www.al-arafahbank.com](http://www.al-arafahbank.com) website.
- (8) No gift or benefit in cash or kind shall be paid/offered to the Shareholders in the 25th AGM as per BSEC Circular No. SEC/CMRRCD/2006-193/154 dated 24.10.2013

# Al-Arafah Islami Bank Limited's Virtual AGM System Manual

**Supported Browser:** Latest version of

Google Chrome , Microsoft Edge , Opera , Safari , Mozilla Firefox 

**Supported Device:** Laptop, Desktop, Tab, Mobile (android/ iPhone)

Virtual AGM with this simple step:

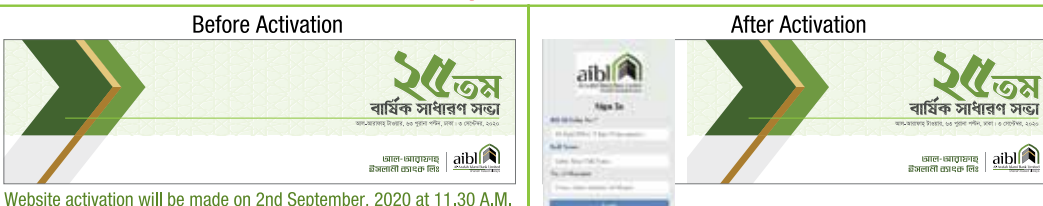
## Step - 1

Log in to the link <https://alarafahbank.bdvirtualagm.com>



## Step - 2

### Log on Interface



Website activation will be made on 2nd September, 2020 at 11.30 A.M.

## Step - 3

**Login screen:**

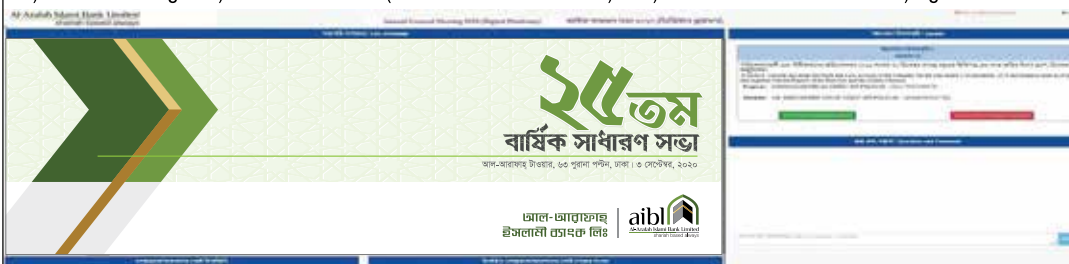
- Enter 16 digit BO number or 5 digit Folio number \*
- Enter Name
- Enter Number of Share(s) as per record date holding
- Click Login button



## Step - 4

### Shareholders can see:

- Live Streaming
- Total attendance (Number of Shareholders)
- Question & Comments
- Agenda



## Step - 5

**Shareholders can do:**

Send Question & Comments through text up to the end of AGM (English or Bangla)



**Shareholders can do:**

Shareholders can Propose/Support any Agenda



**Shareholders can do:**

If requires Shareholders can vote (Yes/ No) for any Agenda



# 5 Year Financial Highlights

(BDT in Million)

Particulars	2015	2016	2017	2018	2019	Growth%
<b>Income Statement</b>						
Investment Income	18,568.00	18,830.15	20,491.03	24,956.81	28,811.65	15.45
Profit paid on Deposit	11,073.01	9,957.73	11,784.20	16,256.61	18,604.42	14.44
Net Investment Income	7,494.99	8,872.42	8,706.83	8,700.20	10,207.23	17.32
Non Investment Income	2,511.94	2,791.54	3,557.36	3,769.39	4,037.57	7.11
Non Investment Expenses	3,646.78	4,152.93	5,308.42	6,160.70	6,384.18	3.63
Net Non Investment Income	(1,134.84)	(1,361.39)	(1,751.06)	(2,391.31)	(2,346.61)	(1.87)
Profit Before Tax & Provision	6,360.15	7,511.03	6,955.77	6,308.89	7,860.62	24.60
Provision For Investment	1,796.68	1,547.87	1,354.89	2,177.98	2,867.66	31.67
Profit Before Tax	4,563.47	5,963.16	5,600.88	4,130.91	4,992.96	20.87
Provision For Tax (including Deferred Tax)	2,097.59	2,613.76	2,431.38	1,674.11	2,565.33	53.24
Profit After Tax	2,465.88	3,349.40	3,169.50	2,456.80	2,427.63	(1.19)
<b>Balance Sheet</b>						
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	-
Paid up Capital	9,469.58	9,943.06	9,943.06	10,440.22	10,649.02	2.00
Reserve Funds & Other Reserves	6,432.32	7,468.16	8,556.96	9,365.62	10,318.61	10.18
Shareholders' Equity (Capital & Reserve)	19,236.07	21,337.48	22,520.68	23,483.22	24,148.21	2.83
Deposits	169,887.08	199,703.92	244,806.26	266,205.48	297,241.81	11.66
Investment	162,503.14	196,519.38	235,905.23	261,874.13	288,486.02	10.16
Investment in Shares & Securities	8,851.13	9,058.68	10,145.49	12,214.67	16,170.52	32.39
Fixed Assets	3,057.38	3,240.18	3,260.38	4,494.61	4,351.93	(3.17)
Total Assets (Excluding off-balance sheet items)	229,106.66	272,900.04	319,255.29	338,465.30	381,051.81	12.58
<b>Foreign Exchange Business</b>						
Import Business	107,049.80	118,786.60	156,700.00	168,573.80	171,611.70	1.80
Export Business	79,362.90	88,152.20	104,540.00	114,481.90	108,967.10	(4.82)
Guarantee Business	4,471.41	4,981.34	6,443.41	7,096.02	8,274.25	16.60
Inward Foreign Remittance	9,498.00	11,735.40	20,700.00	36,917.20	37,713.40	2.16
<b>Capital Measures</b>						
Core Capital (Tier-I)	18,244.48	20,359.39	21,459.85	22,379.93	22,817.41	1.95
Supplementary Capital (Tier-II)	4,828.03	5,095.97	5,488.97	10,078.56	9,735.77	(3.40)
Tier-I Capital Ratio	13.17	11.92	10.40	10.12	10.22	0.10
Tier-II Capital Ratio	3.48	2.98	2.66	4.56	4.36	(0.20)
Total Capital	23,072.51	25,455.36	26,948.82	32,458.49	32,553.18	0.29
Total Capital Ratio	16.65	14.91	13.06	14.68	14.58	(0.10)
<b>Investment Quality</b>						
Volume of Non-Performing investment	7,713.67	8,994.98	9,921.51	12,690.72	14,100.41	11.11
% of NPIs to Total Investment	4.66	4.54	4.10	4.79	4.82	0.03
Provision for Unclassified Investment	1,090.27	1,352.83	1,723.04	1,891.00	2,157.28	14.08
Provision for Classified Investment	2,100.27	2,586.67	3,096.15	3,946.09	6,022.02	52.61
Provision for Off Balance sheet Exposures	346.75	449.88	570.42	689.80	778.50	12.86
<b>Share Information</b>						
Number of Shares Outstanding	946,958,503	994,306,428	994,306,428	1,044,021,750	1,064,902,185	2.00
Earning per Share (Taka)	2.25	3.07	3.15	2.35	2.28	(0.02)
Book Value per Share (Taka)	20.31	21.46	20.88	20.80	21.13	0.33
Market Price per Share (Taka)	14.70	15.90	24.10	19.90	17.20	(2.70)
Price Earning Ratio (Times)	6.53	5.18	7.64	8.48	7.56	(1.09)
Price Equity Ratio (Times)	0.72	0.74	1.15	0.96	0.81	(0.14)
<b>Dividend per Share</b>						
Cash Dividend (%)	10.00	20.00	15.00	15.00	13.00	(2.00)
Bonus Share	5.00	-	5.00	2.00	-	(2.00)
<b>Operating Performance Ratio</b>						
Net Profit Margin%	4.91	4.60	3.87	3.42	3.73	0.30
Investment /Deposit Ratio	88.59	88.50	89.95	89.87	88.93	(0.94)
Return on Equity (ROE)%	12.82	15.70	14.07	10.46	10.05	(0.41)
Return on Assets (ROA)%	1.08	1.23	0.99	0.73	0.64	(0.09)
Cost of fund %	9.18	7.92	7.50	8.70	9.02	0.32
Cost /Income ratio in operating business (%)	36.44	35.60	43.28	49.41	44.82	(4.59)
<b>Other Information</b>						
Number of Branches	129	140	154	168	182	8.33
Number of Employees	2,810	3,070	3,446	3,682	3,795	3.07
Number of Shareholders	44,427	36,695	30,386	25,793	24,276	(5.88)



## Economic Impact Report

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The effect that an event, policy change or market trend will have on economic factors, for example profit rate, consumer satisfaction and confidence, stock market activity or unemployment. Events such as regulatory changes supply shortage or national disasters can have a significant economic impact due to the way that they affect business activity. 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 distributing 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 2019, total value added by AIBL was BDT 9,684.76 million as against BDT 8,649.60 million in 2018. Bank's direct contribution to the economy was BDT 2,565.33 million in the form of corporate income tax. The Bank distributed BDT 4,197.62 million for its total 3,795 officials in 2019 as against that of BDT 4,135.51 million for 3,682 in 2018.

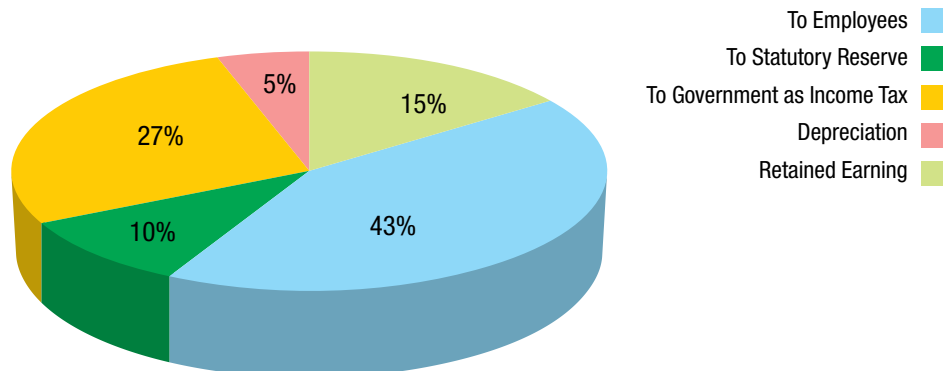
At the end of 2019, the Bank mobilized total deposits of BDT 297,241.81 million and aided the economy in meeting its growth target by deploying BDT 345,000.00 million as investment to different sectors of the economy. Apart from these, the Bank performed significant import and export business and other auxiliary businesses as well.

## Value Added Statement

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

Particulars	2019	2018
Income from Banking Service	32,849.22	28,726.20
Cost of Services & Supplies	(20,296.80)	(17,898.62)
Value added by Banking Services	12,552.42	10,827.58
Provision for Investment & Off balance Sheet Items	(2,867.66)	(2,177.98)
Total Value Addition	9,684.76	8,649.60
Value Distributed		
To Employees	4,197.62	4,135.51
To Statutory Reserve	991.95	811.46
To Government as Income Tax	2,565.33	1,674.11
Depreciation	497.98	390.10
Retained Earnings	1,431.88	1,638.42
Total Value Distributed	9,684.76	8,649.60

Distribution of Value of Addition



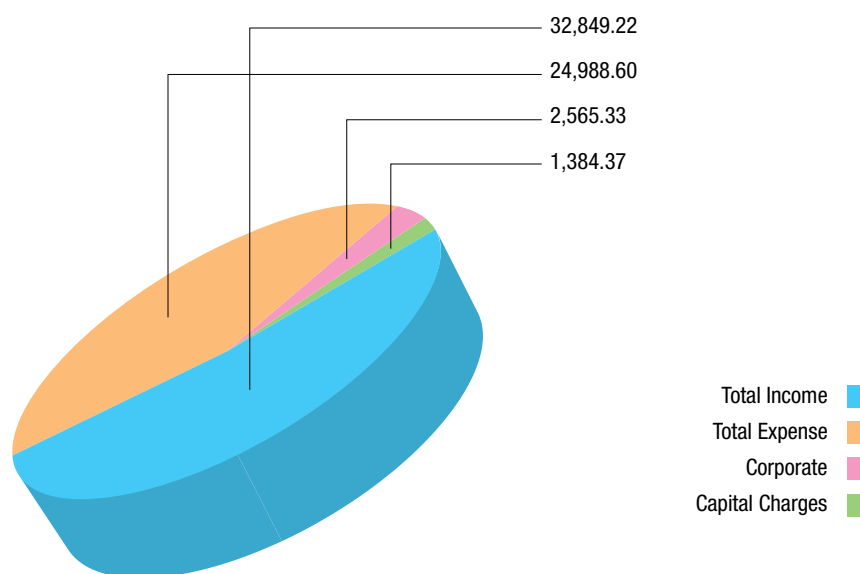
# Economic

## 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 3,910.92 million as on 31 December 2019 as against that of BDT 2,859.94 million in 2018

(BDT in million)

Particulars	2019	2018
Shareholders' Equity	24,148.21	23,483.22
Total Income	32,849.22	28,726.20
Total Expenses	24,988.60	22,417.31
Corporate Tax	2,565.33	1,674.11
Capital charge	1,384.37	1,774.84
Economic Value Addition	3,910.92	2,859.94



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



Chairman Alhaji Abdus Samad Labu and Managing Director and CEO Farman R Chowdhury handed over a cheque of Tk. 10 crore to Honorable Prime Minister Sheikh Hasina as Donation to Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust marking the birth centenary celebration of Bangabandhu on 6 January 2020

## Market Value Added Statement

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

(BDT in million)

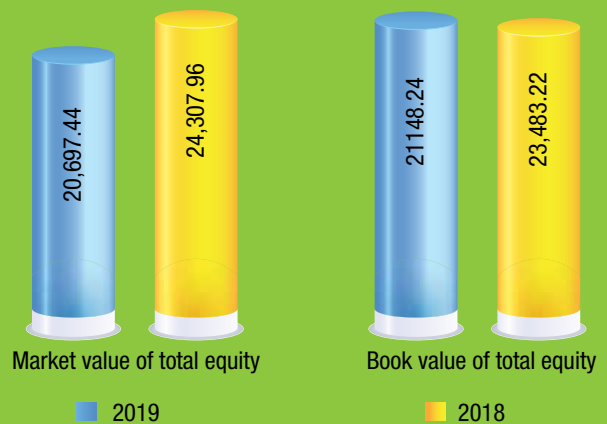
Particulars	2019	2018
Market Value of Total Equity	20,697.44	24,307.96
Book Value of Total Equity	24,148.24	23,483.22
Market Value Addition	(3,450.80)	824.74



Chairman Alhaji Abdus Samad Labu and Directors Alhaji Md. Liakat Ali Chowdhury, Alhaji Harun-Ar-Rashid Khan handed over 1 Lac 25 thousand blankets to Honorable Prime Minister Seikh Hasina for Prime Minister's Relief Fund under Corporate Social Responsibility (CSR) on November 2, 2019

## Market Value Addition

(BDT in million)



Total number of share outstanding: 1,064,902,185 (1,044,021,750)\*

Market value per share: BDT 17.20 (19.90)\*

\* Previous Year's figures in brackets.





# Chairman's Address

Bismillahir Rahmanir Rahim

All praises be to the Allah (SWT), Lord of the Universe and Peace and Blessings of Allah (SWT) be upon the Prophet Mohammad (SM) and his descendants and companions.

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

This year AIBL has embarked upon the 25th year of its operation. Initially AIBL had a plan to gorgeously celebrate the milestone achieved. But in the wake of COVID -19 pandemic, it decided to postpone all its celebrations for the greater interest of the Bank. AIBL started its operation on 27 September, 1995 and over a period of long 25 years of successful journey it has emerged as one of the leading Islamic commercial banks of the country. We gratefully acknowledge the trust and confidence our clients and shareholders have had on us during the last 25 years of journey and hope they will continue to do so in coming day as well. In return, Bank will take all possible steps to meet the ever changing needs of the customers in this challenging environment.

It is my great pleasure to welcome you all to the 25th 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 Bank for the year 2019.

All of us know that due to some unavoidable circumstances, the business in the year 2019 was not good enough for any of the banks and financial institutions of the country. In spite of that we have achieved all business targets for the year 2019.

As entrusted by you with the great responsibility of taking care of this institution, the Board of Directors is always keen and vigilant to protect the interest of the Bank and thus the interest of its clients and Shareholders. We always keep on reminding ourselves of the responsibilities and take our steps accordingly. This year we are focusing on developing the quality of our human resources, increasing the amount of low and no cost deposit which will ultimately improve the deposit mix and also on the SME sector. 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.

We know that the world is changing and it is changing really fast. Many of our usual practices are gradually becoming obsolete and new technologically advanced interfaces are replacing those. Moreover, this pandemic situation has given rise to many 'NEW' things which are being considered as new normal for us now. Thus in order to get the best, we have no option left but to leverage the technological advancement. But while doing so, the Board has advised the Bank to be extra meticulous in safeguarding the interest of the clients and shareholders and all in the entire Bank. In this contemporary world E-banking and cyberspace are the two words which go hands-in-hands. Banks are under tremendous pressure to digitally automate its day to day operations to satisfy clients' ever changing needs. Not only that, in order to survive the challenges of 4th Industrial Revolution, banks will be left with no options but to embrace the "disruptive payments system" as their own. Realizing the graveness of the situation, banks in Bangladesh are also gradually embracing upon this digital platform for their very existence. We, AIBL are also no exception to it. We have also stepped in this digital platform by launching our Islamic Wallet. But this new and latest modality of payment has also brought new threats for the industry besides making the life of people easy. Abuse of information technology has become a menace in the banking industry in Bangladesh. Ignorance of the mass people of the intricacies of Cyber Security is thus opening up new gateways for the criminals and giving rise to Cyber Laundering. We in AIBL have always ensured highest level of IT Security so far. But as there is no scope for complacency, the Board has advised the IT team to keep their vigilance at the highest level so that we are not exposed to hackers.

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 set out a mission of being "The Best Islamic Bank" in the country. I believe with all our honesty, integrity, efficiency and most of all with our strictness to comply with Shariah and Regulatory directions in every point, Insha Allah we shall be able to reach our goal of being recognized as the best Islamic Bank in Bangladesh in the coming days.

### Overall Performance

By the grace of Almighty Allah (SWT), Al-Arafah Islami Bank has overcome the challenges of 2019 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 Shariah 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. 7,860.62 million during the year registering an increase by Tk. 1,551.73 million over the previous year. The return on equity recorded at 10.05% while earnings per share (EPS) stood at Tk. 2.28.

Total assets of the Bank rose to Tk. 381,051.81 million during the year showing a growth of 12.58% over the previous year.

Deposit of the Bank stood at Tk. 297,241.81 million registering an increase by Tk. 31,036.33 million during 2019 with a growth rate of 11.66%.

Our Bank has always maintained investment-Deposit Ratio (IDR) at required level throughout the year. As a result, the bank has not only been able to maintain its risk free liquidity but also to maximize its earnings from the deployed fund.

All along, we have tried our best to make quality investments. In the process, due attention was also given to portfolio diversification which helped us in mitigating various inherent and potential risks associated with the investments. Despite many other industry bottlenecks, our investment portfolio has registered a healthy growth of 10.16% during the year.

Overdue investments stood at Tk. 7,234 million as on 31st December 2019 as against Tk. 9,097.52 million as of 31st December, 2018. Total overdue decreased by Tk. 1,862.71 million during the year 2019 bringing the same to 2.47% of our total investment as against 3.43% in the previous year. Corporate Branch Managers, Zonal Heads and other Branch Managers are advised to take all precautionary measures so that the overdue investments are not inflated and income leakage remains under control.

Rescheduled investments increased by Tk. 6,811.30 million from Tk. 12,045.83 million to Tk. 19,768.87 million (Term investments by Tk. 7,723.04 million plus Continuous and Demand investments by Tk. 12,045.83 million) which was 6.76% of total Investment. Recovery against rescheduled investment during the year 2019 was Tk. 912.27 million.

Classified investments increased by Tk. 1,409.70 million in 2019 from Tk. 12,690.72 million to Tk. 14,100.42 million representing 4.82% of total investment as against 4.79% in the previous year. During the year 2019, recovery against classified investment stood at Tk. 3,794.55 million while recovery against written off investments stood at Tk. 245.19 million recording a total recovery of Tk. 4,952.01 million which includes a recovery Tk. 912.27 million from the rescheduled investments.

### 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 101% 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)**

Al-Arafah Islami Bank Limited (AIBL) obtained the Off-shore Banking Unit (“the Unit”) License from Bangladesh Bank on 17 February, 2014 and commenced its operation from 22 May, 2014. Located at AIBL Motijheel Branch, 161, Motijheel Commercial Area Dhaka 1000, OBU is working as an independent unit. The principal activities of OBU include Mudaraba Investment under UPAS (Usance Payment at Sight) against Usance/Deferred L/Cs opened by an AD branch with the condition that payment will be made at sight by OBU of AIBL against acceptance of LC opening AD branches and Musharaka Documentary Bills in Foreign Currency (MOB F.C) against Accepted Local Export Bills to the eligible Deemed Exporters of our AD and Non-AD branches. Besides, OBU may also accept FC deposits from eligible customers. As per Bangladesh Bank guidelines the Books of Accounts of OBU is being maintained in foreign currencies of which the base currency is USD.

#### **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 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’s 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 2019, the company earned Operating Profit of Tk. 52.35 million (before provision for investment and taxation) with Earnings per Share (EPS) of 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, and Bond Issue etc.), Portfolio Management, Underwriting,

Corporate Advisory Services, Pre-IPO Placement, Investment Analysis and Research etc. During the year, 2019 the company earned Operating Profit of Tk. 5.50 million (before provision for investment and taxation) with Earnings per Share (EPS) of Tk.0.09.

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

AIBL Asset Management Co. Ltd. is another subsidiary company of AIBL with an Authorized Capital of Tk. 500 million and Paid up Capital of Tk. 100 million. Its main objective is to carry out the business of Asset Management, Portfolio Management, Capital Market Operation and other financial services. AIBL is holding 90% share in the company. The company is expected to start its operation soon.

#### **Conclusion**

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 utmost confidence on us.

Our deepest gratitude to our fellow Board Members, Members of the Shariah 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 wholehearted commitment to the fact that 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 bestows his boundless blessings upon all us.

Allah Hafiz.

Ma-assalam  
Sincerely,



Alhaji Abdus Samad Labu  
Chairman

Date: 3<sup>rd</sup> September 2020





# Managing Director's Address

Bismillahir Rahmanir Rahim

At the very beginning, we express our deep sense of gratitude to Almighty Allah (SWT), the Lord, and the Merciful for enabling us to obtain a good result in overall business performance of the Bank during the challenging year 2019.

Respected Shareholders,  
Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

Before I go into details let me take the privilege to announce that by the grace of Allah (SWT), we are on the verge of completing 25 years of successful journey which we had started on 27<sup>th</sup> September, 1995. Without your active support and guidance it would not have been possible. I thank you all for being alongside us all through these 25 years.

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 predecessors the opportunity to steer the Bank towards its mission and vision. I also place my appreciation for the dedicated and committed service put in by all the officials of the Bank.

As far as the advanced, emerging and thus the global economies are concerned, all have experienced a slow paced growth in 2019. It was certainly caused, among others, by sluggish consumer demand, prolonged trade tension between the USA and China and their associated wide range of policy uncertainties. All these have resulted in dampening investment growth, deteriorated the business confidence and also softened the demand (weighed on global commodity prices, particularly that of crude oil and industrial metals). Amidst all these, the world economy witnessed a growth 2.9% in 2019 compared to 3.6% in 2018.

Late 2019 witnessed the outbreak of novel corona virus in China. This had resulted in a major disruption in the supply chain. Consequently businesses in Bangladesh started to feel a negative vibration as we share our major trade pie with China.

Despite the outbreak of the pandemic, domestic economy registered a phenomenal growth of around 8% in 2019. But as the pandemic has started spreading like wildfire, businesses are

being negatively impacted at even a faster pace. Therefore, outlook of 2020 remains rather gloomy and uncertain. In spite of the fact, as on the date we are holding our AGM, economic activities are limping towards normalcy with people taking up activities by following safety norms. In support the Government with the assistance of Bangladesh Bank, has taken up various measures, launched number of stimulus packages to maintain financial stability and arrest the economic meltdown caused by COVID 19 outbreak.

Nevertheless as this is an ALL NEW situation for all of us, the future of banking industry cannot be predicted right away.

Uncertainty is the key word to focus on. Given this condition, we have also taken various thrifty measures and adopted a cautious approach to keep AIBL at a sustainable level and move forward accordingly.

### Overall Banking Scenario

**Banks' Deposits:** Total Deposit (excluding interbank items) of the scheduled banks increased by Tk. 1,346,490 million representing 12.38% point to point growth from Tk. 10,873,140.00 million as on 31 December 2018 to Tk.12,219,630 million as on 31 December 2019.

**Islamic Banks' Deposits:** All Islamic Banks' deposits stood at TK. 2,802,278.00 million during the year 2019 as against Tk. 2,373,669.10 million in the previous year 2018 and it increased by Tk. 428,608.90 million registering a growth of 18.06% in 2018. The share of Islamic Banks' deposits as of 31 December 2019 stood at 22.93% as compared to 21.83% on 31 December 2018.

**Banks' Advances /Investment:** Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 915,082.00 million representing 10.05% point to point growth from Tk. 9,108,648.00 million as on 31 December 2018 to Tk. 10,023,730.00 million as on 31 December 2019.

**Islamic Banks' Investments:** All Islamic Banks' Investments stood at TK 2,627,519.90 million during the year 2019 as against Tk. 2,309,072.80 million in the previous year 2018 and the deposits increased by Tk. 428,608.90 million registering a growth of 18.06% in 2019. The share of Islamic Banks' Investments as of 31 December 2019 stood at 26.21% as compared to 25.35% on 31 December 2018.

**Operating Profit:** Despite a tough start of the year 2019, 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 which was beyond the control of the bank.

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 in 8<sup>th</sup> position in 2019 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.

### Deposits and Borrowings

The total deposit and Borrowings of the bank reached Tk. 323,550.34 million recording 93.78% achievement of the Target of Tk. 345,000.00 million as on 31<sup>st</sup> December 2019 as against Tk.286,739.95 million at 31<sup>st</sup> December 2018. The Deposits and Borrowings increased by Tk. 36,810.39 million registering a growth of 12.84% in 2018 as against national growth of 8.13%. Our deposit target for the year 2020 has been fixed at Tk. 375,000.00 million expecting growth of 15.90%.

### Major Business Ratios

Major comparative business ratios i.e. Yield on Investment, Cost of Deposit and Borrowings, Spread, Cost of Admin, Cost of Fund, Non-Funded Income and Net Spread for the year 2018 and 2019 are appended below:

Particulars	2019	2018
Yield on Investment	9.40%	9.07%
Cost of Deposit & Borrowings	6.89%	6.47%
Spread	2.51%	2.60%
Cost of Administration	2.13%	2.23%
Cost of Fund	9.02%	8.70%
Non- Funded Income	1.78%	1.62%
Net Spread	2.16%	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 2019	Targeted 2020
Cost Free Deposit	10.58%	12.00%
Low cost Deposit	27.56%	28.00%
High Cost	61.86%	60.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### 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 2020 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 :
  - Best customer service.
  - Good business relationship with all the local industrialist,

- 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 along with salary accounts.
- Induction of Clients having large Foreign Exchange Portfolio so that cost free deposit i.e. margin account, FC held etc. may be maintained.
- Opening of more FC Accounts to keep more current account balance.
- Expediting the booking of more Current, Savings and SND Accounts.
- Encouraging the opening of collection accounts of different service oriented institutions like DPDC,DESCO, PDB, NGOs, Schools, Colleges, Universities ,Titas Gas, Bakhraabad Gas, Mosques, Madrasahs etc.

### Investments

Total Investments of the bank stood at Tk. 292,597.22 million recording 88.57% achievement of the target of Tk. 330,000.00 million as on 31st December 2019 as against Tk. 265,132.45 million on the same day of 2018. The investments increased by Tk. 27,464.77 million recording a 10.36% growth in 2019 as against national growth of 12.26%. The target for investment for the year 2020 has been fixed at Tk. 330,000.00 million with anticipated growth of 12.78%.

All the Branches, as they have done in the past, will give 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 potential client with satisfactory business reputation 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.7,860.63 million during the year 2019. The operating profit of the Bank during the year 2018 was Tk 6,308.89 million and thus the Bank

attained a growth of 24.60% 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 2020 has been fixed at Tk 9,000.00 million which shows a growth of approximately 14.54% 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 is 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. 318,292.20 million during the year 2019 as against the Target of Tk. 405,000.00 million. Our Foreign Exchange business has decreased by Tk. 1,680.70 million recording a growth of -0.53%. Target of International Trade for the year 2020 has been fixed at Tk. 370,000.00 million with 16.25% growth.

### Import Business

Total import business of the bank for the year 2019 stood at Tk. 171,611.70 million as against Tk 168,573.80 million in the previous year. We recorded a 1.80% growth in import business in 2019 over 2018. Target for Import business for the year 2020 has been fixed at Tk. 200,000.00 million with an expected growth of 16.54%.

### Export Business

Total Export business of the bank for the year 2019 stood at Tk. 108,967.10 million as against Tk. 114,481.90 million in year 2018 and thus recorded a growth of -4.82% over that of the previous year. Our target for Export business for the year 2020 has been fixed at Tk 128,500.00 million with an expected growth of 17.93%.

### Remittance

Total remittance of the bank stood at Tk. 37,713.40 million during the year 2019 as against Tk. 36,917.20 million, in the previous year. Our remittance business recorded 2.16% growth in 2019 over 2018. Target for Remittance business for the year 2020 has been fixed at Tk. 41,500.00 million and thus expecting a growth of 10.04%.

### Treasury Operations:

In our banking business, movements of the components of balance sheet are an ongoing process which has significant role on the profitability and overall financial strength of the bank. In line with the ever changing regulations and ideas, AIBL Treasury has played a pivotal role in overall fund management of the bank. Each and every day Treasury team has been monitoring all inflows and outflows of the balance sheet components and managed liquidity and deficit situations ensuring banks profitability within the laid down policies and regulations of Bangladesh Bank. AIBL Treasury team is always focused to cater the needs of different treasury solutions in different environments. As an Islamic Bank, AIBL has many limitations and cannot deal with conventional Treasury products like Govt. Treasury Bond, Treasury bill, Call Money, SWAP & Forward Contracts. In spite of all the limitations our Treasury team is committed to offer competitive price, excellent services and time befitting advices to the clients to best fit the changing environment. AIBL Treasury has separate designated desks to provide optimum Treasury solutions.

#### Desks are as follows:

- Foreign Exchange Desk
- Money Market Desk
- Asset Liability Management Desk and
- Corporate Service Desk

#### Foreign Exchange Desk

Throughout the Year, our Foreign Exchange Desk officials thoroughly monitored exchange rate movements, volatility & liquidity scenario of USD and other active currencies and accordingly set the exchange rates, successfully managed Net Open Position (NOP) along with ensuring maximum liquidity, provided market based exchange rates to the exchange houses abroad to support foreign remittance business of the bank as well as managed FC liquidity for our Offshore Banking Unit (OBU). The Foreign Exchange desk has maintained close liaison with a set of local and foreign counterparts for arrangements of FC liquidity. AIBL Treasury successfully managed FC dealing of cross currencies through its Currency platforms like FX Trader of Mashreq bank, FX Markets of ICICI Bank, Straight2fx of SCB & Deri-X Trader of LBBW, Germany. The Desk has also provided FC dealing solutions to the counterparty banks in our local market. Whole of the year, they have performed 2,226 no. of USD/BDT & cross currency deals. FX Desk has contributed operating income of BDT 1,441.50 million from cross currency deals, exchange gains & FC funding. In 2019, Treasury Back Office (TBO) team has handled 100,397 nos FX transactions with turnover of USD 8.74 bio. FX transactions were being routed through 30 Nostro accounts in USD, EUR, GBP, CNY, CHF, JPY & SAR currencies. TBO had relentlessly driven it's all-out effort for timely reconciliation of all of the nostro transactions aligned with Bangladesh Bank regulations.

### Money Market Desk

Ensuring optimum liquidity of local currency to meet asset book requirement as well as earning optimum profitability from the mismatches between maturity buckets of deposits of the bank within regularity requirements are prime responsibility of the Money Market Desk. AIBL Treasury Money Market Desk also maintained Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of the bank efficiently. Our team has successfully managed liquidity as well as deployed surplus funds to the Islamic banks, Islamic windows & Islamic branches of conventional banks and Islamic NBFIs. In 2019, Money Market Desk placement turnover was BDT 157,500.00 million and operating income from money market placement was BDT 1,146.10 million which is reflected in FAD GL.

### Asset Liability Management (ALM) Desk

Managing the risks that arises from maturity mismatches of Asset Liability of the bank is the prime responsibility of ALM Desk. Bank faces several risks like Liquidity Risk, Profit Rate Risk, Credit Risk and Operational Risk etc. ALM Desk mainly manages Liquidity Risk and Profit Rate Risk of the bank through day to day monitoring of market informations & future outlooks. It prepares ALCO paper & conducts ALCO meetings each month where all issues related with ALM are discussed and instructions are given accordingly.

2019 was a challenging year from Asset Liability point of view as Bangladesh Bank issued circular regarding fixation of new Investment Deposit Ratio (IDR). Due to volatile movements of profit/interest rates of Asset and Liabilities in the market, it was a real challenge to maintain a reasonable spread. The ALM Desk was proactive to revise the profit rates of deposits aligning with market rates as well as ensuring liquidity. Facing all challenges ALM Desk has succeeded to maintain a steady and reasonable spread throughout the year. ALM Desk has properly maintained BASEL III ratios like Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

### Corporate Service Desk

We are providing customized treasury solutions to our corporate clients matching with market practices from the Corporate Service Desk. Mainly our foreign trade clients seek market oriented timely solutions and appropriate advices for their FX portfolios. The main objective of the desk is to ensure maximum utilization of funds of corporate clients ensuring profitability of the bank as well as strengthening their trust on us.

Besides all of its regular activities, Treasury has prepared and updated following guidelines which had been duly approved by our Board of Directors:

- Foreign Exchange Risk Management Guidelines
- Guidelines on Asset Liability Management
- Wholesale Borrowing and Lending Guidelines
- Management Action Trigger



- Contingency Funding Plan
- Profit Rate Risk Management Guidelines
- Transfer Pricing Policy

### Treasury Outlook of 2020

In 2019 BDT vs USD has moved from Tk. 83.20 to Tk. 84.95 resulting depreciation of almost 2.10% but experts opinions are that, BDT is overvalued comparing our peer currencies. Our competitive countries has devalued their currencies significantly which has posed serious threat to our export destinations and country has faced negative growth of exports last quarter of the year. Due to prevailing tensions arising from US-China trade war, Iran Crisis & BREXIT issues, to retain export earnings, BDT may be under pressure for further devalue. In 2019 Government has introduced 2% incentive for inward remittances which has contributed in 17.89% growth. In addition to 2% incentive, if BDT depreciates further inward remittances volume may grow further.

We are in the wake of fixation of our Deposit rates @6% and Investment rates @9% from 1st April, 2020. It may change overall scenario of the liquidity position of the market and may lead to deepen the liquidity crisis further. To cope up with the changing scenario, banks have to introduce tech based banking, spread Agent and Sub-Branch outlets countrywide and rush to retail depositors which may change overall banking business pattern.

#### Foreign Trade Operation:

Foreign Trade Operation Division (FTOD) of IBW consist of following five Departments:

- Import Trade Operation Department
- Export Trade Operation Department
- MIS & Compliance Department
- Off-Shore Banking Department
- Trade Policy & Planning Department

Foreign Trade Operation Division (FTOD) processes various required approval work i.e. Export Development Fund (EDF), Substitute Cash Assistance (SCA), Guard Against SCA, Credit Report Collection, UPAS and MDB(FC) approval etc. through Bank Management and Bangladesh Bank.

In addition to the above, FTOD, closely monitor all types of Funded and Non-Funded liability regarding F.Ex transactions of the Bank and also ensure all types of periodic reporting to Bangladesh Bank.

Through Online Monitoring Cell of FTOD we facilitate our customer and branch officials for executing any correction in OIMS & OEMS that ensures smooth operation regarding clearance of Import and Export consignments.

#### Professional Development Programs for Foreign Exchange Officials:

Under bank finance and supervision, so far 61 officials of our bank had qualified as CDCS (Certified Documentary

Credit Specialist). Besides, we also have 05 CAMS (Certified Anti Money Laundering Specialist). Around 37 Foreign Trade Officials/Executives have participated in different Local and International Seminars arranged by ICC Bangladesh and other International Bodies in 2019.

Besides its regular activities, Foreign Trade Operation Division has prepared “Guideline for Off Shore Banking Operation of Al-Arafah Islami Bank Ltd.” in light of Bangladesh Bank Guidelines, which had been approved by our Board of Directors.

Hajj Cell Performance: During the year 2019, AIBL has topped the list of banks in Pre-registration of Hajj Pilgrims with a number of 18,575. Our Hajj Booth operation had added an exchange gain of Tk. 1.30 million compared to Tk. 05.00 million of 2018.

#### Foreign Remittance Division:

Foreign Remittance Division is a potential business segment of our bank which contributes in overall growth of the Bank, increases the inflow of foreign currency, assists to build up low cost deposit and strengthen customer base of the Bank as well as upholds Bank’s image in home & abroad. Foreign Remittance Division is procuring remittance from major remittance hubs across the globe consisting more than 100 countries through 19 (nineteen) Remittance Arrangements with different exchange houses in abroad and local banks.

The Branches & Agent Banking Outlets of AIBL have procured direct foreign remittance BDT 24,425.80 million in 2019 which is more than 50.49% of the previous year 2018 and procurement of foreign remittance through BEFTN (A/c Credit with other bank) was BDT 13,287.60 million in 2019 which is behind 35.77% of the previous year 2018.

#### Remittance Drawing Arrangement:

Foreign Remittance Division has executed 04 new remittance drawing arrangements with different exchange houses in USA, Malaysia, Italy & UK in 2019 i.e. i) Sunman Global Express Corp., USA, ii) CBL Money Transfer, Malaysia, iii) National Exchange Company, Italy and iv) Aftab Currency Exchange, UK, and another 10 (ten) more exchange houses from different hubs of the world are under process. In order to boost-up remittance business the division is deploying all-out effort to establish new drawing arrangements with exchange houses namely in UAE, Oman, Bahrain, Kuwait, Qatar and Malaysia.

#### Foreign Remittance Operation at Agent Banking Outlets:

Our Agent banking outlets have been disbursing foreign remittance under the support of Foreign Remittance Division. Remittance achieved through Agent Banking Outlets during 2019 was BDT 6,089.50 million which was 16% of total remittance and number of transaction was 1,38,719.

### Cash Incentive against Foreign Remittance:

As per the declaration of the Government of Bangladesh and instruction of Bangladesh Bank, we have been providing 2% cash incentive against foreign remittance payment from 23.10.2019.

AIBL received Imprest fund of Tk. 306.30 million for Cash Incentive against foreign remittance and up to December' 2019, we disbursed Tk. 239.90 million.

### Foreign Trade Processing:

Our FTPD (Foreign Trade Processing Division) is fully Centralized with integrated solution with Core Banking software and SWIFT system. The message also passed by complying AMLD & CFT regulations through SWIFT sanction screening.

### Overseas Banking Division:

Overseas Banking Division (OBD) is considered the gateway to International Banking in AIBL. The division is typically responsible for establishing relationship with correspondents at home and abroad subject to compliance with AML-CFT regulations of Bangladesh Bank & other competent authorities.

### Meeting with Foreign Correspondents in 2019:

Last year, the Bank held meetings with the Representatives of 38 Foreign Banks from different parts of the world. In 2019, we had been able to establish 14 new RMA, open 3 new Nostro Accounts, on top of that increase of credit lines worth USD 95 million from our existing and new relationships further broadened our foreign currency business capacity.

**Vessel Tracking Services:** In 2019, we implemented web based vessel tracking services for Import and Export business in our bank from Lloyd's List Intelligence (LLI), United Kingdom to comply with the requirement of Maritime Sanctions screening.

### 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 among all our correspondents, home and abroad.

**Legal Entity Identifier (LEI):** LEI is required to ensure uninterrupted service for all transactions in Europe. It is a crucial identifier component of MiFID for all counter-parties to transactions, regardless of their physical location. In addition, several regulatory authorities in countries outside Europe already require financial counter-parties to obtain an LEI for trade reporting as well as transaction reporting. Our AI Arafah Legal Entity identifier (LEI) No. 549300ZK0FW003P5J254.

Overall Plan and Strategies for Foreign Exchange Business for 2020:

- Diversify our import and export portfolio for minimizing potential risks and maximizing profit
- Ensure routing of all import and export business of our clients through us
- Induct best import and export clients from the market
- Boost up cash import business.
- 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.
- International marketing (Meeting, Remittance Program, remittance fair, Overseas visit)
- Implementation of Sanction Screening for remittance payment.
- Increase of Remittance Drawing Arrangement.
- Strengthening the Hajj Management system.
- Keep Treasury positions within set benchmark.
- Cope up with new products/market dynamics with the extended FX volume.
- Maintain optimum liquidity.
- Achieve set earning target for 2020.
- Spread treasury networks through diversified functions/ products within policy.
- Enrich IBW officials with local/foreign training.
- Match and keep updated treasury tools/dealing room equipments.

### Asset Quality

**Overdue investment** stood at Tk. 7,234 million as on 31st December 2019 as against Tk. 9,097.52 million as of December, 31 last year. Total overdue decreased by Tk. 1,862.71 million during the year 2019 bringing the same to 2.47% of our total investment as against 3.43% 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. 6,811.30 million from Tk. 12,045.83 million to Tk. 19,768.87 million (Term Tk. 7,723.04 million + Continuous & Demand Tk. 12,045.83 million) which was 6.76% of total Investment. Recovery against rescheduled investment during the year 2019 was Tk. 912.27 million.

**Classified investment** increased by Tk. 1,409.70 million from Tk. 12,690.72 million to Tk. 14,100.42 million representing 4.82% of total investment as against 4.79% in the previous year.

During the year 2019, recovery against classified investment stood at Tk. 3,794.55 million while recovery against Written off Tk. 245.19 million building a total recovery of Tk. 4,952.01 million including recovery Tk. 912.27 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.
- 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. 2,916.08 million from Commission Income during the year 2019 as against Tk. 2,729.47 million during 2018. The target for our ancillary business during the year 2020 has been fixed at Tk. 3,300.00 million with an anticipated growth of 13.17%.

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 (CAR)

As per Bangladesh Bank requirement, Bank has to maintain a Capital of 12.50% 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 31.12.2019 our Eligible Capital (Solo Basis) stood at Tk. 30,802.44 million as against Tk. 30,564.17 million in December 2018, Tk. 25,104.77 million in December 2017, Tk. 23,704.16 million in December 2016 and Tk. 21,342.97 million in 2015, recording a growth of 0.78 % in 2019, 21.75% in 2018, 5.91% in 2017, 11.06% in 2016 and 23.00% in 2015.

Risk Weighted Assets (RWA) of Tk. 223,329.55 million (Consolidated Basis) and Tk. 221,854.13 million (Solo Basis) recording a Capital Adequacy Ratio (CAR) of 14.58% (Consolidated Basis) and 13.88 % (Solo Basis) in December 2019 as against 14.38% in 2018, 12.28% in 2017, 14.41% in 2016, 15.30% in 2015 and 13.53% in 2014.

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. 6,800.00 million as at 31-12-2019.

#### Money Laundering and Terrorist Financing Prevention

Money Laundering activity has been in existence with the objective to convert black money into white. The most popular means has been via financial institutions, principally, the banks. To combat this menace, GOB has mandated Bangladesh Financial Intelligence Unit (BFIU) to regulate this sphere of operation. It has come out with guidelines and reforms which are very much in line with global strategies and initiatives promulgated by Financial Action Task Force (FATF). Like all member banks, AIBL is no exception in implementing the guidelines/recommendations.

Business and compliance go hand in hand. Strict and continuous monitoring is done by BFIU. Any serious AML/CFT compliance lapse can malign a banks reputation and is a punishable offence for the responsible Officer/Stakeholder/ Entity, etc.

Major highlights/initiatives:

1. Banks BOD has given high priority and focus which is very much in line with national compliance initiatives and directions from BFIU;
2. Announcement of MDs commitment message to all bank staff on AML/CFT compliance at the beginning of the year is an important annual event;
3. Formation of Central Compliance Committee (CCC) which is headed by the CAMLCO and represented by all stakeholders and very senior staff. Minimum 4 meetings are held annually and the outcome/resolutions is discussed/vetted in 'All Risk Committee\* meeting;
4. To accomplish the goals, objectives and day to day activities, the division is headed by D\*CAMLCO who reports to the CAMLCO and has a team of 7 people looking into various functions;
5. Set up Branch Anti Money Laundering Compliance Officer (BAMLCO) nominated by Central Compliance Committee (CCC), accomplishing the branch level program;
6. Appointment of all BAMLCOs is confirmed by CCC. Generally, they hold the rank of AVP and above for AD branches and Operation Manager for non AD branches;
7. Queries from BFIU are responded by AML&CFT division in Head Office as and when required;
8. The division places high importance to completeness & correctness of customers' information;
9. Cash Transaction Reports, Suspicious Transaction Reports and Suspicious Activity Reports are provided to Regulators through GoAML Software;
10. Half Yearly Reports are prepared/generated by this division before sending them to BFIU;
11. Division ensures that all queries to BFIU are sent within the stipulated time frame/deadline;
12. Arranging AML/CFT related training and outreach programs to keep all staff versed on compliance issues;

13. Arranging BAMLCO Conference, 2020 for the first time in the Banks history;
14. Ensures all AML/CFT awareness related poster, leaflet, fustoon, etc. are distributed to branches properly;
15. Handles comments in reports from ICCW, External audit, DBI and Forex audit (BB) and BFIU. Division also conducts visits to monitor/oversee the AML/CFT set in branches and how well they conform to compliance;
16. UN sanction and local sanction lists are screened through software operation;
17. Agent Banking operation is also monitored under Bank\*s compliance principles;
18. AML risk is among the 6 core risks identified by Bangladesh Bank (score is a part of CAMELS rating);
19. TBML policy formulation is very much in the final stages.
20. Because of the importance, zero tolerance on compliance has been set by Management.

MLTFPD is under the supervision of the CAMLCO whose rank is DMD. The Division follows guidelines from BFIU and other government agencies, adheres to international directives (FATF recommendation, etc.). It constantly strives to enforce & strengthen its AML & CFT program in order to achieve the optimal compliance status.

#### Shariah Compliance

Our Bank is 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 2019, Shariah Secretariat of the Bank under the direct supervision of the Shariah Supervisory Committee undertook different programs for Shariah compliance in the Bank.

Al-hamdulillah, during the year 2019, a total of 182 branches (which includes 14 new branches as well) were inspected under the Shariah Supervisory Secretariat by the Shariah Secretary & Muraquibs. As per their report, investment Income of Tk. 17.74 million of 182 Branches and Head Office ID. has been segregated as Doubtful Income.

#### 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 account but also deliver to financial services to each person with an affordable cost where the clients can deposit or withdraw their money with comfortable process like cash, check, debit/credit card, mobile banking, agent banking & 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 engagement of 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 launched 265 Agent Banking outlets through 170 Agents as on December 2019 with a view to bringing the un-banked population under banking services. As on December 2019, total accounts of Agent Banking are 2,24,687 which is 10.98% of total Bank's account. We have already covered 241 Upazillas under 44 Districts. With some restrictions and limitations, most of the banking services are available in agent banking operation.

In Agent Banking, most of the beneficiaries are living in rural areas and were earlier totally un-banked. But now, their total deposit is Tk. 15436.80 Million and the figure is increasing rapidly. Clients are opening accounts, depositing and withdrawing their expected money, getting foreign remittance from their relatives, paying their utility bills and getting other banking services spontaneously. This is one of the appropriate examples of financial inclusion in Bangladesh.

Agent Banking Performance At a Glance (As on 31-12-2019)

Taka in Million

Particular	Year 2019	Year 2018
Total Number of Agents	170	133
Total Number of Outlets	265	200
Number of Accounts	2,24,687	1,36,434
Total Deposit (Tk.) of Agent Bank	15,436.80	9,440.64
Number of Foreign Remittance disburse through Agent Bank	1,39,373	84,224
Amount of Foreign Remittance (Tk.) disburse through Agent Bank	6,122.54	3,315.06
Number of Electricity Bills	16,19,183	6,74,371
Amount of Electricity Bills (Tk.)	1,134.10	355.90
Number of Covered District	44	44
Number of Covered Upa-zilla	241	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 45% of manufacturing value addition. They account for about 80% of industrial employment, about 90% of total industrial units and about 25% of total labour force.

In the light of the definition given by Bangladesh Bank, Al-Arafah Islami bank Ltd. has put utmost priority over CMSME financing in three categories of enterprises viz. Industry, Trade & Services.

### CMSME Investment at a glance

Figure in Million

Description	2018	2019
Total CMSME Portfolio	105,909.20	101,467.20
% of CMSME Portfolio to Total Portfolio	39.94%	34.67%
Target of CMSME Investment	58,000.00	85,000.00
Total CMSME Disbursement	78,981.30	85,761.15
% of Achievement	136.17%	100.89%

### Investment on Women Entrepreneurs

About 50% of the populations 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	4,851.70
Amount of Disbursement to Women Entrepreneurs	4,699.07

### Agricultural Investment

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.

#### 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 2,450 farmers under this scheme and total investment is Tk. 30.05 million of which outstanding is Tk. 29.00 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 75.00 million investments among 1150 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 29.72 million investments among 557 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. 23.99 million for fattening of 484 Cows and 13 Buffalos among 187 farmers so far. This was a great achievement we think. This is a special scheme in the banking sector of Bangladesh.

#### Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2019. 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 96 news items of the Bank were broadcasted in 820 news coverage through 18 different TV Channels during the year 2019. We continued news branding on 6 major satellite TV channels such as, Channel-i, Bangla Vision, ATN Bangla, ATN News, Desh TV and DBC TV.

Promotion in the television media got a major hike during the Ramadan in this year. In 17 major TV channels which included NTV, ETV, Bangla TV, Jamuna TV, Channel-9, Boishakhi TV, SA TV, News 24, ATN Bangla, Desh 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 8 interviews and talk shows of the Managing Director and other top executives were published or broadcasted in several medias. 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 cemented the relationship with clients and uplifted the image as a people oriented bank.

We had 1960 Press Release items published in more than 65 different leading Newspapers and Media throughout the year. Besides, more than 900 advertisements were published in 125 different publications during that year. The Bank will touch the milestone of 25<sup>th</sup> Anniversary in 2020. To celebrate the moment, honorable Board of Directors has approved a rebranding campaign for the year. Therefore in 2020, our advertisement plan will focus to achieve the most outcome from the Rebranding Campaign though part of these activities have been subsequently postponed due to covid-19 pandemic.

### Information Technology

The technology is of great use in banking sector. It has changed the banking industry from paper and branch based banks to digitized and network services. Meaning it has played a very big role in reducing fraud in banks which protects its clients. Banks are investing heavily in digital banking technology, in which customers use mobile, web or digital platforms to use banking services. Artificial intelligence solutions, such as chatbots, often assist customers in simple tasks such as making payments. As such bank can enhance business processes, make managerial decision, and workgroup collaborations which strengthen their competitive positions in rapidly changing and emerging economies.

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

Recently AIBL has launched Islamic Wallet which a Shariah based Mobile Financial Services of Al-Arafah Islami Bank Limited which has gone through the most rigorous security, compliance standards and all regulatory requirements.

Islamic Wallet promises to provide the most innovative services that can be provided in Mobile Financial Services industry of Bangladesh. It is fast, secure and affordable way to send & receive money from anywhere at any time. In addition to 'send and receive money', it provides a total eco-system where people can derive the best use of money. This wallet will be considered as new and innovative payment system to cater all kinds of banking needs for ensuring the maximum convenience of customers specially those who do not have access to banking services.

### Services offered by Islamic Wallet

- Cash In, Cash Out, Person to Person (P2P)
- Fund Transfer from Card and Bank Account.
- Person-to-Business payments (P2B) such as utility bill payment, airtime top-up, insurance premiums, loan installments, merchant payments etc.
- Business-to-Person payments (B2P) such as payroll, commission disbursement, etc.
- Government-to-Person (G2P) payments such as subsidies, freedom fighter allowances, social welfare payments, endowments, etc.
- Person-to-Government (P2G) payments such as government duties, taxes, fees, etc.
- Ticketing Service
- Tuition Fees Payment

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

1. To become one of the best three Technologically advanced banks in the country within next 3 years
2. To ensure 100% Regulatory Compliance by taking highest possible ICT security measures.

3. To partner with various government & non-government entities so that the unbanked community of the society are brought under formal banking channel through MFS.
4. Full-fledged Internet Banking along with E-Commerce and Payment Gate way will be starting very soon.
5. Introduce Sub Branch Services as per Bangladesh Bank guideline.

### Card Division

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 1.85 lac AIBL card holders can use AIBL own ATMs as well as any Banks ATM through NPSB network and Master Card enabled ATMs. The growth of debit card was 48% and for credit card that was 55% in 2019. We already introduced most secure EMV certified chip based card. We are planning to start issuing contactless card for make everyday purchases quickly and safely with just a tap. We will launch “Master INSTANT Card” to facilities our honorable customers, they can collect the pre-embossed Master debit card from Branch at the time of opening account. We are also considering to launch Dual Currency Debit card soon. In line with the new slogan of our Bank “Shariah based always”, we are strictly maintaining the Shariah principles while issuing La-Riba Credit Card, where we operate on ‘Quard’ concept. We are offering Credit card to our customer with wide range of modern and digitalized services. We are providing Lounge facility to our honorable La-Riba Platinum Credit Card holders. The Lounge is a quiet place where our honorable customers can relax and escape the stress of the terminal. We have already signed EMI and discount agreements with almost all renowned furniture manufacturers, Branded electronics chain shops, and lifestyle retailers, travel agents, local airlines and leading hospitals, restaurants, hotels, on-line shops. We are planning to adopt MasterCard 3D Secure Code version 2.0 technology in our Card Management System (CMS) for making secured online transactions and be protected against any unauthorized card usage when customer shop online. MasterCard literally put customers security on the tip of their fingers with two-factor biometric authentication like fingerprint sensors, palm, face recognition and eye recognition. The usage of biometric technology brings a huge sigh of relief for all the customers who get panic even at the thought of losing their card.

Card Division of AIBL is working round the clock to provide efficient and satisfactory services to our valued customers by adopting new advanced technology of card industry.

### 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 and approved ESRM guideline by its Board which covers more details of environmental issues and social aspects newly.

**Tree Plantation-2018:** In 2019 Al-arafah Islami Bank has participated Tree Plantation program by its 30 rural branches where 10,000 trees were planted.

**Green Finance:** Ever since the inception of Sustainable Finance Unit, AIBL has financed in diversified green areas like LED bulb/Tube Assembly Plant, ETP construction, recycling waste and green brick manufacturing etc. In 2019 total green finance disbursement were BDT 2,436.76 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 2019, our total expenditure in CSR is BDT 78.62 million which is shown sector wise in the table below:

(Amount in Million BDT)

Sl No.	Particulars	2018	2019
1	Health Sector	15.03	18.71
2	Education Sector	15.83	2.13
3	Disaster Management	01.83	0.98
4	Cultural Activities	6.36	0.53
5	Environment	7.13	13.86
6	Others	75.39	23.42
	<b>Total</b>	<b>121.57</b>	<b>78.62</b>

### 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 4<sup>th</sup> SDG’s goal of Quality Education. Initially, the total estimated expenditure would be approximately Tk. 9.00 million for this purpose. Approximately around 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 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 youngsters. A total of 173 employees in different categories/ranks joined our fleet during the year 2019 raising our total employees to 3,795 which includes 300 Executives as on 31.12.2019.

We have nominated 343 employees in different outside training courses viz. BIBM, BBT, BAB etc. in 2019 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 63 CDCS, 2 CSDG and 5 ACAMS officials of which 7 and 3 officials have completed CDCS and ACAMS respectively during the year 2019.

#### 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 building 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) relentlessly working 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 6 core risks, Green/Sustainable finances 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 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 2019: AIBTRI conducted a total number of 116 Training Courses/Workshops/EDPs and Outreach Training Programs where 5,841 participants attended during the period from January to December, 2019. AIBTRI conducted a total of 19 (nineteen) courses and 92 (ninety two) workshops which includes 36 (thirty six) outreach training programs (OTP) and 5 (five) EDPs during the year 2019.

#### Credit Rating

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

Long Term	:	AA (pronounced Double A Two)
Short Term	:	ST-2
Based on	:	Audited Financial Statement 2018
Date of Rating	:	27 June 2019
Validity	:	26 June 2020
Outlook	:	Stable

#### Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2019	AA	ST-2	Stable
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 <sub>2</sub>	ST-2	Stable

#### 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: 3<sup>rd</sup> September 2020





# Board of Directors' Report

Bismillahir Rahmanir Rahim

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

**Dear Shareholders,**

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

The Board of Directors of the Bank takes the privilege to welcome you all to the 25<sup>th</sup> 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 2019.

**Economic Analysis**

**World Economic Outlook**

Global growth, estimated at 2.9 percent in 2019, is projected to increase to 3.3 percent in 2020 and inch up further to 3.4 percent in 2021. Compared to the October WEO forecast, the estimate for 2019 and the projection for 2020 represent 0.1 percentage point reductions for each year while that for 2021 is 0.2 percentage point lower. A more subdued growth forecast for India (discussed below) accounts for the lion's share of the downward revisions.

The global growth trajectory reflects a sharp decline followed by a return closer to historical norms for a group of underperforming and stressed emerging market and developing economies (including Brazil, India, Mexico, Russia, and Turkey). The growth profile also relies on relatively healthy emerging market economies maintaining their robust performance even as advanced economies and China continue to slow gradually toward their potential growth rates. The effects of substantial monetary easing across advanced and emerging market economies in 2019 are expected to continue working their way through the global economy in 2020. The global growth estimate for 2019 and projection for 2020 would have been 0.5 percentage point lower in each year without this monetary stimulus. The global recovery is projected to be accompanied by a pickup in trade growth (albeit more modest than forecast in October), reflecting a recovery in domestic demand and investment in particular, as

well as the fading of some temporary drags in the auto and tech sectors.

These outcomes depend to an important extent on avoiding further escalation in the US-China trade tensions (and, more broadly, on preventing a further worsening of US-China economic relations, including around tech supply chains), averting a no-deal Brexit, and the economic ramifications of social unrest and geopolitical tensions remaining contained.

Across advanced economies, growth is projected to stabilize at 1.6 percent in 2020–21 (0.1 percentage point lower than in the October WEO for 2020, mostly due to downward revisions for the United States, euro area and the United Kingdom, and downgrades to other advanced economies in Asia, notably Hong Kong SAR following protests).

- In the United States, growth is expected to moderate from 2.3 percent in 2019 to 2 percent in 2020 and decline further to 1.7 percent in 2021 (0.1 percentage point lower for 2020 compared to the October WEO). The moderation reflects a return to a neutral fiscal stance and anticipated waning support from further loosening of financial conditions.
- Growth in the euro area is projected to pick up from 1.2 percent in 2019 to 1.3 percent in 2020 (a downward revision of 0.1 percentage point) and 1.4 percent in 2021. Projected improvements in external demand support the anticipated firming of growth. The October 2019 WEO projections for France and Italy remain unchanged, but the projections have been marked down for 2020 in Germany, where manufacturing activity remains in contractionary territory in late 2019, and for Spain due to carryover from stronger-than-expected deceleration in domestic demand and exports in 2019.
- In the United Kingdom, growth is expected to stabilize at 1.4 percent in 2020 and firm up to 1.5 percent in 2021—unchanged from the October WEO. The growth forecast assumes an orderly exit from the European Union at the end of January followed by a gradual transition to a new economic relationship.
- Japan's growth rate is projected to moderate from an estimated 1 percent in 2019 to 0.7 percent in 2020 (0.1 and 0.2 percentage point higher than in the October WEO). The upward revision to estimated 2019 growth reflects healthy private consumption, supported in part by government countermeasures that accompanied the October increase in the consumption tax rate, robust capital expenditure, and historical revisions to national accounts. The upgrade to the 2020 growth forecast reflects the anticipated boost from the December 2019 stimulus measures. Growth is expected to decline to 0.5 percent (close to potential) in 2021, as the impact of fiscal stimulus fades.

For the emerging market and developing economy group, growth is expected to increase to 4.4 percent in 2020 and 4.6 percent in 2021 (0.2 percentage point lower for both years than in the October WEO) from an estimated 3.7 percent in 2019. The growth profile for the group reflects a combination of projected recovery from deep downturns for stressed and underperforming emerging market economies and an ongoing structural slowdown in China.

- Growth in emerging and developing Asia is forecast to inch up slightly from 5.6 percent in 2019 to 5.8 percent in 2020 and 5.9 percent in 2021 (0.2 and 0.3 percentage point lower for 2019 and 2020 compared to the October WEO). The growth markdown largely reflects a downward revision to India's projection, where domestic demand has slowed more sharply than expected amid stress in then on bank financial sector and a decline in credit growth. India's growth is estimated at 4.8 percent in 2019, projected to improve to 5.8 percent in 2020 and 6.5 percent in 2021 (1.2 and 0.9 percentage point lower than in the October WEO), supported by monetary and fiscal stimulus as well as subdued oil prices. Growth in China is projected to inch down from an estimated 6.1 percent in 2019 to 6.0 percent in 2020 and 5.8 percent in 2021. The envisaged partial rollback of past tariffs and pause in additional tariff hikes as part of a "Phase One" trade deal with the United States is likely to alleviate near-term cyclical weakness, resulting in a 0.2 percentage point upgrade to China's 2020 growth forecast relative to the October WEO. However, unresolved disputes on broader US-China economic relations as well as needed domestic financial regulatory strengthening are expected to continue weighing on activity. After slowing to 4.7 percent in 2019, growth in ASEAN-5 countries is projected to remain stable in 2020 before picking up in 2021. Growth prospects have been revised down slightly for Indonesia and Thailand, where continued weakness in exports is also weighing on domestic demand.
- Growth in emerging and developing Europe is expected to strengthen to around 2.5 percent in 2020–21 from 1.8 percent in 2019 (0.1 percentage point higher for 2020 than in the October WEO). The improvement reflects continued robust growth in central and eastern Europe, a pickup in activity in Russia, and ongoing recovery in Turkey as financing conditions turn less restrictive.
- In Latin America, growth is projected to recover from an estimated 0.1 percent in 2019 to 1.6 percent in 2020 and 2.3 percent in 2021 (0.2 and 0.1 percentage point weaker respectively than in the October WEO). The revisions are due to a downgrade to Mexico's growth prospects in 2020–21, including due to continued weak

investment, as well as a sizable markdown in the growth forecast for Chile, affected by social unrest. These revisions are partially offset by an upward revision to the 2020 forecast for Brazil, owing to improved sentiment following the passage of pension reform and the fading of supply disruptions in the mining sector.

- Growth in the Middle East and Central Asia region is expected at 2.8 percent in 2020 (0.1 percentage point lower than in the October WEO), firming up to 3.2 percent in 2021. The downgrade for 2020 mostly reflects a downward revision to Saudi Arabia's projection on expected weaker oil output growth following the OPEC+ decision in December to extend supply cuts. Prospects for several economies remain subdued owing to rising geopolitical tensions (Iran), social unrest (including in Iraq and Lebanon), and civil strife (Libya, Syria, Yemen).
- In sub-Saharan Africa, growth is expected to strengthen to 3.5 percent in 2020–21 (from 3.3 percent in 2019). The projection is 0.1 percentage point lower than in the October WEO for 2020 and 0.2 percentage point weaker for 2021. This reflects downward revisions for South Africa (where structural constraints and deteriorating public finances are holding back business confidence and private investment) and for Ethiopia (where public sector consolidation, needed to contain debt vulnerabilities, is expected to weigh on growth).

### Bangladesh Economic Outlook

Bangladesh economy has achieved a lot of successes in recent times. BBS's estimate shows that the country's GDP grew by 8.13 per cent in FY19, up from 7.86 percent in the previous fiscal year (FY18). GDP growth in FY19 also exceeded the official target of 7.80 percent. Another laudable success of government was to bring down the annual average inflation to 5.48 per cent in FY19 while the official target was 5.60 per cent. While these achievements boost people's confidence in the country's ability to attain accelerated economic growth, there are significant downside risks that pose threats to its economic development. Power and gas shortage, insufficiency of investment and weak infrastructure are among the major obstacles to growth, as they disrupt industrial production and also discourage new investment.

In terms of US Dollar, the value of GDP in current market prices increased by 10.33 per cent to US\$302,430 million in FY19 from US\$274,114 million in the previous fiscal year. Per capita GDP stood at US\$1,827 in FY19, compared to US\$1,675 in FY18, showing an increase of 9.07 per cent. Per capita GNI also increased to US\$1,909 in FY19 from US\$1,751 in the previous fiscal year.

### Banking sector analysis

After the independence, banking industry in Bangladesh started its journey with 6 nationalized commercialized banks, 3 State owned specialized banks and 9 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 60 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 5 non-scheduled banks in Bangladesh which are:

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

#### A. Private Commercial Banks (PCBS):

There are 42 private commercial banks which are majorly owned by the private entities. PCBs can be categorized into two groups:

#### B. Conventional PCBS:

34 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-Arafah Islami Bank Limited  
Exim Bank Limited  
First Security Bank Limited  
Islami Bank Bangladesh Limited  
ICB Islami Bank Limited

Shahjalal Islami Bank Limited  
 Social Islami Bank Limited  
 Union Bank Limited

**Overall Banking Scenario**

**Banks' Deposits:** Total Deposits (excluding interbank items) of the scheduled banks increased by Tk. 1,346,490million representing 12.38% point to point growth from Tk. 10,873,140.00 million as on 31 December 2018 to Tk.12,219,630million as on 31 December 2019.

**Islamic Banks' Deposits:** All Islamic Banks' Deposits stood at TK.2,802,278.00million during the year 2019 as against Tk. 2,373,669.10 million in the previous year 2018 and the deposits increased by Tk.428,608.90million registering growth of 18.06%in 2018.The share of Islamic Banks' Deposits as of 31December 2019 stood at 22.93% as compared to 21.83% as of 31 December 2018.

**Banks' Advances /Investment:** Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 915,082.00 million representing 10.05%point to point growth from Tk9,108,648.00 million as on 31 December 2018 to Tk.10,023,730.00million as on 31 December 2019.

**Islamic Banks' Investments:** All Islamic Banks' Investments stood at TK2,627,519.90million during the year 2019 as against Tk. 2,309,072.80 million in the previous year 2018 and the deposits increased by Tk. 428,608.90 million registering growth of 18.06% in 2019. The share of Islamic Banks' Investments as of 31 December 2019 stood at 26.21% as compared to 25.35% as of 31 December 2018.

**Operating Profit:** Banks in Bangladesh managed to log in profits for 2019 despite a tough start to the year 2019. 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 2019. The listed second highest National Bank Limited and Al-Arafah Bank logged in profits of Tk.7,857.25 million and placed 8th position in 2019. Among the Islamic Bank, Al-Arafah stood 2nd position.

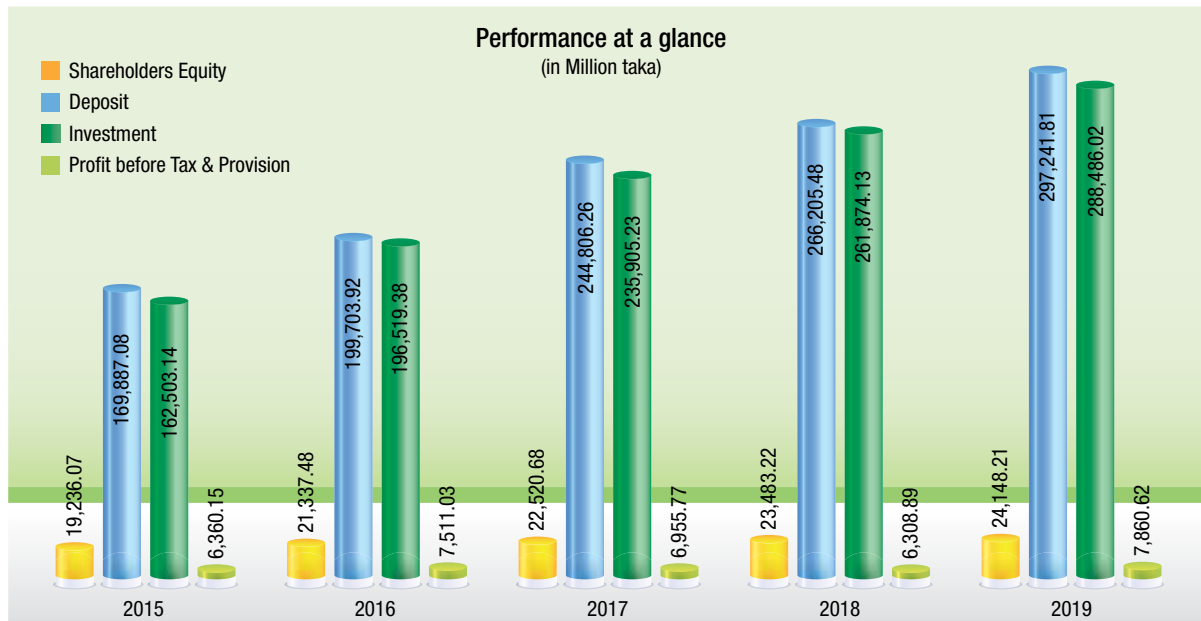
**Islami Banking Practices**

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

**Al-Arafah Islami Bank Limited**

With the objective of achieving success in life here & here after following the way directed by the Holy Quran and the path shown by Rasul (SM) Al Arafah Islami Bank Ltd was established(registered) as a public limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorized capital of the Bank is Tk. 15,000.00 million and the paid up capital is Tk. 10,649.02 million as on 31.12.2019.

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. 24,148.21 million as on 31 December 2019, the manpower was 3,795 and the number of shareholders was 24,276. 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 182 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 patronized by the Bank are such examples.

#### **Activities of Shariah Supervisory committee for the year 2019**

Al-hamdulillah, Shariah Supervisory committee consists of 7 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 Islamic 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 2019 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 17.74 million as doubtful income of the branches of the Bank. Besides, after analyzing balance sheet, the Supervisory committee identified Tk. 772.54 million as compensation realized in different branches and Tk. 4.35 million, Tk. 11.03 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 2019 keeping doubtful income amounting to Tk. 94.07 million apart from basic income and spend after tax the same on the basis of Shariah prescribed modes.

At Last, as per Shariah Inspection Report of 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 2019 the company earned Operating Profit (Before provision for investment & taxation) of Tk 52.35 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 2019 the company earned Operating Profit (Before provision for investment & taxation) of Tk. 5.50 Million with Earning per Share (EPS) Tk.0.09.

#### 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.

#### 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 2019 was USD 190.98 million and under MDB FC was USD 33.17 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 23.40 highest in 2019. The market trend of our bank's share in Dhaka Stock Exchange from January 2019 to December 2019 is stated in the list:

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

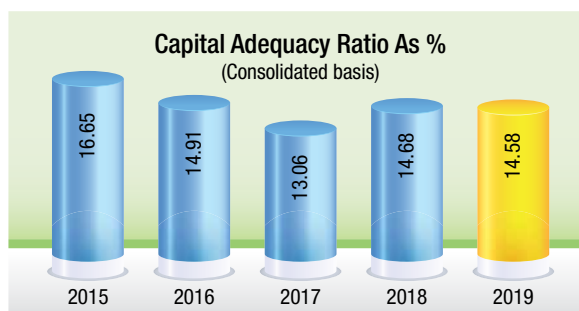
Month	Opening	High	Low	Closing
January	19.90	23.40	19.90	22.70
February	22.70	22.90	20.90	21.40
March	21.40	21.90	20.00	20.20
April	20.20	21.80	20.00	20.50
May	20.50	22.00	18.60	19.00
June	19.00	19.80	17.90	18.60
July	18.60	19.00	17.90	18.70
August	18.70	18.90	18.20	18.40
September	18.40	19.00	17.80	18.90
October	18.90	18.90	17.30	17.60
November	17.60	17.80	16.00	16.80
December	16.80	18.60	16.40	17.20

## Progress Analysis

At the end of 2019, the number of depositors stood at 2,046,325 and the accumulated deposit was Tk. 297,241.81million. The total number of investors stood at 163,706 and total investment extended to them was Tk 288,486.02 million. During the year 2019 the total income was Tk.32,849.22 million and total expenditure was Tk.24,988.59 million. At the end of the year the profit before tax and provision stood Tk.7,860.63 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. 32,458.49million to Tk.32,553.18million (Consolidated Basis) and Tk. 30,564.17 million to Tk. 30,802.44million (Solo Basis). Outstanding balance of AIBL Mudaraba Subordinated Bond Tk. 6,800.00 million as at 31<sup>st</sup> December 2019. 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.10,649.02 million at 31<sup>st</sup> December 2019. The total reserve fund has stood at Tk.10,318.60 million in the current year against Tk. 9,365.62 million at 31<sup>st</sup> December 2018. In this account, the bank experienced a growth of 10.18%. The Bangladesh Bank has fixed the ratio of minimum capital adequacy (MCR) against Risk-Weighted Assets at 12.50% or Tk. 4,000 million whichever is higher.



The Consolidated and Solo Basis capital adequacy ratio of the Bank as on 31.12.2019 are appended below:

### Consolidated Basis

	Tk. in million	
	2019	2018
<b>a) Core Capital (Tier-I)</b>		
Paid up Capital	10,649.02	10,440.22
Statutory Reserve	9,379.99	8,388.04
Retained Earnings	1,531.42	1,908.96
Non Controlling Interest	1,649.16	1,768.42
<b>Total</b>	<b>23,209.59</b>	<b>22,505.64</b>
Less Good will and other Intangible assets	392.18	125.71
<b>Total Core Capital</b>	<b>22,817.41</b>	<b>22,379.93</b>
<b>b) Supplementary Capital (Tier-II)</b>		
Provision for Unclassified Investment	2,935.77	2,580.80
Assets Revaluation Reserve	469.31	488.78
AIBL Sub Ordinate Bond	6,800.00	7,400.00



The Bank has introduced 'Islamic Wallet' -country's first Shariah based Digital Financial Service to its clients. Hon'ble Governor of Bangladesh Bank inaugurated the Wallet while representatives of Islamic Financial Services Board (IFSB), Deputy Governors and other distinguished guests were present in the grand ceremony

Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(469.31)	(391.02)
Total Supplementary Capital	9,735.77	10,078.56
Total Capital (a+b)	32,553.18	32,458.49
c) Capital Adequacy Ratio	14.58%	14.68%

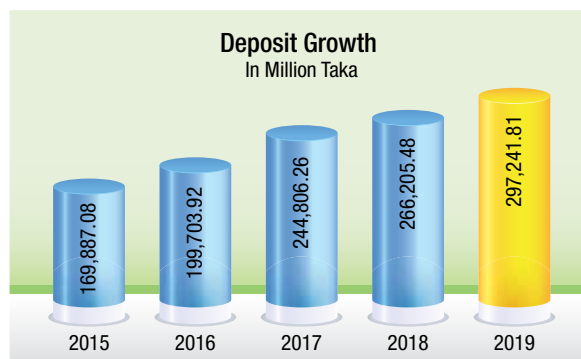
#### Solo Basis

Tk. in million

a) Core Capital (Tier-I)	2019	2018
Paid up Capital	10,649.02	10,440.22
Statutory Reserve	9,379.99	8,388.04
Retained Earnings	1,429.84	1,783.06
Total	21,458.85	20,611.32
Less Good will and other Intangible assets	392.18	125.71
Total Core Capital	21,066.67	20,485.61
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	2,935.77	2,580.80
Assets Revaluation Reserve	469.31	488.78
AIBL Sub Ordinate Bond	6,800.00	7,400.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(469.31)	(391.02)
Total Supplementary Capital	9,735.77	10,078.56
Total Capital (a+b)	30,802.44	30,564.17
c) Capital Adequacy Ratio	13.88%	14.38%

#### Deposits

The total deposit of the bank was Tk.297,241.81 million at 31<sup>st</sup> December 2019 as against Tk.266,205.48 million at 31<sup>st</sup> December 2018 a growth of 11.66% of which Tk.5,330.33million was bank deposit and Tk.291,911.48million 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, 2019 was as follows:

#### Deposit Mix

Products	Taka in Million
a) Al Wadia Current Account	30,701.53
b) Mudaraba Savings Deposit	45,211.43
c) Other Mudaraba Deposit	162,587.89
d) Mudaraba Term Deposit	55,156.10
e) Bills Payable	3,584.86
Total	297,241.81



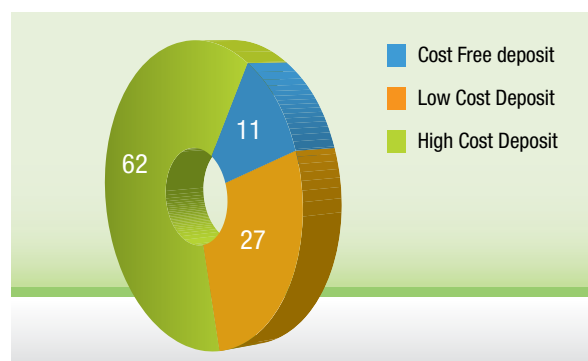
The Bank unveiled new Logo and inaugurated Rebranding Campaign in 2020



## Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	31,448.18	10.58%
b) Low Cost Deposit	81,919.84	27.56%
c) High Cost Deposit	183,873.78	61.86%
Total	297,241.81	100.00%

## Deposit Mix as %



Various deposit product of the Bank in 2019:

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. ProbashiKallyan Deposit Pension Scheme
22. Mudaraba Savings Deposit-Student,
23. Farmers, Freedom fighters.

## 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 40% of the Bond amount was redeemed at the end of 31<sup>st</sup> December 2019. 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 2ndMudaraba 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

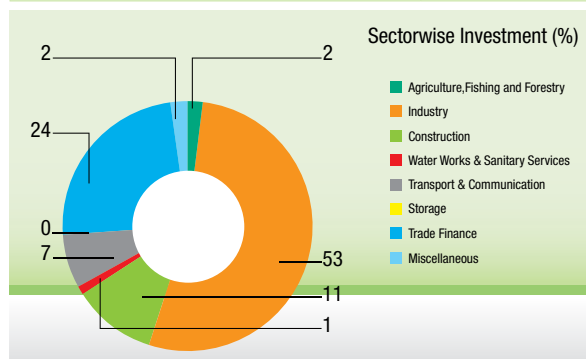
The investment of the bank has stood at Tk.288,486.02 million as on 31st December 2019 as against Tk.261,874.13 (Net off PR) million in the previous year showing an increased by 10.16%. The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries including readymade garments, textile, edible oil, ship scraping, steel & engineering, chemicals, pharmaceuticals, cement, telecommunication, construction, health care, real estate, education, transport and investment under consumer schemes. We have geared up efforts to improve the recovery rate of disbursed investment and also taken adequate measures for converting the classified investment into performing assets. As a result, classified investment of the bank could be kept at a low level far below the national average. It is 4.82% in our bank as on 31 December 2019.



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 2019

Sectors	Taka in million
Agriculture, Fishing and Forestry	5,104.80
Industry	158,327.60
Construction	32,090.30
Water works & Sanitary Service	1,769.40
Transport & communication	20,096.54
Storage	1,500.40
Trade Finance	72,346.80
Miscellaneous	6,599.82
<b>Total (Including Profit Receivable)</b>	<b>297,835.66</b>
Less Unearned Profit on Investment	9,349.64
<b>Total</b>	<b>288,486.02</b>



### Income

**Investment income:** The investment income was Tk.28,811.65 million during the year 2019 which was growth of 15.45% over the previous year. Investment income is 87.71% of the total income of Tk.32,849.22 million.

**Income from other than investment:** The bank has earned Tk.4,037.57 commission income, exchange income, locker rent etc. in the current year which is 12.29% of the total income. It indicates 7.11% growth over the year 2018.

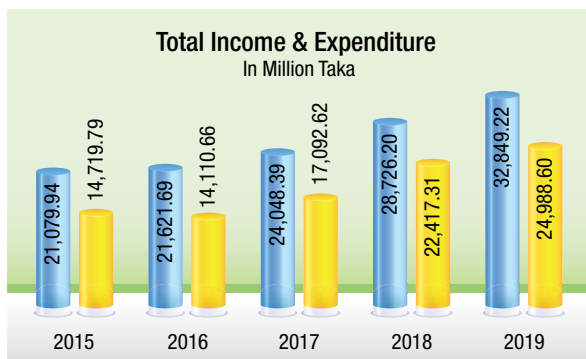
### Expenditure

#### Profit paid to depositors:

The Bank has paid the depositors Tk. 18,604.42 million which is 64.57% of the investment income and 74.45% of the total expenditure for the year 2019. It was 14.44% growth over the year 2018.

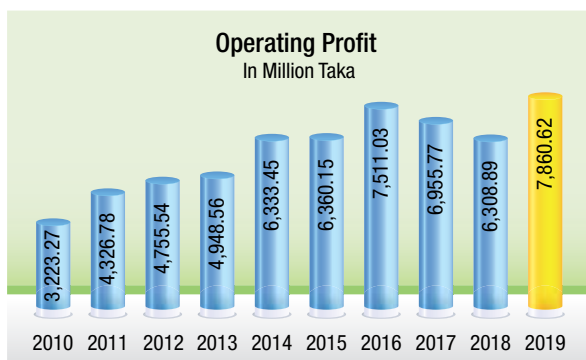
#### Administrative and Other Expenses:

The administrative and other expenses were Tk.6,384.18 million during the year showing 3.63% growth over the year 2018. It is 25.55% of the total expenditure.



### Operating Profit

The bank earned operating profit of Tk.7,860.62 million during the year 2019. The operating profit of the Bank during the year 2018 was Tk.6,308.89 million and thus the Bank attained growth of 24.60% in respect of operating profit. The provision for income tax for the year amounted to Tk. 2,546.15 million and divisible profit available for appropriation amounted to Tk.1,421.62 million.



### International Banking Wing (IBW)

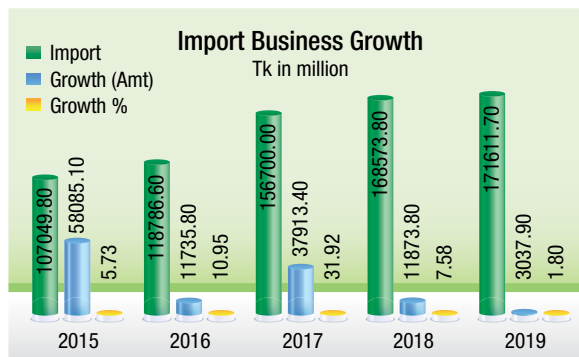
#### International Trade

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. 318,292.20 million during the year 2019 as against Target of Tk. 405,000.00 million 2019. Our Foreign Exchange business decreased by Tk. 502.47 million recording a growth of -0.53%. Target of International Trader for the year 2020 has been fixed at Tk. 37,000.00 million with 36.98% growth.

#### Import Business

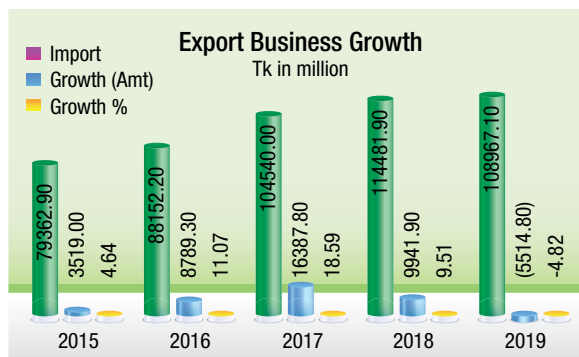
Total import business of the bank stood at Tk. 171,611.70 million during the year 2019 as against Tk.168,573.80 million, Tk.156,700 million and Tk.118,786.60 million in the previous year 2018, 2017 and 2016 respectively. Our import business increased by Tk. 3,037.90 million i.e.

1.80% growth in 2019 as compared to increase of Tk. 11,873.80 million i.e. 7.58% growth in 2018 and increase of Tk37,913.40 million i.e. 31.92% in 2017 respectively. Target for Import business for the year 2020 has been fixed at Tk. 200,000.00 million expecting growth of 16.54%.



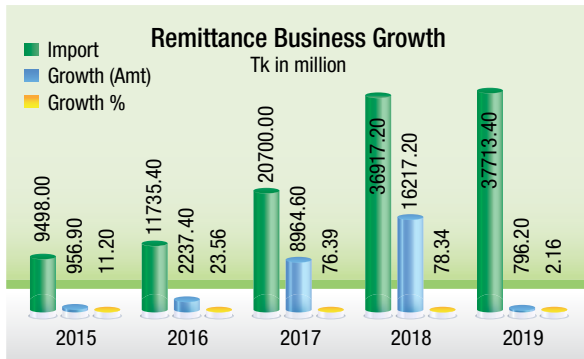
#### Export Business

Total Export business of the bank stood at Tk. 108,967.10 million during the year 2019 as against Tk. 114,481.90 million, Tk.104,540.00 million, Tk. 88,152.20 million in the previous year 2018, 2017 and 2016 respectively. Our export business decreased by Tk. 5,514.80 million i.e. -4.82% growth in 2019 as compared to increases of Tk. 9,941.90 million i.e. 9.51% growth in 2018, Tk. 16,387.80 million i.e. 18.59% growth in 2017. Our target for Export business for the year 2020 has been fixed at Tk 128,500.00 million expecting growth 17.93%.



#### Remittance

Total remittance of the bank stood at Tk. 37,713.40 million during the year 2019 as against Tk. 36,917.20 million, Tk.20,700.00 million and Tk. 11,735.40 million in the previous year 2018, 2017 and 2016 respectively. Our remittance increased by Tk. 796.20 million i.e. 2.16% in 2019 as compared to increases of Tk. 16,217.20 million i.e. 78.34% in 2018, Tk. 8,964.60 million i.e. 76.39% in 2017 respectively. Target for Remittance business for the year 2020 has been fixed at Tk41,500.00 million expecting growth 10.04%.



### Treasury Operations:

In our banking business, movements of the components of balance sheet are an ongoing process which has significant role on the profitability and overall financial strength of the bank. In line with the ever changing regulations and ideas, AIBL Treasury has played a pivotal role in overall fund management of the bank. Each and every day Treasury team has been monitoring all inflows and outflows of the balance sheet components and managed liquidity and deficit situations ensuring banks profitability within the laid down policies and regulations of Bangladesh Bank. AIBL Treasury team is always focused to cater the needs of different treasury solutions in different environments. As an Islamic Bank, AIBL has many limitations and cannot deal with conventional Treasury products like Govt. Treasury Bond, Treasury bill, Call Money, SWAP & Forward Contracts. In spite of all the limitations our Treasury team is committed to offer competitive price, excellent services and time befitting advices to the clients to best fit the changing environment. AIBL Treasury has separate designated desks to provide optimum Treasury solutions.

Desks are as follows:

- Foreign Exchange Desk
- Money Market Desk
- Asset Liability Management Desk and
- Corporate Service Desk

### Foreign Exchange Desk

Throughout the Year our Foreign Exchange Desk officials thoroughly monitored exchange rate movements, volatility & liquidity scenario of USD and other active currencies and accordingly set the exchange rates, successfully managed Net Open Position (NOP) along with ensuring maximum liquidity, provided market based exchange rates to the exchange houses abroad to support foreign remittance business of the bank as well as managed FC liquidity for our Offshore Banking Unit(OBU). The Foreign Exchange desk has maintained close liaison with a set of local and foreign counterparts for arrangements of FC liquidity.

AIBL Treasury successfully managed FC dealing of cross currencies through its Currency platforms like FX Trader of Mashreq bank, FX Markets of ICICI Bank, Straight2fx of SCB & Deri-X Trader of LBBW, Germany. The Desk has also provided FC dealing solutions to the counterparty banks in our local market. Whole of the year they have performed 2,226 no. of USD/BDT & cross currency deals. FX Desk has contributed operating income of BDT 1,441.50 million from cross currency deals, exchange gains & FC funding. In 2019, Treasury Back Office (TBO) team has handled 100,397 nos FX transactions with turnover of USD 8.74 bio. FX transactions were being routed through 30 Nostro accounts in USD, EUR, GBP, CNY, CHF, JPY & SAR currencies. TBO had relentlessly driven its all out effort for timely reconciliation of all of the nostro transactions aligned with Bangladesh Bank regulations.

### Money Market Desk

Ensuring optimum liquidity of local currency to meet asset book requirement as well as earning optimum profitability from the mismatches between maturity buckets of deposits of the bank within regularity requirements are prime responsibility of the Money Market Desk. AIBL Treasury Money Market Desk also maintained Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of the bank efficiently. Our team has successfully managed liquidity as well as deployed surplus funds to the Islamic banks, Islamic windows & Islamic branches of conventional banks and Islamic leasing companies. In 2019, Money Market Desk placement turnover was BDT 157,500.00 million and operating income from money market placement was BDT 1,146.10 million which is reflected in FAD GL.

### Asset Liability Management (ALM) Desk

Managing the risks that arises from maturity mismatches of Asset Liability of the bank is the prime responsibility of ALM Desk. Bank faces several risks like Liquidity Risk, Profit Rate Risk, Credit Risk and Operational Risk etc. ALM Desk mainly manages Liquidity Risk and Profit Rate Risk of the bank through day to day monitoring of market information's & future outlooks. It prepares ALCO paper & conducts ALCO meetings each month where all issues related with ALM are discussed and instructions are given accordingly.

2019 was a challenging year from Asset Liability point of view as Bangladesh Bank issued circular regarding fixation of new Investment Deposit Ratio (IDR). Due to volatile movements of profit/interest rates of Asset and Liabilities in the market, it was a real challenge to maintain a reasonable spread. The ALM Desk was proactive to revise the profit rates of deposits aligning with market rates as well as ensuring liquidity. Facing all challenges ALM Desk has succeeded to maintain a steady and reasonable spread

throughout the year. ALM Desk has properly maintained BASEL III ratios like Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

### Corporate Service Desk

We are providing customized treasury solutions to our corporate client's matching with market practices from the Corporate Service Desk. Mainly our foreign trade clients seek market oriented timely solutions and appropriate advices for their FX portfolios. The main objective of the desk is to ensure maximum utilization of funds of corporate clients ensuring profitability of the bank as well as strengthening their trust on us.

Besides all of its regular activities, Treasury has prepared and updated following guidelines which had been duly approved by our Board of Directors:

- Foreign Exchange Risk Management Guidelines
- Guidelines on Asset Liability Management
- Wholesale Borrowing and Lending Guidelines
- Management Action Trigger
- Contingency Funding Plan
- Profit Rate Risk Management Guidelines
- Transfer Pricing Policy

### Treasury Outlook of 2020

In 2019 BDT vs USD has moved Tk.83.20 to Tk.84.95 resulting depreciation of almost 2.10% but experts opinions are that, BDT is overvalued comparing our peer currencies. Our competitive countries has devalued their currencies significantly which has posed serious threat to our export destinations and country has faced negative growth of

exports last quarter of the year. Due to prevailing tensions arising from US-China trade war, Iran Crisis & BREXIT issues, to retain export earnings, BDT may be under pressure for further devalue. In 2019 Government has introduced 2% incentive for inward remittances which has contributed in 17.89% growth. In addition to 2% incentive, if BDT depreciates further inward remittances volume may grow further.

We are in the wake of fixation of our Deposit rates @6% and Investment rates @9% from 1st April, 2020. It may change overall scenario of the liquidity position of the market and may lead to deepen the liquidity crisis further. To cope up with the changing scenario banks have to introduce tech based banking, spread Agent and Sub-Branch outlets countrywide and rush to retail depositors which may change overall banking business pattern.

### Foreign Trade Operation:

Foreign Trade Operation Division (FTOD) of IBW consist of following five Departments:

- Import Trade Operation Department
- Export Trade Operation Department
- MIS & Compliance Department
- Off-Shore Banking Department
- Trade Policy & Planning Department

Foreign Trade Operation Division (FTOD) process various required approval work i.e. Export Development Fund (EDF), Substitute Cash Assistant (SCA), Guard Against SCA, Credit Report Collection, UPAS and MDB(FC) approval etc. through Bank Management and Bangladesh Bank.



The Bank inaugurated Mujib Corner at its Head Office

In addition to the above, FTOD closely monitor all types of Funded and Non-Funded liability regarding F.Ex transactions of the Bank and also ensure all types of periodic reporting to Bangladesh Bank.

Through Online Monitoring Cell of FTOD we facilitate our customer and branch officials for executing any correction in OIMS & OEMS that ensures smooth operation regarding clearance of Import and Export consignments.

**Professional Development Programs for Foreign Exchange Officials:**

Under bank finance and supervision, so far 61 officials of our bank had qualified as CDCS (Certified Documentary Credit Specialist). Besides we have 05 CAMS (Certified Anti Money Laundering Specialist) also. Around 37 Foreign Trade Officials/Executives have participated in different Local and International Seminars arranged by ICC Bangladesh and other International Bodies in 2019.

Besides its regular activities, Foreign Trade Operation Division has prepared "Guideline for Off Shore Banking Operation of Al-ArafahIslami Bank Ltd." in light of Bangladesh Bank Guidelines, which had been approved by our Board of Directors.

**Hajj Cell Performance:** During the year 2019, AIBL has topped the list of banks in Pre-registration of Hajj Pilgrims with a number of 18,575. Our Hajj Booth operation had added an exchange gain of Tk.1.30 million comparing to Tk. 05.00 million of 2018.

#### **Foreign Remittance Division:**

Foreign Remittance Division is a potential business segment of our bank which contributes in overall growth of the Bank, increases the inflow of foreign currency, assists to build up low cost deposit and strengthen customer base of the Bank as well as upholds Bank's image in home & abroad. Foreign Remittance Division is procuring remittance from major remittance hubs across the globe consisting more than 100 countries through 19 (nineteen) Remittance Arrangements with different exchange houses in abroad and local banks.

The Branches & Agent Banking Outlets of AIBL have procured direct foreign remittance BDT 24,425.80 million in 2019 which is more than 50.49% of the previous year 2018 and procurement of foreign remittance through BEFTN (A/c Credit with other bank) was BDT 13,287.60 million in 2019 which is behind 35.77% of the previous year 2018.

#### **Remittance Drawing Arrangement:**

Foreign Remittance Division has executed 04 new remittance drawing arrangements with different exchange houses in USA, Malaysia, Italy & UK in 2019 i.e. i) Sunman Global Express Corp., USA, ii) CBL Money Transfer, Malaysia,

iii) National Exchange Company, Italy and iv) Aftab Currency Exchange, UK, and another 10 (ten) more exchange houses from different hubs of the world are under process. In order to boost-up remittance business the division is deploying all-out effort to establish new drawing arrangements with exchange houses namely in UAE, Oman, Bahrain, Kuwait, Qatar and Malaysia.

#### **Foreign Remittance Operation at Agent Banking Outlets:**

Our Agent banking outlets have been disbursing foreign remittance under the support of Foreign Remittance Division. Remittance achieved through Agent Banking Outlets during 2019 was BDT 6,089.50 million which was 16% of total remittance and number of transaction was 1,38,719.

#### **Cash Incentive against Foreign Remittance:**

As per the declaration of the Government of Bangladesh and instruction of Bangladesh Bank, we have been providing 2% cash incentive against foreign remittance payment from 23.10.2019.

AIBL received Imprest fund of Tk. 306.30 million for Cash Incentive against foreign remittance and up to December'2019, we disbursed Tk.239.90 million.

#### **Foreign Trade Processing:**

Our FTPD (Foreign Trade Processing Division) is fully Centralized with integrated solution with Core Banking software and SWIFT system. The message also passed by complying AMLD & CFT regulations through SWIFT sanction screening.

#### **Overseas banking division:**

Overseas Banking Division (OBD) is considered the gateway to International Banking in AIBL. The division is typically responsible for establishing relationship with correspondents at home and abroad subject to compliance with AML-CFT regulations of Bangladesh Bank & other competent authorities.

#### **Meeting with Foreign Correspondents in 2019:**

Last year the Bank hold meeting with the Representatives of 38 Foreign Banks from different parts of the world. In 2019 we had been able to establish 14 new RMA, open 3 new Nostro Accounts, on top of that increase of credit lines worth USD 95 million from our existing and new relationships further broadened our foreign currency business capacity.

**Vessel Tracking Services:** In 2019 we implemented web based vessel tracking services for Import and Export business in our bank from Lloyd's List Intelligence (LLI), United Kingdom to comply with the requirement of Maritime Sanctions screening.

### 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 among all our correspondents, home and abroad.

Legal Entity Identifier (LEI): LEI is required to ensure uninterrupted service for all transactions in Europe. it is a crucial identifier component of MiFID for all counter-parties to transactions, regardless of their physical location. In addition, several regulatory authorities in countries outside Europe already require financial counter-parties to obtain an LEI for trade reporting as well as transaction reporting. Our Al-Arafah Legal Entity identifier (LEI) No. 549300ZK0FW003P5J254.

Overall Plan and Strategies for Foreign Exchange Business for 2020:

- Diversify our import and export portfolio for minimizing potential risks and maximizing profit
- Ensure routing of all import and export business of our clients through us
- Induct best import and export clients from the market
- Boost up cash import business.
- Give special attention in remittance service at branch level
- Maintain a progressive growth, we have to enhance our capacity by acquiring professional and technical knowledge & skill.

- Introduce Remittance Software and Automation.
- International marketing (Meeting, Remittance Program, remittance fair, Overseas visit)
- Implementation of Sanction Screening for remittance payment.
- Increase of Remittance Drawing Arrangement.
- Strengthening the Hajj Management system.
- Keep Treasury positions within set benchmark.
- Cope up with new products/market dynamics with the extended FX volume.
- Maintain optimum liquidity.
- Achieve set earning target for 2020.
- Spread treasury networks through diversified functions/products within policy.
- Enrich IBW officials with local/foreign training.
- Match and keep updated treasury tools/dealing room equipments in touch.

### Internal Control & Compliance Wing

An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the banking industry.

In general, internal control is identified with internal audit; but the scope of internal control is not limited to audit work. Internal control by its own merit identifies the risks associated with the process and adopts measures to mitigate or eliminate these risks. Internal Audit, on the other hand, reinforces the control system through regular review of the effectiveness of the controls.



The Bank celebrated Mujib Borsho with rally and other activities

Internal Audit has a key role in the corporate governance structure to assure on the effective management of risk.

The Board provides direction to senior management by setting the organisation's risk appetite. The board delegates to the CEO and senior management primary ownership and responsibility for operating risk management and control.

It is management job to provide leadership and direction to the employee in respect of riskmanagement and to control organization's overall risk-taking activities in relation to the agreed level of risk appetite.

To ensure the effectiveness of an organization's risk management framework, the board and senior management need to be able to rely on adequate line functions- including monitoring and assurance functions within the organization.

Internal Control and Compliance Wing of AIBL 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 2019 are as follows:

**Audit & Inspection Division:**

Risk Based Internal Audit: In 2019, Audit & Inspection

Division has completed their targeted tasks of audit & inspection as per following table:

Particulars	Total Number	An-nual Target	Audit work done by December, 2019	Percentage of completion
Number of branches	168	168	168	100%
Wing/Divisions of Head office	17	13	13	100%
Zonal Office	8	4	4	100%
Subsidiaries	3	1	1	100%
Total	197	186	186	100%

- i) Spot Rectification of lapses: In 2019, total 40% of identified lapses have been rectified on spot.
- ii) Internal Auditors' Direct Contribution to Bank's Profit: In 2019, Internal Audit & Inspection team detected income leakage of Tk. 70.37lac regarding non-realization of commission, charges, fees etc. and realized Tk. 28.92lac on spot.
- iii) Surprise Inspection: In 2019, total 37 surprise inspection has been conducted by Internal Audit & Inspection Division on several branches which is 106% of the annual target.
- iv) Core Risk Management System Checking at Branch level: Internal Audit team conducts checking of Risk Management System of the branch on six core risk with a predefined checklist. The Audit Division have



The Bank provided an ambulance to Patiya Municipality due to its Corporate Social Responsibility. Chairman of the Bank handed over the key to the guest of honor Shamsul Hoque Chowdhury, MP and Harunur Rashid, Mayor of Patiya Municipality



completed core risk management checking on 168 branches in 2019.

- v) Independent Testing Procedure for AML Compliance: As per Bangladesh Bank instruction, internal auditors has to evaluate the branch's performance on AML & CFT activities through Independent Testing Procedure checklist. The Audit Division have completed Independent Testing Procedure checking on 168 branches in 2019.
- vi) Customer Survey Report: While auditing on branches, internal auditors evaluate the quality of customer service of the respective branch through physical interview of the customer. The Audit Division have evaluated the quality of customer service on 168 branches in 2019.
- a) Compliance Division:  
There are two parts of Basic Compliance Functions:
  - (i) Preventive Part:
    - a. Policy-Procedure Formulation
    - b. Knowledge & Awareness Dissemination
    - c. Liaison 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:**

Period	Rectification %
2014-2018	97.80%
2019	58.73%

(ii). Bangladesh Bank Inspection Compliance: All Bangladesh Bank Inspection Compliance report has been sent to Bangladesh Bank in time. In the meantime, 97.86% lapses have been rectified and correspondence are continuing for compliance of rest lapses.

**(iii). Memo Submission:**

The division has submitted total 74 memos on important 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.

v) Audit File Closed: Total audit files closed in 2019 are 199

of which 62 audit files are of 2017 and 137 files are of 2018.

- vi) Archiving Circular, Instruction Circular, Manual and Policy Guidelines:
- vii) 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 Docu Dex 3.0 system & able to go through, download the expected Circulars, Manuals, Policy Guidelines and can enriched their Banking knowledge.
- viii) Follow-up for timely submission of compliance of regulatory queries by the different division/department of the bank:

The division follow-up/monitor the timely submission of regulatory queries by different divisions/departments and prepare a summary report and submit the same on quarterly basis before the Managing Director for information and necessary action (if required).

ix) 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) 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 19 (nineteen) branches have been brought under the circumference of Concurrent Audit system which covers 70% business of the Bank.

Irregularities detected and rectified through Independent Concurrent Auditor in 2019.

Period	% of rectification
2018	75%
2019	75%

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. Monitoring Division received 703 reports in 2019 and needful follow-up done accordingly. Monitoring Division placed/submitted summarized report on quarterly basis to the management.

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

As per instruction circular # IAD/2016/113 dated 10/10/2016, the concurrent auditors (General and Independent) of branches has been submitting 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.

2. 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 / Branches for rectification & placed summarized report to the management.

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

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

Major accomplishments:

a. Audit, Compliance & Monitoring through software (RBIAS):

Formation and implementation of ICC Software (Ababil Risk Based Internal Audit System) is unique/tremendous performance of ICCW which has been launched on 1st January'2018. Now all the internal audit, concurrent audit functions and compliance activities are being performed by the Ababil Risk Based Internal Audit System. This is a real time online mechanism for performing audit and compliance activities. This system has ensured a complete database of annual audit reports, compliance reports and several reports necessary for taking important executive decisions. This software has been linked with the report server of Ababil and HR software, Sylvia. Meanwhile Investment Wing has been collecting required audit related information of specific clients in order to process investment proposals. This system also has option to get required information of a specific employee regarding audit lapses. Human Resources Divisions can also be benefitted from this information.

b. Establishment of compliance desk at every branch & head office:

A Compliance Desk has been established at each Branch/division of AIBL for smooth functioning of compliance activities. A compliance officer has been has been appointed through office order at every



Honorable Chairman and other guests at Annual Business Development Conference 2020

branch/division. The responsibility of Compliance Desk is to do compliance activities of all types of audit of the Branch/division. This desk will play an important role for prevention and correction of irregularities, malpractices, fraud and forgery.

**c. Issuance of Master Circular on General Concurrent Audit:**

In order to make General Concurrent Audit more effective, a new master circular (no. 60/2019) has been issued amending the weakness of existing general concurrent audit system. In order to propagate the system and mechanism of this system, an initiative for arranging training to all the branches under 8 zones has been taken and training has already been conducted in the branches under 4 zones.

**Sustainable Finance Unit**

**Green Banking**

Being an ethical bank and in compliance to Bangladesh bank guidelines, Al-Arafah Islami bank Ltd. Has formed Sustainable Finance Unit headed by a Deputy Managing Director.

We are aware that global warming is an issue that calls for a global response. The rapid change in climate will be too great to allow many eco-systems to suitably adapt, since the change have direct impact on biodiversity, agriculture, forestry, dry land, water resources and human health. Due to unusual weather pattern, rising greenhouse gas, declining air quality etc. society demands that business also take responsibility in safeguarding the planet. Green finance as a part of Green Banking makes great contribution to the transition to resource-efficient and low carbon industries i.e. green industry and green economy in general. Green banking is a component of the global initiative by a group of stakeholders to save environment.

Green bankers think to protect environment and conserve power and energy in order to ensure a safer world for the next generation.

**a. ESRM (Environment and Social Risk Management):**

AIBL has adopted Environmental and Social Risk Management Guideline in 2018 as per Bangladesh Bank circular. We have done Environment and Social Risk Rating (ESRR) as per ESRM guideline through the Environmental and Social Due Diligence Check list. This risk rating is used to decide whether bank will finance or not. Our present status of ESRR till December 31, 2019 is as follows:

(In Million BDT)

ESR Rating	June-2019		December-2019	
	No of Accounts	Outstanding	No of Accounts	Outstanding
High	17	365.20	11	320.00
Medium	483	39986.90	486	40042.90
Low	4010	199483.10	4046	199805.50
Total	4510	239835.20	4543	240168.40
Total no. of branches	168		182	
No of Branches Reported under ESR Rating	154		173	

**b. Green Office Guide:**

At present we are working on full-scale implementation of our “Green Office Guide” for In-house Environmental Management at all of our branches, Zonal Offices & Divisions of Head Office. In this guide the main considered issues are:

- 3R Principles, i.e. Reduce, Reuse and Recycling of materials & equipment will be the foremost priority for all tiers of the workforces.
- Prepare inventory of consumptions of utilities (electricity, water & gases), fuel, paper, printing cartridges and set up targets for each of the items well ahead of the year begins, with a view to reducing use thereof in a rational level and keep watch to remain within the setup targets.
- Install automated motion sensor systems for ACs, fans, lights etc. at every place including wash room and corridor to save electricity by automatic shutdown when they are not in use.
- Set the printers default to duplex mode and Apply Eco font in printing.
- Arrange E-procurement, E-recruitment, E-commerce and use E-mails for communications and correspondences to help reducing paper waste, printing costs and postage charge.

**c. No. of Solar Power Branch:**

Aiming to enhance scope of using natural light/solar energy instead of electricity where possible, till December-2019, 63 branches out of total 182 Branches of AIBL have been using solar power system and other energy efficient electric appliances such as LED bulb.

**d. Online Banking:**

- 1) All Branches (182) of AIBL are under online coverage.
- 2) AIBL has newly introduced Mobile Financial Service under which 3591 accounts are already in operation.
- 3) AIBL has total 265 agent banking outlets among which 235 are in rural areas of the country with full pledge online connectivity including one with solar power system.

- 4) Debit Cards, Internet Banking, mobile banking has added new dimension to its services.
- 5) AIBL Credit Cards (La Riba) has also become very popular to its customers and playing important role in cashless transaction during daily expenditure.
- 6) AIBL has total 165 ATM booths all over the country.

**e. Green Finance and Islamic Refinance Activities:**

**Green Finance:**

Considering the issue of developing economic framework, technological change and development, public demand for green products and achieving national development plans of Bangladesh government (Perspective Plan of Bangladesh 2010-2021, National Sustainable Development Strategy 2010-2021, seventh five years plan, Sustainable Development Goals(SDG) we always try to stay a step ahead in green financing. A brief summary of green finance presented in the table below:

**Product wise Green Finance**

For the Quarter: Oct-Dec, 2019.

(In Million BDT)

SI No.	Product	Disbursement Amount
01	Wind Energy Driven Power Plant	61.40
02	LED Bulv Manufacturing Plant	90.79
03	LED Bulv/Tube Assembly Plant	78.45
04	Production of Burnable oil from waste tire by the process of pyrolysis	0.65
05	Biological Effluent Treatment Plant	652.80
06	PET bottle recycling Plant	2.56
07	Plastic waste recycling Plant (PVC, PP, LDPE, HDPE, PS)	70.55
08	Waste paper recycling plant for production of recycled paper, plate, mug, glass	579.96
09	Used Lead Acid battery recycling plant	76.70
10	Green Brick Manufacturing	693.27
11	Certified Green Industry/Green Building	129.63
	<b>Total</b>	<b>2436.76</b>

**Islamic Refinance under Green Banking Activities:**

For financing in green product we further signed participation agreement on “Refinance Scheme for Islamic Banks & Financial Institutions for Investment in Green Products/ Initiatives” on September 06, 2019 with Bangladesh Bank. Under this scheme Bangladesh Bank provides fund for refinance in 51 green products which we can disburse at single digit profit rate to the clients. We availed refinance of BDT 40.00 million in ensuring work environment and security of workers in the factory which is one the green products where present outstanding is 30.00 million. In 2019 we newly submitted another refinance proposal for the product of Certified Green Industry/building under Green Establishment Sector of BDT 200.00 million.

**Corporate Social Responsibility (CSR)**

Under CSR activities the bank always focuses social development and fulfilling its needs on priority basis. 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 2019 we accomplished different humanitarian and social activities which include allocation of fund Tk. 78.62million. 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 2019:**

(Amount in Million BDT)

SI No.	Particulars	2018	2019
1	Health Sector	15.03	18.71
2	Education Sector	15.83	21.13
3	Disaster Management	01.83	0.98
4	Cultural Activities	6.36	0.53
5	Environment	7.13	13.86
6	Others	75.39	23.42
	<b>Total</b>	<b>121.57</b>	<b>78.62</b>

**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 45% of manufacturing value addition. They account for about 80% of industrial employment, about 90% of total industrial units and about 25% of total labour force.

In the light of the definition given by Bangladesh Bank, Al-Arafah Islami bank Ltd. has put utmost priority over CMSME financing in three categories of enterprises viz. Industry, Trade & Services.

### CMSME Investment at a glance

Figure in Million

Description	2018	2019
Total CMSME Portfolio	105,909.20	101,467.20
% of CMSME Portfolio to Total Portfolio	39.94%	34.67%
Target of CMSME Investment	58,000.00	85,000.00
Total CMSME Disbursement	78,981.30	85,761.15
% of Achievement	136.17%	100.89%

### Investment on Women Entrepreneurs

About 50% of the populations 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	4,851.70
Amount of Disbursement to Women Entrepreneurs	4,699.07

### Agricultural Investment

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.

#### 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 2,450 farmers under this scheme and total investment is Tk. 30.05 million of which outstanding is Tk. 29.00 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 75.00 million investments among 1150 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 29.72 million investments among 557 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. 23.99 million for fattening of 484 Cows and 13 Buffalos among 187 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.

## 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
- Balance inquiry & mini-statement
- Electronic Fund Transfer (BEFTN & RTGS)
- SME, Agricultural & Micro investment processing
- Investment repayment
- Debit & credit card issue
- 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 265 Agent Banking outlets through 170 Agents as on December 2019 with a view to bringing the unbanked population under banking services. As on December 2019, total accounts of Agent Banking are 2,24,687 which is 10.98% of total Bank's account. We have already covered 241 Upazillas under 44 Districts. With some restrictions and limitations, most of the banking services are available in agent banking operation.

In Agent Banking, most of the beneficiaries are living in rural areas and were earlier totally un-banked. But now, their total deposit is Tk. 15436.80 Million and the figure is increasing rapidly. Clients are opening accounts, depositing and withdrawing their expected money, getting foreign remittance from their relatives, paying their utility bills and getting other banking services spontaneously. This is one of the appropriate examples of financial inclusion in Bangladesh.

## Agent Banking Performance At a Glance (As on 31/12/2019)

Taka in Million

Particular	Year 2019	Year 2018
Total Number of Agents	170	133
Total Number of Outlets	265	200
Number of Accounts	2,24,687	1,36,434
Total Deposit (Tk.) of Agent Bank	15,436.80	9,440.64
Number of Foreign Remittance disburse through Agent Bank	1,39,373	84,224
Amount of Foreign Remittance (Tk.) disburse through Agent Bank	6,122.54	3,315.06
Number of Electricity Bills	16,19,183	6,74,371
Amount of Electricity Bills (Tk.)	1,134.10	355.90
Number of Covered District	44	44
Number of Covered Upa-zilla	241	112

## Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2019. 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 96 news items of the Bank were broadcasted in 820 news coverage through 20 different TV Channels during the year 2020. We continued news branding on 6 major satellites TV channels such as Channel-i, Bangla Vision, ATN Bangla, ATN News, Desh TV and DBC TV.

Promotion in the television media got a major hike during the Ramadan in this year. In 12 major TV channels which included NTV, ETV, Bangla TV, Jamuna TV, Channel-9, Boishakhi TV, SA TV, News 24 and many more, the Bank sponsored 17 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 vital support that led the Bank to hold a firm position in the market. More than 8 interviews and talk shows of the Managing Director and other top executives were published or broadcast 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 1960 Press Release items published in more than 65

different leading Newspapers and Media throughout the year. Besides, more than 900 advertisements took place in 125 different publications during that year.

As the Bank will touch the milestone of 25<sup>th</sup> Anniversary in 2020, the Board of Directors has approved a rebranding campaign for the year. Therefore in 2020, our advertisement plan will focus to achieve the most outcome from the Rebranding Campaign. This year the Bank will go into Electronic Media vastly, including Radio Branding. Besides, promotion in social media and will put utmost focus on Digital Media via Online Portals, Facebook, YouTube etc. With a new rebranded outfit, AIBL will serve smartly and dedicatedly at every point of service throughout the country.

The Promotional Plan also indicates that, we have to make our promotion through client service more effective and efficient in 2020. All the signage of the Bank will be changed with new brandings. There will be a number of LED Photo frame, cutouts, banners, s-stands and danglers visible in our branches. AIBL ATM booths will have a makeover with new Bell Sign, user manual, frosted stickers to make a bolder presence to the clients. 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 with all the modern facilities, when they are with Al-Arafah Islami Bank Limited.

### Branding Summary of AIBL in 2019

SL	Branding Details	Frequency During 2019
	TV News Items	96 events 820 coverage
	TV Channel Coverage	20 channels
	TV Branding (throughout the year)	6 channels
	TV Branding during Ramadan	17 programs 12 channels
	Talk show/Interview	8 programs
	PR Published	1960 times
	Print media covered	65 media
	Promotional Advertising	900 advertisements
	Publications used	125 publications

### Information Technology

The technology is of great use in banking sector, it has changed the banking industry from paper and branch based banks to digitized and network services. Means it has played a very big role in reducing fraud in banks which protects its clients. Banks are investing heavily in digital banking technology, in which customers use mobile, web or digital platforms to use banking services. Artificial intelligence solutions, such as chatbots, often assist customers in simple tasks such as making payments.

As such bank can enhance business processes, make managerial decision, and workgroup collaborations which strengthen their competitive positions in rapidly changing and emerging economies.

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

Recently AIBL has launched Islamic Wallet which a Shariah based Mobile Financial Services of Al-ArafahIslami Bank Limited. Islamic Wallet comply with the most rigorous security, compliance standards and all regulatory requirements.

Islamic Wallet promises to provide the most innovative services that can be provided in Mobile Financial Services industry of Bangladesh. It is fast, secure and affordable way to send & receive money from anywhere at any time. In addition to 'send and receive money', it provides a total eco-system where people can derive the best use of money. This wallet will be considered as new and innovative payment system to cater all kinds of banking needs for ensuring the maximum convenience of customers specially those who do not have access to banking services.

### Services offered by Islamic Wallet

- Cash In, Cash Out, Person to Person (P2P)
- Fund Transfer from Card and Bank Account.
- Person-to-Business payments (P2B) such as utility bill payment, airtime top-up, insurance premiums, loan instalments, merchant payments etc.
- Business-to-Person payments (B2P) such as payroll, commission disbursement, etc.
- Government-to-Person (G2P) payments such as subsidies, freedom fighter allowances, social welfare payments, endowments, etc.
- Person-to-Government (P2G) payments such as

government duties, taxes, fees, etc.

- Ticketing Service
- Tuition Fees Payment

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. Considering a huge unbanked population across the country, AIBL has been working very closely with different government and non-government entity to ensure the availability of Mobile Financial Services (MFS) all over the country.
4. Full-phased Internet Banking along with E-Commerce and Payment Gate way will be started very soon.
5. Introduce Sub-branch Services as per Bangladesh Bank guideline.

#### Card Division

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 1.85 lac AIBL card holders can use AIBL own ATMs as well as any Banks ATM through NPSB network & MasterCard enable ATMs. The growth of debit card was 48% and for credit card that was 55%. We already introduced most secure EMV certified chip based card. Chip ATM cards have significantly helped in minimizing the financial loss that occur in the case of mishaps. We are planning to start issuing contactless card for make everyday purchases quickly and safely with just a tap. We will launch "Master INSTANT Card" to facilities our honorable customers, they can collect the pre-embossed Master debit card from Branch at the time of opening account. Like the new slogan of our Bank "Shariah based always", 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. We are providing Lounge facility to our honorable La-Riba Platinum Credit Card holders. The Lounge is quiet spaces where our honorable customers can relax and escape the stress of the terminal. We have already signed EMI agreement with almost all renowned Furniture manufacturers, Branded Electronics chain shop, & Lifestyle retailers, Travel Agents, local Airlines and leading Hospitals, Restaurants, Hotels, On-line shops. Addition to that, we already signed discount agreement with almost all renowned Lifestyle retailers and leading Hospitals, Restaurants, Hotels. We are planning to adopt MasterCard 3D SecureCode version 2.0 technology in our Card Management System (CMS) for making secured online

transactions and be protected from any unauthorized card usage when customer shop online. MasterCard literally put customers security on the tip of their fingers with two-factor biometric authentication like fingerprint sensors, palm, face recognition and eye recognition. The usage of biometric technology brings a huge sigh of relief for all the customers who get panic even at the thought of losing their card.

Card Division of AIBL working round the clock to provide efficient & satisfactory service to our valued customers by adapting new advanced technology of card industry.

#### Asset Quality

Overdue investment stood at Tk. 7,234 million as on 31st December 2019 as against Tk. 9,097.52 million as of December, 31 last year. Total overdue decreased by Tk. 1,862.71 million during the year 2019 bringing the same to 2.47% of our total investment as against 3.43% 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. 6,811.30 million from Tk. 12,045.83 million to Tk. 19,768.87 million (Term Tk. 7,723.04 million + Continuous & Demand Tk. 12,045.83 million) which was 6.76% of total Investment. Recovery against rescheduled investment during the year 2019 was Tk. 912.27 million.

Classified investment increased by Tk. 1,409.70 million from Tk. 12,690.72 million to Tk. 14,100.42 million representing 4.82% of total investment as against 4.79% in the previous year.

During the year 2019, recovery against classified investment stood at Tk. 3,794.55 million while recovery against Written off Tk. 245.19 million building a total recovery of Tk. 4,952.01 million including recovery Tk. 912.27 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.)

It should not be understood that risk management is only limited to the individuals, who are responsible for overall risk management function. Business lines are equally responsible for the risks they are taking. Because, the line personnel can understand the risks of their activities, any lack of accountability on their part may hinder sound and effective risk management. AIBL risk governance follows three-lines-of-defense-model which is represented as under:

#### 1st line of defense: Business owners

This includes the business units and operation lines of the Bank.

1. To ensure effective processes to identify, assess/measure, monitor, mitigate, and report on their risks.
2. To operate in accordance with the risk policies and delegated mandates.

#### 2<sup>nd</sup> line of defense: Standard Setters

This includes Internal Control (IC) framework including RMD and RMC.

3. To ensure effective and efficient operations;

4. To ensure adequate control of risks;
  5. To ensure prudent conduct of business;
  6. To ensure reliability of financial and non-financial information reported or disclosed (both Internally and externally); and,
  7. To ensure compliance with laws, regulations, supervisory requirements and the institution's internal policies and procedures.
- 3rd line of defense: Assurance Providers  
It consists of the bank's internal audit and regulators which
8. Performs independent periodic reviews of the first two lines of defense,
  9. Provides assurance
  10. Informs strengths and potential weaknesses of the first two lines.

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 AIRisk Committee at Management level in addition to six separate Core Risk Management Committeesto address basic riskmanagement activities like identification, assessment, and mitigation of risks. Besides, Board Risk Management Committee oversights the bank's overall risk management activities, 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. CCC 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.

Banks always run the risk of insufficient liquidity and investment/credit defaults. While conducting day to day operation AIBL usually faces the following major risk:

#### 1. Credit/Investment Risk:

This risk occurs whenever a borrower considers paying current debt with future cash flows. In AIBL investment risk are evaluated in 2 ways:

- I. Individual client wise: Investment Wing considers the risk on a case-to-case basis. Their sole purpose is to measure the weighted risk of individual clients and

disburse loan/investment accordingly. IIRS is approved & verified by CRO of the Bank.

- II. Portfolio wise: IAD considers the risk on a sector-to-sector basis or on industry-to-industry basis and is reviewed in ARC/MC meeting. This is what is referred to as portfolio wise investment risk management.

#### 1.1 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.

#### 2. Market Risk:

The possibility of experiencing of loss due to the factors that affect the overall performance of the financial market is called Market Risk. Market risk can be divided into 3 types- Interest rate risk, Forex risk, Capital market investment risk.

Market risk also called 'Systematic Risk', cannot be eliminated through diversification, nevertheless it can be evaded. Systematic risk refers to the risk inherent to the entire market. The risk that a major natural disaster will cause a decline in the market as a whole is an example of market/systematic risk. This sort of risk is evaluated by the Risk Management Division. As a part to address systematic risk, RMD is analyzing Top-20 investment clients' position and incorporating its review report with risk mitigation road map in 'Credit Risk Assessment and Resolution Report' for placing before the Board of Director's meeting for onward submission to Bangladesh Bank as well quarterly.

#### 2.1 Interest/Profit Rate Risk:

The risk that any investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates or in any other interest rate relationship is called Interest/Profit Rate risk. Such changes usually affect securities inversely and can be reduced by diversifying.

#### 3. Operational risk:

Operational risk is the risk that is not inherent in financial, systematic or market wide risk. It 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 continue dsurveillance, the Management Committee (MANCOM), All Risk Committee (ARC), Board Risk Management Committee regularly review different aspects of operational risks and suggest formulating policies, tools and techniques for mitigation of operational risks. This risk is dealt by the operational desk of the RMD.

#### **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 is the amount of risk that remains in the process after all the risks have been calculated, accounted and hedged. 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.

#### **Liquidity Risk:**

The risk arising from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss is called liquidity risk. This type of risk is maintained by FAD, TD and RMD.

#### **4.3 Strategic Risk:**

Strategic risk means the current and prospective risk to earnings and capital arising from imperfection and unsuccessful in business strategy/plan 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). This is a part of the risk governance incorporated with top level management. AIBL involves all levels of management in formulating and establishing robust strategy planning process, and regularly reviews on incorporating changes to strategic environment.

#### **4.4 Reputation Risk:**

A thought or danger to the good name or negative media report against the entity is called reputation risk. This risk is managed by operational risk section of RMD.

#### **4.5 Environmental Risk:**

Actual or potential threat of adverse effects on environment by effluent, emissions, wastes etc. arising out of organization's activities is called environmental risk. This risk is managed by Investment Risk Management and Sustainable Financial Unit (SFU).

#### **4.6 Basel Accord Implementation:**

AIBL has been following various Basel pact viz. Basel-I, Basel-II, Basel-III, Stress Testing and others core risk guidelines implemented by Bangladesh Bank. To implement Basel III guidelines, AIBL formed units as under:

Basel Implementation Unit (BIU) at Operational Layer and Supervisory Review Process (SRP) team at Managerial Layer.

The Risk Management Division (RMD), a division headed by Chief Risk Officer (CRO) acts as the center of all risk management function of AIBL and continuously supports BIU/SRP team to be in place to establish supervisory review process under the Basel-III guidelines and to be compliant of Bangladesh Bank's instruction under the supervision of the Chief Risk Officer (CRO).

#### **All Risk Committee (ARC) 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/decisions taken in the meeting are minuted and forwarded to the concerned risk taking departments to address, measure and taking necessary steps to mitigate the risk factors. Discussion on non-complied issues are taken place in the next meeting. All the meeting minutes along with Risk Management Papers are reported to the Department of Off-site Supervision (DOS) of Bangladesh Bank duly.

#### **Risk Management and Other regulatory reports:**

Risk Management Division prepares Monthly/Quarterly Risk Management Report, Half-Yearly Comprehensive Risk Management Report (CRMR), and StressTesting reports incorporating all risk areas as per directions of the prescribed format of Bangladesh Bank. These risk reports are discussed in depth in All Risk Committee at Management level as well as Board Risk Management Committee and necessary instructions with guidance are given there against. Besides, AIBL sends Risk Appetite Statement (RAS), Effectiveness

of Risk Management functions etc. to Bangladesh Bank annually duly reviewed and approved by the meeting of Board Risk Management Committee and Board of Directors' of the Bank as well.

### Money Laundering and Terrorist Financing Prevention

Money Laundering activity has been in existence with the objective to convert black money into white. The most popular means has been via financial institutions, principally banks. To combat this menace, GOB has mandated Bangladesh Financial Intelligence Unit (BFIU) to regulate this sphere of operation. It has come out with guidelines and reforms which are very much in line with global strategies and initiatives promulgated by Financial Action Task Force (FATF). Like all member banks, AIBL is no exception in implementing the guidelines/recommendations.

Business and compliance go hand in hand. Strict and continuous monitoring is done by BFIU. Any serious AML/CFT compliance lapse can malign a banks reputation and is a punishable offence for the responsible Officer/ Stakeholder/Entity, etc.

Major highlights/initiatives:

1. Banks BOD has given high priority and focus which is very much in line with national compliance initiatives and directions from BFIU;
2. Announcement of MDs commitment message to all bank staff on AML/CFT compliance at the beginning of the year is an important annual event;
3. Formation of Central Compliance Committee (CCC) which is headed by the CAMLCO and represented by all stakeholders and very senior staff. Minimum 4 meetings are held annually and the outcome/resolutions is discussed/vetted in 'All Risk Committee\* meeting;
4. To accomplish the goals, objectives and day to day activities, the division is headed by D\*CAMLCO who reports to the CAMLCO and has a team of 7 people looking into various functions;
5. Set up Branch Anti Money Laundering Compliance Officer (BAMLCO) nominated by Central Compliance Committee (CCC), accomplishing the branch level program;
6. Appointment of all BAMLCOs is confirmed by CCC. Generally, they hold the rank of AVP and above for AD branches and Operation Manager for non AD branches;
7. Queries from BFIU are responded by AML&CFT division in Head Office as and when required;
8. The division places high importance to completeness & correctness of customers' information;
9. Cash Transaction Reports, Suspicious Transaction Reports and Suspicious Activity Reports are provided to Regulators through GoAML Software;

10. Half Yearly Reports are prepared/generated by this division before sending them to BFIU;
11. Division ensures that all queries to BFIU are sent within the stipulated time frame/deadline;
12. Arranging AML/CFT related training and outreach programs to keep all staff versed on compliance issues;
13. Arranging BAMLCO Conference, 2020 for the first time in the Banks history;
14. Ensures all AML/CFT awareness related poster, leaflet, festoon, etc. are distributed to branches properly;
15. Handles comments in reports from ICCW, External audit, DBI and Forex audit (BB) and BFIU. Division also conducts visits to monitor/oversee the AML/CFT set in branches and how well they conform to compliance;
16. UN sanction and local sanction lists are screened through software operation;
17. Agent Banking operation is also monitored under Bank\*s compliance principles;
18. AML risk is among the 6 core risks identified by Bangladesh Bank (score is a part of CAMELS rating);
19. TBML policy formulation is very much in the final stages.
20. Because of the importance, zero tolerance on compliance has been set by Management.

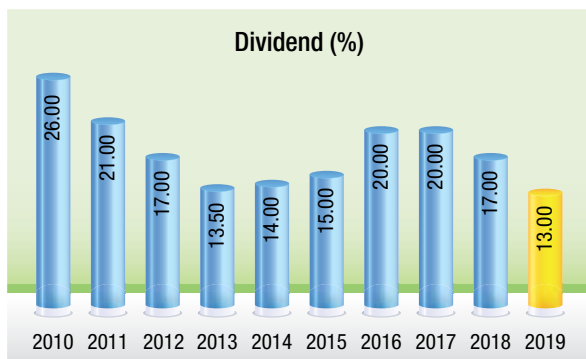
MLTFPD is under the supervision of the CAMLCO whose rank is DMD. The Division follows guidelines from BFIU and other government agencies, adheres to international directives (FATF recommendation, etc.). It constantly strives to enforce & strengthen its AML & CFT program in order to achieve the optimal compliance status.

### 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 13% Cash in the year 2019.

Table of Historical Dividend Payment Percentage are as follows:

Year	Dividend
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
2019	13% Cash



### Credit Rating

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

<b>Long Term</b>	:	<b>AA(pronounced Double A Two)</b>
Short Term	:	ST-2
Based on	:	Audited Financial Statement 2018
Date of Rating	:	27 June 2019
Validity	:	20 July 2020
Outlook	:	Stable

#### Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2019	AA	ST-2	Stable
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 <sub>2</sub>	ST-2	Stable

#### 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.

### 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 youngsters. A total of 173 employees in different categories/ranks joined our fleet during the year 2019 raising our total employees to 3,795 which includes

300 Executives as on 31.12.2019.

We have 3,795 staff in the Bank of whom 300 are executives 2,852 are officers and 643 other staff as on December 31st 2018.

Sl No	Designation	Category Number
1	Executives	300
2	Officers	2,852
3	Others	643
	Total	3,795

We nominated 343 employees in outside training course viz. BIBM, BBT, BAB etc. in 2019 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 63 CDCS, 2 CSDG and 5 ACAMS officials of which 7 and 3 officials have completed CDCS and ACAMS respectively during the year 2019.

### 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 2019:**

AIBTRI conducted a total number of 116 (one hundred & sixteen) Training Courses, Workshops, Executive Development Programs and Outreach Programs where 5,841 participants attended during the period from January – December, 2019.

AIBTRI conducted a total of 19 (nineteen) courses and 92 (ninety two) workshops included 36 (thirty six) outreach training programs (OTP) during the year as well as 5 (five) EDPs.

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 2020 containing 18 training courses, 05 EDPs & 81 workshops including outreach programs 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. In view of the above a training policy guideline has been prepared recently & presented before the Management & Board and it was finally approved by the Board of Directors.

#### **Branches Control Division:**

Branches Control Division (BCD) has been executing following tasks:

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.
5. Issuance of duplicate instruments (MTDR, MPTD, PO etc.) in lieu of original ones.

Branches Control Division (BCD) issued total 33 very important Instruction Circular during the year-2019 some of them are listed below:

1. Up Keeping of Branch Premises and Maintenance of Important Affairs of the Branch.
2. Implementation Progress Report as per Guideline of Core Banking Solution (CBS)-Features & Controls
3. Duties and Responsibilities Branch Manager and Manager Operation.
4. Cash Management & Teller Operation.
5. Type of Deposit Accounts and General Instructions for Maintenance.
6. Banking Booth Policy and operational guideline.
7. Sending SMS to Account holders.

#### **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, Bishwaljtema.

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 182 branches all over the country. In a bid to expand our network of Branches we got approval to open 9 (Nine) new branches in 2020.

#### **Appointment of Statutory Auditor**

In the 24<sup>th</sup> Annual General Meeting of the Bank M/S Rahman Mostafa Alam & Co. Chartered Accountants & M/S Hussain Farhad & Co. Chartered Accountants was appointed External Auditors of the Bank for a term till conclusion of the 25<sup>th</sup> Annual General Meeting.

The Board has approved M/S Hossain Farhad & Co. Chartered Accountants and M/S SHAFIQ BASAK & Co. Chartered Accountants for appointment as External Auditors by the shareholders till the 26<sup>th</sup> Annual General Meeting.

#### **Board Meeting**

During the year 2019, 11 regular Board Meeting had been held. Besides, 15 meetings of Executive Committee, 9 meetings of Audit Committee and 4 Risk management Committee of the Board had also been held during the year.



The Board Meeting of  
Al-arafah Islami  
Bank Limited



The Board Executive  
Committee Meeting



The Board  
Audit Committee  
Meeting



The Board Risk  
Management  
Committee Meeting







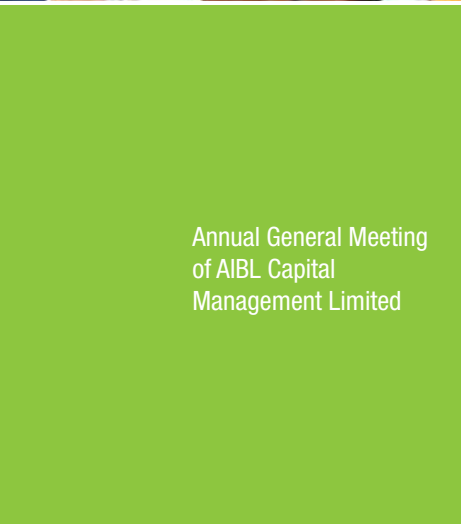
Hon'ble Chairman inaugurated Firingi Bazar Branch at Chattogram



Sponsorship Ceremony of Bangabandhu Men's World Cup Qualifier hockey tournament with Air Chief Marshal Masihuzzaman Serniabat, President of Bangladesh Hockey Federation



Annual General Meeting of AIBL Capital Market Services Limited



Annual General Meeting of AIBL Capital Management Limited



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

The Directors also report that:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>i. Industry out look and possible future developments in the industry; Page No. 39-41</li> <li>ii. The segment-wise or product-wise performance; Page No. 46-48 &amp; 58-62.</li> <li>iii. Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; Page No. 119-120</li> <li>iv. A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; Page No. 72</li> <li>v. A discussion on continuity of any extraordinary activities and their implications (gain or loss); Not applicable.</li> <li>vi. A detailed discussion on related party transactions</li> </ul> | <ul style="list-style-type: none"> <li>along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; Page No. 160-162</li> <li>vii. A statement of utilization of proceeds raised through public issues, rights issues and /or any other instruments (AIBL Mudaraba Subordinate Bond) Page: 47-48;</li> <li>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;</li> <li>ix. An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;</li> </ul> <p>Highlights along with reasons thereof are given below:</p> |
|--|---|

Particulars	2019 Amount in million	2018 Amount in million	Growth (%)
Investment income	28,571.10	24,678.71	15.77%
<b>Profit paid to depositors</b>	<b>18,421.30</b>	<b>16,062.93</b>	<b>14.68%</b>
Net Investment Income	10,149.80	8,615.78	17.80%
<b>Commission, Exchange and other Income</b>	<b>3,894.60</b>	<b>3,579.58</b>	<b>8.80%</b>
Total Operating Income	14,044.40	12,195.36	15.16%
<b>Total Operating Expense</b>	<b>6,242.63</b>	<b>5,983.82</b>	<b>4.33%</b>
Profit before tax and provision	7,801.77	6,211.54	25.60%
<b>Provision on Investment and others</b>	<b>2,842.05</b>	<b>2,154.22</b>	<b>31.93%</b>
<b>Profit Before tax</b>	<b>4,959.72</b>	<b>4,057.32</b>	<b>22.24%</b>
<b>Provision for taxation</b>	<b>2,546.16</b>	<b>1,650.79</b>	<b>54.24%</b>
<b>Net Profit after tax</b>	<b>2,413.56</b>	<b>2,406.53</b>	<b>0.29%</b>
<b>EPS (Restated 2018)</b>	<b>2.27</b>	<b>2.26</b>	<b>0.01</b>

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>x. A statement of remuneration paid to the directors including independent directors; Page no. 140</li> <li>xi. 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;</li> <li>xii. Proper books of account of the Bank have been maintained;</li> <li>xiii. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;</li> <li>xiv. International Accounting Standards(IAS) 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;</li> <li>xv. The system of internal control is sound in design and has been effectively implemented and monitored;</li> </ul> | <ul style="list-style-type: none"> <li>xvi. The Minority share holders 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;</li> <li>xvii. There is no significant doubt upon the Bank's ability to continue as a going concern;</li> <li>xviii. 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 72;</li> <li>xix. A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; Page No. 17</li> <li>xx. The Bank has declared dividend (cash or stock) for the year 2019;</li> <li>xxi. Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; Page No. 66</li> </ul> |
|---|---|

- xxii. The total number of Board meetings held during the year and attendance by each director; Page No. 84
- xxiii. A report on the pattern of share holding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:
- Parent or Subsidiary or Associated Companies and other related parties(name-wise details); Page No. 160-162
  - 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. 85-86
  - Executives; and); Page No. 9-11
  - 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 top5 (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:
- Brief resume of the director; Page No. 160-162
  - nature of his or her expertise in specific functional areas; and Page No.160-162
  - names of companies in which the person also holds the directorship and the membership of committees of the Board; Page No. 160-162
- 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:
- Bank has an accounting policies and there in after have been consistently applied in estimation for preparation of financial statements;
  - 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
  - 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.
  - Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; Not applicable
  - Briefly explain the financial and economic scenario of the country and the globe; Page No. 39-41
  - Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and Page No. 63-66
  - 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 2020

(Amount in million Taka)

SLNo	Particulars	Achievement 2018	Budget 2019	Achievement December 2019	Achievement of Budget 2019	% Growth on 2018	Budget 2020	Budgeted Growth on 2019 (In Taka)	(%) Growth on 2019
1	2	3	4	5	6=(5/4)%	7=(5-3)/3	8	9=(8-5)	10=(8-5)/5
1	Deposit & Borrowings	286,739	345,000	323,550	93.78%	12.84%	375,000	51,451	15.90%
2	Investment	265,132	310,000	292,597	94.39%	10.36%	330,000	37,403	12.78%
3	No. of Accounts	1,779,600	2,400,000	2,048,000	85.33%	15.08%	2,437,600	389,600	19.02%
4	Classified Investment	12,690	15,000	14,100	94.00%	11.11%	16,500	2,400	17.02%
5	Percentage(%) of Classified Investments	4.79%	4.84%	4.82%	-	-	5.00%	-	-
6	Foreign Exchange Business	319,971	405,000	318,291	78.59%	-0.53%	370,000	51,709	16.25%
	a) Import	168,573	210,000	171,611	81.72%	1.80%	200,000	28,389	16.54%
	b) Export	114,481	145,000	108,967	75.15%	-4.82%	128,500	19,533	17.93%
	c) Remittance	36,917	50,000	37,713	75.43%	2.16%	41,500	3,787	10.04%
7	Operating Profit	6,211	7,500	7,801	104.01%	25.60%	9,000	1,199	15.37%

## Report to The Shareholders of Al-Arafah Islami Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Al-Arafah Islami Bank Limited for the year ended on December 31, 2019. 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: 28<sup>th</sup> June 2020

Ahsan Manzur & Co.  
Chartered Accountants

## 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/CMRRC/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 upto 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	✓		
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)	✓		

## 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)(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 <sup>th</sup> 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	✓		
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	✓		

## 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)(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	✓		
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)	✓		

## 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)(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	✓		
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 abovementioned 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	✓		



## Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		
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 Forensuring 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	✓		

## 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(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	√		
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	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	√		

## 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)(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".
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			

## 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(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			
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			

## 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(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;	✓		
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.	✓		
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 2019 and attendance by each Director:

Annexure-III

Sl. No.	Composition of the Board		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Alhaji Abdus Samad	Chairman	11	11	11
2	Alhaji Abdus Salam	Vice Chairman	11	11	11
3	Hafez Alhaji Md. Enayet Ullah	Director	11	11	11
4	Alhaji Salim Rahman	Director	11	11	09
5	Alhaji Md. Liakat Ali Chowdhury	Director	11	11	10
6	Jb. Md. Amir Uddin PPM	Independent Director	11	11	11
7	Alhaji Nazmul Ahsan Khaled	Director	11	11	08
8	Alhaji Abdul Malek Mollah	Director	11	11	10
9	Alhaji Md. Harun-ar-Rashid Khan (Representing China builders & Machineries Ltd.)	Director	11	11	09
10	Alhaji Md. Anowar Hossain	Director	11	11	10
11	Alhaji Badiur Rahman	Director	11	11	07
12	Alhaji Engr. KH. Mesbauddin Ahmed	Director	11	11	10
13	Alhaji Ahamedul Haque	Director	11	11	08
14	Alhaji Abu Naser Mohammad Yeahea	Director	11	11	08
15	Alhaji Niaz Ahmed	Director	11	11	11
16	Alhaji Mohammed Emadur Rahman	Director	11	11	06
17	Alhaji Badsha Meah	Director	11	11	08
18	Alhaji Mohammed Haroon	Director	11	11	05
19	Jb. Khalid Rahim	Independent Director	11	11	11
20	Jb. M. Kamaluddin Chowdhury	Independent Director	11	11	11

Board of Executive Committee meeting held during the year 2019 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Alhaji Hafez Md. Enayet Ullah	Chairman	15	15	15
2	Alhaji Salim Rahman	Vice Chairman	15	15	6
3	Alhaji Nazmul Ahsan Khaled	Director	15	15	8
4	Alhaji Md. Harun-ar Rashid Khan (Representing of China Builders & Machineries Ltd.)	Nominee Director	15	15	13
5	Jb. Engr. Meshbahuddin Ahmed	Director	15	15	14
6	Alhaji Ahamedul Haque	Director		15	11
7	Alhaji Abu Naser Mohammad Yeahea	Director	15	15	12

Board of Audit Committee meeting held during the year 2019 and attendance by each Director:

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

## Compliance Report on BSEC's Notification

Board of Risk Management Committee Meeting held during the year 2019 and attendance by each Director:

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

### 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	60.5%
2	AIBL Capital Management Limited	Related Party	98%

#### b. Directors and their spouse and minor children as on 31<sup>st</sup> December, 2019

Sl. No.	Name	Relation	Shares held
1	Jb. Abdus Samad	Chairman	23,965,115
	Mrs. Shahana Ferdous	Spouse	769,540
2	Jb. Abdus Salam	Vice Chairman	21,598,392
3	Hafez Md. Enayetullah	Sponsor Director	21,303,874
4	Jb. Salim Rahman	Director	21,298,982
	Tahsina Rahman	Spouse	23,315,376
5	China Builders & Machineries Ltd. (Represented by Md. Harun-Ar-Rashid Khan)	Director	21,376,917
6	Jb. Md. Liakat Ali Chowdhury	Director	21,304,850
7	Jb. Nazmul Ahsan Khaled	Sponsor Director	21,812,996
8	Jb. Abdul Malek Mollah	Sponsor Director	21,357,454
	Mrs. Laila Begum	Spouse	333
9	Jb. Md. Anowar Hossain	Sponsor Director	23,578,732
10	Jb. Badiur Rahman	Sponsor Director	29,704,244
	Mrs. Syeda Rashida Yasmin	Spouse	5,524,724
11	Engr. KH. Mesbauddin Ahmed	Director	21,299,266
	Mrs. Ajmeri Ahmed	Spouse	9,423,819
12	Jb. Ahmedul Haque	Director	21,298,448
	Jb. Abu Naser Mohammad Yeahea	Director	26,300,798
14	Jb. Niaz Ahmed	Director	21,407,921
	Mrs. Shabana Niaz	Spouse	8,781,069
15	Jb. Mohammed Emadur Rahman	Director	21,324,314
16	Jb. Badsha Meah	Sponsor Director	21,298,602
	Mrs. Feroza Begum	Spouse	330,494
17	Jb. Mohammed Haroon	Sponsor Director	21,422,224
	Mrs. Shamsun Nahar Begum	Spouse	71,400
18	Jb. Md. Amir Uddin PPM	Independent Director	-
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 31<sup>st</sup> December, 2019)

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 2019 )

Sl. No.	Name	Relation	Shares held
1	Janab Md. Fazlul Karim	Deputy Managing Director	Nil
2	Janab S. M. Jaffar	Deputy Managing Director	Nil
3	Janab Sabbir Ahmed	Deputy Managing Director	Nil
4	Janab Md. Shafiqur Rahman	Deputy Managing Director	Nil
5	Janab Md. Abdullah Al-Mamun	SeniorExecutive 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- 2019. 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 2020. 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: 3<sup>rd</sup> September 2020



## শরী'আহ সুপারভাইজরী কমিটি-এর বার্ষিক প্রতিবেদন

(৩১ ডিসেম্বর, ২০১৯ ঈসায়ী তারিখে সমাপ্ত বছরের জন্য)

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ .

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-এর সম্মানিত শেয়ারহোল্ডারবৃন্দ !

السلام عليكم ورحمة الله وبركاته.

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড তাদের 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। আমাদের শরী'আহ সুপারভাইজরী কমিটির দায়িত্ব হচ্ছে ব্যাংকের কার্যাবলী পরিচালনায় শরী'আহসম্মত দিকনির্দেশনা ও সিদ্ধান্ত প্রদান এবং তার ভিত্তিতে ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষ তাদের যাবতীয় কার্যক্রম পরিচালনা করছে কি না-তা যাচাইকরণে পর্যালোচনাপূর্বক একটি স্বাধীন মতামত আপনাদের নিকট উপস্থাপন করা।

আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ-এর শরী'আহ সুপারভাইজরী কমিটি ও শরী'আহ সুপারভাইজরী সচিবালয় কর্তৃক বিগত ২০১৯ ঈসায়ী বছর, ১৪৪০-১৪৪১ হিজরীতে প্রধান কার্যালয়সহ ব্যাংকের সকল শাখায় অনুসৃত কার্যক্রম পর্যবেক্ষণ, সংশ্লিষ্ট নথিপত্র এবং লেনদেন যাচাই বাছাইসহ ব্যাংক কর্তৃপক্ষ কর্তৃক উপস্থাপিত বার্ষিক ব্যালেন্সশীট পর্যালোচনা করে নিম্নোক্ত অভিমত ও পরামর্শ প্রদান করছে :

### অভিমত

- ক. 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।
- খ. 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।
- গ. আল-আরাফাহ্ ইসলামী ব্যাংক ডিপোজিটর ও শেয়ারহোল্ডারদের একাউন্ট ও ডিপোজিটের কোন 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।
- ঘ. 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

১. বাই-মুয়াজ্জাল ও বাই-মুরাবাহা বিনিয়োগে পণ্য ক্রয়-বিক্রয়ে গ্রাহককে 'ক্রয়-প্রতিনিধি' নিয়োগ করা হলে শরী'আহ পরিপালনের যথাযথ ব্যবস্থা গ্রহণ করা।
২. মুদারাবা ও মুশারাকা তথা ব্যাংক ও গ্রাহকদের মধ্যে যৌথ বিনিয়োগ কার্যক্রম স্বল্প পরিসরে হলেও ব্যাংকে চালু করার যথাযথ ব্যবস্থা গ্রহণ করা।
৩. দেশের অপেক্ষাকৃত দরিদ্র গ্রাহকদের আর্থ-সামাজিক উন্নয়নের লক্ষ্যে শরী'আহ নীতিমালার আলোকে ক্ষুদ্র বিনিয়োগ প্রকল্প জোরদার করার ব্যবস্থা গ্রহণ করা।
৪. ব্যাংকের সর্বস্তরের জনশক্তি, ব্যাংকের ডিপোজিট ও বিনিয়োগ গ্রাহককে ভিডিও কনফারেন্স-এর মাধ্যমে (সম্ভব হলে) ইসলামী ব্যাংকিং বিষয়ে প্রশিক্ষিত করে গড়ে তোলার লক্ষ্যে ইসলামী ব্যাংকিং ও অর্থনীতি বিষয়ে প্রয়োজনীয় প্রশিক্ষণের ব্যবস্থা গ্রহণ করা।
৫. আল-আরাফাহ্ ইসলামী ব্যাংক ফাউন্ডেশনের মাধ্যমে দেশের দরিদ্র জনগোষ্ঠীর মাঝে জনকল্যাণমূলক যাবতীয় কার্যক্রম আরো জোরদার করা।

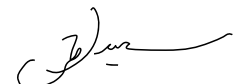
আল্লাহ তা'আলা আমাদের ইচ্ছা ও অনিচ্ছাকৃত ভুল-ত্রুটি ক্ষমা করে যাবতীয় ভাল কাজ একমাত্র তাঁর সন্তুষ্টির জন্য কবুল করুন এবং ভবিষ্যতে আরো তাকওয়া ও যোগ্যতাপূর্ণ কল্যাণমূলক কাজ করার তাওফীক দান করুন, আমীন।



(মো. আব্দুর রহীম খান)

সচিব

শরী'আহ সুপারভাইজরী কমিটি



(মুফতী ছাঈদ আহমাদ মুজাহেদী)

চেয়ারম্যান

শরী'আহ সুপারভাইজরী কমিটি

# Report of the Shariah Supervisory Committee

For the year ended on 31 December 2019

Bismillahir Rahmanir Rahim

Honourable Shareholders Al-Arafah Bank Islami Bank Limited (AIBL)

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

As a Shariah Council 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 Committee places an Independent Report based on Islami Shariah before the Shareholders.

As a result we have meticulously scrutinized and examined all the activities including relevant documents, transactions and deals performed by 182 branches of AIBL during the year ended on 31.12.2019 (Esayee) (Hijri 1440-1441). Our Opinions and Suggestions are enumerated below:

## Opinions:

- a. Whatever we have audited, on completion we have found that more or less all the activities, transactions and deals have been in accordance with the Shariah Principles and Regulations.
- b. 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.
- c. Since the Bank does not pay any Zakath on the money of the Depositors and Shareholders the responsibility of paying Zakath is thus vested with the respective Depositors and Shareholders.
- d. 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:

1. To ensure buy and sell through Bi-muajjal and Bi-murbaha investment modes and to comply with the Shariah rules clients can even be appointed as "Buying-Agents" if needed.
2. Bank should introduce the Mudaraba and Musharaka investment schemes even in a small scale.
3. 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.
4. In order to equip the employees, deposit holders and investment clients of the Bank with Islamic Banking Knowledge Bank should arrange adequate training programs through video conference (if possible) on Islamic Economics and Banking.
5. To strengthen the welfare and CSR activities by Al-Arafah Islami Bank Foundation and ensuring the implementation.

May Allah (SWT) forgive all our mistakes that have been done intentionally & unintentionally 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

## Implementation status of Integrity under National Integrity Strategy

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### 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 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 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, 2019-20 at field level, has also been in place.

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 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 strictly 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 informed all the employees of the bank 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 zones / branches at least 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 on a quarterly basis 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 of the morality of all the executive / officials of the bank. The Training Institute of the bank is being organized 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 & 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 & 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 13 criteria. In 2017, 63 officials / executives have been awarded 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 330<sup>th</sup> Meeting and the award for the year 2018 has given to 05 Executives and officials.

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 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.

## Report of the Board Audit Committee (BAC)

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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 322<sup>nd</sup> 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 Malek Mollah	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 2019, 09 (nine) meetings of the Committee were held.

#### Activities during the year

The Board Audit Committee carried out the following activities during the year 2019:-

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, 2019.
3. Reviewed audited accounts and report of 2019 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, 2019.
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, 2019 and 30 June, 2018.
10. Recommend measures for improvement of the performance of the bank.
11. Reviewed cost of fund as on June 30, 2019 of the bank.
12. Reviewed half yearly report of Self-Assessment of Anti-Fraud Internal Control.
13. Reviewed Annual Health Report on ICCW and Integrated Health report 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)

## Activities of the Board Risk Management Committee in the year 2019

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The major activities of the Board Risk Management Committee (BRMC) in the year 2019 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 Capital Management, Bank Resiliency Capacity, and Internal Capital Adequacy Assessment Process (ICAAP) through Comprehensive Risk Management Report (CRMR) of the Bank.
- d) Reviewed the Capital to Risk Weighted Assets Ratio (CRAR) of the Bank from time to time against Minimum Capital Requirement (MCR) through Risk Management Paper/Report of the Bank.
- e) Reviewed the Risk Appetite Statement of the Bank.
- f) Evaluated the Stress Testing Result periodically while reviewing CRMR of the Bank
- g) Evaluated the Risk Based Capital Adequacy (Basel-III) periodically while reviewing CRMR of the Bank.
- h) Evaluated the Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report (CRMR) of the Bank periodically.
- i) Evaluated the implementation status of the decisions taken in the management level Risk Management Committee (RMC) meetings time to time.
- j) Reviewed the status of Bank's Recovery, Classification, Legal position and Written off accounts periodically.
- k) 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.
- l) Evaluated the concentration of Investment portfolio of Bank and advised the management to diversify investment portfolio as far as possible and practicable.
- m) 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.
- n) Reviewed the Bank's Top-20 Defaulter Clients and the status thereof.
- o) Reviewed the status of the Top-20/30/50 investments of the Bank and advised the management to closely monitor such investments for further improvement.
- p) Reviewed the CAMELS rating and Comprehensive Risk Management Ratings of the Bank and advised the management for further improvement.
- q) Reviewed the report of Risk Management Policies and Effectiveness of Risk Management functions of the Bank.

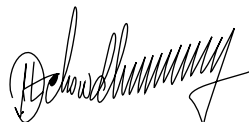
The Minutes of the RMC meetings with suggestions were placed for implementation and to the Board of Directors for subsequent approval.

### 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

## CEO and CFO's Declaration to the Board

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June 28, 2020

The Board of Directors  
Al-ArafahIslamiBank Limited  
Al-Arafah Tower, 63,PuranaPaltan, Dhaka 1000.

Subject: Declaration on Financial Statements for the year ended on December 31, 2019

Muhtaram,  
Assalamu Alaikum.

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/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, 2019 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, 2019 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 ended 31 December 2019

# Independent Auditors' Report

## To the Shareholders of Al-Arafah Islami Bank Limited 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 December 31, 2019 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 December 31, 2019 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
<p>Measurement of provision for investments</p> <p>The process for estimating the provision for customer investments associated with credit risk is significant and complex. 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. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with large databases, assumptions and estimates. At year end the group and the Bank reported total gross investment of BDT 288,487 million (2018: BDT 261,874 million) and BDT 283,247 million (2018: BDT 257,092 million) respectively and the Bank reported provision for investments of BDT 8,979 million (2018: BDT 6,527 million).</p> <p>See note no 9 and 15.2 to the financial statements</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Investment appraisal, disbursement and monitoring procedures, and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Investments (Investment -CL) submitted to Bangladesh Bank;</li> </ul> <p>Our substantive procedures in relation to the provision for investment portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines and;</li> <li>• Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> <li>• 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.</li> </ul>
<p>Valuation of treasury bills and treasury bonds (including Islami Bonds)</p>	

<p>The classification and measurement of T-Bill and T-Bond require judgment and complex professional 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 a high level of judgment.</p>	<p>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.</p>
See note no 8 to the financial statements	

Impairment assessment of unquoted investments	
<p>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 requires an high level of judgment.</p>	<p>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 December 31, 2019 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.</p>
See note no 8 to the financial statements	

IT systems and controls	
<p>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.</p>	<p>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.</p>

Legal and regulatory matters	
<p>We focused on this area because the Bank and its subsidiaries (the "Group") operate 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 operates 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.</p>	<p>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.</p>

Carrying value of investments in subsidiary by the Bank	
<p>The Bank has invested in equity shares of two subsidiaries, namely AIBL Capital Market Services Limited and AIBL Capital Management Ltd as at December 31, 2019. The carrying value of this investment is BDT 2,910 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.</p>	<p>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.</p>

### Emphasis of matter

We draw attention to note 2.8.4 of the financial statements, which describes matters related to implementation of 'IFRS 16 Leases' including preliminary assessment of its impact as assessed by management. Our opinion is not modified in respect of this matter.

### 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 two subsidiaries, namely AIBL Capital Market Services Limited and AIBL Capital Management Ltd, reflecting total assets of BDT. 11,743,612,008 as at December 31, 2019 and total revenue of Tk. 263,549,930 for the year ended December 31, 2019 which has been audited by another auditor who has expressed an emphasis of matters and unqualified audit opinion respectively. 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 advance 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 3,400 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



Rahman Mostafa Alam & Co.  
Chartered Accountants

Dhaka, 28 June, 2020



A. K. M. Fazlul Haque  
Engagement Partner

Hussain Farhad & Co.  
Chartered Accountants

## Consolidated Balance Sheet

As at December 31, 2019

	Notes	2019 Taka	2018 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash in hand</b>			
Cash in hand (including foreign currencies)	5.A	3,063,284,576	2,616,496,304
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		27,705,400,947	23,104,623,105
		<b>30,768,685,523</b>	<b>25,721,119,409</b>
<b>Balance with other Banks and Financial Institutions</b>			
In Bangladesh	6.A	5,473,391,378	2,005,164,277
Outside Bangladesh		6,120,224,007	8,303,795,224
		<b>11,593,615,385</b>	<b>10,308,959,502</b>
<b>Placement with Banks &amp; Other Financial Institutions</b>	7.A	<b>12,000,000,000</b>	<b>8,200,000,000</b>
<b>Investment in Share &amp; Securities</b>			
Government	8A	16,170,519,662	12,214,670,316
Others	8.A.i	14,500,000,000	11,000,000,000
		1,670,519,662	1,214,670,316
<b>Investments</b>			
General Investments etc.	9.A	274,017,030,403	244,932,304,989
Bills purchased and discounted		14,468,993,302	16,941,828,811
		<b>288,486,023,705</b>	<b>261,874,133,800</b>
<b>Fixed assets less Accumulated Depreciation</b>	10.A	<b>4,351,926,988</b>	<b>4,494,609,175</b>
<b>Other Assets</b>	11.A	<b>17,630,165,652</b>	<b>15,600,927,973</b>
<b>Non-Banking Assets</b>	12	<b>50,875,037</b>	<b>50,875,037</b>
<b>Total Assets</b>		<b>381,051,811,953</b>	<b>338,465,295,212</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial Institutions</b>			
Deposits and other Accounts	13.A	27,546,375,561	21,759,835,650
Mudaraba Savings Deposits	14.A	45,211,429,367	37,678,761,490
Mudaraba Term Deposits	14.A.ii.	162,587,885,485	152,181,785,427
Other Mudaraba Deposits	14.i.	55,156,097,027	49,467,884,447
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	30,701,538,200	24,454,571,622
Bills Payable		3,584,858,976	2,422,489,486
		<b>297,241,809,055</b>	<b>266,205,492,472</b>
<b>Other Liabilities</b>	15.A	<b>25,157,583,719</b>	<b>19,450,871,395</b>
<b>Deferred tax Liabilities/ (Assets)</b>	16.A	<b>157,832,964</b>	<b>165,866,439</b>
<b>AIBL Mudaraba Subordinated Bond</b>		<b>6,800,000,000</b>	<b>7,400,000,000</b>
<b>Total Liabilities</b>		<b>356,903,601,299</b>	<b>314,982,065,956</b>
<b>Capital/Share holders Equity</b>			
Paid-up Capital	17	10,649,021,850	10,440,217,500
Statutory Reserve	18	9,379,989,138	8,388,044,096
Revaluation Reserve	19	938,618,920	977,583,714
Retained Earnings	20.A	1,531,420,060	1,908,962,937
<b>Total Equity attributable to equity holders of the bank</b>		<b>22,499,049,968</b>	<b>21,714,808,247</b>
<b>Non-Controlling Interest</b>	17.A	<b>1,649,160,686</b>	<b>1,768,421,008</b>
<b>Total Equity</b>		<b>24,148,210,654</b>	<b>23,483,229,256</b>
<b>Total Liability and Share holders equity</b>		<b>381,051,811,953</b>	<b>338,465,295,212</b>
<b>Net assets value per share (NAV)</b>		<b>21.13</b>	<b>20.39</b>

## Consolidated Balance Sheet

As at December 31, 2019

	Notes	2019 Taka	2018 Taka
<b>OFF BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptance and endorsement		41,925,424,721	34,615,080,021
Letters of Guarantee	21	8,274,252,532	7,096,016,003
Letters of Credit		27,646,555,499	27,266,995,989
Bills for Collection		2,552,846,825	4,069,866,667
Other Contingent Liabilities		-	-
<b>Total</b>		<b>80,399,079,577</b>	<b>73,047,958,680</b>
<b>Other Commitments :</b>			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
<b>Total Off Balance sheet items including Contingent liabilities</b>		<b>80,399,079,577</b>	<b>73,047,958,680</b>

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

  
Chairman

Signed in terms of our report of even date.

  
Rahman Mostafa Alam & Co.  
Chartered Accountants  
Dhaka, 28 June 2020

  
Hussain Farhad & Co.  
Chartered Accountants

## Consolidated Profit or Loss Accounts

For the year ended December 31, 2019

	Notes	2019 Taka	2018 Taka
Investment Income	22.A	28,811,650,830	24,956,812,132
Profit paid on deposits & Borrowing	23.A	(18,604,415,567)	(16,256,611,114)
<b>Net Investment Income</b>		<b>10,207,235,263</b>	<b>8,700,201,019</b>
Income from Investment in Shares /Securities	24.A	770,633,006	701,097,070
Commission, Exchange and Brokerage	25.A	2,916,079,579	2,729,472,295
Other Operating Income	26.A	350,858,126	338,824,677
		<b>4,037,570,711</b>	<b>3,769,394,041</b>
<b>Total operating income</b>		<b>14,244,805,974</b>	<b>12,469,595,060</b>
Salaries and allowances & contribution to P.F	27.A	4,178,565,228	4,118,564,966
Directors fees & expenses	28.A	11,442,877	15,324,200
Shariah Supervisory Committee's fees & expenses	29	860,014	620,660
Rent, taxes, insurance and lighting etc.	30.A	749,851,557	681,568,195
Postage, telegram, telephone and stamp etc.	31.A	78,249,101	65,864,096
Legal charges		9,578,703	15,527,201
Auditors' fee		1,691,000	1,587,250
Salary & Allowances to the Managing Director		19,050,000	16,954,000
Depreciation and repairs to the bank's properties	32.A	584,363,122	482,113,617
Stationery, printing & advertisement etc.	33.A	153,204,020	171,272,314
Other expenses	34.A	597,323,276	591,302,955
<b>Total operating expenses</b>		<b>6,384,178,898</b>	<b>6,160,699,453</b>
<b>Profit/(Loss) before Tax &amp; provision</b>		<b>7,860,627,076</b>	<b>6,308,895,606</b>
Provision against Investments & Contingent Liabilities	35.A	2,845,817,167	2,174,105,337
Provision for diminution in value of investment		21,839,282	635,613
Other Provision		-	3,237,000
<b>Total provision</b>		<b>2,867,656,449</b>	<b>2,177,977,950</b>
<b>Profit/(Loss) before Tax</b>		<b>4,992,970,627</b>	<b>4,130,917,657</b>
Current tax	15.1.A	2,615,089,015	1,607,481,302
Deferred tax		(49,755,758)	66,629,727
<b>Provision for Taxation</b>		<b>2,565,333,256</b>	<b>1,674,111,029</b>
<b>Net Profit/(Loss) after tax</b>		<b>2,427,637,371</b>	<b>2,456,806,628</b>
<b>Net Profit attributable to:</b>			
Equity holders of the bank		2,423,824,148	2,449,882,975
Non-controlling Interest		3,813,223	6,923,653
<b>Profit for the year</b>		<b>2,427,637,371</b>	<b>2,456,806,628</b>
<b>Appropriation</b>			
Statutory Reserve		991,945,042	811,462,982
Non-Controlling Interest		3,813,223	6,923,653
		<b>995,758,265</b>	<b>818,386,635</b>
<b>Transfer to Retained Earnings</b>		<b>1,431,879,106</b>	<b>1,638,419,993</b>
<b>Earning per Ordinary Share (EPS)</b>	40.A	<b>2.28</b>	<b>2.30</b>

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

  
Chairman

Signed in terms of our report of even date.

  
Rahman Mostafa Alam & Co.  
Chartered Accountants  
Dhaka, 28 June 2020

  
Hussain Farhad & Co.  
Chartered Accountants



## Consolidated Cash Flow Statement

For the year ended December 31, 2019

	Notes	2019	2018
		Taka	Taka
<b>Cash flows from operating activities</b>			
Investment income receipt in Cash		29,387,505,846	25,252,073,217
Profit paid on deposits and borrowing		(17,791,075,426)	(15,761,228,519)
Dividend received		19,722,257	27,973,671
Fees & Commission received in cash		2,881,103,789	2,658,195,757
Recoveries from written off investments		204,792,398	164,881,715
Cash payments to employees		(4,197,615,228)	(4,135,518,966)
Cash payments to suppliers		(153,204,020)	(171,272,314)
Received from other operating activities (item-wise)		350,858,126	338,824,677
Paid for other operating activities (item-wise)	36.A	(1,527,637,256)	(1,453,752,046)
Advance income tax paid		(2,031,956,323)	(2,021,821,162)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>7,142,494,163</b>	<b>4,898,356,030</b>
<b>Changing in Operating assets &amp; liabilities</b>			
Increase/(Decrease) of trading securities		(455,849,346)	930,819,963
Increase/(Decrease) of placement to other banks		(3,800,000,000)	(3,800,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(26,571,019,403)	(26,559,395,923)
Increase/Decrease of other assets (item-wise)	37.A	(7,018,018)	1,033,427,795
Increase/ (Decrease) of placement from other banks and financial institution		5,786,539,911	(10,458,841,398)
Increase/(Decrease) of Deposits from customers (other than Banks)		30,222,976,442	20,903,846,402
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	38.A	12,534,184	(774,687,828)
<b>Cash receipt from operating activities</b>		<b>5,188,163,769</b>	<b>(18,724,830,990)</b>
<b>A. Net Cash from operating activities</b>		<b>12,330,657,932</b>	<b>(13,826,474,960)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(367,516,236)	(1,285,107,317)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
<b>B. Net cash flows from investing activities</b>		<b>(367,516,236)</b>	<b>(1,285,107,317)</b>
<b>Cash flows from financing activities</b>			
Increase in Exchange Equalization Account		137,136	(2,792,511)
Issue of AIBL Subordinate Bond		(600,000,000)	4,400,000,000
Dividend paid		(1,566,032,625)	(1,491,459,642)
<b>C. Net cash flows from financing activities</b>		<b>(2,165,895,489)</b>	<b>2,905,747,847</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>		<b>9,797,246,207</b>	<b>(12,205,834,430)</b>
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>		<b>34,975,790</b>	<b>71,276,537</b>
<b>F. Net increase in cash and cash equivalent D+E</b>		<b>9,832,221,997</b>	<b>(12,134,557,893)</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>		<b>47,030,078,911</b>	<b>59,164,636,804</b>
<b>H. Cash &amp; Cash Equivalents period ended</b>	39.A	<b>56,862,300,908</b>	<b>47,030,078,911</b>
<b>Net Operating Cash Flow per Share (NOCFPS)</b>		<b>11.58</b>	<b>(12.98)</b>

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, 2019

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2019	10,440,217,500	8,388,044,096	1,908,962,939	977,583,714	21,714,808,249	1,768,421,008	23,483,229,258
Changes in accounting policy	-	-	-	-	-	-	-
offload share	-	-	-	-	-	-	-
Restated Adjustment	-	-	(34,585,008)	-	(34,585,008)	(123,073,545)	(157,658,553)
Restated balance	10,440,217,500	8,388,044,096	1,874,377,930	977,583,714	21,680,223,240	1,645,347,463	23,325,570,704
Deferred tax Adjustment	-	-	-	(38,964,794)	(38,964,794)	-	(38,964,794)
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Net profit for the year	-	-	2,423,824,148	-	2,423,824,148	3,813,223	2,427,637,371
Cash Dividend	-	-	(1,566,032,625)	-	(1,566,032,625)	-	(1,566,032,625)
Bonus Share	208,804,350	-	(208,804,350)	-	-	-	-
Issue of share capital of subsidiary	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	991,945,042	(991,945,042)	-	-	-	-
Balance as at December 31, 2019	10,649,021,850	9,379,989,138	1,531,420,060	938,618,920	22,499,049,968	1,649,160,686	24,148,210,655
Balance as at December 31, 2018	10,440,217,500	8,388,044,096	1,908,962,939	977,583,714	21,714,808,247	1,768,421,008	23,483,229,256

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

  
Chairman

## Consolidated Statement of Liquidity (Maturity Analysis of Assets and Liabilities)


For the year ended December 31, 2019

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	<b>Assets :</b>						
	Cash in hand	30,768,685,523	-	-	-	-	30,768,685,523
	Balance with other Bank and Financial Institution	11,593,615,385	-	-	-	-	11,593,615,385
	Placement with Banks & Other Financial Institutions	-	10,000,000,000	2,000,000,000	-	-	12,000,000,000
	Investments (in Shares & Securities)	-	-	165,100,000	804,268,193	15,201,151,469	16,170,519,662
	Investments	50,378,800,000	91,193,100,000	94,070,300,000	38,749,400,000	14,094,423,705	288,486,023,705
	Fixed Assets including premises (Land & Building)	-	-	-	-	4,351,926,988	4,351,926,988
	Other Assets	1,469,900,000	72,200,000	-	-	16,088,065,652	17,630,165,652
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	<b>Total Assets</b>	<b>94,211,000,909</b>	<b>101,265,300,000</b>	<b>96,235,400,000</b>	<b>39,553,668,193</b>	<b>49,786,442,851</b>	<b>381,051,811,952</b>
2	<b>Liabilities :</b>						
	Placement from Banks & Other Financial institutions	8,309,100,000	7,248,401,711	11,988,873,850	-	-	27,546,375,561
	Deposits	49,968,300,000	109,723,000,000	87,033,900,000	33,831,200,000	16,685,409,055	297,241,809,055
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	19,700,000	-	-	-	25,137,883,719	25,157,583,719
	Deferred tax Liabilities/ (Assets)	-	-	-	-	157,832,964	157,832,964
	AIBL Mudaraba Subordinated Bond	-	-	-	-	6,800,000,000	6,800,000,000
	<b>Total Liabilities</b>	<b>58,297,100,000</b>	<b>116,971,401,711</b>	<b>99,022,773,850</b>	<b>33,831,200,000</b>	<b>48,781,125,738</b>	<b>356,903,601,299</b>
	<b>Net Liquidity Gap</b>	<b>35,913,900,909</b>	<b>(15,706,101,711)</b>	<b>(2,787,373,850)</b>	<b>5,722,468,193</b>	<b>1,005,317,113</b>	<b>24,148,210,654</b>

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

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

  
Chairman

## Balance Sheet

As at December 31, 2019	Notes	2019 Taka	2018 Taka
<b>PROPERTY AND ASSETS</b>			
Cash in hand	5		
Cash in hand (including foreign currencies)		3,052,689,648	2,605,382,213
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		27,705,400,947	23,104,623,105
		<b>30,758,090,595</b>	<b>25,710,005,318</b>
<b>Balance with other Banks and Financial Institutions</b>	<b>6</b>		
In Bangladesh		5,473,391,378	2,005,164,277
Outside Bangladesh		6,120,224,007	8,303,795,224
		<b>11,593,615,385</b>	<b>10,308,959,502</b>
<b>Placement with Banks &amp; Other Financial Institutions</b>	<b>7</b>	<b>12,000,000,000</b>	<b>8,200,000,000</b>
<b>Investment in Share &amp; Securities</b>	<b>8</b>		
Government		14,500,000,000	11,000,000,000
Others		866,251,469	367,606,111
		<b>15,366,251,469</b>	<b>11,367,606,111</b>
<b>Investments</b>	<b>9</b>		
General Investments etc.		268,778,582,454	240,150,271,121
Bills purchased and discounted		14,468,993,302	16,941,828,811
		<b>283,247,575,756</b>	<b>257,092,099,932</b>
<b>Fixed assets less Accumulated Depreciation</b>	<b>10</b>	<b>4,342,932,155</b>	<b>4,305,855,784</b>
<b>Other Assets</b>	<b>11</b>	<b>18,641,922,646</b>	<b>16,226,562,989</b>
Non-Banking Assets	12	50,875,037	50,875,037
<b>Total Assets</b>		<b>376,001,263,043</b>	<b>333,261,964,673</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; Other Financial institutions</b>	<b>13</b>	<b>26,024,573,850</b>	<b>20,393,335,650</b>
<b>Deposits and other Accounts</b>	<b>14</b>		
Mudaraba Savings Deposits		45,211,429,367	37,678,761,490
Mudaraba Term Deposits		162,871,848,585	152,322,906,893
Other Mudaraba Deposits	14.i	55,156,097,027	49,467,884,447
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	30,701,538,200	24,454,571,622
Bills Payable		3,584,858,976	2,422,489,486
		<b>297,525,772,155</b>	<b>266,346,613,938</b>
<b>Other Liabilities</b>	<b>15</b>	<b>23,095,610,493</b>	<b>17,364,627,192</b>
<b>Deferred tax Liabilities/ (Assets)</b>	<b>16</b>	<b>157,832,964</b>	<b>168,486,792</b>
<b>AIBL Mudaraba Subordinated Bond</b>		<b>6,800,000,000</b>	<b>7,400,000,000</b>
<b>Total Liabilities</b>		<b>353,603,789,462</b>	<b>311,673,063,572</b>
<b>Capital/Share Holders Equity</b>			
Paid up Capital	17	10,649,021,850	10,440,217,500
Statutory Reserve	18	9,379,989,138	8,388,044,096
Revaluation Reserve	19	938,618,920	977,583,714
Retained Earnings	20	1,429,843,673	1,783,055,791
<b>Total Share holders equity</b>		<b>22,397,473,581</b>	<b>21,588,901,101</b>
<b>Total Liability and Share holders equity</b>		<b>376,001,263,043</b>	<b>333,261,964,673</b>
<b>Net assets value per share (NAV)</b>		<b>21.03</b>	<b>20.27</b>

## Balance Sheet

As at December 31, 2019	Notes	2019 Taka	2018 Taka
<b>OFF BALANCE SHEET ITEMS</b>			
Contingent Liabilities			
Acceptance and endorsement		41,925,424,721	34,615,080,021
Letters of Guarantee	21	8,274,252,532	7,096,016,003
Letters of Credit		27,646,555,499	27,266,995,989
Bills for Collection		2,552,846,825	4,069,866,667
Other Contingent Liabilities		-	-
<b>Total</b>		<b>80,399,079,577</b>	<b>73,047,958,680</b>
<b>Other Commitments :</b>			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
<b>Total Off Balance sheet items including Contingent liabilities</b>		<b>80,399,079,577</b>	<b>73,047,958,680</b>

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.

  
Rahman Mostafa Alam & Co.  
Chartered Accountants  
Dhaka, 28 June 2020

  
Hussain Farhad & Co.  
Chartered Accountants

## Profit or Loss Accounts

For the year ended December 31, 2019

	Notes	2019 Taka	2018 Taka
Investment Income	22	28,571,104,608	24,678,709,611
Profit paid on deposits & Borrowing	23	(18,421,296,243)	(16,062,930,822)
<b>Net Investment Income</b>		<b>10,149,808,365</b>	<b>8,615,778,790</b>
Income from Investment in Shares /Securities	24	770,279,256	676,303,995
Commission, Exchange and Brokerage	25	2,787,219,693	2,581,003,540
Other Operating Income	26	337,097,966	322,271,224
		<b>3,894,596,915</b>	<b>3,579,578,758</b>
<b>Total operating income</b>		<b>14,044,405,280</b>	<b>12,195,357,548</b>
Salaries and allowances & contribution to P.F	27	4,108,877,310	4,030,393,447
Directors' fees & expenses	28	11,442,877	10,335,030
Shariah Supervisory Committee's fees & expenses	29	860,014	620,660
Rent, taxes, insurance and lighting etc.	30	726,444,943	654,350,186
Postage, telegram, telephone and stamp etc.	31	77,665,294	65,234,290
Legal charges		9,442,428	15,472,553
Auditors' fee		1,656,000	1,512,250
Salary & Allowances to the Managing Director		19,050,000	16,954,000
Depreciation and repairs to the bank's properties	32	576,557,420	474,480,369
Stationery, printing and advertisement etc.	33	152,100,093	170,091,108
Other expenses	34	558,534,319	544,375,467
<b>Total operating expenses</b>		<b>6,242,630,698</b>	<b>5,983,819,359</b>
<b>Profit/(Loss) before Tax &amp; provision</b>		<b>7,801,774,582</b>	<b>6,211,538,188</b>
Provision against Investments & Contingent Liabilities	35	2,820,210,089	2,150,350,667
Provision for diminution in value of investment		21,839,282	635,613
Other Provision		-	3,237,000
<b>Total provision</b>		<b>2,842,049,371</b>	<b>2,154,223,280</b>
<b>Profit/(Loss) before Tax</b>		<b>4,959,725,211</b>	<b>4,057,314,909</b>
Current tax	15.1	2,595,911,070	1,583,256,294
Deferred tax	16	(49,755,758)	67,537,592
<b>Provision for Taxation</b>		<b>2,546,155,311</b>	<b>1,650,793,886</b>
<b>Net Profit/(Loss) after tax</b>		<b>2,413,569,900</b>	<b>2,406,521,023</b>
<b>Appropriation</b>			
Statutory Reserve		991,945,042	811,462,982
General Reserve		-	-
		<b>991,945,042</b>	<b>811,462,982</b>
<b>Retained Earnings</b>		<b>1,421,624,858</b>	<b>1,595,058,041</b>
<b>Earning per Ordinary share (EPS)</b>	40	<b>2.27</b>	<b>2.26</b>

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.

  
Rahman Mostafa Alam & Co.  
Chartered Accountants  
Dhaka, 28 June 2020

  
Hussain Farhad & Co.  
Chartered Accountants

# Cash Flow Statement

For the year ended December 31, 2019

	Notes	2019 Taka	2018 Taka
<b>Cash flows from operating activities</b>			
Investment income receipt in Cash		28,858,045,733	24,931,762,791
Profit paid on deposits and borrowings		(17,207,956,102)	(15,567,548,227)
Dividend received		8,340,574	15,651,835
Fees & Commission received in cash		2,752,243,903	2,509,727,003
Recoveries from write off investments		204,792,398	164,881,715
Cash payments to employees		(4,127,927,310)	(4,047,347,447)
Cash payments to suppliers		(152,100,093)	(170,091,108)
Received from other operating activities (item-wise)		337,097,966	322,271,224
Paid for other operating activities (item-wise)	36	(1,464,619,485)	(1,376,282,394)
Advance income tax paid		(2,011,678,861)	(1,975,685,032)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>7,196,238,723</b>	<b>4,807,340,360</b>
<b>Changing in Operating assets &amp; liabilities</b>			
Increase/(Decrease) of trading securities		(498,645,358)	52,986,012
Increase/(Decrease) of placement to other banks		(3,800,000,000)	(3,800,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(26,975,633,777)	(25,475,508,329)
Increase/(Decrease) of other assets (item-wise)	37	(133,475,637)	963,298,701
Increase/(Decrease) of placement from other banks and financial institution		5,631,238,200	(10,510,718,898)
Increase/(Decrease) of Deposits from customers (other than Banks)		30,365,818,076	20,209,000,591
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	38	713,180,812	351,678,848
<b>Cash receipt from operating activities</b>		<b>5,302,482,317</b>	<b>(18,209,263,075)</b>
<b>A. Net Cash from operating activities</b>		<b>12,498,721,040</b>	<b>(13,401,922,715)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(535,060,181)	(1,657,001,581)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
<b>B. Net cash flows from investing activities</b>		<b>(535,060,181)</b>	<b>(1,657,001,581)</b>
<b>Cash flows from financing activities</b>			
Increase in Exchange Equalization Account		137,136	(2,792,511)
Subordinate Debt		(600,000,000)	4,400,000,000
Increase in Share Capital		-	-
Dividend paid		(1,566,032,625)	(1,491,459,642)
<b>C. Net cash flows from financing activities</b>		<b>(2,165,895,489)</b>	<b>2,905,747,847</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>		<b>9,797,765,370</b>	<b>(12,153,176,449)</b>
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>		<b>34,975,790</b>	<b>71,276,537</b>
<b>F. Net increase in cash and cash equivalent (D+E)</b>		<b>9,832,741,160</b>	<b>(12,081,899,912)</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>		<b>47,018,964,820</b>	<b>59,100,864,732</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	39	<b>56,851,705,980</b>	<b>47,018,964,820</b>
<b>Net Operating Cash Flow per Share (NOCFPS)</b>		<b>11.74</b>	<b>(12.59)</b>

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, 2019

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total Taka
Balance at 1st January, 2019	10,440,217,500	8,388,044,096	1,783,055,791	977,583,714	21,588,901,101
Changes in accounting policy	-	-	-	-	-
Issue of the share capital	-	-	-	-	-
<b>Restated balance</b>	<b>10,440,217,500</b>	<b>8,388,044,096</b>	<b>1,783,055,791</b>	<b>977,583,714</b>	<b>21,588,901,101</b>
Deferred tax Adjustment	-	-	-	(38,964,794)	(38,964,794)
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-
Net gain and losses not recognised in Income Statement	-	-	-	-	-
Net profit for the year	-	-	2,413,569,900	-	2,413,569,900
Cash	-	-	(1,566,032,625)	-	(1,566,032,625)
Bonus Share	208,804,350	-	(208,804,350)	-	-
Issue of share capital	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-
Appropriations during the year	-	991,945,042	(991,945,042)	-	-
<b>Total shareholders' equity as on December 31, 2019</b>	<b>10,649,021,850</b>	<b>9,379,989,138</b>	<b>1,429,843,673</b>	<b>938,618,920</b>	<b>22,397,473,581</b>
<b>Total shareholders' equity as on December 31, 2018</b>	<b>10,440,217,500</b>	<b>8,388,044,096</b>	<b>1,783,055,791</b>	<b>977,583,714</b>	<b>21,588,901,101</b>

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

  
Chairman



## Statement of Liquidity (Maturity Analysis of Assets and Liabilities)


For the year ended December 31, 2019

SL No	Particulars	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
1	2	3	4	5	6	7	8
<b>1</b>	<b>Assets :</b>						
	Cash in hand	30,758,090,595	-	-	-	-	30,758,090,595
	Balance with other Bank and Financial Institution	11,593,615,385	-	-	-	-	11,593,615,385
	Placement with Banks & Other Financial Institutions	-	10,000,000,000	2,000,000,000	-	-	12,000,000,000
	Investments (in Shares & Securities)	-	-	165,100,000	-	15,201,151,469	15,366,251,469
	Investments	50,378,800,000	91,193,100,000	94,070,300,000	38,749,400,000	8,855,975,756	283,247,575,756
	Fixed Assets including premises (Land & Building)	-	-	-	-	4,342,932,155	4,342,932,155
	Other Assets	1,469,900,000	72,200,000	-	-	17,099,822,646	18,641,922,646
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	<b>Total Assets</b>	<b>94,200,405,981</b>	<b>101,265,300,000</b>	<b>96,235,400,000</b>	<b>38,749,400,000</b>	<b>45,550,757,063</b>	<b>376,001,263,043</b>
<b>2</b>	<b>Liabilities :</b>						
	Placement from Banks & Other Financial Institutions	8,309,100,000	5,726,600,000	11,988,873,850	-	-	26,024,573,850
	Deposits	49,968,300,000	109,723,000,000	87,033,900,000	33,831,200,000	16,969,372,155	297,525,772,155
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	19,700,000	-	-	-	23,075,910,493	23,095,610,493
	Deferred tax Liabilities/ (Assets)	-	-	-	-	157,832,964	157,832,964
	AIBL Mudaraba Subordinated Bond	-	-	-	-	6,800,000,000	6,800,000,000
	<b>Total Liabilities</b>	<b>58,297,100,000</b>	<b>115,449,600,000</b>	<b>99,022,773,850</b>	<b>33,831,200,000</b>	<b>47,003,115,612</b>	<b>353,603,789,462</b>
	<b>Net Liquidity Gap</b>	<b>35,903,305,981</b>	<b>(14,184,300,000)</b>	<b>(2,787,373,850)</b>	<b>4,918,200,000</b>	<b>(1,452,358,549)</b>	<b>22,397,473,581</b>

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

  
Chief Financial Officer

  
Managing Director

  
Director

  
Director

  
Chairman

## Notes to the Financial Statements As at and for the year ended December 31, 2019

### 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 Chittagong Stock Exchange (CSE). Presently the bank has 182 Branches and 2 (two) Subsidiary Companies. The principal activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade finance and other related custody and clearing services to the customers following the provisions of Bank Companies Act, 1991 (as amended), Bangladesh Bank’s directives and the principles of Islamic Shariah.”

### 1.2 Subsidiaries of the Bank

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

### 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.

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

## Notes to the Financial Statements As at and for the year ended December 31, 2019

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, 2019 to December 31, 2019.

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

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

## Notes to the Financial Statements As at and for the year ended December 31, 2019

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 held by others and another subsidiary Company named AIBL Capital Management Limited Tk 49.00 crore holding 98% shares.

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

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

- i) All fixed assets except land are stated at cost less accumulated depreciation and accumulated impairment loss as per 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.

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

Name of Assets	Rate of Depreciation/amortization	Estimated useful 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

## Notes to the Financial Statements As at and for the year ended December 31, 2019

Land	Nil	Nil
Building	2.50%	40 years
Interior Decoration	10%	10 years
Online Software	20%	5 years

- v) Depreciation is charged on the addition of fixed assets and intangible assets are amortized from the date of use.
- 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 IFRS 16: Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 significantly changes how a lessee accounts for operating leases. Under previous IAS 17, an entity would rent an office building or a branch premises for several years with such a rental agreement being classified as operating lease would have been considered as an off-balance sheet item. However, IFRS 16 does not require a lease classification test and hence all leases shall be accounted for as on balance sheet item (except some limited exception i.e. short-term lease, leases for low value items).

Under IFRS 16, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

While implementing IFRS 16, the Bank observed that IFRS 16 is expected to have impact on various regulatory capital and liquidity ratios as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items. Finally, paragraph 5 of IFRS 16 provide the recognition exemptions to short-term leases and leases for which the underlying asset is of low value. Although, paragraphs B3 to B8 of the Application Guidance (Appendix B) of IFRS 16 provide some qualitative guidance on low value asset, but these guidance is focused towards moveable asset. Immovable asset like rental of premises (i.e. real estate) is not covered on those guidance, nor any benchmark on quantification guidance on low value items have been agreed locally in Bangladesh.

Nevertheless, as a first step the Bank has defined 'low value asset' which are to be excluded from IFRS 16 requirement and considered lease of 'ATM Booths and other installations' as low value asset. Thereafter, the Bank has reviewed lease arrangements for 'office premises' for consideration under IFRS 16.

As per the preliminary assessment of leases for 'office premises', the Bank has concluded that the potential impact of these lease items in the Balance Sheet and Profit and Loss Account of the Bank for the year 2019 is not considered to be material. Therefore, considering the above implementation issues the Bank has not taken IFRS 16 adjustments on the basis of overall materiality as specified in the materiality guidance in the 'Conceptual Framework for Financial Reporting' and in 'International Accounting Standard 1 'Presentation of Financial Statements'. However, the Bank would continue to liaison with regulators and related stakeholders and observe the market practice for uniformity and comparability, and take necessary actions in line with regulatory guidelines and market practice.

### 2.8.5 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.

### 2.8.6 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.

### 2.8.7 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

## Notes to the Financial Statements As at and for the year ended December 31, 2019

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 and AIBL Capital Management Limited and ) 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:

Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	0.25%
General provision on unclassified loans / investments for housing finance and on loans for professionals	2%
General provision on unclassified BHS/MHS/SDS	2%
General provision on unclassified consumer financing other than housing finance and loans for professionals	0.25% to 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 2019 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 2018 (Assessment year 2019-2020) has been filed but assessment is to be done by the tax authority.

## Notes to the Financial Statements As at and for the year ended December 31, 2019

### 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 2019, has given below:

Particulars	As Per Books of Account			As Per Tax			Deferred Tax
	Items giving rise temporary Difference	Carring Amount	Assets not Depreciable	Net Carring Amount	Tax Base	Temporary Difference Taxable / (Deductible)	
1. Fixed Assets	4,342,932,155	1,367,350,690	2,975,581,465	2,658,965,378	316,616,087	37.5%	118,731,033
2. Provision for Gratuity allowable at the time of payment				-	-	37.5%	39,101,930
Net deferred tax liability (asset)							157,832,964
<b>Deferred tax Assets (Income )/Liability Expenses</b>							
Balance as on 1 <sup>st</sup> January 2019			168,486,792				
Provision required as on 31 <sup>st</sup> December 2019			(10,653,828)				
Balance as on 31 <sup>st</sup> December 2019			157,832,964				

#### 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.
- 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

## Notes to the Financial Statements As at and for the year ended December 31, 2019

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.

### 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, 2019 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. (Annexure-C)

### 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)



## Notes to the Financial Statements As at and for the year ended December 31, 2019

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 348th meeting held on 28 June 2020 has approved the audited financial statements for the year ended 31 December 2019. The Board has also recommended 13% cash dividend for the year ended 31 December 2019 subject to approval of the shareholders at the 25th Annual General Meeting (AGM).

### 2.22 General

- i) The financial statements have been prepared in accordance with the formats prescribed under the Banking Companies Act, 1991 (as amended 2013) and in compliance with the rules of Islamic Law (Shariah) related to the banking business activities.
- ii) The figures appearing in these accounts have been rounded off to the nearest taka.
- iii) Wherever necessary previous years' figures have been rearranged to conform to the current years' presentation.

### 3.A Risk Management

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

#### i) Credit Risk Management

Credit risk is one of the major risks faced by the bank. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the bank. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Therefore, bank's credit risk management activities have been designed to address all these issues. The bank has an investment (Credit) risk management committee at head office. The committee reviews the investment risk issues on monthly basis. The bank has segregated the investment approval, investment administration, investment recovery and legal authority. The bank has segregated duties of the officers/executives involved in credit related activities. A separate business development (marketing) department has been established at head office, which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. In the branches of the bank separate officials are engaged as relationship manager, documentation officer, verification officer, disbursement officer and recovery officer. Their jobs have been allocated and responsibilities have been defined.

#### Investment (Credit) Risk Grading Manual

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

#### ii) Foreign Exchange Risk Management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. As per foreign exchange risk management guideline, bank has established a separate treasury department at head office. Under the treasury department, foreign exchange front office, foreign exchange back office and local money market have been physically demarketed. Duties and responsibilities of them have also been defined. All foreign exchange transactions are revalued at mark to market rate as determined by Bangladesh Bank at the month end. All Nostro accounts are reconciled on monthly basis and outstanding entry beyond 30 (thirty) days is reviewed by the management for its settlement. Regulatory reports are submitted on time to Bangladesh Bank.

#### iii) Assets Liability Management

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

#### iv) Internal control and compliance

"Effective internal controls are the foundation of safe and sound banking. A properly designed and consistently enforced system of operational and financial internal control helps the bank management to safeguard the bank's resources, produce reliable financial and managerial report, and comply with laws and regulations.

AIBL has taken all-out efforts to mitigate all sorts of risk in line with the guidelines issued by Bangladesh Bank. To this effect, the bank has formed an Internal Control & Compliance (ICC) division headed by Senior Vice President. The ICC division has been segregated to three departments which are audit & inspection department, audit monitoring department and regulatory compliance department. AIBL internal control contains self-monitoring mechanisms and to ensure effective control DCFCL, Investment documentation checklist and quarterly operation report have been developed and implemented. Internal audit

## Notes to the Financial Statements As at and for the year ended December 31, 2019

and internal control teams carries out regular audit and surprise/special inspection of the branches to mitigate operational risk and restrain the possibility of circumvention or overriding the control procedure. ICC division submits parallel comprehensive internal audit report to the managing director and to the audit committee. Within 02 (two) months after receiving the audit report, audit monitoring department completes the compliance report and submits the report to the audit committee for their review. The committee reviews the system of internal control and the audit process for compliance with rules, regulation and code of conduct, financial reporting process, and also suggests actions to remedy the lapses/irregularities. By this time the ICC division has introduced concurrent audit, surprise inspection, auto information system, Quarterly Audited System, 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 2013, Audit and Inspection department of ICCD, have detected some incidents/irregularities as fraud-forgery relating to cash misappropriation and investment disbursement in 03 branches of the Bank, which is little in terms of Bank's overall financial transactions. In order to not jeopardize the bank's interest, all such irregularities were regularized/mitigated by recovery of the defalcated money through strong monitoring and close supervision by the ICC Division. Furthermore, administrative actions were also taken against the delinquent officers/persons involved. Compliances of these issues were duly reported to the Board Audit Committee and Bangladesh Bank in time as per regulatory guidelines.

During the year 1st January to 31st December, 2019 Audit and Inspection department of ICCD, have detected some incidents/irregularities as fraud-forgeries relating to cash misappropriation and investment disbursement in 02 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 Division. Furthermore, administrative actions were also taken against the delinquent officers/persons involved. Compliances of these issues were duly reported to the Board Audit Committee and Bangladesh Bank in time as per regulatory guidelines.

**3.B Risk Based Capital (Basel III)**

To comply with the international best practices and to make the bank's capital more risk sensitive as well as to build the banking industry more shock absorbent and stable, Bangladesh Bank is aimed to implement Basel-II reporting from 2010 and Basel-III reporting from 2015. As per the directive of Bangladesh Bank, all scheduled banks in Bangladesh are now required to report risk based capital adequacy for banks under Basel-III along with the existing capital adequacy rules and reporting under Basel-I and Basel-II during the parallel run i.e. 2009 and 2010 respectively. All scheduled banks are also required to disclose capital adequacy in both quantitative and qualitative terms. The first disclosure as per guidelines shall be made as on the effective date viz. January 01, 2015.

**3.C Compliance status on Bangladesh Accounting Standards (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, 2019

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 2019 the audit committee of the bank conducted 09 (nine) 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, 2019.

#### 5 COVID-19 on disclosure

On 30 January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread worldwide. In response to the outbreak, the Government of Bangladesh and stock exchanges of Bangladesh declared general holiday from 26 March 2020. Since then the Company temporarily closed its office and branches stopping all of its operations due to health concerns associated with COVID-19. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery timeline. Therefore, while the Company expects this matter to negatively impact its business. The Company has considered key accounting considerations related to conditions that may result from the COVID 19.

## Notes to the Financial Statements

As at December 31, 2019

		2019	2018
		Taka	Taka
<b>5. Cash in hand</b>			
a) Cash in hand			
In local currency		3,048,254,707	2,604,569,115
In Foreign currency ( Note 5.a.ii )		4,434,941	813,098
		<b>3,052,689,648</b>	<b>2,605,382,213</b>
b) Balance with Bangladesh Bank			
In local currency		24,076,013,677	21,818,150,233
In Foreign currency		2,322,313,670	224,420,957
		<b>26,398,327,347</b>	<b>22,042,571,190</b>
c) Balance with Sonali Bank Ltd.			
In local currency		1,307,073,600	1,062,051,915
In Foreign currency		-	-
		<b>1,307,073,600</b>	<b>1,062,051,915</b>
<b>5.a.i Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)</b>		<b>27,705,400,947</b>	<b>23,104,623,105</b>
<b>5.a.ii In Foreign currency</b>			
	Currency Name	Amount in FC	Ex. Rate
	US Dollar	51330	85.96
	Great Britain Pound	-	
	EURO	-	
	REYAL	1000	22.75
		Amount in BDT	Amount in BDT
		4,412,191	813,098
		-	-
		-	-
		22,750	-
		<b>4,434,941</b>	<b>813,098</b>
<b>5.d Cash Reserve Requirments (CRR) and Statutory Liquidity Requirments (SLR)</b>			
	Cash Reserve Requirments (CRR) and Statutory Liquidity Requirments (SLR) have been calculated and maintained in accordance with Section 33 of Bank Companies Act 1991 (as amended 2013) & as per Bangladesh Bank Curcular No: MPD/01 dated April 3, 2018.		
<b>5.e Cash Reserve Requirments (CRR)</b>			
Required Reserve( 5.50 % of Average Demand and Time Liabilities)		16,402,333,000	14,837,659,000
Actual reserve held with Bangladesh Bank		23,951,456,000	21,790,966,000
<b>Surplus/(Deficit)</b>		<b>7,549,123,000</b>	<b>6,953,307,000</b>
<b>Statutory Liquidity Requirments (SLR)</b>			
Required Reserve( 5.50 % of Average Demand and Time Liabilities)		16,402,333,000	14,837,659,000
Actual reseve held		16,402,333,000	14,837,659,000
<b>Surplus/(Deficit)</b>		-	-
<b>5.A Cash in hand</b>			
Al-Arafah Islami Bank Ltd.		3,052,689,648	2,605,382,213
AIBL Capital Market Services Ltd.		6,982	9,052
AIBL Capital Management Ltd.		10,587,946	10,757,261
Millennium information solution Ltd.		-	347,778
		<b>3,063,284,576</b>	<b>2,616,496,304</b>
<b>6. Balance with other Banks and Financial Institutions</b>			
a) <b>In Bangladesh:</b>			
<b>Al-Wadia Current Accounts</b>			
Dutch Bangla Bank Ltd.		40,252,873	1,180,288
National Bank Ltd.		9,277,885	2,613,800
Agrani Bank		1,650	1,650
		<b>49,532,408</b>	<b>3,795,737</b>

## Notes to the Financial Statements

As at December 31, 2019

### Short Term Deposits

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

	2019	2018
	Taka	Taka
	41,495,752	7,659,330
	4,204,304	3,618,758
	25,995,540	21,684,500
	2,246,641,714	44,832,925
	1,549,777,118	1,211,922,939
	214,673,068	357,926,383
	162,124,304	162,169,534
	223,684,441	2,515,231
	8,130,213	2,943,933
	740,934,979	7,969,060
	2,759,725	174,693,466
	203,437,814	3,432,482
	-	-
	<b>5,423,858,970</b>	<b>2,001,368,540</b>
	<b>5,473,391,378</b>	<b>2,005,164,277</b>

### 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	17,566	87.32	1,533,829	424,036
COMMERZBANK AG FRANKFURT AM	EURO	28,875	95.08	2,745,386	(6,246,945)
ABU DHABI COMMERCIAL BANK PJSC	REYAL	18,359	23.12	424,376	-
STANDARD CHARTERD BANK LTD,FRANKFURT	EURO	228,629	97.32	22,250,331	110,582,291
UNITED BANK OF INDIA,EURO	EURO	-	-	-	73,254
UNITED BANK OF INDIA,KOLKATA, ACUD	USD	136,102	84.90	11,555,065	13,298,167
STANDARD CHARTERD BANK LTD,JAPAN	JPY	2,990,750	0.78	2,326,205	1,544,431
SHANGHAI PUDONG DEVELOPMENT BANK	RMB	50,030	13.62	681,324	186,544,664
STANDARD CHARTERD BANK LTD,LONDON	POUND	1,101,950	111.34	122,688,803	-
AL RAJI BANKING & INV CORP,SAUDI ARABIA	REYAL	915,579	22.63	20,715,431	8,023,914
AB BANK LID., MUMBAI	ACUD	298,395	84.90	25,333,707	10,722,909
AXIS BANK LTD.	ACUD	409,922	84.90	34,802,338	34,097,043
BANK OF BHUTAN, ACU	ACUD	79,499	84.90	6,749,447	12,232,305
COMMERZBANK AG FRANKFURT AM MAIN DE	USD	617,647	84.90	52,438,203	21,654,645
HABIB BANK AMERICAN BANK ,NEW YORK,USA	ACUD	949,512	84.90	80,613,576	24,913,792
ICICI BANK LIMITED, MUMBAI	ACUD	2,029,605	84.90	172,313,493	79,356,490
ICICI BANK LIMITED,HONGKONG	USD	570,408	84.90	48,427,599	50,326,750
MASHREQUE BANK PSC,MUMBAI	ACUD	613,366	84.90	52,074,748	22,657,972
UNITED BANK OF INDIA, KOLKATA, ACUE	ACUD	7,812	95.08	742,785	-
SONALI BANK LTD. KOLKATA	ACUD	209,174	84.90	17,758,858	15,829,273
STANDARD CHARTERD BANK LTD,KARACHI	ACUD	364,666	84.90	30,960,155	28,765,756
STANDARD CHARTERD BANK LTD,MUMBAI	ACUD	936,222	84.90	79,485,240	37,194,894
HABIB METROPOLITAN BANK LTD, KARACHI	USD	121,161	0.00	10,286,558	12,714,531
MASHREQUE BANK PSC,NEW YORK	USD	2,405,920	84.90	204,262,580	68,723,069
CITIBANK N.A., NEW YORK, USA	USD	1,293,657	84.90	109,831,439	(131,832,988)
STANDARD CHARTERD BANK LTD,NEW YORK	USD	1,916,887	84.90	162,743,706	1,586,459
STANDARD CHARTERD BANK, KOLKATA (AMEX)	USD	155,899	84.90	13,235,809	13,079,910
EMIRATES NBD, RIYADH, KSA	SAR	547,242	22.63	12,381,620	6,354,097
				<b>1,299,362,613</b>	<b>622,620,719</b>
Placement to OBU-USD				4,820,861,394	7,681,174,506
				<b>6,120,224,007</b>	<b>8,303,795,224</b>
				<b>11,593,615,385</b>	<b>10,308,959,502</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>6.A.</b>		
<b>a) In Bangladesh:</b>		
Al-Arafah Islami Bank Ltd. [ Note-6.a ]	5,473,391,378	2,005,164,277
AIBL Capital Market Services Ltd.	183,963,100	71,397,766
AIBL Capital Management Ltd.	100,000,000	51,000,000
	-	18,723,700
	<b>5,757,354,478</b>	<b>2,146,285,743</b>
Less: Inter-Company Adjustment	(283,963,100)	(141,121,466)
	<b>5,473,391,378</b>	<b>2,005,164,277</b>
<b>b. Outside Bangladesh</b>	6,120,224,007	8,303,795,224
	<b>11,593,615,385</b>	<b>10,308,959,502</b>
<b>6.A.i Maturity - wise Groupings ( Inside &amp; Outside Bangladesh )</b>		
Payable on Demand		
Up to 1 ( one ) month	11,593,615,385	6,034,759,502
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
Over 1 year but not more than 5 years	-	-
Over 5 years	-	1,160,667,806
	<b>11,593,615,385</b>	<b>10,308,959,502</b>
<b>7. Placement with Banks &amp; Other Financial institutions</b>		
Exim bank ltd.	6,500,000,000	3,000,000,000
Southeast bank ltd.	-	500,000,000
First security islami bank	-	1,000,000,000
Ifil	1,000,000,000	1,500,000,000
Union bank ltd mtdr a/c	1,000,000,000	1,000,000,000
AB Bank Ltd.	-	200,000,000
Social Islami Bank Ltd.	500,000,000	1,000,000,000
Dhaka Bank	500,000,000	-
Premier bank ltd.	2,500,000,000	-
Standard bank	-	-
	<b>12,000,000,000</b>	<b>8,200,000,000</b>
<b>7.A</b>		
Al-Arafah Islami Bank Ltd.	12,000,000,000	8,200,000,000
AIBL Capital Market Services Ltd.	-	-
	<b>12,000,000,000</b>	<b>8,200,000,000</b>
<b>8. Investment in Shares &amp; Securities</b>		
Bangladesh Govt. Islami Bond Fund ( 8.a )	14,000,000,000	10,500,000,000
Investment In Islamic Refinance Fund (8.a)	500,000,000	500,000,000
Investment in Share ( 8.b )	863,112,579	364,467,221
Central Depository Bangladesh Limited ( 8.b )	3,138,890	3,138,890
	<b>15,366,251,469</b>	<b>11,367,606,111</b>
<b>8.a Investments in Share &amp; Securities</b>		
Government Securities	14,500,000,000	11,000,000,000
Bangladesh Govt. Islami Bond Fund	14,000,000,000	10,500,000,000
Investment In Islamic Refinance Fund	500,000,000	500,000,000
<b>In shares (quoted and unquoted)</b>		
<b>Quoted</b>		
Private (8.b)	126,174,841	57,013,988
<b>Unquoted</b>		
Private (8.b)	740,076,628	310,592,123
	<b>866,251,469</b>	<b>367,606,111</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>8.b.i Book value of share as on 31 December 2019 as follows</b>		
Quoted shares in (Schedule of Shares and Securities are given Annexure B)		
Dafodilco	-	25,859,272
Kpcl	-	4,270,275
Intech	9,061,878	2,960,156
Primetex	20,878,645	9,272,592
ICBAMCL2ND	2,312,015	-
DOREENPW	14,640,469	-
SHASHADNIM	97,556	-
KDSALTD	6,699,441	-
SINOBANGLA	31,756,505	-
Primelife	-	4,651,693
ITC	26,160,937	-
YPL	4,567,395	-
AIBL 1st Islamic Mutual Fund	10,000,000	10,000,000
	<b>126,174,841</b>	<b>57,013,988</b>
<b>8.b.ii Unquoted shares in</b>		
Swift Share	7,453,233	7,453,233
Investment in sibi mudaraba sub-ordinated bond	700,000,000	300,000,000
Central Depository Bangladesh Limited	3,138,890	3,138,890
Investment in Millennium Information Solution Limited	29,484,505	-
	<b>740,076,628</b>	<b>310,592,123</b>
	<b>866,251,469</b>	<b>367,606,111</b>
<b>8. Investment in Shares &amp; Securities</b>		
Al-Arafah Islami Bank Ltd.	15,366,251,469	11,367,606,111
AIBL Capital Market Services Ltd. 8.A.ii	662,120,683	662,120,683
AIBL Capital Management Ltd. 8.A.ii	142,147,510	114,355,120
Millennium information solution Ltd. 8.A.ii	-	70,588,402
	<b>16,170,519,662</b>	<b>12,214,670,316</b>
<b>8.A.i Investment in Shares &amp; Securities</b>		
Al-Arafah Islami Bank Ltd.	866,251,469	367,606,111
AIBL Capital Market Services Ltd.	662,120,683	662,120,683
AIBL Capital Management Ltd.	142,147,510	114,355,120
Millennium information solution Ltd.	-	70,588,402
	<b>1,670,519,662</b>	<b>1,214,670,316</b>
<b>8.A Maturity grouping of investments</b>		
Payable on Demand		
Not more than 3 months	-	-
Over 3 ( three ) months but not more than 1 ( one ) year	165,100,000	-
Over 1 year but not more than 5 years	804,268,193	67,600,000
More than 5 years	15,201,151,469	12,147,070,316
	<b>16,170,519,662</b>	<b>12,214,670,316</b>
<b>9. Investments</b>		
<b>a) General Investment</b>		
<b>i. in Bangladesh</b>		
Murabaha Investment	83,514,215,128	74,671,522,300
Bai-Muazzal Investment	102,249,139,001	89,934,855,909
Hire Purchase Investment	88,118,977,803	79,644,814,095
Quard	315,923,872	130,409,695
Other Investment	3,929,968,807	3,809,028,155
	<b>278,128,224,611</b>	<b>248,190,630,154</b>

## Notes to the Financial Statements

As at December 31, 2019

				2019	2018
				Taka	Taka
ii.	Out side Bangladesh			-	-
	Less: Unearned profit on Investment			278,128,224,611	248,190,630,154
				9,349,642,157	8,040,359,033
				<b>268,778,582,454</b>	<b>240,150,271,121</b>
b)	<b>Bill Purchased &amp; Discounted</b>				
	Payable in Bangladesh			12,267,683,039	12,809,623,481
	Payable out side Bangladesh			2,201,310,263	4,132,205,330
				<b>14,468,993,302</b>	<b>16,941,828,811</b>
				<b>283,247,575,757</b>	<b>257,092,099,932</b>
c)	<b>Maturity grouping of Investment</b>				
	<b>Including bills purchased and discounted</b>				
	Payable on Demand				
	Up to 1 ( one ) month			50,378,800,000	74,829,975,723
	Over 1 ( one ) month but not more than 3 ( three ) months			91,193,100,000	70,948,500,000
	Over 3 ( three ) months but not more than 1 ( one ) year			94,070,300,000	88,135,500,000
	Over 1 year but not more than 5 years			38,749,400,000	3,517,553,000
	Over 5 years			8,855,975,756	19,660,571,209
				<b>283,247,575,756</b>	<b>257,092,099,932</b>
d)	<b>An analysis to disclose following Significant concentration :</b>				
i.	Investment to Directors and others			44,115,238	33,748,000
ii.	Investment to Managing Director and Chief Executive			-	-
iii.	Investment to customer (No. of clients with amount of outstanding and classified loan to whom loans and Investment sanctioned more than 10% of total capital of the Bank)			123,304,600,000	72,311,000,000
iv.	<b>Investments to customers for more than 10% of Bank's Total Capital</b>				
	Number of clients			34	24
	Amount of outstanding Investment			123,304,600,000	72,311,000,000
	Amount of Classified Investment			-	-
	<b>Name of Clients</b>	<b>Funded</b>	<b>Non-Funded</b>	<b>Figure in crore</b>	<b>Figure in crore</b>
01	Meghna Group	-	55.99	55.99	317.43
02	City Group	398.65	309.38	708.03	346.97
03	Thermax Group	437.52	20.92	458.44	482.27
04	Majumder Traders	221.60	5.05	226.65	261.28
05	T K Group	55.27	11.57	66.84	73.44
06	Abul Khair Steel Industries Ltd.	423.58	185.10	608.68	461.05
07	Nasir Glass Ltd	-	-	-	67.29
08	AIBL Capital Market Services Ltd.	385.35	40.00	425.35	448.12
09	Noapara Traders	42.50	485.69	528.19	264.20
10	Techno Electricals ltd	126.91	183.57	310.48	413.14
11	Badsha Group	232.49	57.59	290.08	-
12	Aman Tex Limited	-	-	-	264.23
13	Masihata Sweaters Ltd.	320.70	80.92	401.62	417.97
14	Tafrid Cotton Mills Ltd.	262.41	199.41	461.82	-
15	The Rani Concast, Rani Re-Rolling & RRM Electron	217.24	93.05	310.29	-
16	Sheikh Brother & its Sister Concern	133.07	116.93	250.00	-
17	Runner Motors Ltd. & Promita	361.50	73.25	434.75	-
18	Bangladesh Steel Re-rolling Mills	11.86	115.55	127.41	-
19	NICE Denim Mills Ltd.	340.52	109.55	450.07	530.00
20	Younus Paper Mills Ltd & its sister concern	197.50	7.95	205.45	-
21	Momtex	316.60	28.23	344.83	-
22	Kader Compact Spinning Mills	290.92	-	290.92	316.61
23	Kabir Steel Re-rolling Mills	320.18	109.71	429.89	82.67



## Notes to the Financial Statements

As at December 31, 2019

				2019	2018
				Taka	Taka
24	IBN Sina	222.72	130.81	353.53	-
25	Ayman Textile & Hosiery Ltd.	388.18	0.77	388.95	366.04
26	Aman Group	364.34	110.45	474.79	-
27	Nitol Motors Ltd.	310.25	-	310.25	271.77
28	Robiul Islam, M/S. Rahman Traders & M/S. Zobari Traders	251.77	-	251.77	127.13
29	Kamal Yearn Ltd	-	-	-	341.37
30	Creative paper Mills	199.05	95.29	294.34	264.41
31	Biswas Poultry & Fish Feeds Ltd.	210.44	608.78	819.22	424.72
32	PRAN-RFL Group	152.27	32.25	184.52	-
33	Delta Group	325.88	4.67	330.55	-
34	Bandar Steel Industries Ltd	141.78	239.06	380.84	-
35	Mahmud Fabrics And Finishing Ltd.	409.37	30.89	440.26	375.80
36	S Suhi industrial Park Ltd	260.94	206.38	467.32	111.25
37	Smile Food Products Ltd	248.34	-	248.34	201.94
		<b>8,581.70</b>	<b>3,748.76</b>	<b>12,330.46</b>	<b>7,231.10</b>
v)	<b>Industry/Sector wise Investments</b>				
	Agriculture			5,104,800,000	3,210,500,000
	Industry			158,327,600,000	138,791,500,000
	Construction			32,090,300,000	33,689,800,000
	Power,Gas,Water & Sanatary Services			1,769,400,000	1,758,500,000
	Transport & communication			20,096,540,000	9,369,400,000
	Trade Service			72,346,800,000	74,759,872,098
	Storage			1,500,400,000	1,405,500,000
	Professional & Miscellaneous Service			1,361,377,913	2,147,386,867
				<b>292,597,217,913</b>	<b>265,132,458,965</b>
	Less: Unearned profit on Investment			9,349,642,157	8,040,359,033
				<b>283,247,575,756</b>	<b>257,092,099,932</b>
vi)	<b>Geographical Location -wise Investment</b>				
	<b>Urban:</b>			<b>265,438,177,000</b>	<b>239,373,961,000</b>
	Dhaka Region			214,429,292,000	194,132,866,000
	Chittagong Region			31,679,571,000	27,317,689,000
	Sylhet Region			1,068,739,000	672,326,000
	Rajshahi Region			6,717,144,000	6,065,113,000
	Mymensing			1,557,493,000	1,509,578,000
	Khulna Region			6,558,463,000	6,197,800,000
	Rangpur Region			1,335,028,000	1,350,896,000
	Barisal Region			2,092,447,000	2,127,693,000
	<b>Rural:</b>			<b>27,159,040,914</b>	<b>25,758,497,965</b>
	Dhaka Region			12,034,754,914	11,633,705,965
	Chittagong Region			5,368,243,000	4,934,974,000
	Sylhet Region			634,181,000	592,107,000
	Mymensing			2,386,950,000	2,184,732,000
	Rajshahi Region			302,269,000	271,875,000
	Khulna Region			1,887,202,000	1,713,777,000
	Rangpur Region			3,652,868,000	3,531,873,000
	Barisal Region			892,573,000	895,454,000
				<b>292,597,217,914</b>	<b>265,132,458,965</b>
	Less: Unearned profit on Investment			9,349,642,157	8,040,359,033
				<b>283,247,575,757</b>	<b>257,092,099,932</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
e) <b>Classification of Investment including bills purchased and discounted</b>		
<b>Unclassified</b>	<b>278,496,802,914</b>	<b>252,441,737,965</b>
Standard including (Staff investment)	268,722,777,914	244,039,574,965
Special Mention Accounts (SMA)	9,774,025,000	8,402,163,000
<b>Classified</b>	<b>14,100,415,000</b>	<b>12,690,721,000</b>
Sub Standard	2,694,191,000	2,011,038,000
Doubtful	746,695,000	1,276,911,000
Bad / Loss	10,659,529,000	9,402,772,000
	<b>292,597,217,914</b>	<b>265,132,458,965</b>
Less: Unearned profit on Investment	9,349,642,157	8,040,359,033
	<b>283,247,575,757</b>	<b>257,092,099,932</b>
f) <b>Required Provision on Investment &amp; Off -balance sheet exposures</b>		
<b>Unclassified</b>		
General provision on unclassified Investment	1,690,861,000	1,452,819,000
General provision on small enterprise Investment	222,052,000	233,231,000
General provision on Housing financing Investment	25,409,000	23,416,000
General provision on consumer financing Investment	35,195,000	6,080,000
General provision on Micro Investment	21,581,000	19,414,000
General provision on special mention Investment	67,443,000	70,020,000
General provision on BHS/MHS/SDS	94,736,000	86,020,000
<b>Classified</b>	<b>2,157,277,000</b>	<b>1,891,000,000</b>
Specific provision on substandard Investment	144,418,000	184,090,000
Specific provision on doubtful Investment	88,117,000	235,662,000
Specific provision on bad/loss Investment	5,789,488,000	3,526,336,613
<b>Unclassified</b>	<b>6,022,023,000</b>	<b>3,946,088,613</b>
General provision on Off-balance sheet	778,500,000	689,800,000
	<b>8,957,800,000</b>	<b>6,526,888,613</b>
g) <b>Provision made on Investment &amp; Off-balance sheet exposures</b>		
<b>Unclassified</b>		
General provision on unclassified Investment	1,690,861,000	1,452,819,000
General provision on small enterprise Investment	222,052,000	233,231,000
General provision on Housing financing Investment	25,409,000	23,416,000
General provision on consumer financing Investment	35,195,000	6,080,000
General provision on Micro Investment	21,581,000	19,414,000
General provision on special mention Investment	67,443,000	70,020,000
General provision on BHS/MHS/SDS	94,736,000	86,020,000
<b>Classified</b>	<b>2,157,277,000</b>	<b>1,891,000,000</b>
Specific provision on substandard Investment	144,418,000	184,090,000
Specific provision on doubtful Investment	88,117,000	235,662,000
Specific provision on bad/loss Investment	5,789,488,000	3,526,336,613
<b>Unclassified</b>	<b>6,022,023,000</b>	<b>3,946,088,613</b>
General provision on Off-balance sheet	778,500,000	689,800,000
	<b>8,957,800,000</b>	<b>6,526,888,613</b>
	-	-
<b>Provision Excess/(Shortfall)</b>	-	-
h) <b>Particulars of Investments</b>		
i) Investment considered good in respect of which of the bank company is fully secured;	183,660,760,711	187,517,254,773
ii) Investment considered good against which the banking company holds no security other than the debtors personal guarantee.	108,936,457,206	77,615,204,177
iii) Investment considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors;	-	-

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
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;	39,033,331	27,826,686
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	10,659,529,000	9,402,772,000
i) Decrease/Increase in provision ( Specific )	2,075,934,387	849,933,613
ii) Amount of Investment written off;	798,433,000	6,778,137,000
iii) Amount realised against Investment previously written off;	204,792,398	164,881,715
b) Amount of provision kept against Investment classified as "bad/loss" on the date of preparing the balance sheet ;	5,789,488,000	3,526,336,613
c) Profit creditable to the profit suspense/Compensation A/c;	-	-
xi) i) Cumulative amount of the written of Investment;	8,467,793,000	7,770,359,000
ii) Amount written off during the current year;	594,091,100	1,177,957,769
iii) The amount of written off Investment for which lawsuit has been field;	798,433,000	6,778,137,000
<b>9.A. Investments</b>		
Al-Arafah Islami Bank Ltd.	283,247,575,757	257,092,099,932
AIBL Capital Market Services Ltd.	8,633,904,178	8,178,160,493
AIBL Capital Management Ltd.	3,643,771	2,973,375
	<b>291,885,123,706</b>	<b>265,273,233,800</b>
Less : Inter company Adjustment	(3,399,100,000)	(3,399,100,000)
	<b>288,486,023,706</b>	<b>261,874,133,800</b>
<b>9.A.i Maturity grouping of Investment</b>		
<b>Including bills purchased and discounted</b>		
Payable on Demand	-	-
Up to 1 ( one ) month	50,378,800,000	76,829,975,723
Over 1 ( one ) month but not more than 3 ( three ) months	91,193,100,000	72,948,500,000
Over 3 ( three ) months but not more than 1 ( one ) year	94,070,300,000	90,135,500,000
Over 1 year but not more than 5 years	38,749,400,000	3,517,553,000
Over 5 years	14,094,423,705	18,442,605,077
	<b>288,486,023,705</b>	<b>261,874,133,800</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>10. Fixed Assets</b>		
<b>Tangible Assets</b>		
Land	1,367,350,690	1,367,350,690
Building	1,221,316,331	1,212,396,406
Furniture (Wood)	922,187,142	807,729,544
Furniture (Steel)	122,677,690	113,853,147
Computer	297,909,562	250,767,362
Computer (Accessories)	114,598,645	91,835,680
Motor Car	199,415,854	174,513,591
Machine equipment & appliance	1,191,061,753	1,098,948,265
Online Hardware	746,231,373	628,034,616
Interior Decoration	174,348,035	174,382,875
Books & Library	9,234,557	9,158,557
	<b>6,366,331,632</b>	<b>5,928,970,733</b>
<b>Intangible Assets</b>		
Online Software	392,178,585	296,297,744
<b>Total</b>	<b>6,758,510,217</b>	<b>6,225,268,477</b>
Less Accumulated Depreciation & Amortization	2,415,578,062	1,919,412,693
	<b>4,342,932,155</b>	<b>4,305,855,784</b>
<b>Schedule of Fixed Assets are given in Annexure - A.</b>		
<b>10.A. Fixed Assets</b>		
Al-Arafah Islami Bank Ltd.	4,342,932,155	4,305,855,784
AIBL Capital Market Services Ltd.	8,744,600	13,486,543
AIBL Capital Management Ltd.	250,233	518,708
Millennium Information	-	174,748,140
	<b>4,351,926,988</b>	<b>4,494,609,175</b>
<b>11. Other Assets</b>		
Master card Settlement Account	147,019,114	156,975,152
Suspense Account	72,167,324	32,542,818
Stock of Stationery	52,602,867	44,803,219
Stamp in hand	7,975,407	5,264,524
Advance Deposit	4,411,842	4,348,842
Advance Rent	436,441,647	382,055,381
Master card	128,867,841	-
Investment for Subsidiary Companies	2,910,000,000	3,060,000,000
Advance Income Tax & TDS [ Note 11.3 ]	12,179,684,260	10,168,005,399
Protested Bills	5,706,700	5,706,700
Prepaid Expenditure	2,033,926	2,314,334
Balance with cmsl for portfolio account	1,375,187,044	1,428,291,317
Accrued Income	1,107,199,299	836,994,140
Stock of ATM Card	1,050,000	1,050,000
Clearing adjustment	211,575,375	98,211,163
Adjustment a/c debit balance	-	-
Due from off-shore Banking unit	10,059,700,882	7,743,066,982
	<b>28,701,623,528</b>	<b>23,969,629,971</b>
Less: Balance with OBU for elimination investment with OBU	10,059,700,882	7,743,066,982
	<b>18,641,922,646</b>	<b>16,226,562,989</b>

## Notes to the Financial Statements

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	2019	2018
	Taka	Taka
<b>11.1 Investment in Millennium Information Solution Ltd.</b>		
Investment in subsidiary	150,000,000	150,000,000
Less: Sale of Investment	(120,515,495)	-
	29,484,505	150,000,000
<p>Millennium Information Solution Limited was a subsidiary of Al-Arafah Islami Bank Limited. This year Al-Arafah Islami Bank sold out its 41% holdings shares to different parties. As a result the Millennium Information Solution Limited is not a subsidiary of Al-Arafah Islami Bank Limited this year. Hence, consolidated financial statements did not consider the financial statement of Millennium Information Solution Limited. Al-Arafah Islami Bank also reduce its investment of the said subsidiary accordingly. So this investment in subsidiary has been reclassified as investment in share.</p>		
<b>11.2 Classification of other Assets under the following categories</b>		
i) Investment in shares of subsidiary companies; In Bangladesh	2,910,000,000 -	3,060,000,000 -
ii) Stationery, Stamps, Printing materials etc.	61,628,274	51,117,743
iii) Advance rent and advertisement;	436,441,647	382,055,381
iv) Profit accrued on Investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable	1,107,199,299	836,994,140
v) Security deposit	4,411,842	4,348,842
vi) Preliminary, formation and organization expenses, renovation	2,033,926	2,314,334
vii) Master card Settlement Account	147,019,114	156,975,152
viii) Suspenses account	72,167,324	32,542,818
ix) DD Paid without advice	-	-
x) Protested Bills	5,706,700	5,706,700
xi) Dividend Receivable	-	-
xii) Capital Work In Progress	128,867,841	-
xiii) Others	13,766,446,679	11,694,507,879
xiv) <b>Others</b>	<b>18,641,922,646</b>	<b>16,226,562,989</b>
Adjustment a/c cost of borrowing	211,575,375	98,211,163
Remittance adjustment a/c	-	-
Investment in sibil mudaraba sub-ordinated bond	-	-
Advance Income Tax & TDS	12,179,684,260	10,168,005,399
Mfci usd (edf) a/c	-	-
Balance with cmsl for portfolio account	1,375,187,044	1,428,291,317
Revaluation adjustment a/c	-	-
	<b>13,766,446,679</b>	<b>11,694,507,879</b>
<b>11.3 Advance Income Tax &amp; TDS</b>		
i) Beginning of the year	10,168,005,399	8,192,320,367
Advance tax paid during the year	1,837,930,317	1,882,445,715
Tax deducted at Source during the year	173,748,544	93,239,317
Settlement for previous year	-	-
<b>Advance income tax at the end of the year</b>	<b>12,179,684,260</b>	<b>10,168,005,399</b>

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		2019	2018
		Taka	Taka
<b>11.A. Consolidated Other Assets</b>			
	Al-Arafah Islami Bank Ltd.	18,641,922,646	16,226,562,989
	AIBL Capital Market Services Ltd.	1,704,003,997	2,043,499,169
	AIBL Capital Management Ltd.	294,239,009	365,701,008
	Millennium information solution Ltd.	-	63,717,001
		<b>20,640,165,652</b>	<b>18,699,480,167</b>
	Less: Inter-Company Adjustment	(3,010,000,000)	(3,098,552,194)
		<b>17,630,165,652</b>	<b>15,600,927,973</b>
<b>12. Non-Banking Assets</b>		<b>50,875,037</b>	<b>50,875,037</b>
<b>13. Placement from Banks &amp; Other financial Institutions</b>			
	The Bank has taken finance from Islami Investment Bond (Islami Bond ) at banks' own mudaraba savings rate (i.e.as on 31ST December 2019 MTDR provisional rate ) for 180 days tenure 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.		
	<b>Name of the Bank</b>	<b>Mature</b>	<b>Nature</b>
	<b>a. In Bangladesh</b>	<b>Date</b>	
	Brorowing from Bangladesh Bank	12-Jan-2020	D.P Note
	Brorowing from Bangladesh Bank	17-Jan-2020	D.P Note
	Brorowing from Bangladesh Bank	21-Jan-2020	D.P Note
	Brorowing from Bangladesh Bank	27-Jan-2020	D.P Note
	Brorowing from Bangladesh Bank	3-Feb-2019	D.P Note
	Brorowing from Bangladesh Bank	21-Mar-2020	D.P Note
	Brorowing from Bangladesh Bank	5-May-2020	D.P Note
	Brorowing from Bangladesh Bank	11-May-2020	D.P Note
	Brorowing from Bangladesh Bank	17-May-2020	D.P Note
	Brorowing from Bangladesh Bank	23-May-2020	D.P Note
	Brorowing from Bangladesh Bank	8-Jun-2020	D.P Note
	Brorowing from Bangladesh Bank	15-Jun-2020	D.P Note
	Brorowing from Bangladesh Bank	16-Jun-2020	D.P Note
	Brorowing from Bangladesh Bank	25-Mar-2020	D.P Note
		<b>19,000,000,000</b>	<b>10,000,000,000</b>
<b>b. F.C. BORROWING FROM BANGLADESH BANK</b>		<b>7,024,573,850</b>	<b>10,393,335,650</b>
	MUDARABA F.C. DEPOSIT A/C (EDF FROM BB)	6,799,938,129	10,168,699,929
	FC Borrowing From B. Bank (LTFF)	224,635,721	224,635,721
<b>c. Out side Bangladesh</b>		-	-
		<b>26,024,573,850</b>	<b>20,393,335,650</b>
<b>13.A Placement from Banks &amp; Other financial Institutions</b>			
	Al-Arafah Islami Bank Ltd.	26,024,573,850	20,393,335,650
	AIBL Capital Market Services Ltd.	1,521,801,711	1,366,500,000
		<b>27,546,375,561</b>	<b>21,759,835,650</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>14. Deposit and Other Accounts</b>		
Mudaraba Savings Deposits	45,211,429,367	37,678,761,490
Mudaraba Term Deposits	162,871,848,585	152,322,906,893
Other Mudaraba Deposits [ Note :14.i ]	55,156,097,027	49,467,884,447
Al-Wadia Current Accounts and Others Accounts etc.[ Note: 14.ii]	30,701,538,200	24,454,571,622
Bills Payable	3,584,858,976	2,422,489,486
	<b>297,525,772,155</b>	<b>266,346,613,938</b>
<b>14.i. Other Mudaraba Deposits</b>		
Mudaraba Short Term Deposit	17,582,274,443	14,260,971,078
Installment Term Deposit (Itd)	19,744,254,390	17,184,571,101
Savings Inv. Deposit (Sid)	6,004,055	12,040,131
P/P Term Deposit (Ptd)	6,689,066,717	5,882,470,210
Monthly Hajj Deposit (Mhd)	218,782,097	191,428,311
Term Hajj Deposit (Thd)	3,582,995	3,399,957
Marriage Savings & Invt. Scheme	885,146	649,465
Special Pension Dep. Scheme	36,955,880	43,056,207
Mudaraba Term Cash Waqf Deposi	33,246,773	28,228,362
Lakhapati Deposit Scheme (Lds)	279,813,916	492,299,511
Millionaire Dep. Scheme (Mmds)	3,477,583,012	3,817,788,863
Kotipoti Deposit Scheme (Mkds)	2,202,412,781	2,327,809,271
Double Benefit Dep. Scheme (Dbds)	2,010,646,881	2,781,725,526
Pension Dep. Scheme (Pds)	2,631,045,702	2,209,631,286
Triple Benefit Dep. Scheme (Tbds)	239,542,239	231,815,168
	<b>55,156,097,027</b>	<b>49,467,884,447</b>
<b>14.ii Al-wadeeah Current Accounts and Other Accounts</b>		
Al-wadeeah Current Deposits	14,570,122,564	11,100,275,628
Sundry Deposit	9,813,178,197	7,853,678,220
Profit Payable For All Deposit Ac	4,489,676,767	3,676,336,626
F.C Held against EDF	151,683,051	192,318,716
F.C Deposit Account	1,676,877,621	1,631,962,432
	<b>30,701,538,200</b>	<b>24,454,571,622</b>
<b>14.A. Consolidated Deposit and other Accounts</b>		
Mudaraba Savings Deposits	45,211,429,367	37,678,761,490
Mudaraba Term Deposits [ Note :14.A.ii ]	162,587,885,485	152,181,785,427
Other Mudaraba Deposits	55,156,097,027	49,467,884,447
Al-Wadia Current Accounts and Others Accounts etc.	30,701,538,200	24,454,571,622
Bills Payable	3,584,858,976	2,422,489,486
	<b>297,241,809,055</b>	<b>266,205,492,472</b>
<b>14.A.i Maturity-wise Classification of Deposits</b>		
i. Repayable on Demand	8,063,000,000	3,871,910,000
<b>With a residual maturity of</b>		
ii. Repayable within 1 ( one ) month	41,905,300,000	41,932,503,938
iii. Over 1 ( one ) month but within 6 ( six ) months	110,007,160,000	80,164,500,000
iv. Over 6 ( six ) months within 1 ( one ) year	86,749,740,000	102,052,278,534
v. Over 1 ( one ) year within 5 ( five ) years	33,831,200,000	31,584,000,000
vi. Over 5 ( five ) years within 10 ( ten ) years	16,683,958,702	6,599,405,111
vii. Unclaimed Deposits 10 (ten) years and above	1,450,354	894,889
	<b>297,241,809,055</b>	<b>266,205,492,472</b>

## Notes to the Financial Statements

As at December 31, 2019

		2019	2018
		Taka	Taka
14.A.ii	Mudaraba Term Deposits	162,871,848,585	152,322,906,893
	Less: Inter-Company Adjustment	(283,963,100)	(141,121,466)
		<b>162,587,885,485</b>	<b>152,181,785,427</b>
15.	<b>Other Liabilities</b>		
	Provision for unclassified investment	2,157,277,000	1,891,000,000
	Provision for classified investment	6,022,023,000	3,946,088,613
	Provision for off balance sheet item	778,500,000	689,800,000
	Provision for diminution in value of investment	22,474,895	635,613
	Provision for Gratuity	-	24,487,335
	Provision for Outstanding expense	6,693,043	13,064,957
	Provision for taxation	12,320,503,146	9,724,592,077
	Provision for Others	18,747,964	18,747,964
	Provident fund	40	-
	Clearing adjustment	279,276,371	9,522,052
	Interest income	-	7,274,586
	Cib collection charge	16,423,703	12,821,467
	F.c. held against bb l/c	94,973	94,973
	Supervision fees (sme)	532,016	356,001
	Electronic govt procurement	5,887,088	10,262,946
	Profit rent suspense	188,204,688	245,683,393
	Compensation receivable	1,013,164,329	561,173,393
	Mastercard Settlement Account	13,873,402	159,796,107
		<b>23,095,610,493</b>	<b>17,364,627,192</b>
15.1	<b>Provision for income Tax</b>		
	Current tax		
	Provision held at the beginning of the year	9,724,592,077	8,141,335,783
	Provision made during the year	2,595,911,070	1,583,256,294
	Settlement for previous year	-	-
	<b>Provision held at the end of the year</b>	<b>12,320,503,147</b>	<b>9,724,592,077</b>
15.1.a	<b>Provision for Current Tax made during the year</b>		
	Income Tax on Business income	2,518,005,348	1,580,095,397
	Capital gain	1,606,003	30,530
	Cash Dividend	1,668,115	3,130,367
	Excess Profit Tax (+)	-	-
	<b>Estimated Provision Required as at December 31,2019(i)</b>	<b>2,521,279,466</b>	<b>1,583,256,294</b>
	<b>Estimated Provision Required as at December 31,2019 (i)</b>		
	Balance as at January 1,2019	9,724,592,077	8,141,335,783
	Tax for previous year ( - )	9,724,592,077	8,141,335,783
	Actual provision for tax held (II)	12,320,503,147	9,724,592,077
	Estimated provision needs to be made (I-II)	2,595,911,070	1,583,256,294
	Provision actually made during the year	2,521,279,466	1,583,256,294
	<b>A. Computation of Taxable Profit</b>		
	Profit before tax	4,959,725,211	4,057,314,909
	Add:Inadmissible expenditure	3,431,034,383	2,599,428,026
	Less: Item of income for sparate Consideration	24,400,603	15,957,139
	Less: Further allowable Expenditure	1,092,660,452	1,868,180,460
	<b>Estimated Business income other than 82(C)</b>	<b>7,273,698,539</b>	<b>4,772,605,335</b>
	Add: Capital Gain	1,606,003	30,530
	Add:Cash dividend	1,668,115	3,130,367
	<b>Total Taxable Income</b>	<b>7,276,972,657</b>	<b>4,775,766,232</b>



## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>15.2 Provision on Investment &amp; Others</b>		
Provision against Classified Investments (Specific) [ 15.2.a.i ]	6,022,023,000	3,946,088,613
Provision against Unclassified Investments (general) [15.2.a.ii ]	2,157,277,000	1,891,000,000
Provision against Off-balance Sheet exposures [15.2.a.iii ]	778,500,000	689,800,000
Provision for diminution in value of investments [15.3]	21,839,282	635,613
<b>Total Provision Held (a)</b>	<b>8,979,639,282</b>	<b>6,527,524,226</b>
<b>a) The movement in Specific provision on classified Investment :</b>		
<b>i) Provision held at the beginning of the year</b>	3,946,088,613	3,096,155,000
Fully provision debt written off	(594,091,100)	(1,177,957,769)
Recoveries of amount previously written off	204,792,398	164,881,715
Specific provision for the year	2,465,233,089	1,863,009,667
Provision transferred from diminution in value of investment	-	-
<b>Provision held at the end of the year</b>	<b>6,022,023,000</b>	<b>3,946,088,613</b>
<b>ii) The movement in general provision on unclassified Investment :</b>		
Provision held at the beginning of the year	1,891,000,000	1,723,040,000
Provision during the year	266,277,000	167,960,000
Provision transferred from classified investment	-	-
<b>Provision held at the end of the year</b>	<b>2,157,277,000</b>	<b>1,891,000,000</b>
<b>iii) The movement in provision against Off-balance sheet exposures</b>		
Provision held at the beginning of the year	689,800,000	570,419,000
Provision during the year	88,700,000	119,381,000
<b>Provision held at the end of the year</b>	<b>778,500,000</b>	<b>689,800,000</b>
<b>Total general provision on Investment</b>	<b>8,957,800,000</b>	<b>6,526,888,613</b>
<b>b) Provision for Others</b>		
Provision held at the beginning of the year	18,747,964	15,510,964
Provision during the year	-	3,237,000
	<b>18,747,964</b>	<b>18,747,964</b>
Less, Adjustment durring the year	-	-
<b>Provision held at the end of the year</b>	<b>18,747,964</b>	<b>18,747,964</b>
<b>15.3 Provision for diminution in value of inevtment in Share</b>		
Provision held at the beginning of the year	635,613	-
Provision transferred to classified Investment	21,839,282	635,613
<b>Provision held at the end of the year</b>	<b>22,474,895</b>	<b>635,613</b>
<b>15.A. Consolidated Other Liabilities</b>		
Al-Arafah Islami Bank Ltd.	23,095,610,493	17,364,627,192
AIBL Capital Market Services Ltd.	2,122,652,644	2,065,923,203
AIBL Capital Management Ltd.	39,320,582	38,406,727
Millennium information solution Ltd.	-	32,914,268
	<b>25,257,583,719</b>	<b>19,501,871,389</b>
Less: Inter-Company Adjustment	(100,000,000)	(51,000,000)
	<b>25,157,583,719</b>	<b>19,450,871,389</b>
<b>15.I.A Consolidated Current tax</b>		
Al-Arafah Islami Bank Ltd.	2,595,911,070	1,583,256,294
AIBL Capital Market Services Ltd.	18,324,030	21,364,833
AIBL Capital Management Ltd.	853,915	2,860,175
	<b>2,615,089,015</b>	<b>1,607,481,302</b>
<b>15.3 Provision for diminution in value of investment</b>		
Al-Arafah Islami Bank Ltd.	22,474,895	635,613
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	-	-
	<b>22,474,895</b>	<b>635,613</b>

## Notes to the Financial Statements

As at December 31, 2019

				2019	2018
				Taka	Taka
<b>16.</b>	<b>Deferred tax Liabilities/ (Assets)</b>				
	Opening balance			168,486,791	100,949,200
	Add: Addition for the year			(49,755,758)	67,537,592
	Deferred tax liability on revaluation Reserve			39,101,930	-
	<b>Provision held at the end of the year</b>			<b>157,832,964</b>	<b>168,486,791</b>
	<b>Presented after appropriate offsetting as follows:</b>				
	Deferred tax Liabilities(+)			168,486,792	100,949,200
	Deferred tax Liabilities			(49,755,758)	67,537,592
	<b>Deferred Tax Liabilities(net)</b>			<b>118,731,033</b>	<b>168,486,792</b>
<b>16.A</b>	<b>Deferred tax Liabilities/ (Assets)</b>				
	Al-Arafah Islami Bank Ltd.			157,832,964	168,486,791
	AIBL Capital Market Services Ltd.			-	(2,620,352)
	<b>Provision held at the end of the year</b>			<b>157,832,964</b>	<b>165,866,439</b>
<b>17. a)</b>	<b>Authorised Capital</b>				
	The Authorized Capital of the Bank is 1,500,000,000 Ordinary Share of Tk. 10 each.			<b>15,000,000,000</b>	<b>15,000,000,000</b>
<b>b)</b>	<b>Issued, Subscribed and Fully Paid - up Capital</b>				
	Issued for Cash			2,819,339,680	2,819,339,680
	Issued for other than Cash ( Bonus Share )			7,829,682,170	7,620,877,820
				<b>10,649,021,850</b>	<b>10,440,217,500</b>
<b>c)</b>	<b>Issued and paid up Capital of the Bank is 1,044,021,750 nos. of shares of Tk. 10 each as follows</b>				
		2019	2018	2019	2018
	Description	No. of Shares	No. of Shares	Total Taka	Total Taka
	Sponsors / Promoters	442,370,858	435,247,563	4,423,708,580	4,352,475,630
	Institution	252,897,318	236,854,311	2,528,973,180	2,368,543,110
	General Public	369,634,009	371,919,876	3,696,340,090	3,719,198,760
	<b>Total</b>	<b>1,064,902,185</b>	<b>1,044,021,750</b>	<b>10,649,021,850</b>	<b>10,440,217,500</b>
<b>d)</b>	<b>Break-up of Shares Classification of shareholders by holding as on 31-12-2019</b>				
	<b>Range of Holding</b>	<b>Number of Shareholders</b>		<b>No. of Shares</b>	<b>% of Shares</b>
	Less than 50,000	23,623		70,553,002	6.63%
	50,001 to 100,000	221		14,900,485	1.40%
	100,001 to 200,000	170		23,174,406	2.18%
	200,001 to 300,000	39		9,584,563	0.90%
	300,001 to 400,000	36		12,122,613	1.14%
	400,001 to 500,000	25		10,972,138	1.03%
	500,001 to 1,000,000	42		28,145,301	2.64%
	1,000,001 to 10,000,000	89		247,328,846	23.23%
	10,000,001 to 20,000,000	31		648,120,831	60.86%
	<b>Total</b>	<b>24,276</b>		<b>1,064,902,185</b>	<b>100.00%</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>e) Minimum Capital Requirement Capital Adequacy Ratio</b>		
<b>1. Tier-I ( Core Capital )</b>		
Paid-up Capital	10,649,021,850	10,440,217,500
Statutory Reserve	9,379,989,138	8,388,044,096
General Reserve	-	-
Retained Earnings	1,429,843,673	1,783,055,791
Less : Regulatory Adjustment ( Goodwill and al other Intangible Assets )	(392,178,585)	(125,715,000)
	<b>21,066,676,076</b>	<b>20,485,602,387</b>
<b>2. Tier- II ( Supplementary Capital )</b>		
General Provision	2,935,777,000	2,580,800,000
Assets Revaluation Reserves	-	97,754,825
AIBL Mudaraba Subordinated Bond	6,800,000,000	7,400,000,000
	<b>9,735,777,000</b>	<b>10,078,554,825</b>
<b>3. Tier- III</b>		
A. Total Eligible Capital ( 1+2)	<b>30,802,453,076</b>	<b>30,564,157,212</b>
B. Total Risk weighted Assets ( a+b+c)	<b>221,854,124,080</b>	<b>212,580,056,300</b>
<b>a. Credit Risk</b>	<b>198,693,186,969</b>	<b>194,063,493,300</b>
i. Balance sheet Exposure	191,498,834,816	183,555,692,500
ii. Off-balance sheet Exposure	7,194,352,153	10,507,800,800
b. Market Risk ( From WS-3 )	4,138,299,962	1,058,626,000
c. Operrational Risk ( From WS-4)	<b>19,022,637,149</b>	<b>17,457,937,000</b>
C. Capital Adequcy Ratio (CAR) ( A / B)	<b>13.88%</b>	<b>14.38%</b>
D. Core Capital to RWA	9.50%	9.64%
E. Supplementary Capital to RWA	4.39%	4.74%
F. Minimum Capital Requirement (MCR) 10.00% of RWA	22,185,412,408	21,258,005,630
G. Capital surplus on risk weighted assets based ( A-F)	<b>8,617,040,668</b>	<b>9,306,151,582</b>
H. Required Capital with Conservation Buffer @ 12.50% on RWA	27,731,765,510	25,243,881,686
I. Excess Over Capital with Conservation Buffer ( A-H)	<b>3,070,687,566</b>	<b>5,320,275,526</b>
<b>17.A. Non-Controlling Interest</b>		
Opening balance	1,768,421,008	1,761,497,355
Add: Non-Controlling Interest in Profit for the year	(119,260,322)	6,923,653
	<b>1,649,160,686</b>	<b>1,768,421,008</b>
<b>18. Statutory Reserve</b>		
Opening balance beginning of the year	8,388,044,096	7,576,581,114
Add. Reserve @ 20% (on pre-tax profit)	991,945,042	811,462,982
Balance at the end of the year.	<b>9,379,989,138</b>	<b>8,388,044,096</b>
<b>19. Other Reserve</b>		
FC Revaluation Reserve	172,602	35,466
Asset revaluation Reserve	977,548,248	977,548,248
Less. Deferred tax liability on revaluation Reserve	39,101,930	-
	<b>938,618,920</b>	<b>977,583,714</b>
<b>20. Retained Earnings</b>		
Opening balance beginning of the year	1,783,055,791	2,176,610,612
Less : Cash Dividend	(1,566,032,625)	(1,491,459,642)
Less : Bonus Share	(208,804,350)	(497,153,220)
Add: Net Profit / (loss) after tax during the year	2,413,569,900	2,406,521,023
	<b>2,421,788,715</b>	<b>2,594,518,772</b>
Less : transfer to Statutory Reserve	991,945,042	811,462,982
	<b>1,429,843,674</b>	<b>1,783,055,791</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>20.A. Consolidated Retained Earnings</b>		
Al-Arafah Islami Bank Ltd.	1,908,962,937	2,259,155,807
Add: Net profit after tax during the year	2,423,824,148	2,449,882,975
Add: Dividend adjustment	(34,585,008)	-
Less: Stock dividend to equity holders of the bank	(208,804,350)	(497,153,220)
Less: Cash dividend to equity holders of the bank	(1,566,032,625)	(1,491,459,642)
Less: Transfer to statutory reserve	(991,945,042)	(811,462,982)
	<b>1,531,420,060</b>	<b>1,908,962,937</b>
<b>21. Letter of Guarantee</b>		
a) Claim against the bank which is not acknowledged as debt		
b) Money for which is the bank is contingently liable in respect of guarantees given favoring		
i. Directors	-	-
ii. Government	-	-
iii. Bank and other financial institution	-	-
iv. Others	8,274,252,532	7,096,016,003
	<b>8,274,252,532</b>	<b>7,096,016,003</b>
<b>22. Investment Income</b>		
i. Income from General Investments		
Murabaha	1,001,825,319	1,010,052,484
Bai-Muazzal	8,253,352,734	7,666,034,279
Hire-Purchase	9,255,409,788	7,496,776,142
Others mode income	8,654,334,268	7,660,806,811
	<b>27,164,922,109</b>	<b>23,833,669,716</b>
ii. Profit received from other Islamic Bank	1,406,182,499	845,039,895
Total (i + ii)	<b>28,571,104,608</b>	<b>24,678,709,611</b>
<b>22.A. Consolidated Investment Income</b>		
Al-Arafah Islami Bank Ltd.	28,571,104,608	24,678,709,611
AIBL Capital Market Services Ltd.	255,089,186	267,555,170
AIBL Capital Management Ltd.	8,460,744	31,088,247
Millennium information solution Ltd.	-	79,034,749
	<b>28,834,654,538</b>	<b>25,056,387,777</b>
Less : Inter company Adjustment	(23,003,708)	(99,575,645)
	<b>28,811,650,830</b>	<b>24,956,812,132</b>
<b>23. Profit paid on Deposits &amp; Borrowing</b>		
Mudaraba Savings Deposit	1,307,139,948	1,223,777,729
Mudaraba Short Term Deposit	772,123,894	526,509,725
Mudaraba Term Deposit	12,007,342,010	10,716,939,882
Mudaraba Special Deposit	2,655,463,415	2,404,006,634
AIBL Mudaraba subordinate debt.	708,833,257	355,131,954
Mudaraba BD. Govt. Islamic Bond fund	970,393,718	836,564,897
	<b>18,421,296,243</b>	<b>16,062,930,822</b>
<b>23.A. Profit paid on Deposits &amp; Borrowing</b>		
Al-Arafah Islami Bank Ltd.	18,421,296,243	16,062,930,822
AIBL Capital Market Services Ltd.	206,123,032	226,955,116
AIBL Capital Management Ltd.	-	32,882,161
Millennium Information	-	33,418,660
	<b>18,627,419,275</b>	<b>16,356,186,759</b>
Less : Inter company Adjustment	(23,003,708)	(99,575,645)
	<b>18,604,415,567</b>	<b>16,256,611,114</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>24. Income from Investment in Share /Securities</b>		
Dividend income ( cash)	8,340,574	15,651,835
Gain on sale of Shares/Securities	16,060,030	305,305
Profit received from other Islamic Bond	745,878,652	660,346,855
	<b>770,279,256</b>	<b>676,303,995</b>
<b>24.A. Income from Investment in Share /Securities</b>		
Al-Arafah Islami Bank Ltd.	770,279,256	676,303,995
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	353,750	24,793,075
	<b>770,633,006</b>	<b>701,097,070</b>
Less : Inter company Adjustment	-	-
	<b>770,633,006</b>	<b>701,097,070</b>
<b>25. Commission, Exchange &amp; Brokerage Income</b>		
Commission	1,431,315,601	1,275,061,899
Exchange	1,355,904,092	1,305,941,641
Brokerage commision	-	-
	<b>2,787,219,693</b>	<b>2,581,003,540</b>
<b>25.A. Commission, Exchange &amp; Brokerage Income</b>		
Al-Arafah Islami Bank Ltd.	2,787,219,693	2,581,003,540
AIBL Capital Market Services Ltd.	122,701,879	147,747,021
AIBL Capital Management Ltd.	6,158,007	721,734
	<b>2,916,079,579</b>	<b>2,729,472,295</b>
Less : Inter company Adjustment	-	-
	<b>2,916,079,579</b>	<b>2,729,472,295</b>
<b>26. Other Operating Income</b>		
Procesing fee on investment	16,663	6,500
Supevision fee	162,021	521,710
Service charge	11,212	699,987
Capital gain or loss from fixed asset	276,991	5,242,673
Passbook sales(gsis)	72,534	26,950
Application form sales(seis)	28,030	66,590
Direct expenses on investmment	-	136,715
Tranfer / redumsion fee	-	3,030
Telephone/ fax charge	-	1,700
legal expenses recovered	26,718,402	15,184,629
Printing & stationary	418,858	177,780
P & t charge recovered	41,389,326	42,345,619
Account maintenance fee	161,087,821	172,405,692
Card income	73,130,424	60,119,984
Misc.earning	33,785,684	25,331,664
	<b>337,097,966</b>	<b>322,271,224</b>
<b>26.A. Other Operating Income</b>		
Al-Arafah Islami Bank Ltd.	337,097,966	322,271,224
AIBL Capital Market Services Ltd.	13,760,160	29,202,829
AIBL Capital Management Ltd.	-	-
Millennium information solution Ltd.	-	(12,649,376)
	<b>350,858,126</b>	<b>338,824,677</b>
Less : Inter company Adjustment	-	-
	<b>350,858,126</b>	<b>338,824,677</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>27. Salaries, Allowances &amp; Contribution to P.F</b>		
Basic Pay	1,338,789,455	1,369,433,925
House Rent Expenses	662,770,906	632,319,305
House Maintenance	264,369,657	249,859,183
Medical Expenses	248,941,818	240,967,767
Bonus	628,527,842	687,573,249
Bank's contribution to P.F	134,281,573	125,597,916
Utility	1,926,232	658,757
Conveyance Expenses	89,915,954	85,659,617
LFA Allowance (Salary)	246,561,260	251,162,434
Lunch and entertainment allowance	92,340,556	87,088,026
Leave encashment expenses	84,025,085	162,859,075
Car Expenses	169,318,772	22,726,858
Gratuity Expenses	147,108,200	114,487,335
	<b>4,108,877,310</b>	<b>4,030,393,447</b>
<b>27.A. Salaries, Allowances &amp; Contribution to P.F</b>		
Al-Arafah Islami Bank Ltd.	4,108,877,310	4,030,393,447
AIBL Capital Market Services Ltd.	62,549,145	63,900,298
AIBL Capital Management Ltd.	7,138,773	8,894,238
Millennium information solution Ltd.	-	15,376,983
	<b>4,178,565,228</b>	<b>4,118,564,966</b>
<b>28. Director &amp; Sharia Council Fees &amp; Expenses</b>		
i. Directors fees for attending Board/executive Committee/other committee meeting	2,509,049	2,982,800
ii. TA/DA/ Hotel fare & Foreign Directors	8,933,828	7,352,230
iii. Others	-	-
	<b>11,442,877</b>	<b>10,335,030</b>
<b>28.A. Director &amp; Sharia Council Fees &amp; Expenses</b>		
Al-Arafah Islami Bank Ltd.	11,442,877	10,335,030
AIBL Capital Market Services Ltd.	-	4,798,970
AIBL Capital Management Ltd.	-	190,200
Millennium information solution Ltd.	-	-
	<b>11,442,877</b>	<b>15,324,200</b>
<b>29. Sharia Supervisory Committee's Fees &amp; Expenses</b>		
i. Sharia fees for attending meeting	537,127	349,600
ii. TA/DA/ Hotel fare & Foreign Directors	-	-
iii. Others	322,887	271,060
	<b>860,014</b>	<b>620,660</b>
<b>30. Rent, Taxes, Insurance &amp; Electricity Bill</b>		
Rent Office	395,966,621	365,484,980
Electricity Bill	121,308,415	96,557,746
Insurance	209,169,907	192,307,460
	<b>726,444,943</b>	<b>654,350,186</b>
<b>30.A. Rent, Taxes, Insurance &amp; Electricity Bill</b>		
Al-Arafah Islami Bank Ltd.	726,444,943	654,350,186
AIBL Capital Market Services Ltd.	23,406,614	25,410,884
AIBL Capital Management Ltd.	-	1,807,125
Millennium information solution Ltd.	-	-
	<b>749,851,557</b>	<b>681,568,195</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>31. Postage, Telegram, Telephone &amp; Stamp</b>		
Stamp and Catridge paper	-	-
Postage	18,982,865	8,704,986
Fax Charges	4,836	1,848
Telephone (Office)	4,980,660	5,313,033
Telephone (Residence)	1,100	266,026
Telephone (Mobile)	11,335,982	10,799,022
SWIFT Charge	1,856,800	6,327,643
Internet Charges	258,367	288,083
Online Charge	40,244,684	33,533,649
	<b>77,665,294</b>	<b>65,234,290</b>
<b>31.A. Postage, Telegram, Telephone &amp; Stamp</b>		
Al-Arafah Islami Bank Ltd.	77,665,294	65,234,290
AIBL Capital Market Services Ltd.	530,711	562,859
AIBL Capital Management Ltd.	53,096	66,947
	<b>78,249,101</b>	<b>65,864,096</b>
<b>32. Depreciation Repairs to the Bank's property</b>		
<b>Repairs to the Bank's property</b>		
R.R. Furniture & Fixture (Wooden)	3,222,427	2,616,347
R.R. Furniture & Fixture (Steel)	3,216,428	2,715,270
R.R. Computer	2,736,773	2,780,243
Maint. of Motor Car and other Vehicle	1,503,244	1,163,883
R.R. Machine equipment & appliances	31,715,091	30,500,146
Maintenance of Land & Building	295,812	148,309
Maintenance of Rented Premises	2,700	3,500
R.R. Computer Accessories	1,195,889	932,366
R.R. Others	1,510,447	1,387,780
Software Maintenance Fee	32,668,449	40,002,364
Hardware Maintenance Fee	506,350	2,131,750
	<b>78,573,610</b>	<b>84,381,958</b>
<b>Depreciation to the Bank's property</b>		
Depr. Furniture (Wood)	80,970,913	59,929,096
Depr. Furniture (Steel)	9,055,757	8,856,713
Depr. Computer	23,558,142	20,078,619
Depr. Motor Car	21,017,274	19,262,845
Depr. Machine equip & Appliance	154,305,425	120,117,421
Depr. Books & Library	113,999	109,318
Depr. Land & Building	30,644,904	24,692,568
Depr. Online Hardware	103,691,581	77,587,527
Depr. Online Software	44,874,143	30,166,761
Depr. Computer Accessories	15,093,287	12,565,677
Depr. Interior Decoration	14,658,386	16,731,866
	<b>497,983,811</b>	<b>390,098,411</b>
	<b>576,557,421</b>	<b>474,480,369</b>
<b>32.A Depreciation Repairs to the Bank's property</b>		
Al-Arafah Islami Bank Ltd.	576,557,421	474,480,369
AIBL Capital Market Services Ltd.	7,537,228	7,368,638
AIBL Capital Management Ltd.	268,474	264,610
Millennium information solution Ltd.	-	-
	<b>584,363,123</b>	<b>482,113,617</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>33. Stationary, Printing &amp; Advertisement</b>		
Printing & Stationery	35,276,993	42,101,002
Paper & Table Stationery	43,353,093	47,721,817
Advertisement & Publicity Expenses	73,470,007	80,268,289
	<b>152,100,093</b>	<b>170,091,108</b>
<b>33.A. Stationary, Printing &amp; Advertisement</b>		
Al-Arafah Islami Bank Ltd.	152,100,093	170,091,108
AIBL Capital Market Services Ltd.	1,067,791	1,033,914
AIBL Capital Management Ltd.	36,136	147,292
	<b>153,204,020</b>	<b>171,272,314</b>
<b>34. Other expenses</b>		
Local conveyance expenses	13,778,167	11,901,887
Petroleum oil lubricant motors	10,502,926	12,600,923
Cng motor car	2,989,768	2,568,027
Entertainment expenses	30,396,386	27,150,374
Travelling expenses	41,993,520	37,686,604
Bank charge	14,581,446	18,638,171
Wages (salary-casual staff)	50,339,377	32,179,734
Security guard service	124,915,326	137,424,145
Subscription	16,982,353	12,884,944
Leveries & uniforms	413,904	475,270
Petroleum oil & lubricants	10,622,788	11,161,017
Donations	470,599	848,116
Wasa charge	7,027,394	7,094,182
Gas charge	1,554,063	1,636,266
Excise duty	77,000	100,000
News paper journal & periodical	4,943,902	3,556,874
Evining banking expenses	819,385	809,880
Upkeep branches premises	4,074,598	4,781,301
Washing charge	2,801,850	-
Direct expenses on investment	379,223	2,745,489
Computer Accessories	13,550,354	14,621,061
Photo Copy Machine Accessories	1,743,443	1,254,102
Business development	28,706,227	26,797,345
Closing expenses	9,549,440	934,625
Corporate allowance	-	-
Exchange loss	844,872	9,079,310
Office expenses (Various Purchase)	583,872	7,271,485
Registration expenses	12,721,766	13,589,052
Holding tax of own premises	152,194	-
Agm/egm	1,564,179	1,729,361
Crocarige	1,647,314	4,723,074
Creditrating charge	690,000	711,500
Tax token expenditure	1,259,010	953,139
Misc. Expenses	3,068,968	1,454,474
Training expenses	4,396,638	22,147,887
Card expense	94,570,371	86,435,853
It allowance	5,354,000	5,096,738
Saturday working allowance (Overtime)	7,897,333	8,587,245
Charge expenses	3,874,616	2,808,870
Risk expenses	2,038,971	1,926,700
Account opening commision through agent bankinng	6,737,600	1,729,361
Data info service charge	1,235,371	1,188,822
Electronics & fittings item	14,227,806	4,817,260
Honorarium	2,456,000	275,000
	<b>558,534,319</b>	<b>544,375,467</b>



## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>34.A. Consolidated Other expenses</b>		
Al-Arafah Islami Bank Ltd.	558,534,319	544,375,467
AIBL Capital Market Services Ltd.	36,965,767	35,856,932
AIBL Capital Management Ltd.	1,823,190	1,116,060
Millennium information solution Ltd.	-	9,954,496
	<b>597,323,276</b>	<b>591,302,955</b>
<b>35. Provision against Investments &amp; Off-Balance sheet exposures</b>		
On Classified Investment as per Bangladesh Bank Circular	2,465,233,089	1,863,009,667
On Un-classified Investment as per Bangladesh Bank Circular	266,277,000	167,960,000
On Off-balance sheet as per Bangladesh Bank Circular	88,700,000	119,381,000
	<b>2,820,210,089</b>	<b>2,150,350,667</b>
<b>35.A. Provision against Investments &amp; Off-Balance sheet exposures</b>		
Al-Arafah Islami Bank Ltd.	2,820,210,089	2,150,350,667
AIBL Capital Market Services Ltd.	25,607,078	50,205,759
AIBL Capital Management Ltd.	-	(26,451,089)
	<b>2,845,817,167</b>	<b>2,174,105,337</b>
<b>36. Paid for other operating activities</b>		
Directors' fees & expenses	11,442,877	10,335,030
Shariah Supervisory Committee's fees & expenses	860,014	620,660
Rent, taxes, insurance and lighting etc.	726,444,943	654,350,186
Postage, telegram, telephone and stamp etc.	77,665,294	65,234,290
Legal charges	9,442,428	15,472,553
Auditors' fee	1,656,000	1,512,250
Repairs to the bank's properties	78,573,610	84,381,958
Other expenses	558,534,319	544,375,467
	<b>(1,464,619,486)</b>	<b>(1,376,282,394)</b>
<b>36.A. Paid for other operating Activities</b>		
Al-Arafah Islami Bank Ltd.	(1,464,619,485)	(1,376,282,394)
Inter company Adjustment	(63,017,771)	(77,469,652)
	<b>(1,527,637,256)</b>	<b>(1,453,752,046)</b>
<b>37. Increase/Decrease of other assets (item-wise)</b>		
Master card Settlement Account	(9,956,038)	109,089,021
Suspense Account	39,624,506	(8,500,162)
Adjustment a/c debit balance	-	-
Stock of Stationery	7,799,648	936,872
Stamp in hand	2,710,883	(880,041)
Advance Deposit	63,000	147,600
Advance Rent	54,386,266	18,950,925
Capital Work In Progress	-	(931,108,305)
Master card	128,867,841	-
Investment for Subsidiary Companies	(150,000,000)	-
Protested Bills	-	(800,000)
Prepaid Expenditure	(280,408)	(914,146)
Balance with cmsl for portfolio account	(53,104,273)	(46,708,683)
Clearing adjustment	113,364,212	(80,508,138)
Dividend Receivable	-	(23,003,644)
	<b>(133,475,637)</b>	<b>963,298,701</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>37.A Increase/Decrease of other assets (item-wise)</b>		
Al-Arafah Islami Bank Ltd.	(133,475,637)	963,298,701
Inter company Adjustment	126,457,618	70,129,093
	<b>(7,018,018)</b>	<b>1,033,427,795</b>
<b>38. Increase/Decrease of Trading liabilities (item-wise)</b>		
Provision for unclassified investment	-	-
Provision for classified investment	-	-
Provision for Gratuity	-	-
Provision for Outstanding expense	-	-
Provision for taxation	-	-
Provision for Others	-	-
Branches Adjustment A/C	-	-
Hajj foundation	-	(69,000)
Provident fund	269,754,319	5,616,980
Social security b. Fund	(7,274,586)	(398,241)
Adjustment a/c credit balance	3,602,236	3,552,060
Clearing adjustment	-	(80,000)
Interest income	-	-
Cib collection charge	-	-
Cash waqf (staff)	-	-
Parking account	176,015	22,586
F.c. held against bb l/c	202,709,120	-
Electronic govt procurement	(4,375,858)	5,744,823
Bangladesh bank usd (edf)	-	-
Profit rent suspense	(57,478,705)	160,089,774
Compensation receivable	451,990,936	(28,018,431)
Mastercard Settlement Account	(145,922,705)	205,218,297
	<b>713,180,812</b>	<b>351,678,848</b>
<b>38.A Increase/Decrease of Trading liabilities (item-wise)</b>		
Al-Arafah Islami Bank Ltd.	713,180,812	351,678,848
Inter company Adjustment	(700,646,629)	(1,126,366,676)
	<b>12,534,184</b>	<b>(774,687,828)</b>
<b>39. Cash and Cash Equivalent at the end of the year</b>		
Cash in hand	3,052,689,648	2,605,382,213
Balance with Bangladesh Bank & Sonali Bank Ltd.	27,705,400,947	23,104,623,105
Balance with Other Banks	11,593,615,385	10,308,959,502
Bangladesh Government Islamic Investment Bond	14,500,000,000	11,000,000,000
	<b>56,851,705,980</b>	<b>47,018,964,820</b>

## Notes to the Financial Statements

As at December 31, 2019

	2019	2018
	Taka	Taka
<b>39.A Cash and Cash Equivalent at the end of the year</b>		
Al-Arafah Islami Bank Ltd.	56,851,705,980	47,018,964,820
AIBL Capital Market Services Ltd.	6,982	9,052
AIBL Capital Management Ltd.	10,587,946	10,757,261
Millennium information solution Ltd.	-	347,778
	<b>56,862,300,908</b>	<b>47,030,078,911</b>
<b>40. Calculation of Earning Per Share (EPS)</b>		
The earning per share of the bank has been calculated in accordance with BAS-33 under basic Earning per share method as follows:		
<b>Earnings Per Share (EPS)</b>		
Basic earning ( net profit after tax ) for the year	2,413,569,900	2,406,521,023
Number of ordiner shares outstanding as of the reportng date	1,064,902,185	1,064,902,185
Earning per Share	<b>2.27</b>	<b>2.26</b>
<b>40.A Consolidated Earnings Per Share (CEPS)</b>		
Net profit after tax	2,423,824,148	2,449,882,975
Number of ordiner shares outstanding as of the reportng date	1,064,902,185	1,064,902,185
Consolidated earnings per share as per share	<b>2.28</b>	<b>2.30</b>
<b>41 Reconciliation of Operating Cash flow:</b>		
Profit before provision & tax (A)	7,801,774,582	6,211,538,188
Adjustment of Non-Cash Items (B):		
Depreciation	497,983,810	390,098,411
Net loss/(gain) on sale of fixed assets	(276,991)	(5,242,673)
Foreign Exchange gain/ loss	(34,975,790)	(71,276,537)
Total Non-Cash Items (B)	462,731,029	313,579,201
Adjustment of accrued income /expenses (C) :		
(increase)/decrease of profit income receivable on investment	1,703,795,355	1,127,867,843
Increase/(decrease) of profit payable on deposits	(761,516,619)	(871,189,002)
Increase/(decrease) of accrued expenses payable	1,133,237	1,229,162
Total adjustment of accrued income/expenses (C)	943,411,973	<b>257,908,003</b>
Income tax payment (D)	(2,011,678,861)	(1,975,685,032)
Cash flows before changes in operating assets and liabilities (A+B+C+D)	<b>7,196,238,723</b>	<b>4,807,340,360</b>

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

The Board of Directors in its 348th meeting held on 28 June, 2020 has approved the audited financial statements for the year ended 31 December 2019. The Board has also recommended 13% cash dividend for the year ended 31 December 2019 subject to approval of the shareholders at the 25th Annual General Meeting (AGM).

## Consolidated Schedule of Fixed Assets as at December 31, 2019

Annexure - A.I

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31-12-19	
		Balance at 1st January 2019	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2019	Charge for the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2019		
<b>A. Fixed Assets</b>											
1	Land	389,802,442	-	-	-	389,802,442	-	-	-	-	389,802,442
2	Building	1,212,396,406	-	8,919,925	-	1,221,316,331	94,679,906	30,644,904	-	125,324,810	1,095,991,521
3	Furniture & Fixture (Wood)	810,990,562	-	114,560,439	102,841	925,448,160	206,733,725	81,297,015	102,841	287,927,898	637,520,262
4	Furniture & Fixture (Steel)	114,327,289	-	8,844,543	20,000	123,151,832	65,261,144	9,100,897	20,000	74,342,041	48,809,791
5	Computer	257,455,059	-	47,142,200	-	304,597,259	205,752,199	23,627,288	-	229,379,488	75,217,771
6	Computer Accessories	91,136,980	-	22,762,965	-	113,899,945	57,169,486	15,109,786	-	72,279,272	41,620,673
7	Motor Car	192,576,530	-	24,902,263	-	217,478,793	128,075,940	24,629,862	-	152,705,802	64,772,991
8	Machine Equipment & Appliance	1,109,639,218	-	94,525,488	1,619,000	1,202,545,706	591,464,962	155,431,695	1,619,000	745,277,657	457,268,049
9	Books & Library	9,158,557	-	79,600	3,600	9,234,557	8,786,505	113,999	3,600	8,896,904	337,653
10	Online Hardware	630,981,500	-	118,196,757	-	749,178,257	306,692,571	103,691,581	-	410,384,152	338,794,105
11	Interior Decoration	189,637,767	-	1,057,031	80,500	190,614,298	126,762,246	16,183,875	73,000	142,873,121	47,741,177
	<b>Sub-Total</b>	<b>5,008,102,309</b>	<b>-</b>	<b>440,991,211</b>	<b>1,825,941</b>	<b>5,447,267,580</b>	<b>1,791,378,684</b>	<b>459,830,901</b>	<b>1,818,441</b>	<b>2,249,391,144</b>	<b>3,197,876,436</b>
<b>B. Intangible Assets</b>											
12	Online Software	298,398,612	-	95,880,841	-	394,279,453	172,809,450	44,967,698	-	217,777,148	176,502,305
	<b>Sub-Total</b>	<b>298,398,612</b>	<b>-</b>	<b>95,880,841</b>	<b>-</b>	<b>394,279,453</b>	<b>172,809,450</b>	<b>44,967,698</b>	<b>-</b>	<b>217,777,148</b>	<b>176,502,305</b>
<b>C. Revaluation of Property, Plant &amp; Equipment</b>											
13	Land	977,548,248	-	-	-	977,548,248	-	-	-	-	977,548,248
	<b>Sub-Total</b>	<b>977,548,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>977,548,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>977,548,248</b>
	<b>December 31, 2019</b>	<b>6,284,049,170</b>	<b>-</b>	<b>536,872,052</b>	<b>1,825,941</b>	<b>6,819,095,281</b>	<b>1,964,188,134</b>	<b>504,798,599</b>	<b>1,818,441</b>	<b>2,467,168,292</b>	<b>4,351,926,988</b>
	<b>December 31, 2018</b>	<b>4,802,106,457</b>	<b>-</b>	<b>1,688,459,654</b>	<b>20,612,876</b>	<b>6,469,953,235</b>	<b>1,592,604,601</b>	<b>399,079,105</b>	<b>16,339,643</b>	<b>1,975,344,063</b>	<b>4,494,609,172</b>

## Schedule of Fixed Assets as at December 31, 2019

Annexure - A.I

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31-12-19	
		Balance at 1st January 2019	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2019	Charge for the year	Transfer/ Disposal during the year	Balance at 31st Dec. 2019		
<b>A. Fixed Assets</b>											
1	Land	389,802,442	-	-	-	389,802,442	-	-	-	-	389,802,442
2	Building	1,212,396,406	-	8,919,925	-	1,221,316,331	94,679,906	30,644,904	-	125,324,810	1,095,991,521
3	Furniture & Fixture (Wood)	807,729,544	-	114,560,439	102,841	922,187,142	204,736,416	80,970,913	102,841	285,604,487	636,582,655
4	Furniture & Fixture (Steel)	113,853,147	-	8,844,543	20,000	122,677,690	65,344,086	9,055,757	20,000	74,379,842	48,297,847
5	Computer	250,767,362	-	47,142,200	-	297,909,562	199,891,172	23,558,142	-	223,449,315	74,460,247
6	Computer Accessories	91,835,680	-	22,762,965	-	114,598,645	57,075,281	15,093,287	-	72,168,568	42,430,077
7	Motor Car	174,513,591	-	24,902,263	-	199,415,854	114,708,258	21,017,274	-	135,725,532	63,690,322
8	Machine Equipment & Appliance	1,098,948,264	-	93,732,488	1,619,000	1,191,061,752	581,189,411	154,305,425	1,619,000	733,875,836	457,185,916
9	Books & Library	9,158,557	-	79,600	3,600	9,234,557	8,772,980	113,999	3,600	8,883,379	351,178
10	Online Hardware	628,034,616	-	118,196,757	-	746,231,373	303,500,910	103,691,581	-	407,192,491	339,038,882
11	Interior Decoration	174,382,875	-	45,660	80,500	174,348,035	118,931,389	14,658,386	73,000	133,516,774	40,831,261
	<b>Sub-Total</b>	<b>4,951,422,484</b>	<b>-</b>	<b>439,186,840</b>	<b>1,825,941</b>	<b>5,388,783,383</b>	<b>1,748,829,808</b>	<b>453,109,667</b>	<b>1,818,441</b>	<b>2,200,121,034</b>	<b>3,188,662,348</b>
<b>B. Intangible Assets</b>											
12	Online Software	296,297,744	-	95,880,841	-	392,178,585	170,582,885	44,874,143	-	215,457,028	176,721,558
	<b>Sub-Total</b>	<b>296,297,744</b>	<b>-</b>	<b>95,880,841</b>	<b>-</b>	<b>392,178,585</b>	<b>170,582,885</b>	<b>44,874,143</b>	<b>-</b>	<b>215,457,028</b>	<b>176,721,558</b>
<b>C. Revaluation of Property, Plant &amp; Equipment</b>											
13	Land	977,548,248	-	-	-	977,548,248	-	-	-	-	977,548,248
	<b>Sub-Total</b>	<b>977,548,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>977,548,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>977,548,248</b>
	<b>December 31, 2019</b>	<b>6,225,268,476</b>	<b>-</b>	<b>535,067,681</b>	<b>1,825,941</b>	<b>6,758,510,216</b>	<b>1,919,412,693</b>	<b>497,983,810</b>	<b>1,818,441</b>	<b>2,415,578,062</b>	<b>4,342,932,155</b>
	<b>December 31, 2018</b>	<b>4,584,384,812</b>	<b>-</b>	<b>1,661,213,310</b>	<b>20,329,646</b>	<b>6,225,268,476</b>	<b>1,545,432,198</b>	<b>390,098,411</b>	<b>16,117,916</b>	<b>1,919,412,693</b>	<b>4,305,855,783</b>

## Investment in Shares & Securities

Stock at hand as on 31-12-2019

SL No.	Name of Company	No. of Share	Amount (at cost)	Market rate	Market Amount
1	ICBAMCL2nd	285667	2,312,015	7.70	2,199,636
2	DOREEENPW	213048	14,640,469	58.90	12,548,527
3	SHASHADNIM	2170	97,556	24.70	56,267
4	MEGNACEM	3525	0	63.40	223,485
5	KDSAL LTD	161731	6,699,441	39.10	6,323,682
6	SINOBANGLA	236000	31,756,505	83.60	31,433,600
7	ITC	587771	26,160,937	33.90	19,925,437
8	YPL	300006	4,567,429	12.00	3,780,072
9	INTECH	322151	9,061,878	13.30	4,317,858
10	PRIMETEX	558070	20,878,645	23.10	12,891,417
<b>Total</b>		<b>2,670,139</b>	<b>116,174,876</b>		<b>93,699,981</b>

## Off-shore Banking Unit (OBU) Balance Sheet As at December 31, 2019

	Notes	2019		2018	
		USD	Taka	USD	Taka
<b>PROPERTY AND ASSETS</b>					
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		597,788	50,752,168	737,735	61,895,925
Outside Bangladesh		-	-	-	-
		597,788	50,752,168	737,735	61,895,925
Placement with Banks & Other Financial institutions	4	10,190,339	865,159,742	12,635,952	1,060,156,336
Investment in Share & Securities					
Government		-	-	-	-
Others		-	-	-	-
Investments					
General Investments etc.		-	-	-	-
Bills purchased and discounted		107,700,695	9,143,788,972	78,915,551	6,621,014,721
		107,700,695	9,143,788,972	78,915,551	6,621,014,721
Fixed assets including Premises		-	-	-	-
Other Assets		-	-	-	-
Non-Banking Assets		-	-	-	-
<b>Total Assets</b>		<b>118,488,821</b>	<b>10,059,700,882</b>	<b>92,289,237</b>	<b>7,743,066,982</b>
<b>LIABILITIES AND CAPITAL</b>					
Liabilities					
Placement from Banks & Other Financial institutions	5	117,891,093	10,008,953,835	91,551,587	7,681,178,123
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)		-	-	-	-
<b>Total Liabilities</b>		<b>117,891,093</b>	<b>10,008,953,835</b>	<b>91,551,587</b>	<b>7,681,178,123</b>
Capital/Share Holders Equity					
Paid up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Foreign Currency Transaction gain/(Loss)		-	-	-	-
Other Reserve		-	-	-	-
Retained Earnings		597,727	50,747,047	737,650	61,888,858
<b>Total Share holders equity</b>		<b>597,727</b>	<b>50,747,047</b>	<b>737,650</b>	<b>61,888,858</b>
<b>Total Liability and Share holders equity</b>		<b>118,488,821</b>	<b>10,059,700,882</b>	<b>92,289,237</b>	<b>7,743,066,982</b>

## Off-shore Banking Unit (OBU) Balance Sheet As at December 31, 2019

Notes	2019		2018	
	USD	Taka	USD	Taka
<b>OFF BALANCE SHEET ITEMS</b>				
Contingent Liabilities				
Acceptance and endorsement	-	-	-	-
Letters of Guarantee	-	-	-	-
Letters of Credit	-	-	-	-
Bills for Collection	-	-	-	-
Other Contingent Liabilities	-	-	-	-
<b>Total</b>	-	-	-	-
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	-	-	-	-
<b>Total off Balance sheet items including Contingent liabilities</b>	-	-	-	-



## Off-shore Banking Unit (OBU) Profit & Loss Accounts As at December 31, 2019

	Notes	2019		2018	
		USD	Taka	USD	Taka
Investment Income		5,975,182	507,292,917	7,413,908	622,026,876
Profit paid on deposits & Borrowing	7	(5,377,454)	(456,545,870)	(6,672,258)	(559,802,417)
Net Investment Income		597,727	50,747,047	741,650	62,224,458
Income from Investment in Shares /Securities		-	-	-	-
Commission, Exchange and Brokerage		-	-	-	-
Other Operating Income		-	-	-	-
		-	-	-	-
Total operating income		597,727	50,747,047	741,650	62,224,458
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
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
Profit/(Loss) before Tax & provision		597,727	50,747,047	737,650	61,888,858
Provision against Investments & Contingent Liabilities		-	-	-	-
Provision for diminution in value of investment		-	-	-	-
Other Provision		-	-	-	-
Total provision		-	-	-	-
Profit/(Loss) before Tax		597,727	50,747,047	737,650	61,888,858
Current tax		-	-	-	-
Deferred tax		-	-	-	-
Provision for Taxation		-	-	-	-
Net Profit/(Loss) after tax		597,727	50,747,047	737,650	61,888,858
Appropriation					
Statutory Reserve		-	-	-	-
General Reserve		-	-	-	-
		-	-	-	-
Retained Earnings		597,727	50,747,047	737,650	61,888,858
Earning per Ordinary share (EPS)					

## Off-shore Banking Unit (OBU) Cash Flow Statement

For the Year ended December 31, 2019

Notes	2019		2018	
	USD	Taka	USD	Taka
Cash flows from operating activities				
Investment income receipt in Cash	5,975,182	507,292,917	7,413,908	622,026,876
Profit paid on deposits	(5,377,454)	(456,545,870)	(6,672,258)	(559,802,417)
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)
Advance income tax paid	-	-	-	-
Operating profit before changes in operating assets and liabilities	597,727	50,747,047	737,650	61,888,858
Changing in Operating assets & liabilities				
Increase/Decrease of trading securities	(10,190,339)	(865,159,742)	(12,635,952)	(1,060,156,336)
Increase/Decrease of investment and advances to other banks	117,891,093	10,008,953,835	91,551,587	7,681,178,123
Increase/Decrease of Investment and advances to customers (other than Banks)	(107,700,695)	(9,143,788,972)	(78,915,551)	(6,621,014,721)
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	60	5,121	84	7,067
A. Net Cash from operating activities	597,788	50,752,176	737,735	61,895,933
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)	597,788	50,752,176	737,735	61,895,933
E. Effects of exchange rate changes on cash and cash-equivalents	-	-	-	-
F. Net increase in cash and cash equivalent (D+E)	597,788	50,752,176	737,735	61,895,933
G. Cash & Cash Equivalents at the beginning of the year	0	0	0	0
H. Cash & Cash Equivalents at the end of the year	597,788	50,752,176	737,735	61,895,933

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

For the year ended 31 December, 2019

## 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 84.90 closing rate as at 31 December 2019.

#### 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, 2019

Name of the Bank	Name of the AD Branch	2019		2018	
		USD	Taka	USD	Taka
Al-Arafah Islami Bank Ltd.	Motijheel Branch	533,236	45,271,731	962,452.04	80749726.16
Al-Arafah Islami Bank Ltd.	Dilkusha Branch	5,168,989	438,847,169	6,759,656.00	567135138.4
Al-Arafah Islami Bank Ltd.	Motijheel Cor. Branch	0	0	1,286,284.78	107919293
Al-Arafah Islami Bank Ltd.	Gulshan Branch.	2,014,198	171,005,420	2,684,805.00	225255139.5
Al-Arafah Islami Bank Ltd.	Head Office Cor. Branch	1,329,822	112,901,892	942,753.74	79097038.79
Al-Arafah Islami Bank Ltd.	VIP Road Branch	1,144,093	97,133,530		
		10,190,339	865,159,742	12,635,951.56	1060156336

### 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	2019		2018	
	USD	TK	USD	TK
In Bangladesh				
Al-Arafah Islami Bank Ltd.	56,782,880	4,820,866,515	46,472,976	3,899,082,669
Other OBU	3,000,000	254,700,000.00		
Outside Bangladesh	58,108,213	4,933,387,319	45,078,611	3,782,095,455

### 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

	2019		2018	
	USD	TK	USD	TK
AIBL Treasury Division	5078695	431181223	6301562	528701073
AIBL AD Branches	298759	25364645	370695	31101344
	5377454	456545868	6672257	559802417

### 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 1<sup>st</sup> January 2019 to December 31, 2019.

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

For the year ended 31 December, 2019

	2019		2018	
	USD	Taka	USD	Taka
<b>Cash</b>				
a) Cash in hand				
In local currency	-	-	-	-
In Foreign currency	-	-	-	-
b) Balance with Bangladesh Bank				
In local currency				
In Foreign currency	-	-	-	-
c) Balance with Sonali Bank Ltd.				
In local currency				
In Foreign currency	-	-	-	-
<b>Balance with other Banks and Financial Institutions</b>				
In Bangladesh:	597,788	50,752,168	737,735	61,895,925
Outside Bangladesh				
	<b>597,788</b>	<b>50,752,168</b>	<b>737,735</b>	<b>61,895,925</b>
<b>Placement with Banks &amp; Other Financial institutions</b>	<b>10,190,339</b>	<b>865,159,742</b>	<b>12,635,951.56</b>	<b>1,060,156,336</b>
<b>Investments in Share &amp; Securities</b>				
Government Securities				
Bangladesh Govt. Islami Bond Fund				
Investment In Islamic Refinance Fund	-	-	-	-
In shares (quoted and unquoted)	-	-	-	-
Quoted	-	-	-	-
Private (8.b)	-	-	-	-
Unquoted	-	-	-	-
<b>Investments</b>				
a) <b>General Investment</b>				
i. in Bangladesh				
Murabaha Investment	-	-	-	-
Bai-Muazzal Investment	-	-	-	-
Hire Purchase Investment	-	-	-	-
Quard	-	-	-	-
Other Investment	-	-	-	-
ii. Out side Bangladesh				
b) Bill Purchased & Discounted				
Payable in Bangladesh				
Payable out side Bangladesh	107,700,695	9,143,788,972	78,915,551	6,621,014,721
	<b>107,700,695</b>	<b>9,143,788,972</b>	<b>78,915,551</b>	<b>6,621,014,721</b>
<b>Fixed Assets</b>				
<b>Tangible Assets</b>				
Land	-	-	-	-
Building	-	-	-	-
Furniture (Wood)	-	-	-	-
Furniture (Steel)	-	-	-	-
Computer	-	-	-	-
Computer (Accessories)	-	-	-	-
Motor Car	-	-	-	-
Machine equipment & appliance	-	-	-	-
Online Hardware	-	-	-	-
Interior Decoration	-	-	-	-
Books & Library	-	-	-	-

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

For the year ended 31 December, 2019

	2019		2018	
	USD	Taka	USD	Taka
<b>Intangible Assets</b>				
Online Software				
Total	-	-	-	-
Less Accumulated Depreciation				
	-	-	-	-
<b>Other Assets</b>				
<b>Placement from Banks &amp; Other financial Institutions</b>				
Parent Bank	56,782,880	4,820,866,515	46,472,976	3,899,082,669
Out Side Bangladesh	58,108,213	4,933,387,319	45,078,611	3,782,095,455
Other OBU	3,000,000	254,700,000		
	<b>117,891,093</b>	<b>10,008,953,835</b>	<b>91,551,587</b>	<b>7,681,178,123</b>
<b>Deposit and Other Accounts</b>				
Mudaraba Savings Deposits	-	-	-	-
Mudaraba Term Deposits	-	-	-	-
Other Mudaraba Deposits	-	-	-	-
Al-Wadia Current Accounts and Others Accounts etc	-	-	-	-
Bills Payable	-	-	-	-
<b>Other Liabilities</b>				
a) <b>Authorised Capital</b>				
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 )				
<b>Statutory Reserve</b>				
Opening balance beginning of the year				
Add. Reserve @ 20% (on pre-tax profit)				
Balance at the end of the year.				
<b>Other Reserve</b>				
Asset revaluation Reserve				
<b>Retained Earnings</b>				
Opening balance beginning of 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)
Add: Profit during the year	597,727	50,747,047	737,650	61,888,858
Less : transfer to Parent bank				
	<b>597,727</b>	<b>50,747,047</b>	<b>737,650</b>	<b>61,888,858</b>
<b>Investment Income</b>	<b>5,975,181.59</b>	<b>507,292,916.99</b>	<b>7,413,908</b>	<b>622,026,876</b>
<b>Profit paid on Deposits &amp; Borrowing</b>	<b>(5,377,454.30)</b>	<b>(456,545,870.07)</b>	<b>(6,672,258)</b>	<b>(559,802,417)</b>
<b>Income from Investment in Share /Securities</b>				
<b>Commission, Exchange &amp; Brokerage Income</b>				
Commission				
Exchange				
Brokerage commision				
<b>Other Operating Income</b>				
<b>Salaries, Allowances &amp; Contribution to P.F</b>				
<b>Director &amp; Sharia Council Fees &amp; Expenses</b>				
i. Directors fees for attending Board/executive Committee/other committee meeting				
ii. TA/DA/ Hotel fare & Foreign Directors				
iii. Others				
<b>Sharia Supervisory Committee's Fees &amp; Expenses</b>				
i. Sharia fees for attending meeting				
ii. TA/DA/ Hotel fare & Foreign Directors				
iii. Others				

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

For the year ended 31 December, 2019

	2019		2018	
	USD	Taka	USD	Taka
<b>Rent, Taxes, Insurance &amp; Lighting</b>				
Rent Office				
Lighting & Electricity				
Insurance				
<b>Postage, Telegram, Telephone &amp; Stamp</b>				
Stamp and Catridge paper				
Postage				
Fax Charges				
Telephone (Office)				
Telephone (Residence)				
Telephone (Mobile)				
SWIFT Charge			4,000	335,600
Internet Charges				
Online Charge				
	-	-	4,000	335,600
<b>Depreciation Repairs to the Bank's property</b>				
<b>Repairs to the Bank's property</b>				
R.R. Furniture & Fixture (Wooden)				
R.R. Furniture & Fixture (Steel)				
R.R. Computer				
Maint. of Motor Car and other Vehicle				
R.R. Machine equipment & appliances				
Maintenance of Land & Building				
Maintenance of Rented Premises				
R.R. Computer Accessories				
R.R. Others				
Software Maintenance Fee				
Hardware Maintenance Fee				
<b>Depreciation to the Bank's property</b>				
Depr. Furniture (Wood)				
Depr. Furniture (Steel)				
Depr. Computer				
Depr. Motor Car				
Depr. Machine equip & Appliance				
Depr. Books & Library				
Depr. Land & Building				
Depr. Online Hardware				
Depr. Online Software				
Depr. Computer Accessories				
Depr. Interior Decoration				
<b>Stationary, Printing &amp; Advertisement</b>				
Printing & Stationery				
Paper & Table Stationery				
Advertisement & Publicity Expenses				
<b>Other expenses</b>				
<b>Cash and Cash Equivalent at the end of the year</b>				
Cash in hand				
Balance with Bangladesh Bank & Sonali Bank Ltd.				
Balance with Parent Banks	597,788	50,752,168	737,735	61,895,925
Bangladesh Government Islamic Investment Bond				
	<b>597,788</b>	<b>50,752,168</b>	<b>737,735</b>	<b>61,895,925</b>

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

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

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



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

## Related Party Disclosure

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

a.

SL	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/interest in the concerned	Remarks
1	2	3	4	5	6
1	Alhaji Abdus Samad S.Alam Bhaban, 57-C, Sugandha R/A Chottogram	Chairman	<b>Director:</b> a. AIBL Capital Market Services Ltd. b. AIBL Capital Management Ltd. c. Millennium Information Solution Limited <b>Proprietor :</b> d. Samad Trading Agency	0.50% -- 2.00% 100%	
2	Al-haji Abdus Salam Mir Ahmed Building 234, Khatungong, Chittagong.	Vice- Chairman	<b>Managing Director:</b> a. Mir CNG & Filling Station b. Mir Pulp & Paper industries Ltd. c. Mir Filling Station Ltd. <b>Director:</b> d. Karnafully Filling Stations e. AIBL Capital Market Services Ltd. <b>CEO:</b> f. M/S Hajee Mir Ahmed Sowdagar <b>Proprietor:</b> g. M/S M.A Salam & Co h. Mir Bonaspati Products i. Mir Food & Beverage Industries	40.00% 25.00% 100.00% 15.00% 1.50% 30.00% 100.00% 100.00% 100.00%	
3	Hafez Alhaji Md. Enayet Ullah 2, MukimKatra, Moulvi Bazar, Dhaka.	Director	<b>Active Owner:</b> a. M/S Hadyet & Brothers	100.00%	
4	Alhaji Salim Rahman 255, Nasirabad I/A, Chittagong	Director	<b>Chairman</b> a) KYCR Coil Ind. Ltd. b) KDS Textile Mills Ltd. c) SKYS Securities Ltd. <b>Managing Director</b> d) KDS Accessories Ltd. e) KDS Garments Ind. Ltd. f) KDS Apparels Ltd. g) KDS Fashions Ltd. h) KDS IDR Ltd. i) KDS Cotton PolyThread Ind. Ltd. j. KDS Poly Ind. Ltd. k. KDS Steel Accessories Ltd. l. KDS Logistics Ltd. <b>Director</b> m. Millennium Information Solution Limited <b>Representative Director</b> n. AIBL Capital Market Services Ltd. <b>Shareholders</b> o .Eastern Bank Ltd. p. Pragati Insurance Ltd. q. Pragati Life Insurance Ltd.	13.82% 0.67% 3.61% 14.09% 49.85% 50.12% 1.71% 45.00% 10.00% 21.00% 50.00% 0.07% 5.00% -- 0.33% 1.12% 2.13%	
5	Alhaji Md. Liakat Ali Chowdhury As-Salam Tower (9th Floor), 57, Agrabad C/A, Chattogram.	Director	<b>Managing Partner:</b> a. Asadi steel Enterprise b. Jamuna Ship Breakers <b>Managing Director:</b> c. Bangladesh Ship Breaking Ltd. d. L & M Builders (Pvt) Ltd. <b>Proprietor</b> e. Regal Oxygen <b>Vice Chairman</b> f. AIBL Capital Market Services Ltd.	90.00% 83.34% 90.00% 25.00% 100.00% 0.25%	
6	Md. Amir Uddin PPM A 11 Nasreen Villa, 08 Baily Road, Dhaka	Independent Director	a. AIBL Capital Market Services Ltd. b. AIBL Capital Management Ltd.	-- --	

SL	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/interest in the concerned	Remarks
1	2	3	4	5	6
7	Al-hajj Nazmul Ahsan Khaled 760, Satmasjid Road, Dhanmondi R/A, Dhaka	Director	<b>Managing Director :</b> a. Moonlight Garments Ltd. b. Ehsan Garments Ltd. c. Khaled Shipping Lines Ltd. d. Engineers Enterprise Ltd. e. Nourish Poultry & Hatchery Ltd. f. Nourish Agro Ltd. g. Telnet Communication Ltd. h. Nourish Grand Parents Ltd. i. Nourish Feeds Ltd. j. Nourish Fisheries Ltd. k. Nourish Foods Ltd. l. Agrow Breeders Ltd. m. Agrow Layers Ltd. n. Artisan Enterprise Ltd. o. Ehsan Packaging & Printing Ind. Ltd. p. Aquafarm Shrimp Ltd. q. Executive Travel Solutions Ltd r. Agrow Fruits & Vegetables Ltd. <b>Director :</b> s. Mohammadi Navigation Ltd. t. AIBL Capital Market Services Ltd.	20.00% 10.00% 30.00% 20.00% 25.00% 20.00% 40.00% 20.00% 25.00% 30.00% 20.00% 20.00% 25.00% 16.67% 20.00% 20.00% 20.00%	
8	Alhajj Abdul Malek Mollah House-12-14, Road-6, Block-E, Niketon, Gulshan-1, Dhaka	Director	<b>Managing Director :</b> a. The Mollah Trading Ltd. <b>Shareholder:</b> b. AIBL Capital Market Services Ltd.	15.00% 0.50%	
9	China Builders & machineries Ltd. (Represented by Alhajj Md. Harun-ar-Rashid Khan House-19/A, Road-18, Banani, Dhaka	Director	<u>Nil</u>		
10	Alhajj Md. Anwar Hossain House # 6, Road # 1, Dhanmondi, Dhaka-1205.	Director	<b>Managing Director</b> a. Tania Textiles Ltd. b. A. G. Textile Mills Ltd. c. Dubai Bangla L P Gas Ltd d. Ashik Shipping Lines Ltd. e. Dubai Bangladesh Cement Mills Ltd. f. Dubai Bangladesh Bag Factory Ltd. <b>Director</b> g. Islami Commercial Insurance Co. Ltd. h. Southeast University i. Anwar Hossain Secondary School j. Sultan Hossain Memorial Hospital	62.50% 54.00% 40.00% 60.00% 18.00% 80.00% 10.00% -- -- --	
11	Alhajj Badiur Rahman Priya Prangon, Building No. -A, Flat No: 0506, 2 Paribagh, Dhaka.	Director	<b>Proprietor:</b> a. M/S Ocean link Services <b>Director :</b> b. Central Hospital Ltd. c. Human Resources Dev Co. Ltd. d. AIBL Capital Market services ltd. <b>Chairman/Director :</b> e. Baidene Pvt. Ltd. f. Ocean Trade Ltd. <b>Director :</b> g. Millennium Information Solution Limited <b>CEO/Director</b> h. Ariel Maritime PTE Ltd.	100.00% 2.45% 2.00% 0.625% 16.16% 15.00% 5.00%	
12	Alhajj Engr. Kh. Mesbahuddin Ahmed House # 2-E, Road # 8, Sector # 7, Uttara Model Town, Dhaka.	Director	<b>Managing Director</b> a. M/S Aqua Consultant and Association Ltd. <b>Director :</b> b. Takaful Islami Insurance Ltd. c. Human Resources Development Co. Ltd ( HURDCO) d. Central Hospital Ltd. e. AIBL Capital Market services ltd. f. Millennium Information Solution Limited	47.00% 3.20% 5.00% 4.88% 1.75% 2.00%	

SL	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/interest in the concerned	Remarks
1	2	3	4	5	6
13	Alhaji Ahamedul Hoque M/s. A.H. Syndicate 16/1, Amir Market, Khatungonj, Chittagong.	Director	<b>Chairman :</b> a.AIBL Capital Management Services Ltd. <b>Proprietor:</b> b.M/S. A.H. Syndicate <b>Shareholder:</b> c.AIBL Capital Market Services Ltd.	-- 100.00% 0.25%	
14	Alhaji Abu Naser Mohammad yehea 232-234, Tejgoan Industrial Area, Dhaka-1208.	Director	<b>Managing Director:</b> a.Purbachal Steel Mills Ltd. b.Purbachal Exclusive Ltd. c. Purbachal Drillers Ltd. d. Beco Feed Ltd. <b>Director:</b> e.AIBL Capital Market Services Ltd. <b>Proprietor:</b> f. Purbachal Gas Filling g.Beco Electronics	99.82% 99.50% 50.00% 42.50% 4.50% 100.00% 100.00%	
15	Alhaji Niaz Ahmed House # 24, Road # 1, Block # i, Chairman Bari, Banani, Dhaka.	Director	<b>Chairman</b> a.Millennium Information Solution Limited <b>Managing Director:</b> b. Golden Oil Mills Ltd. c. Savoy Ice Cream Factory Ltd. <b>Director:</b> d. AIBL Capital Market Services Ltd. e. South East University f. Bangla Tel Limited g. BD Link Communication Limited h. Jibondhara Solution Limited <b>Proprietor:</b> i. Broadway Marketing Co. j. Golden Trading Co. k. Khaja Corporation	70.00% 77.00% 0.75% 10.00% 5.00% 10.00% 100.00% 100.00% 100.00%	
16	Alhaji Mohammed Emadur Rahman Kazi Castle, Islampur, Shaporan . Sylhet.	Director	<b>Director</b> a. Al Haramain Perfumes (Pvt) Co. Ltd. b. Millennium Information Solution Limited c. Al Haramain Hospital <b>Managing Director:</b> d. Rich & Ruitz Perfumes Trading L.L.C. e. Al Halal Perfumes Industry f. Hamidia Tea Company Limited <b>CEO:</b> g. 4 Corners Distribution UK Limited <b>Deputy Managing Director:</b> h. Al Haramain Perfumes Mgf.& Oudh Processing Ind. L.L.C. <b>Partner:</b> i. Al Haramain Trading LLC <b>Shareholder:</b> j. AIBL Capital Market Services Ltd.	40.00% 5.00% 40.00% 49.00% 24.00% 34.00% 50.00% -- 10.00% 0.75%	
17	Alhaji Badsha Meah 1025/C, Housing Society, Nasirabad, Chattogram.	Director	<b>Shareholder:</b> a. AIBL Capital Market Services Ltd.	1.75%	
18	Alhaji Mohammed Haroon 1025/B, Housing Society, Nasirabad, Chattogram.	Director	<b>Owner:</b> a. Rising Star Trading Est (U.A.E.) <b>Shareholder:</b> b. AIBL Capital Market Services Ltd.	100.00% 1.00%	
19	Khalid Rahim House No. 53 (Old: 276), Road No. 16 (Old:27), Dhanmondi R/A,	Independent Director	Nil	N/A	
20	M. Kamaluddin Chowdhury Flat no. 0015/C2, 14th Floor, Baily Heights, 2 Nawratan Colony, New Baily Road, Dhaka.	Independent Director	<b>Trustee</b> a. South-East University, Dhaka	--	
21	Farman R. Chowdhury ACME Concord, Flat # 3B, House # 10, Road # 121, Gulshan-1, Dhaka-1214.	Ex-Officio Director	Nil	N/A	

## Name of the Directors and their shareholdings in the year- 2019

SI	Name of Directors	Status	Ending position on 31/12/2019	Opening position on 01/01/2019	Remarks
1	Jb. Abdus Samad	Chairman	23965115 shares of Tk. 10/- each Tk. 239651150/-	23495211 shares of Tk. 10/- each Tk. 234952110/-	
2	Jb. Abdus Salam	Vice-Chairman	21598392 shares of Tk. 10/- each Tk. 215983920/-	21174895 shares of Tk. 10/- each Tk. 211748950/-	
3	Hafez Md. Enayetullah	Sponsor Director	21303874 shares of Tk. 10/- each Tk. 213038740/-	20886151 shares of Tk. 10/- each Tk. 208861510/-	
4	Jb. Salim Rahman	Director	21298982 shares of Tk. 10/- each Tk. 212989820/-	20881355 shares of Tk. 10/- each Tk. 208813550/-	
5	China Builders & Machineries Ltd. (Represented by Md. Harun-Ar-Rashid Khan)	Director	21376917 shares of Tk. 10/- each Tk. 213769170/-	-	
6	Jb. Md. Liakat Ali Chowdhury	Director	21304850 shares of Tk. 10/- each Tk. 213048500/-	20887108 shares of Tk. 10/- each Tk. 208871080/-	
7	Jb. Nazmul Ahsan Khaled	Sponsor Director	22812996 shares of Tk. 10/- each Tk. 228129960/-	22365683 shares of Tk. 10/- each Tk. 223656830/-	
8	Jb. Abdul Malek Mollah	Sponsor Director	21357454 shares of Tk. 10/- each Tk. 213574540/-	20938682 shares of Tk. 10/- each Tk. 209386820/-	
9	Jb. Md. Anowar Hossain	Sponsor Director	23578732 shares of Tk. 10/- each Tk. 235787320/-	23116404 shares of Tk. 10/- each Tk. 231164040/-	
10	Jb. Badiur Rahman	Sponsor Director	29704244 shares of Tk. 10/- each Tk. 297042440/-	29121809 shares of Tk. 10/- each Tk. 291218090/-	
11	Engr. Kh. Mesbahuddin Ahmed	Director	21299266 shares of Tk. 10/- each Tk. 212992660/-	20881634 shares of Tk. 10/- each Tk. 208816340/-	

## Name of the Directors and their shareholdings in the year- 2019

SI	Name of Directors	Status	Ending position on 31/12/2019	Opening position on 01/01/2019	Remarks
12	Jb. Ahamedul Haque	Director	21298448 shares of Tk. 10/- each Tk. 212984480/-	20880832 shares of Tk. 10/- each Tk. 208808320/-	
13	Jb. Abu Naser Mohammad Yeahea	Director	26300798 shares of Tk. 10/- each Tk. 263007980/-	25785097 shares of Tk. 10/- each Tk. 257850970/-	
14	Jb. Niaz Ahmed	Director	21407921 shares of Tk. 10/- each Tk. 214079210/-	20988159 shares of Tk. 10/- each Tk. 209881590/-	
15	Jb. Mohammed Eamadur Rahman	Director	21324314 shares of Tk. 10/- each Tk. 213243140/-	20906191 shares of Tk. 10/- each Tk. 209061910/-	
16	Jb. Badsha Meah	Sponsor Director	21298602 shares of Tk. 10/- each Tk. 212986020/-	20880983 shares of Tk. 10/- each Tk. 208809830/-	
17	Jb. Mohammed Haroon	Sponsor Director	21422224 shares of Tk. 10/- each Tk. 214222240/-	21002181 shares of Tk. 10/- each Tk. 210021810/-	
18	Jb. Md. Amir Uddin PPM	Independent Director	Nil	Nil	
19	Jb. Khalid Rahim	Independent Director	Nil	Nil	
20	Jb. M. Kamaluddin Chowdhury	Independent Director	Nil	Nil	
21	Jb. Farman R. Chowdhury	Ex. Officio Director	Nil	Nil	

# DISCLOSURES ON

## Risk Based Capital (Basel-III)

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, 2019 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	
<p>The name of the top corporate entity to which this framework applies</p>	<p>Al-ArafahIslami Bank Limited</p>
<p>An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group</p> <ul style="list-style-type: none"> <li>(i) that are fully consolidated;</li> <li>(i) that are given a deduction treatment; and</li> <li>(i) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted)</li> </ul>	<p>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.</p> <p>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</p> <p>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.</p> <p>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.</p> <p><b>Procedures</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p><b>Consolidation for regulatory purposes</b></p> <p>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.</p> <p>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.</p> <p><b>Off-Shore Banking Unit (OBU)</b></p> <p>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.</p>



	<p>Al-ArafahIslami Bank Limited has 3 (Three) subsidiaries viz.</p> <p>a. AIBL Capital Market Services Ltd. b. AIBL Capital Management Ltd. c. AIBL Asset Management Co. Ltd.</p> <p>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).</p> <p>A brief description of the Bank and its subsidiary are given below:</p> <p><b>a. AIBL Capital Market Services Limited</b> 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.</p> <p><b>b. AIBL Capital Management Limited</b> 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.</p> <p><b>c) AIBL Asset Management Co. Ltd.</b> 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.</p> <p><b>Millennium Information Solution Limited (MISL)</b> Millennium Information Solution Limited was a subsidiary of Al-Arafah Islami Bank Limited. This year Al-Arafah Islami Bank sold out it's 41% holdings shares to different parties. As a result the Millennium Information Solution Limited is not a subsidiary of Al-Arafah Islami Bank Limited this year. Hence, consolidated financial statements did not consider the financial statement of Millennium Information Solution Limited. Al-Arafah Islami Bank also reduce it's investment of the said subsidiary accordingly. So this investment in subsidiary has been reclassified as investment in share.</p>
c) Any restrictions, or other major impediments on transfer of funds or regulatory capital within the group.	Not Applicable
<b>b. Quantitative Disclosures</b>	
The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to and alternative method) included in the capital of the consolidated group.	Not Applicable

## 2) Capital structure:

<b>1. Qualitative Disclosures:</b>	
a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2	<p>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:</p> <p>1) Tier 1 Capital (going-concern capital): a) Common Equity Tier 1 b) Additional Tier 1</p> <p>2) Tier 2 Capital (gone-concern capital)</p>
	<p><b>Common Equity Tier 1 Capital:</b> It is called 'Core Capital' comprises of highest quality of capital elements consists of –</p> <ol style="list-style-type: none"> <li>I. Fully Paid-up Capital</li> <li>II. Statutory Reserve</li> <li>III. Non-Repayable Share Premium Account</li> <li>IV. General Reserve</li> <li>V. Retained Earnings</li> <li>VI. Minority Interest in Subsidiaries</li> <li>VII. Dividend Equalization Account</li> <li>VIII. Less: Regulatory adjustments applicable on CET1</li> </ol>

	<b>Additional Tier 1:</b> 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 specified in Annex-4 of Basel III Guidelines (For Consolidated Reporting) Less:Regulatory adjustments applicable on AT1		
	<b>Tier-2 Capital :</b> 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		
	<b>Compliance status of AIBLAs per condition for maintaining regulatory capital:</b>		
	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 CET1.	Complied

2. **Quantitative Disclosures:**

The amount of Regulatory Capital 2019 as follows:

(Figure In million)

1.Common Equity Tier-1(Going Concern Capital):	Solo Basis	Consolidated Basis
Fully Paid-up Capital	10,649.02	10,649.02
Statutory Reserve	9,379.99	9,379.99
Retained Earnings	1,429.84	1,531.42
Non Controlling Interest	-	1,649.16
Less: Deferred Tax Assets (DTA)	-	-
	21,458.85	23,209.59
Good will and other Insensible assets	(392.18)	(392.18)
<b>Total Common Equity Tier-1 Capital</b>	<b>21,066.67</b>	<b>22,817.41</b>
2. Tier-2 Capital :		-
General Provision	2935.77	2935.77
Subordinated debt	6,800.00	6,800.00
Revaluation Reserves for Securities up to 50%	469.31	469.31
Less: 100%of Revaluation Reserves for Fixed Assets, Securities & Equity Securities.60%	469.31	469.31
<b>Total Admissible Tier-2 Capital</b>	<b>9,735.77</b>	<b>9,735.77</b>
<b>Total eligible capital</b>	<b>30,802.44</b>	<b>32,553.18</b>

### 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	<p>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.</p> <p>For Credit Risk – Standardized Approach For Market Risk – Standardized Approach Operational Risk – Basic Indicator Approach</p> <p>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%.</p>

(Figure In million)

Quantitative Disclosures :		
Capital requirement under following Risk:	Solo Basis	Consolidated Basis
a) Capital requirement for Credit Risk	19,869.32	19,943.68
b) Capital requirement for Market Risk	413.83	440.39
c) Capital requirement for Operational Risk	1,902.26	1,948.89
d) Total Capital Requirement (a+b+c)	22,185.41	22,332.95
e) Capital to Risk –weighted Asset Ratio:	13.88%	14.58%
1. Common Equity Tier 1 (CET 1) Ratio	9.50%	10.22%
Tier 1 Capital Adequacy Ratio	9.50%	10.22%
Tier-2 Capital Adequacy Ratio	4.39%	4.36%
Capital to Risk-weighted Asset Ratio (CRAR)	13.88%	14.58%
f) Capital Conservation Buffer	3.50%	4.22%
Available Capital under Pillar 2 Requirement	8,617.04	10,220.24
Minimum Capital Requirement (MCR)	22,185.41	22,332.95

#### 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:

- |    |  |
|----|--|
| a) | 0.25% to 5% on different categories of unclassified loans. |
| b) | 1% on Off Balance sheet exposure.                          |

- c) 5% on the outstanding amount of loans kept in the 'Special Mention Account' after netting off the amount of Interest Suspense. For classification of loan, specific and general allowances the bank follows Master Circular-Loan Classification and Provisioning vide BRPD circular no. 06 dated June 14, 2012; and as advised by Bangladesh Bank from time to time. In addition to the above mentioned objective criteria, loans can be classified on the basis of subjective judgment taking into consideration the factors such as uncertainty or doubt of repayment, continuous loss of capital, adverse situation, decrease of value of securities, legal suit etc. However, Bangladesh Bank can classify any claim on the basis of their subjective judgment as well as can ask the Bank to buildup additional provision on non-performing loans.

#### Credit Risk Management Policy

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

#### 2) Quantitative Disclosures:

(Figure In million)

<b>a) Funded:</b>	
General Investment	
Murabaha Investment	83,514.21
Bai-Muazzal Investment	1,02,249.14
Hire Purchase Investment	88,118.98
Quard	315.92
Other Investment	3,929.96
<b>Sub Total</b>	<b>2,78,128.22</b>
Outside Bangladesh	-
	2,78,128.22
<b>Less: Unearned profit on Investment</b>	<b>9,349.64</b>
	<b>2,68,778.58</b>
<b>Bill Purchased &amp; Discounted</b>	
Payable in Bangladesh	12,267.68
Payable outside Bangladesh	2,201.31.36
<b>Sub Total</b>	<b>14,468.99</b>
<b>Total Funded:</b>	<b>2,83,247.57</b>
<b>b) Total Non- Funded:</b>	<b>80,399.07</b>
<b>c) Geographical distribution of exposures</b>	
<b>Region Based</b>	
Dhaka Region	2,03,139.26
Chittagong Region	35,414.35
Sylhet Region	4,031.62
Rajshahi Region	12,811.40
Khulna Region	14,424.17
Rangpur Region	2,133.99
Barisal Region	2,726.91
<b>Total</b>	<b>2,83,247.58</b>
<b>d) Country based funded</b>	
Domestic	2,83,247.58
Overseas	-
<b>e) Country based Non-funded</b>	<b>80,399.08</b>
Domestic	73,047.95
	80,399.08

Overseas	-
<b>f) Major Industry wise distribution of exposures</b>	
Agriculture, Fishing and Forestry	5,104.80
Industry	1,58,327.60
Construction	32,090.30
Water works & Sanitary Service	1,769.40
Transport & communication	20,096.54
Storage	1,500.40
Trade Finance	72,346.80
Miscellaneous	1,361.38
Total	2,92,597.22
Less Unearned Profit on Investment	9,349.64
Total	283,247.58
<b>g) Distribution of risk exposure by claims</b>	
a) Claims on sovereigns and central banks	27,705.40
b) Claims on PSE -	-
c) Claims on banks and securities firms	23,593.62
d) Claims on corporate	1,68,330.27
e) Claims included in the retail portfolio & small enterprises	65,270.41
f) Claims secured by residential property	8,345.20
g) Claims secured by commercial real estate	10,184.11
h) Consumer Investment	424.20
i) Off-balance sheet items	25,052.75
<b>h) Credit risk mitigation</b>	
Claims secured by financial collateral	956.40
Net exposure after the application of haircuts	1,394.95
Claims secured by eligible guarantee	-
<b>g) Residual contractual maturity breakdown of the whole portfolio</b>	
Repayable on demand	-
Up to 1 month	50,378.80
More than 1 month but less than 3 months	91,193.10
More than 3 months but less than 1 year	94,070.30
More than 1 year to less than 5 year	38,749.40
More than 5 year	8,855.97
Total	2,83,247.58
<b>Gross Non Performing Assets- (NPAs)</b>	
Non-performing assets to outstanding Investment ( loans and advances)	14100.41
<b>Movement of Non Performing Assets (NPAs)</b>	
Opening balance	12,690.72
Additions	10,158.54
Less Cash Recovery	(3,794.54)
Less RSDL from CL	(4,256.88)
Less Written Off	(697.93)
Closing balance	14,100.41

(Figure In million)

<b>Movement of specific provisions for NPAs</b>	
Provision held at the beginning of the year	3,946.09
Fully provision debt written off	(594.09)
Recoveries of amount previously written off	204.79
Specific provision for the year	2,465.23
Closing balance	6,022.02

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
<b>Total</b>	<b>310.59</b>

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

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, 2019

(Figure In million)

Particulars	Up to 1 month	1 to 3 month	3 to 12 month	1 to 5 years	Above 5 years	Total
<b>Asset</b>						
Cash in hand	30,758.09	-	-	-	-	30,758.09
Balance with other banks & Financial Institute	11,593.62	-	-	-	-	11,593.62
Placement with other banks & Financial Institute	-	10,000.00	2,000	-	-	12,000.00
Investment in Sharea& Securities (only HTM)	-	-	165.10	-	15,201.15	15,366.25
Investment (Loans and Advances)	50,378.80	91,193.10	94,070.30	38,749.40	8,855.98	2,83,247.58
Fixed Assets	-	-	-	-	4,342.93	4,342.93
Non Banking Asset					50.88	50.88
Other Assets	1,469.90	72.20	-	-	17,099.82	18,641.92
<b>Total</b>	<b>94,200.41</b>	<b>1,01,265.30</b>	<b>96,235.40</b>	<b>38,749.40</b>	<b>45,550.76</b>	<b>3,76,001.27</b>
<b>Liabilities</b>						
Placement from other banks & Financial Institute	8,309.10	5,726.60	11,988.87	-	-	26,024.57
Deposits and Other accounts	49,968.30	1,09,723.00	87,033.90	33,831.20	16,969.37	2,97,525.77
Provision and other liabilities	19.70	-	-	-	23,075.91	23,095.61
Deferred Tax Liabilities/Assets	-	-	-	-	157.83	157.83
AIBL Subordinate Bond	-	-	-	-	6,800.00	6,800.00
<b>Total</b>	<b>58,297.10</b>	<b>1,15,449.60</b>	<b>99,022.77</b>	<b>33,831.20</b>	<b>47,003.11</b>	<b>3,53,603.78</b>
<b>GAP</b>	<b>35,903.31</b>	<b>(14,184.30)</b>	<b>(2,787.37)</b>	<b>4,918.20</b>	<b>(1,452.35)</b>	<b>22,397.49</b>
<b>Cumulative Gap</b>	<b>35,903.31</b>	<b>21,719.01</b>	<b>18,931.64</b>	<b>23,849.84</b>	<b>22,397.49</b>	<b>-</b>

**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	35,903.31	35,903.31	35,903.31
Impact on NII (Net Interest Income)	29.92	59.84	89.76
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	11.22	22.44	33.66
Period	1 to 3 month		
GAP	(14,184.30)	(14,184.30)	(14,184.30)
Impact on NII(Net Interest Income)	(23.64)	(47.28)	(70.92)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	(8.87)	(17.73)	(26.60)
Period	3 to 12 month		
GAP	(2,787.37)	(2,787.37)	(2,787.37)
Impact on NII(Net Interest Income)	(20.91)	(41.81)	(62.72)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	(7.84)	(15.68)	(23.52)

**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	35,903.31	35,903.31	35,903.31
Impact on NII (Net Interest Income)	(29.92)	(59.84)	(89.76)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	(11.22)	(22.44)	(33.66)
Period	1 to 3 month		
GAP	(14,184.30)	(14,184.30)	(14,184.30)
Impact on NII (Net Interest Income)	23.64	47.28	70.92
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	8.87	17.73	26.60
Period	3 to 12 month		
GAP	(2,787.37)	(2,787.37)	(2,787.37)
Impact on NII(Net Interest Income)	20.91	41.81	62.72
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	7.84	15.68	23.52

**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	18,931.64	18,931.64	18,931.64
Period(Year)	1 Year		
Impact on NII (Net Interest Income)	189.32	378.63	567.95
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	70.99	141.99	212.98

**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	18,931.64	18,931.64	18,931.64
Period( Year)	1 Year		
Impact on NII (Net Interest Income)	(189.32)	(378.63)	(567.95)

Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	(70.99)	(141.99)	(212.98)

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 of Statutory Liquidity Requirements (SLR) as fixed by Bangladesh Bank.
Methods used to measure Market Risk.	Market risk is the possibility of losing assets in the balance sheet and off- balance sheet positions due to volatility in the market variables viz. interest rate, foreign exchange rate, reinvestment and price. The bank measures impact on profitability and impact on asset prices under market risk through Maturity GAP Analysis, Sensitivity Analysis, VAR, 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: 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	18.73	45.29
Foreign exchange risk	395.09	395.09
Commodity risk	-	-
<b>Total</b>	<b>413.82</b>	<b>440.38</b>

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.
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ii) Performance gap of executives and staffs	<p>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.</p> <p>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.</p>																				
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:	<p>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 2019 ICC Division conducted following No. of audit:</p> <table border="1" data-bbox="606 693 1385 798"> <thead> <tr> <th>Nature of Audit</th> <th>No of Frequencies</th> </tr> </thead> <tbody> <tr> <td>Compressive &amp; Risk based Internal Audit Annually</td> <td>168 branches i.e 100% as per Audit Plan</td> </tr> <tr> <td>Surprise Inspection</td> <td>37 branches i.e 106% as per Audit Plan</td> </tr> </tbody> </table> <p>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 &amp; Control Risk Score. Risk gradation/ category of the branches is summarized below:</p> <table border="1" data-bbox="606 882 1385 1123"> <thead> <tr> <th>Nature of Risk</th> <th>No of Branches</th> </tr> </thead> <tbody> <tr> <td>Extremely High Risk</td> <td>10</td> </tr> <tr> <td>Very High Risk</td> <td>44</td> </tr> <tr> <td>High Risk</td> <td>38</td> </tr> <tr> <td>Medium Risk</td> <td>60</td> </tr> <tr> <td>Low Risk</td> <td>16</td> </tr> <tr> <td><b>Total</b></td> <td><b>168</b></td> </tr> </tbody> </table>	Nature of Audit	No of Frequencies	Compressive & Risk based Internal Audit Annually	168 branches i.e 100% as per Audit Plan	Surprise Inspection	37 branches i.e 106% as per Audit Plan	Nature of Risk	No of Branches	Extremely High Risk	10	Very High Risk	44	High Risk	38	Medium Risk	60	Low Risk	16	<b>Total</b>	<b>168</b>
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<b>Total</b>	<b>168</b>																				
v) Approach for calculating capital charge for operational risk	<p>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 <math>\alpha</math> (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:</p> $K = [(GI_1 + GI_2 + GI_3) \alpha] / n$																				

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-2019	14,044.41		
December-2018	12,195.36		
December-2017	11,804.19		
<b>Total GI</b>	<b>38,043.96</b>	<b>12,681.32</b>	<b>1,902.20</b>

9. Liquidity Ratio:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce liquidity Risk	<p>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.</p>
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ii) Methods used to measure Liquidity risk	<p><b>1) Liquidity risk is measured and monitored through two approaches-1) Time Bucket Analysis:</b> 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.</p> <p><b>2) Ratio Analysis:</b> 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.</p> <p><b>3) Liquidity Risk Management System :</b> 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 &amp; manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis &amp; 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.</p>
iii) Liquidity Risk Management System	<p>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 &amp; manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis &amp; 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.</p>
iv) Policies and Processes for mitigating Liquidity risk	<p>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.</p>

**b) Quantitative Disclosures:**

(Figure In million)

Liquidity Coverage Ratio	105.59%
Net Stable Funding Ratio (NSFR)	113.21%
Stock of High quality liquid assets	43,951.00
Total net cash outflows over the next 30 calendar days	41,624.20
Available amount of stable funding	3,05,258.90
Required amount of stable funding	2,69,645.20

**10. Leverage Ratio:**

**a) Qualitative Disclosures:**

i) Views of BOD on system to reduce excessive leverage	<p>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.</p>
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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	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. A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level. Tier-1 Capital (after related deductions) Leverage Ratio = $\frac{\text{Tier-1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$

b) Quantitative Disclosures:

(Fig In Million)

	Solo	Consolidated
Leverage Ratio	5.28%	5.89%
On Balance Sheet Exposure	373,785.00	362,214.56
Off- Balance Sheet Exposure	25,307.99	25,307.99
Total Deduction	(392.18)	(392.18)
<b>Total Exposure</b>	<b>398,700.81</b>	<b>387,130.37</b>

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-ArafahIslami Bank Limited, for the financial year ended December 31, 2018.

a) Qualitative Disclosures:

	<p>a) Information relating to the bodies that oversee remuneration: Managing Director, MANCOM &amp; Head of Human Resources division governs the remuneration related policies and practices in alignment of the banks' short &amp; 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:</p> <table> <tr> <td>Managing Director</td> <td>:</td> <td>01</td> </tr> <tr> <td>Deputy Managing Director</td> <td>:</td> <td>05</td> </tr> <tr> <td>Senior Executive Vice President</td> <td>:</td> <td>07</td> </tr> <tr> <td>Executive Vice President</td> <td>:</td> <td>18</td> </tr> <tr> <td>Senior Vice President</td> <td>:</td> <td>30</td> </tr> </table>	Managing Director	:	01	Deputy Managing Director	:	05	Senior Executive Vice President	:	07	Executive Vice President	:	18	Senior Vice President	:	30
Managing Director	:	01														
Deputy Managing Director	:	05														
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Executive Vice President	:	18														
Senior Vice President	:	30														

	<p><b>b) Information relating to the design and structure of remuneration processes: Key features of remuneration policy:</b>  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.  <b>Objectives of remuneration policy:</b>  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:</p> <ol style="list-style-type: none"> <li>a. Oversee Banks remuneration position and revise the structure according to the Competitive market.</li> <li>b. Align compensation strategy with business strategy</li> <li>c. Determine the percentage of increment at each job grade</li> <li>d. Get acquaint with the economy inflation.</li> </ol> <p>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.</p>
	<p><b>c) Description of the ways in which current and future risks are taken into account in the remuneration processes.</b>  The Bank's remuneration practices are carefully managed takes into account the following key risks when implementing remuneration measures:</p> <ul style="list-style-type: none"> <li>• Financial Risks</li> <li>• Compliance Risks</li> </ul> <p>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.</p>
	<p><b>d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:</b>  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.</p>
	<p><b>e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance:</b>  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:</p> <ul style="list-style-type: none"> <li>• Disciplinary Action (at the discretion of Enquiry committee)</li> <li>• Resignation of the employee prior to the payment date.</li> </ul> <p>At the same time previously paid or already vested variable pay can also be recovered under the case of disciplinary action.</p>

	<p><b>f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms:</b>  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:</p> <p><b>Cash Form:</b></p> <p><b>Short-Term Incentives / Rewards</b></p> <ol style="list-style-type: none"> <li>1. Yearly Increment</li> <li>2. Yearly fixed and incentive bonus</li> <li>3. Car, fuel and car maintenance allowance for executives</li> <li>4. Accelerated promotion/Special increment for especial assignments/ accomplishment;</li> <li>5. Cash Risk allowance for cashier;</li> <li>6. Charge allowance for Head of Branches</li> <li>7. Leave Encashment.</li> </ol> <p><b>Long-Term Incentives / Rewards</b></p> <ol style="list-style-type: none"> <li>1. Provident fund;</li> <li>2. Gratuity;</li> <li>3. Social Security&amp; Benevolent(SSBF) fund</li> <li>4. Staff House building Investment Scheme(SHBIS) reduce profit rate</li> <li>5. Provident fund Quard(Investment) with zero profit rate</li> <li>6. 6. Yearly professional membership fees for professional certificates holder</li> </ol> <p><b>Non-Cash Form:</b></p> <p><b>Short-Term Incentives / Rewards</b></p> <ol style="list-style-type: none"> <li>1. Accelerate promotion for top talents;</li> <li>2. Study leave.</li> </ol> <p><b>Long-Term Incentives / Rewards</b></p> <ol style="list-style-type: none"> <li>1. Foreign training award;</li> </ol>
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**b) Quantitative Disclosures:**

	<p><b>g) Number of meetings held by the main overseeing remuneration during the financial year and remuneration paid to its member :</b>  Meeting regarding overseeing the remuneration was held on as and when it required</p>
	<p><b>h) Number of employees having received a variable remuneration award during the financial year.</b> - 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</p>
	<p>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</p>
	<p><b>j) Breakdown of amount of remuneration awards for the financial year to show.</b>  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</p>
	<p><b>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:</b>  All the remunerations are provided in the form of cash</p> <p><b>i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. - Nil</b>  <b>ii) Total amount of reductions during the financial year due to ex post explicit adjustments. - Nil</b>  <b>iii) Total amount of reduction during the financial year due to ex post implicit adjustments - Nil</b></p>



# Auditor's Report and Financial Statements of AIBL Capital Market Service Ltd.

for the ended 31 December 2019

# Independent Auditors' Report

To the Shareholders of AIBL Capital Market Service Limited  
Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of AIBL Capital Market Service Limited (the Company), which comprise the Statement of Financial Position as at 31 December 2019, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period 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 2019 and of its financial performance and its cash flows for the period 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and the Companies Act 1994, 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.

## Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matter:

Initial application of IFRS-16 Leases came into effect in 1<sup>st</sup> January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

However, the management of the company opted not to adopt the new standard in the current financial year leading to the understatement of Assets and Liabilities, understatement of expense, overstatement of profit and will lead the Office Rent expense into zero, further references in note 8.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
<p><b><u>Margin Investment:</u></b> Key among the current asset balance of AIBL Capital Market Service Limited comprises of marginal investment to clients of BDT 8,533,904,178. Margin Investments were valued at BDT 8,533,904,178 and represents 76.25% of total assets. This was an area of focus for our audit and significant audit effort was directed. However, the company made provision on unrealised value of investment BDT. 446,651,257 for the current year as per Directive BSEC/SRI/Policy/3/2020/68 Dated: January 12, 2020.</p>	<p>Our audit procedures included obtaining our understanding of the process of issuing loans and advances &amp; ascertaining the loan balance and the interest charged over the financial year Additionally, we perform the following:</p> <ul style="list-style-type: none"> <li>▪ Reviewed the carrying balance of the total outstanding loans</li> <li>▪ Recalculated interest charged during the year.</li> <li>▪ Carried out cut-off testing to ensure the interest was recognized in correct period.</li> <li>▪ Check the subsequent positioning of this unrealized amount after the year end.</li> <li>▪ Our audit approach was a combination of test of internal control and substantive procedures.</li> </ul>

<p>We focused on this area because of the significance of the investment in the financial statements especially Margin loans being the primary form of investment of such companies, and also the complexity of this area and departure from the recognition and presentation criteria of IFRS 9 &amp; IFRS 7 to comply the above Directive of BSEC for determining the valuation methodology and presentation to be applied by the management of the company.</p> <p>See notes 6, 14 &amp; 16 to the financial statements</p>	<ul style="list-style-type: none"> <li>▪ We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of marginal loans are within a reasonable range and that policies were consistently applied by the management of the company.</li> <li>▪ We assessed the design and operating effectiveness of the company's key controls supporting the identification, measurement and oversight of any for of risk of financial assets.</li> <li>▪ We tested the calculations of provision for negative equity and checked the presentation and disclosure of investment in compliance with BSEC circular # SEC/CMRRCD/2009-193/203 and dated 28 December 2017, subsequent BSEC Direction BSEC/SRI/Policy/3/2020/68 dated, 12 January 2020</li> </ul>
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<p>Investment and provision for diminution in value of investment</p> <p>The investment portfolio of the AIBL Capital Market Service Limited comprises investments in ordinary quoted shares of BDT 41,603,827. Investments in securities are valued at BDT 41,603,827 and represent 0.37% of total assets. This was an area of focus for our audit and significant audit effort was directed.</p> <p>Investments in quoted shares valued at average cost. However, the company made provision for diminution in value of investment of BDT. 1,456,311 for the current year as Directive BSEC/SRI/Policy/3/2020/68 Dated: January 12, 2020.</p> <p>We focused on this area because of the significance of the investments in the financial statements, and departure from the recognition and presentation criteria of IFRS 9 &amp; IFRS 7 to comply the above circular of BSEC for determining the valuation methodology and presentation to be applied by the management of the company.</p> <p>See notes 6 and 14 to the financial statements.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio.</p> <p>Additionally, we perform the following:</p> <ul style="list-style-type: none"> <li>▪ Obtained year-end share holding positions from the company and through directional testing assessed the completeness of the report.</li> <li>▪ Reviewed the assumptions used for the valuation models for any unquoted securities.</li> <li>▪ Recalculated unrealized gain or loss at the year end.</li> <li>▪ Carried out cut-off testing to ensure unrealized gain or loss was recognized in correct period.</li> <li>▪ Check the subsequent positioning of this unrealized amount after the year end.</li> <li>▪ Our audit approach was a combination of test of internal control and substantive procedures.</li> <li>▪ We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range and that valuation policies were consistently applied by the management of the company.</li> <li>▪ We verified the existence and legal ownership of equity investments by confirming investment holdings with Portfolio statement and record from the Registrar of Joint Stock Companies &amp; Firm appropriate.</li> </ul> <p>We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investment in compliance with BSEC circular # SEC/CMRRCD/2009-193/203 and dated 28 December 2017, subsequent BSEC Direction BSEC/SRI/Policy/3/2020/68 dated, 12 January 2020.</p>
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## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the financial statements, disclosures and in evaluating the effect of misstatements, the financial statements.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial Statements
Overall materiality	BDT 1,507,556
How we determined it	5% average profit before provision of the last 5 years.
Rational for benchmark applied	Based on the benchmarks used in the Annual Audited Financial Statements, total revenue is a key measure used by the shareholders in assessing the performance of the company, and is a generally accepted auditing benchmark.

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriate low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.



On the basis of our risk assessments together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality namely BDT 1,130,667 for the financial statements of the Company.

#### **Other Matter**

Prior to signing of the audit report, from March, there was an outbreak of the global pandemic COVID-19 on 11 March 2020. COVID-19 poses existential threats on the ability of a business to survive, which in turn have significant financial reporting impacts – from going concern and liquidity to recoverability and valuation of assets. Changes in the economic activity caused by the Pandemic will cause the company to renegotiate the terms of existing contracts and arrangements, and even cancellation of contracts/orders. If the company is offering concessions to its customers, that could have a dramatic impact on its revenue recognition. The key potential financial reporting impacts after Covid-19 and event after prior period are summarized as follows (Company may use forecast information for multiple purposes for these too):

The impairment of nonfinancial assets, fair value measurement affecting the Note no-17, changes in the remuneration policies affecting the notes no- 16, 18 & 20, Provisions for Onerous contracts, Claim expenses in Revenue account and the entity's ability to continue as a going concern. Because of COVID-19 impact, preparation of reliable forecast information can be challenging and need to be closely monitored as this can have pervasive impact across multiple elements of financial statements.

The Government of Bangladesh has also announced a number of economic stimulus packages for affected business. As this company is categorized into service sector, it may get special loan funds with lower interest rate of BDT 30,000 crore.

#### **Other Information**

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

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 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.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company 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.

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.


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, 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, 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: 15 June 2020

  
Syful Shamsul Alam & Co.  
Chartered Accountants

## Statement of Financial Position

As at December 31, 2019

		2019	2018
		Taka	Taka
<b>ASSETS:</b>			
<b>Non - Current Assets:</b>		<b>12,360,019</b>	<b>16,106,896</b>
Property, Plant & Equipment	4	8,744,600	13,486,543
Deferred Tax Assets	9.2	3,615,419	2,620,353
<b>Current Assets:</b>		<b>11,180,383,520</b>	<b>10,955,187,163</b>
Account Receivable	5	73,305,122	433,372,496
Investment	6	8,685,508,005	8,227,944,173
Investment in Share (DSE & CSE)	7	662,120,683	662,120,683
Advance, Deposits & Prepayment	8	16,142,703	20,960,350
Advance Income Tax	9	1,559,336,926	1,539,382,643
Cash and Cash equivalent	10	183,970,082	71,406,818
<b>Total Assets:</b>		<b>11,192,743,540</b>	<b>10,971,294,059</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Capital and Reserve:</b>		<b>4,149,189,185</b>	<b>4,139,770,857</b>
Paid - up Capital	11	4,000,000,000	4,000,000,000
Retained Earning		149,189,185	139,770,857
<b>Current Liabilities:</b>		<b>7,043,554,355</b>	<b>6,831,523,202</b>
Borrowing from Bank	12	4,920,901,711	4,765,600,000
Accounts Payable	13	153,880,687	141,082,353
Provision for Investments	14	503,822,672	478,215,594
Provision for taxation	15	1,464,949,285	1,446,625,255
<b>Total Equity and Liabilities:</b>		<b>11,192,743,540</b>	<b>10,971,294,059</b>

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

  
Director

  
Director

  
Managing Director

  
Company Secretary

Signed subject to our separate report of even date.

Dated : Dhaka  
June 15, 2020

  
Syful Shamsul Alam & Co.  
Chartered Accountants

## Statement of Comprehensive Income

For the period ended 31 December 2019

		2019	2018
		Taka	Taka
Investment Income	16	255,089,186	267,555,170
Profit paid on Borrowing	17	(206,123,032)	(226,955,116)
Net Investment Income		48,966,154	40,600,054
Income from Commission, Exchange & Others:			
Brokerage Commission	18	118,210,005	143,200,350
Documentation & Maintenance Fess	19	4,491,874	4,546,671
Other Operating Income	20	13,760,160	29,202,829
		136,462,039	176,949,850
Total operating Income (A)		185,428,193	217,549,904
Hawla,Laga & CDBL Charges	21	17,260,775	18,920,212
Salary allowances& Contribution to P.F	22	62,549,145	63,900,298
Rents, Taxes, Insurance, Lighting etc.	23	23,406,614	25,410,884
Honorarium & Meeting Expense	24	4,757,500	4,798,970
Law Charges		11,500	54,648
Postage, Telegram, Telephone & Stamps etc	25	530,711	562,859
Depreciation, Amortization & Repairs to Properties	26	7,537,228	7,368,638
Stationary, Printing, Advertisement etc.		1,067,791	1,033,914
Other Expenses	27	15,952,559	16,986,720
Total operating expenses (B)		133,073,823	139,037,143
Profit/(loss) before provision and Tax C = (A - B)		52,354,370	78,512,761
Provision for Investment		25,607,078	50,205,759
Provision for Taxation		18,324,030	21,364,833
Deferred Tax (Income)/Expense	9.2	(995,066)	(907,865)
Net Profit after Tax		9,418,329	7,850,034
Retained Earning Brought forward		139,770,856	131,920,823
Retained earning Carried forward		149,189,185	139,770,857
Earning per Share (EPS)		0.024	0.020

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

  
Director

  
Director

  
Managing Director

  
Company Secretary

Signed subject to our separate report of even date.

Dated : Dhaka  
June 15, 2020

  
Syful Shamsul Alam & Co.  
Chartered Accountants

## Statement of Changes in Equity

As at 31 December 2019

Particulars	Share Capital	Retained Earning	Total
Balance as on 1st January, 2019	4,000,000,000	139,770,856	4,139,770,856
Net profit for the Period	-	9,418,329	9,418,329
Balance as at December 31, 2019	4,000,000,000	149,189,185	4,149,189,185

## Statement of Changes in Equity

As at December 31, 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 December 31, 2018	4,000,000,000	139,770,857	4,139,770,857

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



Director



Director



Managing Director



Company Secretary

Signed subject to our separate report of even date.

Dated : Dhaka  
June 15, 2020




Syful Shamsul Alam & Co.  
Chartered Accountants

## Statement of Cash Flows

For the period ended 31,December 2019

	Jan-Dec'2019	Jan-Dec'2018
	Taka	Taka
Cash flows from operating activities		
Investment income receipt in Cash	255,089,186	267,555,170
Profit paid on deposits and borrowing	(206,123,032)	(226,955,116)
Commission received in cash	118,210,005	143,200,350
Cash payments to employees	(62,549,145)	(63,900,298)
Cash payments to suppliers	(1,067,791)	(1,033,914)
Received from other operating activities (item-wise)	18,252,034	33,749,500
Paid for other operating activities (item-wise)	(62,910,574)	(67,884,482)
Advance income tax paid	(19,954,283)	(45,019,219)
Operating profit before changes in operating assets and liabilities	<b>38,946,400</b>	<b>39,711,991</b>
Changing in Operating assets & liabilities		
Increase/Decrease Investment	(457,563,832)	(28,889,706)
Increase/Decrease of Accounts receivable	360,067,374	(23,511,305)
Increase/Decrease of Borrowing	155,301,711	75,176,099
Increase/Decrease of Accounts payable	12,798,334	(222,237,688)
Increase/Decrease of other assets (item-wise)	4,817,648	24,654,443
Increase/Decrease of other liabilities (item-wise)	-	-
Cash receipt from operating activities	<b>75,421,235</b>	<b>(174,808,157)</b>
A. Net Cash from operating activities	<b>114,367,635</b>	<b>(135,096,166)</b>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,804,371)	(991,752)
B. Net cash flows from investing activities	<b>(1,804,371)</b>	<b>(991,752)</b>
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)	<b>112,563,264</b>	<b>(136,087,918)</b>
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent D+E	<b>112,563,264</b>	<b>(136,087,918)</b>
G. Cash & Cash Equivalents at the beginning of the period	<b>71,406,818</b>	<b>207,494,736</b>
H. Cash & Cash Equivalents at the end of the period	<b>183,970,082</b>	<b>71,406,818</b>

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

  
Director

  
Director

  
Managing Director

  
Company Secretary

## Notes to the Financial Statement

For the year ended 31 December 2019

### 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.

#### 2.03 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 30 September 2019 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 period ended 30 september 2018 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)**

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 account heads 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 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".

**3.13 Financial risk management**

The company has provided in separate notes the information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risks and the company's management of capital.

- Credit risk
- Liquidity risk
- Market risk

	2019	2018	
	Taka	Taka	
<b>4.00 Fixed Assets:</b>			
<b>Property, Plant &amp; Equipment</b>			
<b>a) Tangible Asset</b>			
Interior Decoration	16,266,263	15,254,892	
Computer accessories	1,223,174	1,223,174	
Online Hardware	2,946,884	2,946,884	
Motor Car	18,062,939	18,062,939	
Furniture & fixture - steel	451,400	451,400	
Office equipment	10,977,826	10,184,826	
Computer	4,420,095	4,420,095	
Furniture & fixture - wood	3,261,018	3,261,018	
	<b>57,609,599</b>	<b>55,805,228</b>	
Less: Accumulated Depreciation	<b>48,865,000</b>	42,318,686	
	<b>8,744,599</b>	<b>13,486,542</b>	
<b>b) Intangible Assets</b>			
Online Software	1	1	
	<b>1</b>	<b>1</b>	
<b>Total (a+b)</b>	<b>8,744,600</b>	<b>13,486,543</b>	
Details have been shown in Annexure-"A"			
<b>5.00 Accounts Receivable:</b>			
Receivable from DSE	1,684,091	37,916,656	
profit charged but not realised	66,312,014	394,461,114	
Dividend Receivable	5,309,017	994,726	
	<b>73,305,122</b>	<b>433,372,496</b>	
<b>6.00 Investments:</b>			
Margin Investment	8,533,904,178	8,178,160,493	
Investment ICB Fund	100,000,000	-	
Investment in Dealer A/C (6.01)	41,603,827	39,783,680	
Investment In AIBL Capital Management Ltd.	10,000,000	10,000,000	
	<b>8,685,508,005</b>	<b>8,227,944,173</b>	
<b>6.01 Investment in Dealer A/C</b>			
	<b>8,685,508,005</b>	<b>8,227,944,173</b>	
<b>Name of the Company</b>	<b>Quantity</b>	<b>Cost Value</b>	<b>Market Value</b>
LHBL	268,492	14,310,940	9,021,331
AMANFEED	367,780	24,884,906	10,371,396
DAFODILCOM	5,000	236,837	316,500
VFSTDL	351	2,902	7,020
MLDYEING	2,453	17,777	80,704
KTL	5,503	45,482	62,184
GENEXIL	6,019	52,340	405,681
SILCOPHL	16,045	145,870	486,164
SILVAPHL	4,229	40,284	71,047
SSSTEEL	6,674	60,678	150,165
COPPERTECH	9,216	87,773	216,576
SEAPEARL	7,102	67,646	293,313
ADNTEL	18,928	511,056	-
NEWLINE	14,808	138,399	219,158
RUNNERAUTO	3,024	216,000	179,928
Balance		784,937	
		<b>41,603,827</b>	<b>21,881,166</b>

	2019	2018
	Taka	Taka
<b>7.00 Investment in Share (DSE &amp; CSE):</b>		
Investment in Share (DSE)	487,120,683	487,120,683
Investment in Share (CSE)	175,000,000	175,000,000
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.		
<b>8.00 Advance, Deposit &amp; Prepayments:</b>		
Advance against Office Space at Nikunja, Dhaka.	100,000	100,000
Advance against Office Space Head Office.	4,276,860	7,698,300
Advance against Office Space Gulshan(old).	344,080	414,080
Advance rent Gulshan Br.(New)	1,057,334	334,000
Advance Rent Khulna	2,672,208	3,348,576
Advance Rent Uttara Br.	2,054,196	2,167,884
Advance Rent Barisal Br.	734,681	1,038,677
Advance Rent Dhanmondi Br.	2,002,250	2,940,000
Advance Rent B. Baria	377,379	531,126
Advance Rent Khatungonj	617,796	806,578
Advance Against Petty Cash	1,905,918	1,581,129
	<b>16,142,703</b>	<b>20,960,350</b>
<b>9.00 Advance Income Tax:</b>		
Opening Balance	1,539,382,643	2,096,930,307
Tax deducted at source DSE	16,540,870	20,296,306
Tax deducted at source CSE	151,958	133,820
TDS against Dividend	1,225,834	1,503,688
Tax deducted at source Bank	269,557	476,748
Tax paid for previous year	1,766,064	22,608,657
	<b>1,559,336,926</b>	<b>2,141,949,526</b>
Less: Adjustment during the year for 2010,2011 & 2012	-	<b>602,566,883</b>
	<b>1,559,336,926</b>	<b>1,539,382,643</b>
<b>9.01</b>		
Tax paid 2018 through Chalan & Source	22,410,562	-
Tax paid 2017 through Chalan & Source	80,447,999	80,436,011
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	260,386,748	260,386,748
Tax paid 2010 through chalan	20,146,476	20,146,476
	<b>2,119,352,857</b>	<b>2,096,930,307</b>
Less: Adjustment 2010, 2011, 2012	-	<b>602,566,883</b>
	<b>2,119,352,857</b>	<b>1,494,363,424</b>

		2019	2018
		Taka	Taka
<b>9.02 Deferred Tax Assets</b>			
Opening Balance		2,620,353	1,712,488
Addition During the year		995,066	907,865
		<b>3,615,419</b>	<b>2,620,353</b>
Adjustment during the year		-	-
		<b>3,615,419</b>	<b>2,620,353</b>
<b>10.00 Cash and Cash equivalent:</b>			
Al-Arafah Islami Bank Limited	<b>Note-10.01</b>	183,963,100	71,397,766
Shajalal Islami Bank Limited		6,982	9,052
		<b>183,970,082</b>	<b>71,406,818</b>
<b>10.01 Balance at Bank:</b>			
Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (2693)		16,939	16,021
AIBL Capital Market Services Limited Cons.cust. (2927)		78,775,860	57,469,430
AIBL Capital Market Services Limited. (2936)		4,243,674	2,004,206
AIBL Capital Market Services Ltd. Dividend A/C ()		474,378	458,644
AIBL Capital Market Services Limited, Dhanmondi		630,000	500,000
AIBL Capital Market Services Limited, Amborkhana		-	8
AIBL Capital Market Services Limited, Khatunginj		167,000	118,400
AIBL Capital Market Services Ltd. Public Issue Application A/C		532,741	10,484,752
AIBL Capital Market Services Limited, Gulshan		-	50,000
AIBL Capital Market Services Limited, ICB Pronodona Scheme 2		96,056,547	-
AIBL Capital Market Services Limited, Barishal		668,500	-
AIBL Capital Market Services Limited, B. Baria		-	-
AIBL Capital Market Services Limited, Uttara		1,491,000	-
AIBL Capital Market Services Limited SIBL		7,701	305
AIBL Capital Market Services Limited Khulna		898,760	296,000
		<b>183,963,100</b>	<b>71,397,766</b>
<b>11.00 Share Capital:</b>			
<b>11.01 Authorised Capital:</b>			
The authorised Capital of the Company is 100,00,00,000 Ordinary Share of TK. 10 each.		<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>11.02 Issued, Subscribed and fully Paid-up Capital:</b>			
Issued, Subscribed and fully Paid-up Capital is 40,00,00,000 share of TK. 10 each.		<b>4,000,000,000</b>	<b>4,000,000,000</b>
<b>11.03 Share Holding Position: As at 31 December 2019</b>			
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

		2019	2018
		Taka	Taka
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 Kauser	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
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

		2019	2018
		Taka	Taka
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
<b>TOTAL</b>	<b>100.00%</b>	<b>400,000,000</b>	<b>4,000,000,000</b>
<b>12.00 Borrowing from Bank:</b>			
Borrowing from Al-Arafah Islami Bank Limited Motijheel		3,399,100,000	3,399,100,000
Borrowing from Union Bank Ltd.		800,000,000	800,000,000
Borrowing from SIBL		465,801,711	491,500,000
ICB pronodona Scheme 2		196,000,000	
Borrowing from HaJJ Finance		60,000,000	75,000,000
		<b>4,920,901,711</b>	<b>4,765,600,000</b>
<b>13.00 Accounts Payable :</b>			
Profit Payable for SIBL		48,913,788	49,059,735
Profit Payable for AIBL Motijheel Br.		1,622,946	2,155,191
Profit Payable for UNION Bank		29,155,092	24,536,111
Profit Payable for HAJJ Finance		99,496	370,782
Profit Payable for ICB Pronodona Scheme 2		177,146	-
VAT, Salary Tax & AIT Payable		334,916	392,229
Payable to DSE & CSE		21,989,594	554,444
Clients Payable		49,316,559	53,436,587
Bonus & Incentive& Accrued exp		141,310	141,310
Audit Fees		57,500	57,500
Dividend adjustment clients		1,754,801	621,367
Security Money		117,539	117,097
IPO Application Process Account		200,000	9,640,000
		<b>153,880,687</b>	<b>141,082,353</b>
<b>14.00 Provision for Investment:</b>			
Openig Balance		478,215,594	428,009,835
Add : Provision for Investment		25,607,078	50,205,759
Closing Balance		<b>503,822,672</b>	<b>478,215,594</b>
<b>15.00 Provision for taxation :</b>			
Openig Balance		1,446,625,255	2,027,827,305
Add: Income tax provision during the year		18,324,030	21,364,833
Less: Adjustment for the year 2010,2011,2012		-	602,566,883
Closing Balance		<b>1,464,949,285</b>	<b>1,446,625,255</b>

	2019	2018
	Taka	Taka
<b>16.00 Investment Income</b>		
Margin Profit income	252,392,990	262,787,395
Profit on MSND	2,696,196	4,767,775
	<b>255,089,186</b>	<b>267,555,170</b>
<b>17.00 Profit paid on Borrowing :</b>		
SIBL	61,205,764	61,201,944
Borrowing from AIBLCML	-	29,596,874
Union Bank Ltd	99,510,649	92,027,778
AIBL Motijheel Branch	34,941,755	31,338,242
HaJJ Finance	10,288,222	12,790,278
ICB Pronodona Scheme 2	176,642	
	<b>206,123,032</b>	<b>226,955,116</b>
<b>18.00 Brokerage commission</b>		
DSE	117,156,259	142,274,556
CSE	1,053,746	925,794
	<b>118,210,005</b>	<b>143,200,350</b>
<b>19.00 Documentation &amp; Maintenance Fess</b>		
BO Documentation and Maintenance fees	4,449,874	4,473,671
Margin documentation fees	42,000	73,000
	<b>4,491,874</b>	<b>4,546,671</b>
<b>20.00 Other Operating Income</b>		
CDBL Income	1,598,638	947,950
Cheque dishonour Charge	108,000	130,000
Dividend income	10,443,461	8,513,164
IPO Process Income	174,640	208,815
BO Close Charge	-	500
Realized Capital gain	1,409,772	19,350,635
Others	25,649	51,765
	<b>13,760,160</b>	<b>29,202,829</b>
<b>21.00 Hawla, Laga &amp; CDBL Charges</b>		
Hawla charge	-	3,292
Laga charge	8,897,647	9,945,562
CDBL Charges	8,363,128	8,971,358
	<b>17,260,775</b>	<b>18,920,212</b>
<b>22.00 Salary allowances&amp; Contribution to P.F</b>		
Salary allowances& Contribution to P.F	60,409,554	61,402,863
Wages	1,438,329	1,840,117
Security Services	701,262	657,318
	<b>62,549,145</b>	<b>63,900,298</b>
<b>23.00 Rents, Taxes, Insurance, Electricity etc.</b>		
Rent	20,835,342	22,858,698
Insurance	87,423	126,153
Electricity bill	2,483,849	2,426,033
	<b>23,406,614</b>	<b>25,410,884</b>
<b>24.00 Honorarium &amp; Meeting Expense</b>		
Meeting & Honorarium	4,757,500	4,798,970
	<b>4,757,500</b>	<b>4,798,970</b>
<b>25.00 Postage, Telegram, Telephone &amp; Stamps etc</b>		
Postage, Telegram, Telephone & Mobole	528,918	558,526
Stamps	-	-
Photocopy	1,793	4,333
	<b>530,711</b>	<b>562,859</b>



	2019	2018
	Taka	Taka
<b>26.00 Depreciation &amp; Repairs to Properties</b>		
Depreciation	6,546,314	6,218,449
Repair & Maintenance	990,914	1,150,189
	<b>7,537,228</b>	<b>7,368,638</b>
<b>27.00 Other Expenses</b>		
Computer Charge	70,905	215,900
Bank Charge	323,691	7,037
Petroleum Oil, Lubricant & WASA/ Gas.	1,260,442	947,257
Entertainment	1,813,075	1,916,044
Bonus & Incentive	4,894,611	5,005,101
Employees Gratuity fund	-	-
Leave encashment	2,117,455	1,998,250
Travelling, Local conveyance & Saturday Allowance	447,149	511,134
Internet & Online Charge	2,362,742	2,166,667
Registration Expenses	-	770,000
Training Expenses	22,500	-
Employees welfare exp.	100,000	-
Crokerage	-	10,000
Audit Fees	67,500	57,500
Utilities bill	173,700	396,560
Vat	1,500	-
Miscellaneous (Note-27.01)	2,297,289	2,985,270
	<b>15,952,559</b>	<b>16,986,720</b>
<b>27.01 Miscellaneous</b>		
Subscription Renewal	831,833	719,458
Newspaper	61,890	56,714
Uniform exp.	82,800	-
Mandatory Leave	545,130	-
International communication service	-	1,079,712
Agent commission	319,929	474,149
Upkeep, wasing & cleaning	40,734	37,257
Miscellaneous	43,043	29,004
Investors Protection	48,580	30,776
Closing Allowances	43,500	44,500
EID Garcia	49,850	53,700
Bank Guarantee	230,000	460,000
	<b>2,297,289</b>	<b>2,985,270</b>
<b>28.00 Provision for Current Tax:</b>		
Operating Income Before tax	<b>52,354,370</b>	<b>78,512,761</b>
Total Business Income	<b>52,354,370</b>	<b>78,512,761</b>
Less: Capital Gain	1,409,772	19,350,635
Less: Dividend Income	10,443,461	8,513,164
Taxable Income	40,501,137	50,648,962
Income Tax @ 35 % on estimated Taxable Income	14,175,398	17,727,137
Add: TDS Dividend @ 20%	2,088,692	1,702,633
Add: Capital Gain @10%	140,977	1,935,064
	<b>16,405,067</b>	<b>21,364,833</b>
28.01 The change did not have any impact on Statement of Comprehensive Income		
28.02 The change did not have any impact on Statement of Cash Flows		

## AIBL Capital Market Services Ltd. Fixed Assets Schedule

As at December 31, 2019

Annexure-A

Particular	Cost			Rate %	Depreciation			Written Down Value as on Dec 31, 2019
	Balance as on January 1, 2019	Addition during the Year	Disposal/ Adjustment		Balance as on Dec 31, 2019	Charge during the Year	Adjustment	
Tangible Asset								
Interior Decoration	15,254,892	1,011,371	-	10%	8,045,226	1,525,489	-	9,570,715
Computer Accessories	1,223,174	-	-	20%	1,206,674	16,499	-	1,223,173
Online Hardware	2,946,884	-	-	20%	2,946,883	-	-	2,946,883
Motor Car	18,062,939	-	-	20%	13,359,024	3,612,588	-	16,971,612
Furniture & Fixture - Steel	451,400	-	-	10%	181,362	45,140	-	226,502
Office Equipment	10,184,826	793,000	-	20%	9,957,329	1,020,496	-	10,977,825
Computer	4,420,095	-	-	20%	4,420,094	0	-	4,420,094
Furniture & Fixture - Wood	3,261,018	-	-	10%	2,202,094	326,102	-	2,528,196
	<b>55,805,228</b>	<b>1,804,371</b>	<b>-</b>		<b>42,318,686</b>	<b>6,546,314</b>	<b>-</b>	<b>48,865,000</b>
Intangible Assets								
Online Software	1,633,093	-	-	20%	1,633,092	-	-	1,633,092
	1,633,093	-	-		1,633,092	-	-	1,633,092
<b>Total</b>	<b>57,438,321</b>	<b>1,804,371</b>	<b>-</b>		<b>43,951,778</b>	<b>6,546,314</b>	<b>-</b>	<b>50,498,092</b>
								<b>8,744,600</b>



# Auditor's Report and Financial Statements of AIBL Capital Management Limited

for the ended 31 December 2019

## AUDITOR'S REPORT

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### Opinion

We have audited the financial statements of the company which comprise the statement of financial position as at December 31, 2019, and the statement 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 give a true and fair view of the financial position of AIBL Capital Management Limited (the Company) as at December 31, 2019 and 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 Auditor's 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.

### Other Information

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 March 05, 2019.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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

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;
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books; and
- 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 account and return;

Place, Dhaka  
Date: March 12, 2020



Hussain Farhad & Co.  
Chartered Accountants

## Statement of Financial Position

Amount in BDT

As at 31 December 2019		As at 31 Dec. 2019	As at 31 Dec. 2018
Particulars	Notes	Taka	Taka
<b>ASSETS:</b>			
Non-current Assets			
Property, plant & equipment	4.00	230,928	405,848
Intangible assets	4.01	19,305	112,860
		<b>250,233</b>	<b>518,708</b>
Current Assets			
Investment in listed securities	5.00	132,159,510	104,367,120
Cash and cash equivalents	6.00	10,587,946	10,757,261
Trade and other receivables	7.00	1,504,911	1,492,277
Accrued income	8.00	9,257,902	965,833
Investment	9.00	113,631,771	63,961,375
Advance income tax	10.00	14,167,659	13,564,532
Balance with AIBL CMSL		269,308,536	349,678,365
		<b>550,618,235</b>	<b>544,786,764</b>
<b>Total Assets</b>		<b>550,868,468</b>	<b>545,305,472</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
Shareholders' Equity			
Share capital	11.02	500,000,000	500,000,000
Retained earning	12.00	11,547,887	6,898,745
		<b>511,547,887</b>	<b>506,898,745</b>
Current Liabilities			
Trade and Other Liabilities	13.00	377,748	317,808
Provision for investment	22.00	15,572,332	15,572,332
Provision for taxation	23.00	23,370,502	22,516,587
		<b>39,320,581</b>	<b>38,406,727</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>550,868,468</b>	<b>545,305,472</b>
<b>NAV</b>		<b>10.23</b>	<b>10.14</b>

The Annexed notes from an integral part of these financial statements.

  
Director

  
Director

  
CEO

Sign subject to our separate report of even date annexed

Dhaka, March 12, 2020

  
Hussain Farhad & Co.  
Chartered Accountants

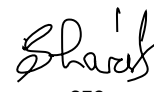
## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December, 2019		As at 31 Dec. 2019	As at 31 Dec. 2018
Particulars	Notes	Taka	Taka
Investment income	14.00	8,460,744	31,088,247
Less: Borrowing expenses	15.00	-	(32,882,161)
Net Investment Income		8,460,744	(1,793,914)
Operating Income	16.00	6,511,757	25,514,809
Total Operating Income		14,972,501	23,720,895
Less: Operating Expenses			
Salary allowances & contribution to P.F	17.00	7,138,773	8,894,238
Board meeting expense		367,450	190,200
Rent, insurance, lighting etc.		-	1,807,125
Postage, telegram, telephone, stamps etc.	18.00	53,096	66,947
Legal and audit expenses	18.01	149,775	25,000
Stationary, printing, advertisement etc.	19.00	36,136	147,292
Depreciation, Amortization & Repairments to Properties	20.00	268,474	264,610
Other Expenses	21.00	1,455,740	1,116,059
Total operating expenses (B)		9,469,444	12,511,471
Operating Profit/(Loss) before provision and Tax		5,503,057	11,209,423
Provision for investment for the year	22.00	-	(1,450,503)
Profit/(Loss) before tax		5,503,057	9,758,920
Expenses for taxation	23.01	853,915	2,860,175
Net Profit after Tax & Provision		4,649,142	6,898,745
Retained earning Carried forward		4,649,142	6,898,745
Earning per Share (EPS)		0.093	0.138

The annexed notes from an integral part of these financial statements

  
Director

  
Director

  
CEO

Sign subject to our separate report of even date annexed

Dhaka, March 12, 2020

  
Hussain Farhad & Co.  
Chartered Accountants

## Statement of Changes in Equity

For the year ended 31 December, 2019

Particulars	Share Capital	Retained Earning	Total
Balance as at 01 January, 2019	500,000,000	6,898,745	506,898,745
Net profit for the period	-	4,649,142	4,706,642
Balance as at 31 December, 2019	500,000,000	11,547,887	511,605,387

For the year ended 31 December, 2018

Particulars	Share Capital	Retained Earning	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



Director



Director



CEO



## Statement of Cash Flows

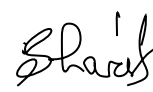
For the year ended 31 December, 2019	As at 31 Dec. 2019	As at 31 Dec. 2018
	Taka	Taka
Particulars		
Cash flows from operating activities		
Investment income receipt in Cash	8,460,745	31,088,247
Profit paid on deposits and borrowing	-	(32,882,161)
Dividend Received	-	-
Fees & Commission received in cash	-	-
Cash payments to employees	(7,138,773)	8,894,238
Cash payments to suppliers	-	-
Received from other operating activities (item-wise)	6,511,757	25,514,809
Paid for other operating activities (item-wise)	(2,062,197)	(3,352,623)
Paid for preliminary expenses	-	-
Advance income tax paid	(603,127)	(1,477,726)
Operating profit before changes in operating assets and liabilities	5,168,405	9,996,308
Changing in Operating assets & liabilities		
Increase/Decrease Investment	(77,462,785.88)	1,221,372,945
Increase/Decrease of Accounts receivable	(8,304,703)	87,945,098
Increase/Decrease of Borrowing	-	-
Increase/Decrease of Borrowing (MTDR)	-	(1,533,122,500)
Increase/Decrease of Accounts payable	59,939	(53,480,727)
Increase/Decrease of other assets (item-wise)	80,369,829	267,690,579
Increase/Decrease of other liabilities (item-wise)	-	-
Cash receipt from operating activities	(5,337,721)	(9,594,605)
A. Net cash flows from operating activities	(169,316)	401,703
Cash flows from investing activities:		
Purchase of property, plant and equipment	-	(19,320)
B. Net cash flows from investing activities	-	(19,320)
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)	(169,316)	382,383
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent (D+E)	(169,316)	382,383
G. Cash & Cash Equivalents at the beginning of the year	10,757,261	10,374,878
H. Cash & Cash Equivalents at the end of the year	10,587,946	10,757,261
Net Operating Cash Flow per Share	(0.003)	0.008



Director



Director



CEO

## AIBL Capital Management Notes to the Financial Statements

As at and for the year ended 31, December, 2019

### 01 Significant Accounting Policies and Other Materials Information

#### 1.01 Legal Form of the Enterprise:

The Company has been incorporated under the Company 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 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 Limited is a full –fledged merchant bank licensed by Bangladesh Securities & Exchanges 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 & Exchanges Commission (Merchant Banker and portfolio management) Regulation 1996.

### 02 Basis for Preparation of Financial Statements

#### 2.01 Statements of Compliance:

The financial statements of AIBL Capital management Limited have been prepared in accordance with the DFIM Circular on 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 & Exchanges 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 the 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).

#### 2.03 Going

**Concern:**

Financial Statements have been prepared on going concern basis as there is no significant doubt of uncertainty to continue the operation of the company in the foreseeable future.

#### 2.04 Reporting

The financial statements cover the period from 01 January 2019 to 31 December 2019.

#### 2.05 Financial and Presentation Currency:

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

#### 2.06 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 depreciation 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%

## **2.07 Related Party Disclosure:**

The company in the normal course of operation has entered into transactions with others entities that fall within the definition of related party transaction under IAS 24 "Related Party Disclosure". The Company believes that the effect and term of these related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions during the year are disclosed in Schedule-C.

## **2.08 Components of the Financial Statements:**

According to International Accounting Standard (IAS)-1 "Presentation of Financial Statements the complete set of Financial Statements includes the following components:

- a) Statement of Financial Position;
- b) Statement of Profit or Loss and Other Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows; and
- e) Notes, comprising a summary of significant accounting policies and other explanatory information.

## **03 Principal Accounting Policies:**

### **3.01 Cash Flow Statements:**

Cash flow statements is prepared in accordance with IAS-7 "Cash Flow Statements". The cash flow from the operating activities have been presented under Direct method as prescribed by the Securities 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.

### **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 Events 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 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 insignificant risk of change in the value of the above items.

### **3.05 Provisions on Expenses:**

Provisions for expenses is recognized when the company has a present obligation economic benefit will be required to settle the obligations and reliable estimates of the amount can be measured.

### **3.06 Provision for Taxation:**

Provision for current income tax is made on the tax base profit of the company with consideration of taxable add-back of income and allowances and disallowances of expenditures in compliance of IAS 12 "Income Tax".

### **3.07 Rent Insurance and Lighings**

The company uses its parents company's buildings as its office for which no rent, insurance expenses and lightinhs expenses are paid to the parents company, though these were paid for the previous years.

#### 4.00: Property, Plant & Equipment

Particulars	Cost			Depreciation				WDV as at 31st December 2019	WDV as at 31st December 2018		
	Opening Balance as at 1st January 2019	Addition during the year	Disposal	Balance as at 31 Dec 2019 Taka	Rate %	Opening Balance as at 1st January 2019	Charge During the year			Disposal	Balance as at 31 Dec 2019 Taka
Office Equipment	528,869	-	-	528,869	20%	192,570	105,774	-	298,344	230,525	336,299
Computer	345,728			345,728	20%	276,180	69,146		345,326	402	69,549
Total		-	-	528,869		192,570	174,919	-	298,344	230,928	405,848

Particulars	Cost			Amortization				WDV as at 31st December 2019	WDV as at 31st December 2018		
	Opening Balance as at 1st January 2019	Addition during the year	Disposal	Balance as at 31 Dec 2019 Taka	Rate %	Opening Balance as at 1st January 2019	Charge During the year			Disposal	Balance as at 31 Dec 2019 Taka
MB Operating Software	467,775	-	-	467,775	20%	354,915	93,555	-	448,470	19,305	112,860
Total		-	-	467,775		354,915	93,555	-	448,470	19,305	112,860

	2019	2018
	Taka	Taka
5.00 Investment in listed securities:		
Investment in listed securities (Schedule-B)	132,159,510	104,367,120
	<b>132,159,510</b>	<b>104,367,120</b>
<p>This amount represents investment in listed securities at cost price, market value of which is BDT 107,770,183 as at 31 December 2019, resulting an unrealized loss of BDT 24,389,327 on which at least 20% provision should be made as per BSEC circular No. SEC/CMRRCD/2009-193/203 dated 28 December 2017, subsequently time extended by circular No. BSEC/SRI/MB/Policy-5/2020/132. Nevertheless, no provision has been made for diminution in value of investment in listed securities for the year ended 31 December 2019 as provision made on the same BDT 15,557,332 as at 31 December 2018 is more than the required provision BDT 4,877,865.</p>		
6.00 Cash and cash equivalents		
AIBL Capital Management Ltd. (Corporate A/C)	6,357,883	5,147,775
AIBL Capital Management Ltd. Customers Portfolio A/C	4,230,063	5,609,487
	<b>10,587,946</b>	<b>10,757,261</b>
7.00 Trade and other receivable		
Recivable from Dividend income	1,504,911	1,492,277
	<b>1,504,911</b>	<b>1,492,277</b>
8.0 Accrued Income		
Accrued Profit on MTDR(8.01)	9,257,902	965,833
	<b>9,257,902</b>	<b>965,833</b>
8.01 Accrued Profit on MTDR		
Opening balance	965,833	-
Add: Accrued profit during the year	8,292,069	965,833
Closing balance	<b>9,257,902</b>	<b>965,833</b>
9.0 Investment		
Margin Investment	3,643,771	2,299,905
Investment in Placement Share	9,988,000	9,988,000
IPO FPM Bidding and Subscription	-	673,470
Investment in AI-Arafah Islami Bank Ltd. for MTDR	100,000,000	51,000,000
	<b>113,631,771</b>	<b>63,961,375</b>
10 Advance Income Tax		
Opening Balance	13,564,532	12,086,806
Additions during the year	603,127	1,477,726
	<b>14,167,659</b>	<b>13,564,532</b>
11.00 Share Capital		
11.01 Authorised Capital		
The authorised Capital of the Company is 20,00,00,000 Ordinary Share of TK. 10 each.		
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
	<b>500,000,000</b>	<b>500,000,000</b>
11.03 Share Holding Position :		
	<b>Name of the Share Holder</b>	<b>Amount in Tk.</b>
	AI-Arafah Islami Bank Limited	490,000,000
	AIBL Capital Market services Limited	10,000,000
	<b>TOTAL</b>	<b>500,000,000</b>
	<b>Percentage of Share Holding Position:</b>	
	<b>Name of the Share Holder</b>	<b>% of Shareholdings</b>
	AI-Arafah Islami Bank Limited	0.98
	AIBL Capital Market services Limited	0.02
	<b>TOTAL</b>	<b>1.00</b>

	2019	2018
	Taka	Taka
12.00 Retained earning		
Opening Balance	6,898,745	(27,901,592)
Add: Net profit for the year	4,649,142	34,800,337
Closing Balance	<b>11,547,887</b>	<b>6,898,745</b>
13.00 Accounts Payable		
Al-Arafah Islami Bank Ltd. For Bata Shoe Dividend wrongly credited amount	42,338	42,338
Ranks ITT Limited for installation and data connectivity charges, Month of November, 2018	-	5,952
Al-Arafah Islami Bank Ltd. for Leave Encasement 2018	-	255,740
Md. Hussai Ahmed Faruqi's Car Tax Token and Fitness certificate renewal	-	13,778
Client Deposit	277,910	
Provision for Audit fee	57,500	-
	<b>377,748</b>	<b>317,808</b>
14.00 Investment Income		
Profit from Cash at Bank	105,903	312,925
Margin Profit Income	62,772	212,613
Service Charge Income	-	3
Profit Bai-Muazzel with AIBL CMSL	-	29,596,873
Profit on MTDR	8,292,069	965,833
	<b>8,460,744</b>	<b>31,088,247</b>
15.00 Borrowing Expense		
Profit paid on Bai-Muazzel with AIBL	-	32,882,161
	-	<b>32,882,161</b>
16.00 Operating Income		
Capital Gain	3,652,881	20,984,403
Dividend Income	2,443,135	3,808,672
IPO Process income	75	400
Income from dishonor cheque charge	-	1,000
Issue Manager Fee	-	300,000
Underwriting Commission	410,000	387,500
BO Documentation	2,500	5,506
CDBL for yearly rebates & Charge Income	-	24,928
BO Maintenance, Renewal Fee	3,166	2,400
	<b>6,511,757</b>	<b>25,514,809</b>
17.00 Salary Allowances & Contribution to P.F.		
Salary and Allowance	6,392,778	8,021,670
Leave Encashment	149,900	255,740
Mandatory Leave Allowance	62,180	-
Bangla Noboborsho Bonus	59,920	57,338
Incentive & Festival Bonus	473,995	559,490
	<b>7,138,773</b>	<b>8,894,238</b>
18.00 Postage, Telegram, Telephone, Mobile & Stamps etc.		
Mobile Bill & Telephone	53,096	66,947
	<b>53,096</b>	<b>66,947</b>
18.01 Legal and audit fees		
Legal expenses	67,275	-
Audit fees	82,500	25,000
	<b>149,775</b>	<b>25,000</b>

	2019	2018
	Taka	Taka
19.00 Stationary, Printing, Advertisement etc.		
Advertisement Exp.	7,000	50,000
Printing & Stationary	29,136	97,292
	<b>36,136</b>	<b>147,292</b>
20.00 Depreciation, Amortization & Repairs to Properties		
Depreciation	174,919	171,055
Amortization	93,555	93,555
	<b>268,474</b>	<b>264,610</b>
21.00 Other Expense		
BMBA Membership & Annual fees	100,000	100,000
Subscription, Renewal Fees	57,500	57,500
RJSC return file & other exp	75,887	80,264
Entertainment	530,483	72,570
Travelling Allowance	20,959	24,416
Local Conveyance	12,080	27,560
Newspaper, Journal, Periodicals & Books	3,820	3,250
EID Gracia	4,000	2,000
Trade license renewal Fees	21,867	23,016
Office shifting Expenses	-	11,430
Crockery	-	5,000
Bank Charges & Fees	7,752	15,157
Saturday Allowances	6,000	11,800
Car Battery, Tyre, Fitness and Renewal	-	52,988
Computer Accessories	-	35,000
Repair & Maintenance	12,785	12,280
TDS Exp.	2,500	2,500
Vat Exp.	3,750	9,378
Wages	151,000	54,067
Internet and CDBL wan connectivity charges	166,488	143,596
CDBL Charge	14,869	40,287
IPO Bidding fee.	15,000	45,000
Company secretariat Honorarium	240,000	280,000
Closing Allowance	9,000	7,000
	<b>1,455,740</b>	<b>1,116,059</b>
22.00 Provision for diminution in value of investments		
Opening balance	15,572,332	42,023,421
Addition of provision for the year	-	1,450,503
Less: Adjustment from Provision for Investment	-	(27,901,592)
Closing balance	<b>15,572,332</b>	<b>15,572,332</b>
23.00 Provision for Tax		
Opening Balance	22,516,587	19,656,412
Add: Income tax provision during the year	853,915	2,860,175
Closing Balance	<b>23,370,502</b>	<b>22,516,587</b>
23.01 Income Tax expense		
Operating Profit	5,560,557	11,209,423
Less: Gain on Sale of Securities	3,652,881	20,984,403
Less: Dividend Income	2,443,135	3,808,672
Total Business Income	<b>(535,458)</b>	<b>(13,583,652)</b>
Income Tax of @ 37.50% on estimated Business Income	-	-
Add: Gain on Sale of Securities (10%)	365,288	2,098,440
Add: Dividend Income (20%)	488,627	761,734
	<b>853,915</b>	<b>2,860,175</b>

## AIBL Capital Management Limited Investment in Shares & Securities

Stock at hand as on 31 December, 2019

Schedule- B

SL.	Name of Company	No. of Shares	Amount (at cost)	Market Rate	Market Amount
1	ACFL*	1,883	75,320	21.10	39,731
2	ACIFORMULA	103,657	18,902,723	91.70	9,505,347
3	ADNTEL	18,960	568,800	-	-
4	BXPHARMA*	87,385	9,567,034	69.40	6,064,519
5	COPPERTECH	4,978	47,410	23.50	116,983
6	DAFODILCOM*	700,082	42,265,670	63.30	44,315,191
7	ENVOYTEX*	358,906	14,031,564	24.90	8,936,759
8	GENEXIL*	3,010	26,180	67.40	202,874
9	ICBAMCLC1U	1,303,050	12,992,085	10.00	13,030,500
10	LANKABAFIN*	107,500	4,069,173	18.00	1,935,000
11	NEWLINE	8,038	75,130	14.80	118,962
12	ORIONPHARM*	95,725	4,023,887	26.90	2,575,003
13	PRIMETEX	1,000	39,337	23.10	23,100
14	RINGSHINE	46,243	402,120	10.30	476,303
15	RSRMSTEEL*	55,523	3,695,943	23.50	1,304,791
16	RUNNERAUTO	3,024	216,000	59.50	179,928
17	SEAPEARL	3,916	37,300	41.30	161,731
18	SILCOPHL*	8,023	72,940	30.30	243,097
19	SQURPHARMA*	62,969	16,620,494	190.00	11,964,110
20	SSSTEEL	3,710	33,730	22.50	83,475
21	YPL	540,750	4,396,673	12.00	6,489,000
	<b>Total</b>		<b>132,159,510</b>		<b>107,766,403</b>





## 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

#### Banglamotor Branch

Rupayan Trade Center; H # 114; Kazi Nazrul Islam Avenue,  
Ramna, Dhaka.

#### 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, BIDC 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

#### Jamgora Branch

Mollah Tower, Chhaitola Bus Stand, Jamgora, Ashulia, Dhaka.  
01889171075)

#### 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

### **New Market Branch**

Kazi Mansion 2/1 Elephant Road, New Market, Dhaka.  
01716256926

### **North South Road Branch (AD)**

96, Nazrul Islam Sharoni, Bongshal, Dhaka-1100  
9580875, 01811410075

## Branches of AIBL

### 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

### Rajbari Branch

F. N. Tower H # 256, Main Road, Rajbari Sadar, Rajbari.  
01712652099

### Ruhitpur Branch

Sun Plaza Market, Ruhitpur Bazar, Keranigonj  
Dhaka; 7766882-3, 01811418222

### Signboard Branch

Signboard, Fatulla, Narayanganj. 01712032254

### 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

### Masterbari Branch

Masterbari, Bhaluka, Mymensingh. 01675490908

### 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.Baria  
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

### Bashurhat SME Branch

34, Main Road, Bashurhat, Noakhali  
0322-356070, 01811-448041

## Branches of AIBL

### **Bahaddar Hat Branch**

H # 4592 Shah Amanat Concreted Road, Bahaddarhat, Chattogram. 01720150975

### **Bhatiary Branch**

Bhatiary Station, Sitakunda, Chattogram  
01877185532

### **Brahmanbaria Branch**

Mosjid Road, Bhuiyan Mansion, Brahmanbaria Sadar  
0851-59330, 01827-563888

### **Chambol Branch**

Chambol, Bashkhali, Chattogram. 01841226670

### **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, 01715-03336

### **Companionj Branch**

Companionj 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

### **Dohazari Branch**

Dohazari Bazar, Chandanish, Chattogram. 01862888193

### **Eidgoan 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

### **Firingi Bazar Branch**

H # 211, 220, Kobi Nazrul Islam Sarak, Chattogram.  
01841123008

### **Gallai Branch**

Abeda Noor Foundation Complex, Gallai  
Chandina, Cumilla; 01822131543

### **Gohira Branch**

ABM Fazle Karim Chowdhury Auditorium, Gohira Dighri  
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

### **Lakshmipur Branch**

Akota Super Market, 1310-12 Bazar Main Road, Lakshmipur  
Sadar, Lakshmipur. 0381-62290, 01720561020

### **Laksham Branch**

H # 639, Bank Road, Laksham, Cumilla. 01712796757

### **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

## Branches of AIBL

### **Pahartali Branch**

S. A. Tower, H # 6103/6882, Sagorika Road, Pahartali  
Chattogram; 01817249655

### **Patiya Branch**

H # 2329 Awami Super Market,  
Patiya Upazilla Sadar, Chattogram  
01880003045

### **Patherhat Branch**

Patherhat, Rauzan, Chattogram-4346  
031-671150, 01811-424739

### **Pekua Branch**

Pekua Baza, Cox's Bazar. 01855885557

### **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

### **Shahjalal Upashahar Branch**

H # 0706-00 R # 35 B # D, Shahjalal Upashahar, Sylhet.  
01712487493

### **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

### **Chuadanga Branch**

Molla Tower-2, Hotel Royal Blue (1st Floor), Shahid Alaul  
Islam Khokon Sarak (VJ School Road), Chuadanga.  
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

### **Kolaroa Branch**

H # 5839, Kolaroa Bazar, Kolaroa, Satkhira. 01718383840

### **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

## Branches of AIBL

### 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

### 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

### Mohadepur Branch

Plot No. 245, Mohadepur, 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









Al-Arafah Tower, 63 Purana Paltan, Dhaka-100  
Phone +88-02-4485005, e-mail: [info@al-arafahbank.com](mailto:info@al-arafahbank.com)  
web: [www.al-arafahbank.com](http://www.al-arafahbank.com)