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



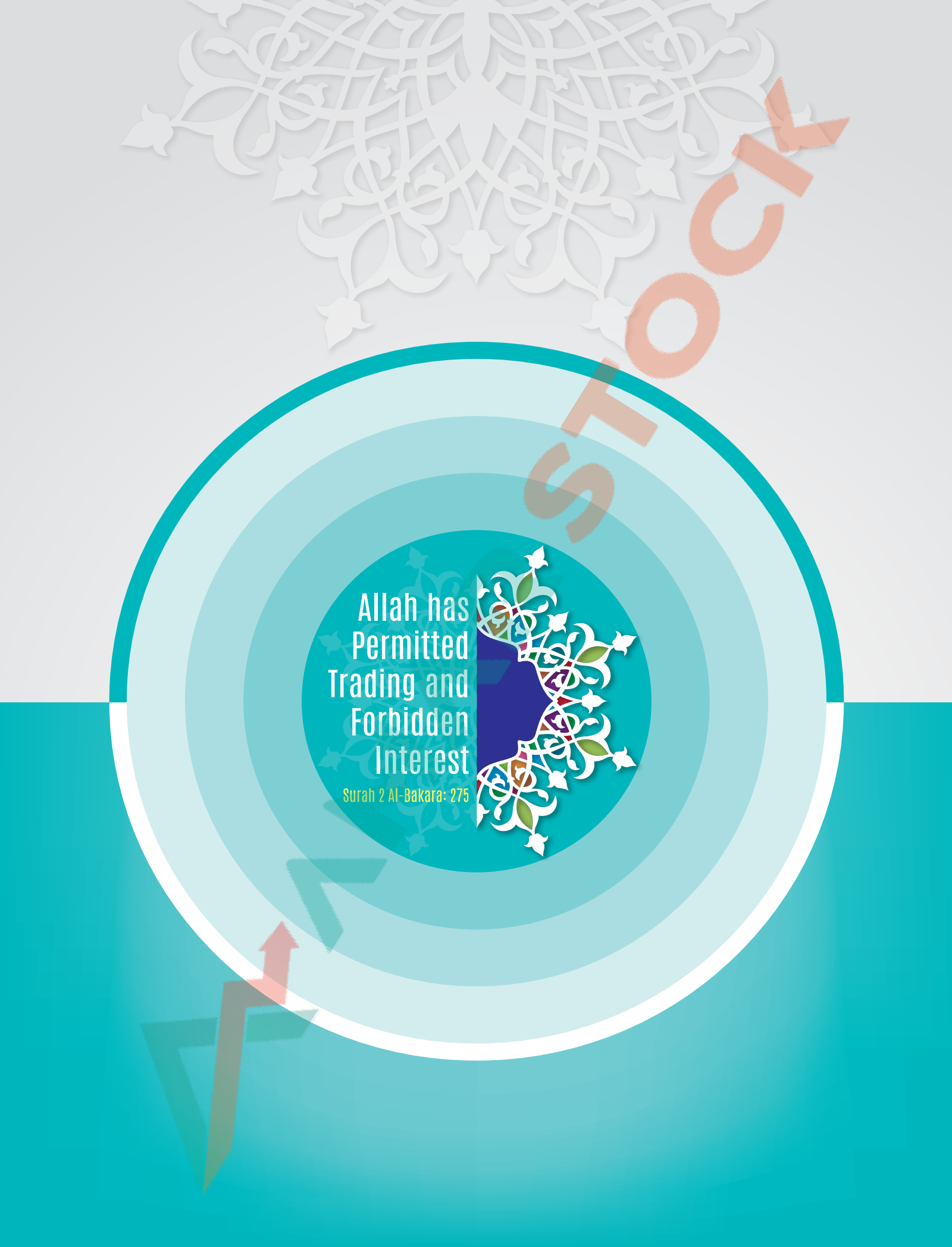
2017

ANNUAL REPORT

Annual Report 2017

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

AMARSTOCK


Allah has Permitted Trading and Forbidden Interest
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 Interest. 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 interest, if you are (really) believers. If you do not do it, then take a notice of war from Allah and His Massenger (Rasul)". *(Surah 2 Al-Bakara : 278-279)*

AMARSTOCK

HADITH ON INTEREST



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

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

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

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

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

AMAR STOCK

OPINION OF OTHER RELIGIONS AND GREAT MEN ON INTEREST

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

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

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

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

- Some writers quoted from the book, 'Talmud' that the Hebrew prophets forbade interest not only from Jews but from all. (Eric Roll, A history of Economic Thought: page 48)
- Interest was prohibited from the beginning of the Christianity to the advent of the Reform Movement and from the Church under pope in Rome to the division of other Churches, Christ said, 'Lend hopping for nothing again.' (Luke VI 35, Hanley: History of Economic Thought 1964, Page 101)



BOARD OF DIRECTORS

Chairman

Alhajj Abdus Samad Labu

Vice Chairman

Alhajj Abdus Salam

Member

Hafez Alhajj Md. Enayet Ullah
Alhajj Salim Rahman
Alhajj Mohammed Emadur Rahman
Md. Amir Uddin PPM
Alhajj Nazmul Ahsan Khaled
Alhajj Abdul Malek Mollah
Alhajj Md. Harun-ar-Rashid Khan
Alhajj Md. Anowar Hossain
Alhajj Badiur Rahman
Alhajj Engr. Kh. Mesbahuddin Ahmed
Alhajj Ahamedul Haque
Alhajj Abu Naser Mohammad Yeahea
Alhajj Niaz Ahmed
Alhajj Md. Liakat Ali Chowdhury
Dr. Md. Shafiul Haider Chowdhury (Alternative Director of Alhajj Badsha Meah)
Alhajj Anwar Hossain (Alternative Director of Alhajj Mohammed Haroon)
Khalid Rahim FCA
Faruq Ahmad Siddiqi

Ex Officio Director

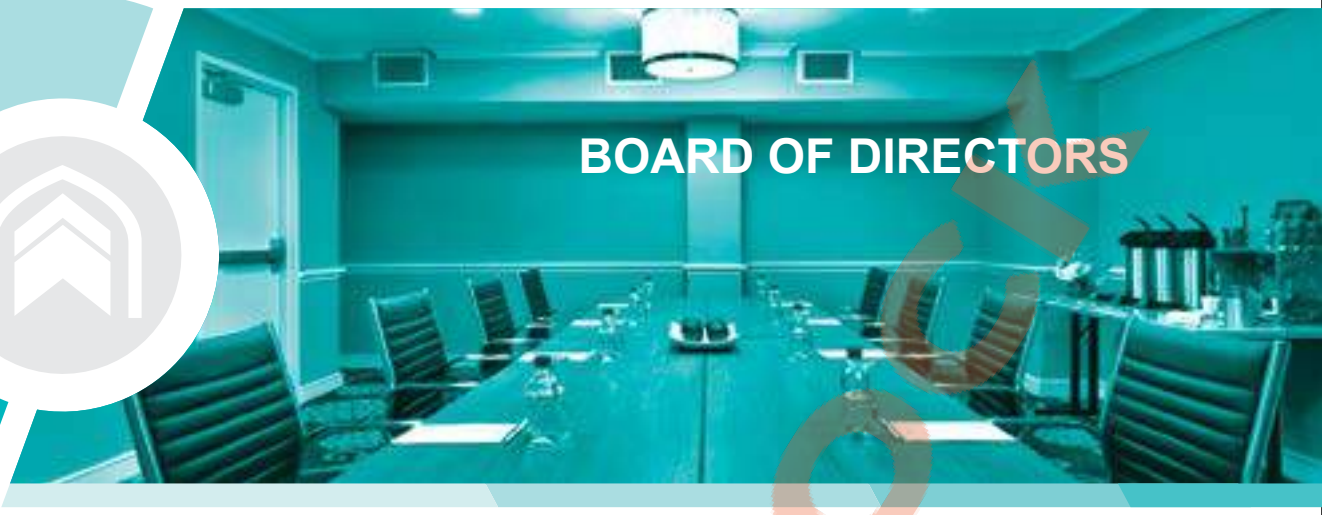
Managing Director

Md. Habibur Rahman

Company Secretary

Md. Mahmudur Rahman

AMAR STOCK



BOARD OF DIRECTORS

Executive Committee (EC)

Chairman
Hafez Alhajj Md. Enayet Ullah

Vice Chairman
Alhajj Salim Rahman

Member
Alhajj Nazmul Ahsan Khaled
Alhajj Md. Harun-ar-Rashid Khan
Alhajj Badiur Rahman
Alhajj Engr. Kh. Mesbahuddin Ahmed
Alhajj Abu Naser Mohammad Yeahea

Board Audit Committee (BAC)

Chairman
Md. Amir Uddin PPM

Member
Alhajj Abdus Salam
Alhajj Abdul Malek Mollah
Alhajj Niaz Ahmed
Khalid Rahim FCA

Risk Management Committee (RMC)

Chairman
Alhajj Mohammed Emadur Rahman

Member
Alhajj Abdus Samad
Alhajj Ahamedul Haque
Alhajj Md. Liakat Ali Chowdhury
Faruq Ahmad Siddiqi

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
Alhajj Abdus Samad Labu

Secretary
Md. Abdur Rahim Khan



MANAGEMENT TEAM

Managing Director
Md. Habibur Rahman

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

Principal
Md. Nurul Islam Khalifa

Executive Vice President
Md. Nadim
Syed Masodul Bari
Md. Atiqur Rahman
Md. Mujibul Quader
Abed Ahmed Khan
M. Tariqul Islam
Md. Abdullah Al- Mamun
Md. Abdur Rahim Duary
Manir Ahmad
Md. Manjur Hasan
Md. Mahmudur Rahman

Senior Vice President
A. N. M. Mofidul Islam
Engineer Md. Habib Ullah
A. K. M. Amzad Hossain
Md. Monjurul Alam
Md. Aminul Islam Bhy.
Md. Mujibur Rahman
A. T. M. Mostafizur Rahman
Md. Sharif Uddin Pramanik
S. M. Kowsar
Iqbal Hossain Ahmed
Mohammed Hossain
S. M. Abu Jafar
Md. Mahboob Ghani Huq
Md. Asaduzzaman Bhuiyan
Md. Golam Sarwar
Md. Idris Ali
Aktar Kamal
Md. Mazharul Islam
Md. Obaydul Islam
Md. Mujahid Khalid
Majibur Rahman
Md. Zakir Hossain Bhuiya
Md. Soheb Ahmed
M. A. S. Jalal Azad
Md. Masudur Rahman
Mohammad Azam
Md. Sanaullah
Md. Aminur Rahman
Md. Nizamul Hoque Chy.
Md. Rajibul Islam Bhuiyan
Md. Yahya
Md. Azharul Islam
Md. Zahidul Islam
Md. Mostafizur Rahman
Md. Nazmul Huda

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



MANAGEMENT TEAM

Md. Shafi Mahmood
Md. Nazim Uddin

Assistant Vice President
Md. Ziaul Karim Chow.
Md. Asaduzzaman Khan
Md. Zahid Hasan
Md. Mahbubul Hoque
A. K. M. Fokhrul Islam
Abdul Malek
Md. Rafiqul Islam
Md. Mizanur Rahman
A. M. M. Arif Billah Mithu
Md. Shah Alam
Md. Moklesur Rahman Khan
M. M. Shamsul Alam
Md. Abu Hanif
H. M. Zakir Khan
Md. Nurul Karim
Md. Kamruzzaman
Khandaker Nazmul Islam
Md. Amjad Hossain
Sharif Golam Kawsar
Motahar Uddin Ahmed
Mohd. Salahuddin Mamun
Md. Ashaduszzaman
Md. Kamrul Islam
Nur Mahbub Khan
Kazi Mohammad Sadik
Md. Anowarul Alim Khan
Md. Jamal Uddin Mahmud
Md. Zahid Hossain
A. S. M. Gouch Uddin Siddiquee
Shahadat Ali
Md. Mustafizur Rahman
Md. Mustaque Ahamed Mollah
Md. Kamrul Islam
Md. Alauddin
Syed Ariful Islam
Md. Enayet Fakir

Syed Taslim Alam
Md. Delowar Hossain
Mahbubul Amin
Md. Ashiqur Rahman
Md. Abul Hossain
Md. Abdur Rahim Sarder
Md. Yusuf Sharif
Md. Golam Quddus Talukder
Md. Abul Hossain Saju
Md. Humayun Kabir Sardar
Md. Mujibur Rahman
Md. Momtazul Hoque
Md. Golam Arfin
Md. Zamshed Hossain Sarker
Md. Mushfiqur Rahman
Md. Maniruzzaman
Md. Akber Hussain
Md. Maynal Hossain
Syed Ariful Bari
Md. Shakhawat Ullah
Mollah Khalilur Rahman
Md. Mijanur Rahman
Md. Ismail Hossain
Gazi Abdur Rahman Aminy
Md. Towhidul Islam
Md. Abdur Rahman Bhy.
Ahamuduzzaman
Sk. Abdur Rahman
Md. Anwarul Quader Chy.
Md. Moinul Haque
Nashir Ahmed
Md. Taslim Hossain
M. Mohiuddin Sharifi
Md. Eleaus
Md. Humayun Kabir
Md. Zakir Miah
Md. Wares Uddin Mahmud
Md. Rafiqul Islam
Mohammed Ishaque
K. M. Shahadat Husain

Md. Asadur Rahman Khan
Md. Abu Bakar Siddique
Md. Shamsul Areafin
Md. Kutub Uddin
Md. Monirul Islam Bhuiyan
Syed Saleh Ahmed
Mostaque Ahmed Khandaker
Saiful Islam
A. K. M. Anwarul Haque
Md. Zahurul Islam Patwary
Md. Masud Parves
Md. Ali Farhad
Md. Mahbubur Rahman
Munshi Sanaur Rahman
Md. Ziaul Haque Malik
Md. Bashir Uddin
Md. Syful Islam
Md. Anisul Islam Mahmud
Md. Imran Miah
Md.Shahidul Islam
Md. Zahirul Haque
A. K. M. Tusher
A. K. M. Ariful Islam
Md. Saiful Islam
Shakhawat Hossain
Md. Shahidul Islam
Humayun Kabir
Md. Iqbal Hossain
Syed Monirul Haque
Mohammed Abul Kashem
Md. Mohiuddin Khan Azad
Md. Basirul Islam
A. K. Md. Rezwan Mohiuddin
M. M. Rafikul Islam
Md. Mustahidul Bashar
Md. Khairul Alom
Md. Mizanur Rahman Bhuiyan

VISION, MISSION & COMMITMENTS



Vision

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

Mission

- Achieving the satisfaction of Almighty Allah both here & hereafter.
- Proliferation of Shariah Based Banking Practices.
- Quality financial services adopting the latest technology.
- Fast and efficient customer service.
- Maintaining high standard of business ethics.
- Balanced growth.
- Steady & competitive return on shareholders' equity.
- Innovative banking at a competitive price.
- Attract and retain quality human resources.
- Extending competitive compensation packages to the employees.
- Firm commitment to the growth of national economy.
- Involving more in Micro and SME financing.

Commitments

- Ours is a customer focused modern Islamic Banking making sound and steady growth in both mobilizing deposit and making quality Investment to keep our position as a leading Islami Bank in Bangladesh.
- To deliver financial services with the touch of our heart to retail, small and medium scale enterprises, as well as corporate clients through our branches across the country.
- Our business initiatives are designed to match the changing trade industrial needs of the clients.

AMARSTOCK

CORPORATE INFORMATION

Date of Registration	18 June, 1995
1st Branch	Motijheel Branch, Dhaka
Opening Ceremony	27 September, 1995
Authorized Capital	15,000.00 Million
Paid-up Capital	9, 943.06 Million
Local Partnership of Capital	100%
Equity	22,520.68 Million
Number of Branches	154
Deposit	244,806.26 Million
Investment	235,905.23 Million
Number of Employees	3,446
Number of Shareholders	30,386



Honorable Chairman, Directors & Managing Director of AIBL are seen on the dais at the 22nd Annual General Meeting

CORPORATE INFORMATION

Auditors
HODA VASI CHOWDHURY & CO.
Chartered Accountants
BTMC Bhaban (8th Level)
7-9 Kawran Bazar C/A
Dhaka- 1000

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

Company Secretary
Md. Mahmudur Rahman

Registered Office
Al-Arafah Tower,
63, Purana Paltan,
Dhaka-1000.
Tel : +88-02-44850005,PABX:44850005-20 ,SWIFT : ALARBDDH
E-mail : aibl@al-al-arafahbank.com
Web : www.al-arafahbank.com



A section of the honorable Shareholders attending the 22nd Annual General Meeting of the Bank

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

NOTICE OF THE 23rd ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of Al-Arafah Islami Bank Limited will be held on Thursday the 24th May, 2018 at 11.30 a.m. at "Own Premises, 63/1, Purana Paltan (Beside of Al-Arafah Tower), Dhaka-1000" to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2017 along with the Reports of the Directors' and the Auditors' thereon.
2. To declare Dividend for the year ended December 31, 2017 as recommended by the Board of Directors.
3. To appoint auditors of the company for the term until the next Annual General Meeting and to fix their remuneration.
4. To elect/re-elect/confirm Directors
5. To transact any other business with the permission of the chair

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

By order of the Board

(Md.Mahmudur Rahman)
EVP & Company Secretary
Date: Dhaka
9th April, 2018
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. 3rd May, 2018** will be eligible to attend the Annual General Meeting (AGM) and vote there at.
2. A member will be eligible to attend and vote at the Annual General Meeting (AGM) may appoint a proxy to attend and vote on his/her behalf. Proxy Form duly stamped must be submitted at the Registered Office of the Company not later than 48 hours before the time of holding the meeting;
3. The Shareholders, who are interested to put questions, are requested to send the same to the Share Department (Level-04), 63, Purana Paltan, Dhaka-1000 before 7 days of AGM.
4. Attendance of the Members/Shareholders/Attorney/Proxy's will be recorded up to **11.30 A.M.** at the Registration Counter on the day of the meeting;
5. Election rules and schedule thereto will be available at the Share Department (Level-04), 63, Purana Paltan, Dhaka-1000

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

5 Year Financial Highlights

Taka in million

Particulars	2013	2014	2015	2016	2017	Growth %
Income Statement						
Investment Income	17,966.32	19,725.91	18,568.00	18,830.15	20,491.03	8.82
Profit paid on Deposit	12,107.71	12,616.77	11,073.01	9,957.73	11,784.20	18.34
Net Investment Income	5,858.61	7,109.14	7,494.99	8,872.42	8,706.83	(1.87)
Non Investment Income	1,757.09	2,485.88	2,511.94	2,791.54	3,557.36	27.43
Non Investment Expenses	2,667.14	3,261.57	3,646.78	4,152.93	5,308.42	27.82
Net Non Investment Income	(910.05)	(775.69)	(1,134.84)	(1,361.39)	(1,751.06)	28.62
Profit Before Tax & Provision	4,948.56	6,333.45	6,360.15	7,511.03	6,955.77	(7.39)
Provision For Investment	588.15	1,846.86	1,796.68	1,547.87	1,354.89	(12.47)
Profit Before Tax	4,360.41	4,486.59	4,563.47	5,963.16	5,600.88	(6.08)
Provision For Tax (including Deferred Tax)	2,083.73	2,161.64	2,097.59	2,613.76	2,431.38	(6.98)
Profit After Tax	2,276.68	2,324.95	2,465.88	3,349.40	3,169.50	(5.37)
Balance Sheet	v					
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	-
Paid up Capital	8,343.25	9,469.58	9,469.58	9,943.06	9,943.06	-
Reserve Funds & Other Reserve	4,827.20	5,620.87	6,432.32	7,468.16	8,556.96	14.58
Shareholders' Equity (Capital & Reserve)	16,091.17	18,159.52	19,236.07	21,337.48	22,520.68	5.55
Deposits	140,980.55	166,851.17	169,887.08	199,703.92	244,806.26	22.58
Investment	125,715.39	146,740.37	162,503.14	196,519.38	235,905.23	20.04
Investment in Shares & Securities	7,138.93	9,120.90	8,851.13	9,058.68	10,145.49	12.00
Fixed Assets	2,517.22	2,661.11	3,057.38	3,240.18	3,260.38	0.62
Total Assets (Excluding off-balance sheet items)	173,161.63	210,439.01	229,106.66	272,900.04	319,255.29	16.99
Foreign Exchange Business						
Import Business	85,915.00	101,244.70	107,049.80	118,786.60	156,700.00	31.92
Export Business	68,980.30	75,843.90	79,362.90	88,152.20	104,540.00	18.59
Guarantee Business	2,006.61	3,365.27	4,471.41	4,981.34	6,443.41	29.35
Inward Foreign Remittance	7,042.50	8,541.10	9,498.00	11,735.40	20,700.00	76.39
Capital Measures						
Core Capital (Tier-I)	15,113.62	17,181.97	18,244.48	20,359.39	21,540.30	5.80
Supplementary Capital (Tier-II)	1,511.75	1,732.06	4,828.03	5,095.97	5,488.97	7.71
Tier-I Capital Ratio	13.33	12.74	13.17	11.92	10.40	(12.74)
Tier-II Capital Ratio	1.33	1.28	3.48	2.98	2.66	(10.84)
Total Capital	16,625.37	18,914.03	23,072.51	25,455.36	27,029.27	6.18
Total Capital Ratio	14.66	14.03	16.65	14.91	13.06	(12.43)
Investment Quality						
Volume of Non-Performing investment	3,598.83	6,982.60	7,713.67	8,994.98	9,921.51	10.30
% of NPIs to Total investment	2.77	4.50	4.66	4.54	4.10	(9.69)
Provision for Unclassified investment	749.60	938.27	1,090.27	1,352.83	1,723.04	27.37
Provision for Classified investment	1,128.03	1,518.78	2,100.27	2,586.67	3,096.15	19.70
Provision for Off Balance sheet Exposures	273.37	305.01	346.75	449.88	570.42	26.79
Share Information						
Number of Shares Outstanding	834,324,671	946,958,503	946,958,503	994,306,428	994,306,428	-
Earning per Share (Taka)	2.46	2.20	2.25	3.07	3.15	2.66
Book Value per Share (Taka)	19.29	19.18	20.31	21.46	20.88	(2.71)
Market Price per Share (Taka)	19.10	14.90	14.70	15.90	24.10	51.57
Price Earning Ratio (Times)	7.76	6.77	6.53	5.18	7.64	47.64
Price Equity Ratio (Times)	0.99	0.78	0.72	0.74	1.15	55.79
Dividend per Share						
Cash Dividend (%)		14.00	10.00	20.00	15.00	(5.00)
Bonus Share	13.50	-	5.00	-	5.00	-
Operating Performance Ratio						
Net Profit Margin%	5.70	5.88	4.91	4.60	3.87	(0.72)
Investment /Deposit Ratio	88.74	84.58	88.59	88.50	89.95	1.45
Return on Equity (ROE)%	14.15	12.80	12.82	15.70	14.07	(1.62)
Return on Assets (ROA)%	1.31	1.10	1.08	1.23	0.99	(0.23)
Cost of fund %	11.02	10.85	9.18	7.92	7.50	(0.42)
Cost/Income ratio in operating business (%)	35.02	33.99	36.44	35.60	43.28	7.68
Other Information						
Number of Branches	110	119	129	140	154	10.00
Number of Employees	2,387	2,649	2,810	3,070	3,446	12.25
Number of Shareholders	58,466	52,007	44,427	36,695	30,386	(17.19)



ECONOMIC IMPACT REPORT

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

i) Direct Impact
ii) Indirect Impact

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

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

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

In 2017, total value added by AIBL was BDT 9,430.52 million as against BDT 8,631.57 million in 2016. Bank's direct contribution to the economy was BDT 2,431.38 million in the form of corporate income tax. The Bank distributed BDT 3,587.79 million for its total 3,446 officials in 2017 as against that of BDT 2,705.24 million for 3,070 in 2016.

At the end of 2017, the Bank mobilized total deposits of BDT 244,806.26 million and aided the economy in meeting its growth target by deploying BDT 235,905.23 million as investment to different sectors of the economy. Apart from these, the Bank performed significant import and export business.



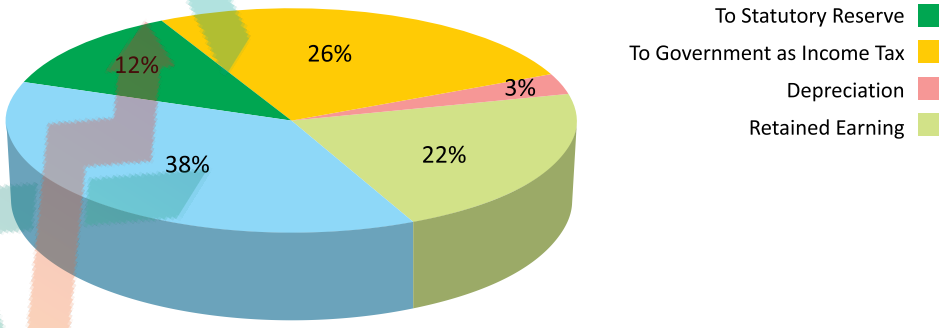
VALUE ADDED STATEMENT

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

(BDT in Million)

Particulars	2017	2016
Income from Banking Service	24,048.39	21,621.69
Cost of Services & Supplies	(13,262.98)	(11,442.25)
Value added by Banking Services	10,785.41	10,179.44
Provision for Investment & Off balance Sheet Items	(1,354.89)	(1,547.87)
Total Value Addition	**9,430.52**	**8,631.57**
Value Distributed		
To Employees	3,587.79	2,705.24
To Statutory Reserve	1,086.49	1,049.36
To Government as Income Tax	2,431.38	2,613.76
Depreciation	276.67	259.18
Retained Earnings	2,048.19	2,004.03
Total Value Distributed	**9,430.52**	**8,631.57**

Distribution of Value Addition

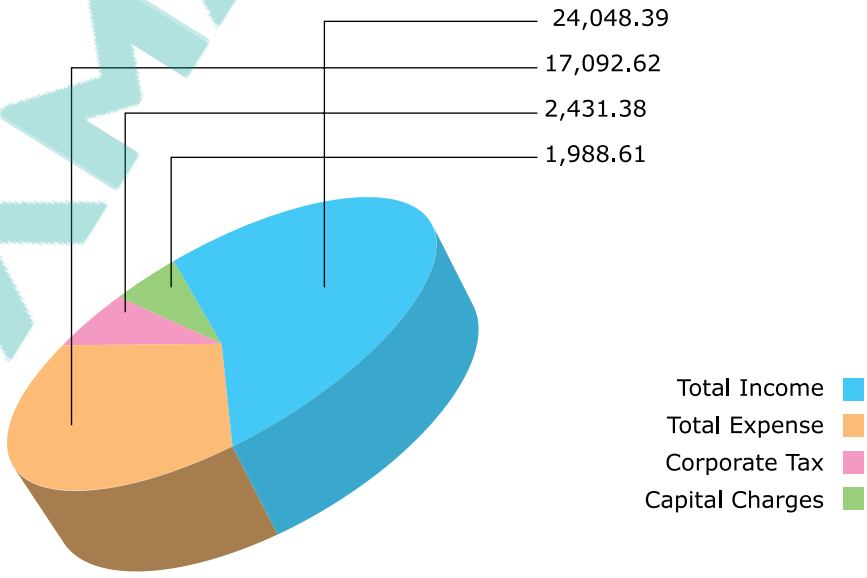


ECONOMIC VALUE ADDED STATEMENT

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of the required minimum return for shareholders at comparable risk. EVA of the Bank stood at BDT 2,535.78 million as on 31 December 2017 as against that of BDT 2,908.66 million in 2016

(BDT in million)

Particulars	2017	2016
Shareholders' Equity	22,520.68	21,337.48
Total Income	24,048.39	21,621.69
Total Expenses	(17,092.62)	(14,110.66)
Corporate Tax	(2,431.38)	(2,613.76)
Capital charge	(1,988.61)	(1,988.61)
Economic value Addition	**2,535.78**	**2,908.66**



* Capital Charges = Paid up capital X percentage of Dividend

MARKET VALUE ADDED STATEMENT

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

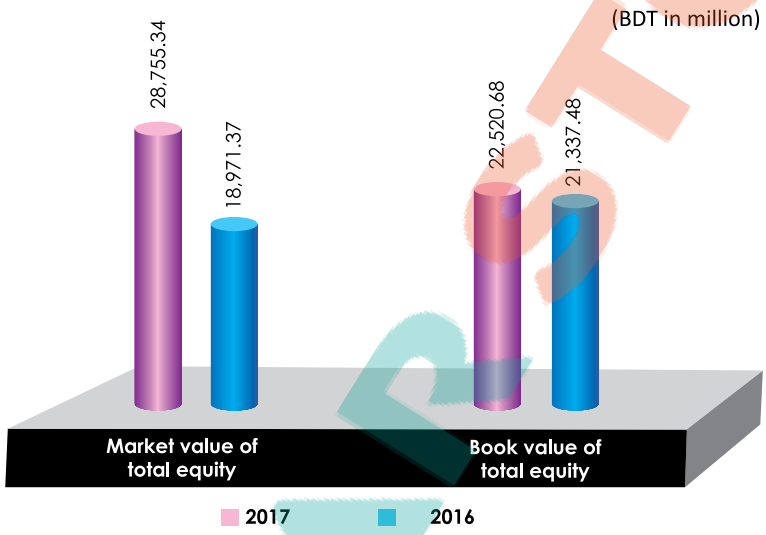
(BDT in million)

Particulars	2017	2016
Market value of Total Equity	28,755.34	18,971.37
Book value of Total Equity	22,520.68	21,379.12
Market value Addition	6,234.66	(2,407.75)



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

MARKET VALUE ADDITION



Total number of share outstanding: 994,306,428 (994,306,428)*

Market value per share: BDT 24.10 (15.90)*

* Previous Year's figures in brackets.



The Bank inaugurated its own building - 'Al-Arafah Tower' at the heart of the capital.



CHAIRMAN'S ADDRESS

Bismillahir Rahmanir Rahim

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

Dear Shareholders

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

It is my great pleasure to welcome you all to the 23rd Annual General Meeting of the Shareholders of the Bank. On behalf of the Board of Directors and myself, I would like to express my heartfelt thanks and profound gratitude to all of you for your continuous support and guidance to run the Bank. Alhamdulillah, we have successfully closed the books & accounts of the company for the year 2017.

All of us know that due to some unavoidable circumstances, the business in the year 2017 was not good enough for any of the banks and financial institutions in the country. In spite of that we have achieved all business targets for the year 2017.

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

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

Trusting upon Almighty Allah, believing our Shareholders confidence on us and knowing our abilities to achieve the goal, I have declared the year, the year when we start our mission, to be "The Best Islami Bank" in the country. I believe with all our honesty, integrity, efficiency and most of all with our strictness to comply with Shari'ah and Regulatory directions in every point, Insha Allah we shall be able to reach our goal to be recognized as the best Islamic Bank in Bangladesh.

Overall Performance

By the grace of Almighty Allah (SWT) Al-Arafah Islami Bank has overcome the challenges of 2017 and made satisfactory profit and growth in most of the areas of business. The Bank took a strategy of quality growth of its assets by adhering to compliance in all spheres of operation particularly in respect of Shari'ah and regulatory laws and guidelines. As a continued policy, the Bank remained focused in all the key areas covering capital adequacy, good asset quality, sound management, good earnings and strong liquidity.

The Bank's operating profit stood at Tk. 6,955.77 million during the year an decrease by Tk. 555.26 million over the previous year. The return on equity recorded at 14.07% while earnings per share (EPS) stood at Tk. 3.15.

Total assets of the Bank rose to Tk 319,255.29 million during the year showing a growth of 16.99% over the previous year.

Deposits of the Bank stood at Tk. 244,806.26 million increased by Tk. 45,102.34 million during 2017 and growth rate 22.58%.

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

We have tried our best to make investment maintaining its quality and ensuring well diversification to mitigate the potential risks. Investment portfolio of the Bank has grown by 20.04% during the year and thus the books of accounts have showed a positive growth in our operating profit.

Overdue investment stood at Tk.6,095.30 million as on 31st December 2017 as against Tk. 3,333.40 million as of December, 31 last year. Total overdue increased by Tk. 2,761.90 million during the year 2017 bringing the same to 2.52% of our total investment as against 1.68% 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. 1,492.30 million from Tk. 7,718.20 million to Tk. 9,210.50 million (Term Tk. 3,527.90 million + Continuous & Demand Tk. 5,682.60 million) which was 3.81% of total Investment. Recovery against rescheduled investment during the year 2017 was Tk. 1,389.60 million.

Classified investment increased by Tk. 926.53 million from Tk. 8,994.98 million to Tk. 9,921.51 million representing 4.10% of total investment as against 4.54% in the previous year.

During the year 2017, recovery against classified investment stood at Tk. 2,320.00 million while recovery against SMA was Tk. 2,300.00 million and against Written off Tk. 321.20 million building a total recovery of Tk. 4,941.20 million including recovery Tk. 1,389.60 million from rescheduled investment..

SME & Retail Banking

Our Bank is now focusing on investment to SME and Retail sector in line with the policies and guidelines of Bangladesh Bank. During the year we have achieved above 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)

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

Risk Mitigation

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

Subsidiary Companies

As part of diversification of our business, we have established the following 4 (Four) subsidiary companies, in addition to our normal banking business:

AIBL Capital Market Services Limited

AIBL Capital Market Services Limited was incorporated as subsidiary company of Al-Arafah Islami Bank Limited with an authorized capital of Tk. 10 billion and paid-up capital of Tk. 4 billion of which AIBL holding is 60.50%. The main objectives of the company are to carry out the business of Stock Broker and Dealer in the Capital Market. During the year 2017 the company earned Operating Profit (Before provision for investment & taxation) of Tk 229.23 million with Earning per Share (EPS) Tk.0.19.

AIBL Capital Management Limited

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

During the year 2017 the company earned Operating Profit (Before provision for investment & taxation) of Tk.11.06 Million with Earning per Share (EPS) Tk.0.12.

Millennium Information Solution Limited

Al-Arafah Islami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-Arafah

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

During the year 2017 the company earned Net Income before Tax Tk. 12.41 Million with Earning per Share (EPS) Tk.0.59.

AIBL Asset Management Co. Ltd.

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

Concluding Appreciation

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

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

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

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

Allah Hafiz

Ma-assalam
Sincerely,

Alhaj Abdus Samad Labu
Chairman
Date: 24th May 2018

MANAGING DIRECTOR'S ADDRESS



BismillahirRahmanir Rahim

At the very outset, we express our deep sense of gratitude to Almighty Allah (SWT), the Lord, and the Merciful for granting us a good result in overall business performance of the Bank during the challenging year 2017.

Respected Shareholders,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

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

World Economy

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade, according to World Economic Outlook. World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018.

Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges.

With persistent structural problems such as low productivity growth and high income inequality pressures for inward-looking policies are increasing in advanced economies. These threaten global economic integration and the cooperative global economic order that has served the world economy, especially emerging market and developing economies, well. Against this backdrop, economic policies have an important role to play in staving off downside risks and securing the recovery, and a renewed multilateral effort is also needed to tackle common challenges in an integrated global economy.

Bangladesh Economy

Bangladesh Bureau of Statistics (BBS) has estimated the GDP growth at 7.24 per cent in FY17, which exceeds the official target of 7.20 per cent by 0.04 percentage point. Compared to many other developing countries, the 7.24 per cent GDP growth achieved by Bangladesh is quite impressive, but still the realized growth remains below the country's true potential.

Inadequate infrastructure, shortage of power and energy, weak investment climate, and lack of consistency in policy and regulatory framework are now major impediments to the country's development. These impediments must be removed to restore the confidence of the country's business and investor community.

Based on the IMF's World Economic Outlook, released in April 2017, the GDP of Bangladesh in PPP terms will cross US$1,000 billion and the country will be ranked 30th largest economy of the world in 2022, which is 32nd in 2017. On nominal GDP basis, Bangladesh will be the 38th largest economy in 2022 as against 45th now.

In terms of US Dollar, the value of GDP in current market prices increased by 12.36 per cent to US$248,767 million in FY17 from US$221,396 million in the previous year.

Per capita GDP stood at US$1,538 in FY17, compared to US$1,385 in FY16, showing an increase of 11.05 per cent. The general point-to-point inflation came down to 5.44 per cent in FY17 from 5.92 per cent in FY16. Between end-June of 2016 and 2017, the Taka depreciated by 2.80 per cent in terms of US dollar. Gross foreign exchange reserves rose to US$33.407 billion in the last working day of FY17 (29 June 2017).The amount was sufficient to cover the country's import bills for more than nine months.

Overall Banking Scenario

Banks' Deposits: Total Deposits (excluding interbank items) of the scheduled banks increased by Tk. 1,042,712.30 million representing 12.10% point to point growth from Tk. 8,617,456.70 million as on 31 December 2016 to Tk. 9,660,169.0 million as on 31 December 2017.

Islamic Banks' Deposits: All Islamic Banks' Deposits stood at TK 2,070,130.00 million during the year 2017 as against Tk. 1,722,148.90 million in the previous year 2016 and the

deposits increased by Tk. 347,981.10 million registering growth of 20.21% in 2017.The share of Islamic Banks' Deposits as of 31December 2017 stood at 21.43% as compared to 19.98% as of 31 December 2016.

Banks'Advances/ Investment: Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 848,522.20 million representing 13.50% point to point growth from Tk 6,285,349.90 million as on 31 December 2016 to Tk. 7,133,872.10 million as on 31 December 2017.

Islamic Banks' Investments: All Islamic Banks' Investments stood at TK 1,912,290.00 million during the year 2017 as against Tk.1,693,873.80 million in the previous year 2016 and the deposits increased by Tk. 218,416.20 million registering growth of 12.89% in 2017. The share of Islamic Banks' Investments as of 31 December 2017 stood at 26.95% as compared to 26.81% as of 31 December 2016.

Operating Profit: Banks in Bangladesh managed to log in profits for 2017 despite a tough start to the year 2017. 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 2017. The listed second highest National Bank Limited and Al-Arafah Bank logged in placed 5th position in 2017 while its position was 7th in 2016. Among the Islamic Bank, Al-Arafah stood 2nd position.

Deposits and Borrowings

The total deposit and Borrowingsof the bank reached Tk.277,024.94 million recording 118.39% achievement of Target Tk.234,000.00 million as on 31December 2017 as against Tk.224,788.57 million at 31st December 2016. The deposits and Borrowings increased by Tk. 52,236.37 million registering growth of 23.24% in 2017 as against national growth of 12.10%. Our deposit target for the year 2018 has been fixed at Tk.315,000.00 million expecting growth of 17.00%.

Major Business Ratios

Major comparative business ratios i.e.Yield on Investment, Cost of Deposit & Borrowings Spread, Cost of Admin, Cost of Fund, Non-Funded Income and Net Spread for the year 2016 & 2017 are appended below:

Particulars	2016	2017
Yield on Investment	9.80%	8.75%
Cost of Deposit & Borrowings	5.83%	5.28%
Spread	3.97%	3.47%
Cost of Administration	2.10%	2.22%
Cost of Fund	7.93%	7.50%
Non- Funded Income	1.46%	1.62%
Net Spread	3.33%	2.87%

Deposit Mix

Cost of Fund of the Bank depends on Deposit Mix. Deposit Mix of the Bankis shown below:

Deposit Mix	Achievement 2017	Targeted 2018
Cost Free Deposit	10.10%	12.00%
Low cost Deposit	28.89%	30.00%
High Deposit	61.01%	58.00%
Total	100.00%	100.00%

Plan and Strategies for Deposit Mobilization:

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

- Deposit shall be mobilized giving due importance to deposit mix. In the year 2018, Branches should maintain deposit mix of at least 12% cost free, 30% low cost and 58%high cost of their total deposit.
- To increase the cost free and low cost deposit,the following strategies may be adopted:

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

INVESTMENTS

Total gross investments of the bank stood at Tk.241,961.78 million recording 103.40% achievement of Target Tk.234,000.00 million as on 31st December 2017 as against Tk. 198,250.00 million on the same day of previous year 2016. The investments increased by Tk.43,711.78 million recording 22.05% growth in 2017. The target for investment for the year 2018 has been fixed at Tk.315,000.00million with anticipated growth of 17.00%.

We expect that the branches will render their best efforts to make quality investment complying Shariah principles and ensure constant follow upand supervision for maintaining the quality and ensuring timely recovery.

All concerned are advised to adopt the following policies and strategies for quality investments-

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

Operating Profit

The bank earned operating profit of Tk.6,955.77million during the year 2017. The operating profit of the Bank during the year 2016 was Tk 7,511.03 million and thus the Bank attained negative growth of 7.39% 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 including constant view on fund management. However, considering all the situations, Operating Profit target for the year 2018 has been fixed at Tk 8,100.00 million anticipating 15.14% growth.

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 non performing investment
- to increase cash recovery from written of and rescheduled investment.
- to comply 100% Shariah principles so that no-income shall be considered doubtful.
- to control expenditure

International Banking Wings

We are now more capable and confident to handle Foreign Exchange Business. Presently, we have 25 AD Branches through which we have handled total foreign exchange business of Tk. 281,940.00 millionduring the year 2017 as against Tk. 218,674.20 million in the previous year. Our Foreign Exchange business increased by Tk.63,265.80 million recording a growth of 28.93%.Target of International Trade for the year 2018 has been fixed at Tk.358,150.00 million with 27.00% growth.

Import Business

Total import business of the bank stood at Tk.156,700.00 million during the year 2017 as against Tk.118,786.60 million and Tk.107,049.80 million in the previous year 2016 and 2015 respectively. Our import business increased by Tk. 37,913.40 million i.e. 31.92% growth in 2017 as compared to increases of Tk. 11,736.80 million i.e. 10.96% in 2016. Our target for import business during the year 2018 has been fixed at Tk. 203,700.00 million expecting growth of 30.00%.

Export Business

Total Export business of the bank stood at Tk.104,540.00 million during the year 2017 as against Tk.88,152.20 million and Tk.79,362.90 million in the previous year 2016 and 2015 respectively. Our export business increased by Tk. 16,387.80 million i.e. 18.59% growth in 2017 as compared to increases of Tk.8,789.30 million i.e. 11.07% in 2016. Our target for export business during the year 2018 has been fixed at 20.00% higher to Tk. 125,450.00 million .

Remittance

Total remittance of the bank stood at Tk.20,700.00 million during the year 2017 as against Tk. 11,735.43 million in the previous year 2016. Our remittance increased by Tk. 8,964.60 million i.e. 76.39% in 2017. The target for our remittance business during the year 2018 has been fixed at Tk. 29,000.00 million with an anticipated growth of 40.00%.

Treasury operations:

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

Year 2017 was a challenging year of Treasury in terms of managing FX Risk, Profit Rate Risk and Liquidity Risk of the Bank in the sideways economic activities. The demand of BDT observed over the year although overnight borrowing dependencies will be reflected in the yearend balance sheet of some renowned banks. Liability pricing shifting up from June and jumped in December this year for bringing IDR/ADR within limits.

From January to December 2017 almost 5% BDT has depreciation from January to December 2017 and the country has been suffering huge foreign exchange gap and running with large trade deficit. With the wave and ditch of market, Treasury Division of the bank tried to take maximum market opportunities.

We have earned a revenue of Tk. 1,234.00 million during 2017 as against 912.20 million in 2016 recording 35.28%

growth though Treasury operation.

(Amount in BDT million)

Particulars	2016	2017	Growth as %
Exchange Gain	653.30	860.10	31.65%
Rebate Income (Rebate sharing by FI Correspondents)	76.60	90.00	17.49%
Income from placement to OBU & EDF	182.30	283.90	55.73%
Total Income	912.20	1,234.00	35.28%

Our local Treasury operations it's functioned to ensure efficient fund management to maintain CRR & SLR matching with total Deposit flow & Investment requirements of the bank along with the growth targets of the bank. While Foreign Treasury remained active throughout the year 2017 for utilizing available F.C fund, exploring interbank and overseas markets to meet up the extended demand against off-balance sheet commitments and Off-shore Banking Unit. Moreover, Treasury Division of the Bank kept itself competitive throughout the year in terms of provisional deposit rates, rate of return of investment, exchange rate and diversified Treasury products.

Foreign Trade Processing:

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

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

EDF Operations:

EDF operations are now benign handled under shariah Base Restricted Mudarabah mode between AIBL & Bangladesh Bank and allowing investment to the client under Mudarabah Foreign Currency Investment (MFCI). Meanwhile Bangladesh Bank also introduced online based EDF management software for smooth handling of EDF application, disbursement and repayment related works. In 2017, we have received EDF fund from Bangladesh Bank for USD 125.36 million.

Off-shore Banking Operation:

Our Off-shore Banking Unit (OBU) has been performing its operation at our Motijheel Branch since 2014. Total finance under UPAS in 2017 was USD 186.92 million and under MDB FC was USD 43.26 million. As on 31.12.2017 total outstanding UPAS was USD 107.19 million and under MDB FC was USD 13.50 million and Foreign Currency borrowing for Off-Shore Banking Unit was USD 76.99 million.

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

Export Products

Musharaka Documentary Bill (MDB in BDT):

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

MDB (FC):

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

Murabaha Foreign Currency Investment (MFCI) Product;

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

Mudaraba Foreign Currency Deposit (MFCD) A/C

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

Professional Development Programs for Foreign Exchange Officials:

Under bank finance and close supervision till now 51 officials of our bank are qualified as CDCS (Certified Documentary Credit Specialist) from 2013 to 2017.

SWIFT Sanctions Screening:

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

Our plan and Strategies for Foreign Exchange Business goal for year 2018

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

- Local and International marketing (Meeting, Remittance Program, Remittance Fair, Overseas visit)
- Implementation of Sanction Screening for remittance payment
- Increase of Remittance Drawing Arrangement

Asset Quality

Overdue investment stood at Tk.6,095.30 million as on 31st December 2017 as against Tk. 3,333.40 million as of December, 31 last year. Total overdue increased by Tk. 2,761.90 million during the year 2017 bringing the same to 2.52% of our total investment as against 1.68% in the previous year. Corporate Branch Manager, Zonal Head andBranch manager are advised for adopting strategies to arrest the situations.

Rescheduled investment increased by Tk. 1,492.30 million from Tk. 7,718.20 million to Tk. 9,210.50 million (Term Tk. 3,527.90million + Continuous & Demand Tk. 5,682.60million) which was 3.81% of total Investment. Recovery against rescheduled investment during the year 2017 was Tk. 1,389.60million.

Classified investment increased by Tk. 926.53 million from Tk. 8,995.00 million to Tk. 9,921.51 million representing 4.10% of total investment as against 4.54% in the previous year.

During the year 2017, recovery against classified investment stood at Tk. 2,320.00million while recovery against SMA was Tk. 2,300.00 million and against Written off Tk. 321.20 million building a total recovery of Tk. 4,941.20 million including recovery Tk. 1,389.60 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.

Ancillary Business

The ancillary business contributes a lot in theoverall profitability of the Bank. We have earnedTk. 2,790.68 million from Commission Incomeduringthe year 2017 as against Tk.2,256.41 million during previous year. Our ancillary business increased by Tk. 534.27 i.e. 23.68% in 2017. The target for our ancillary business during the year 2018 has been fixed at Tk. 3,300.00 million with an anticipated growth of 39.96%.

As our objective is to cover ourentire Salaries andAllowances out of ancillaryincome, we have no other alternative but tomaximizeour ancillary business.

Capital Adequacy

As per Bangladesh Bank requirement, Bank has to maintain Capital of 11.25% 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 31.12.2017 our Eligible Capital (solo) stood at Tk. 25,104.77 million December 2017 as against Tk. 23,704.16 million in December 2016 and Tk. 21,342.97 million in December 2015, Tk. 17,352.60 million in 2014 and Tk. 1,447.8.10 million 2013, recording growth of 5.91% in 2017, 11.06% in 2016, 23.00 % in 2015 and 19.85% in 2014.

Risk Weighted Assets (RWA) of Tk.206,246.97 million (Consolidated Basis) and Tk.204.447.53 million (Solo Basis) recording Capital Adequacy Ratio (CAR) of 13.06% (Consolidated Basis) and 12.28% (Solo Basis) in December 2017 as against 13.96% in 2016,13.53% in 2015,13.15% in 2014 and 13.52% in 2013

Shariah Compliance

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

Our Shariah Supervisory Committee contributes a lot to run all the business activities of the Bank in accordance with Islamic Shariah. During the year 2017, 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 2017, 154 branches including 14 new branches were inspected under the Shariah Supervisory Secretariat by the Shariah Secretary & Muraqibs. As per their report, Investment Income of Tk. 56.14 million of 107 Branches out of 154 Branches and Head Office ID has been segregated as Doubtful Income.

For effective compliance of Shariah in all the areas, some important programs i.e. Shariah Training and Awareness Programs, Clients Get-together etc. shall be conducted, inter alia, during the year 2018 Insha-Allah.

Financial Inclusion

Financial inclusion is a delivery of financial/banking services at an affordable cost to the vast sections of disadvantaged and low-income segments/group of society. Financial inclusion means that households and businesses have access and can effectively use appropriate financial services. Such

services must be provided responsibility and sustainability, in a well regulated environment.

Actually, financial inclusion means not only open account but deliver to financial services to each person with an affordable cost whereas the people can deposit or withdraw their earned money with comfortable process like cash, check, debit/credit card, mobile banking, agent banking & internet banking etc.

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

Agent Banking

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

In recent, Bangladesh Bank has introduced a detailed 'Prudential guidelines for Agent Banking Operation in Bangladesh' to be followed by all the commercial banks. Considering the importance of the matter, we have already launched 112 Agent Banking outlets through 82 Agentsas on December 2017 with a view to bringing the un-banked population under banking services.

Agent Banking Reports (as on 31/12/2017)	
Particular	December 2017
Number of Outlets	112
Number of Accounts	70,774
Total Deposit	Tk. 5,935.55 Million
Number of Remittance Disbursed	86,102
Amount of Remittance Disbursed	Tk. 3,132.87 Million
Amount of Investment in Different Branches	Tk. 63.40 Million

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 by Bangladesh Bank, Al-ArafahIslami bank Ltd. is giving a priority over CMSME financing to three categories of enterprises viz. Industry, Trade & Services.

CMSME Investment Reports:

(Figure in Million)

Description	2016	2017
Total CMSME Portfolio	94,418.60	104,743.90
% of CMSME Portfolio to Total Portfolio	47.63%	43.29%
Target of CMSME Investment	50,000.00	55,000.00
Total CMSME Disbursement	7,228.47	9,568.44
% of Achievement	144.57%	173.97%

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

Agricultural Investment

Agricultural Investment is dealt by Agricultural Department functioning under the control of SME Investment Division. To face the increasing food shortage of the country, bank is paying massive attention to invest on agricultural sectors. The main items of agricultural sectors are- crops, fisheries, warehouse, poverty alleviation, irrigation, livestock development etc. In the fiscal year 2016-2017, our total disbursement target was Tk. 2,900.00 million and we have achieved Tk. 2920.00 million. So we have achieved target 101%. We have achieved target of 5 years continuously and also we got **Letter of Appreciation** 5 times from Bangladesh Bank.

Report of Agriculture Investment:

(Figure in Million)

Fiscal Year	Target	Achievement
2014-15	2,500.00	2,521.40
2015-16	2,700.00	2,712.50
2016-17	2,900.00	2,924.50
2017-18	1,960.00 (Proportionately)	1,972.40

Special Schemes for Agricultural development

Mudaraba Animal Husbandry Scheme

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

In this scheme, Bank shall purchase cows, goats etc. on behalf of client under the limit of sanction amount. Clients shall responsible for daily maintenance of that animal as per terms and conditions. After a certain time, that animal will be sold in current market rate and then the profit shall be distributed as on previous agreement.

In this scheme, we have already disbursed Tk. 19.30 million

for fattening of 401 Cows and 13 Buffalos among 152 farmers so far. This was a great achievement we think. This is a special scheme in the banking sector of Bangladesh.

Rural Agricultural Investment Scheme (RAIS)

On the basis of socio-economic development of marginal and lessee farmers, this agricultural based program named 'Rural Agricultural Investment Scheme (RAIS)' is running in this Bank. Development of country's internal food production as well as socio-economic sectors of farmers is the main focus here. We have already listed 2,325 farmers under this scheme and total investment is Tk. 29.10 million of which outstanding is Tk. 28.00 million.

Al-ArafahKhamerbari Investment Scheme

To make a priority to invest in the crop sector of Bangladesh, we have launched the product named: "Al-ArafahKhamerbari Investment Scheme (Khamerbari)". With this product, we work for farmer's community surrounding the Branch. Our field officials motivate farmers to grow the potential corps based on their previous farming experience. This scheme is an innovative action to develop the crop sector of Bangladesh. We have disbursed 73.00 millioninvestments among 1,085 farmers under this scheme so far.

Growing spices at a lowest profit rate (4%)

As per instruction of Bangladesh Bank, and to increase the production of different types of spices like Pulse, Oil-seed, Spice and Maize, we started investment at a lowest rate of profit (only 4%) to the marginal farmers. We have disbursed 23.20 million investments among 487 farmers under this sector so far.

School Banking Accounts

School banking is one of the key elements of financial inclusion. According to Bangladesh Bank's recommendation, the bank has inaugurated school banking for the school level minor and student. The bank has made massive marketing and publicity to introduce this type of accounts.

Garments Accounts

The bank has another new type of account named "Garments Account. The garment workers are the entitled person for this account. Any garment worker can open this account by only depositing tk.100. The account holders can deposit, withdraw and get remittance through this account.

Mudaraba Savings Pathoshishu Account

Mudaraba Savings Pathoshishu Account is tremendous item of financial inclusion in Bangladesh. The bank has separate product code for this account. Only government authorized NGO can be the introducer for this account. The minimum deposit amount is 10 Taka.

The goal of Al-ArafahIslami Bank Ltd. is not mere maximization of profit. There is a far greater issue which is to bring un-banked population under banking services for overall development of the nation. This is the initiative that helps social inclusion, national integration and consolidation of citizenship. Implementation of financial inclusion to the mass communication is an art, even within the stringent rules and regulations of the Bangladesh Bank. It is high time to popularize financial inclusion with a view to gearing up the initiatives of financial inclusion for achieving the target of sustainable economic growth of the country.

Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2017. 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 140 news items of the Bank were broadcasted in 600 news coverage through 12 different TV Channels during the year 2017. We continued news branding on 5 major satellite TV channels such as, Ekushey TV, Channel-i, Bangla Vision, ATN Bangla and ATN News.

Promotion in the television media got a major hike during the Ramadan this year. In 11 major TV channels which included NTV, ETV, Channel-9, Boishakhi TV, SA TV and many more, the Bank sponsored 15 different programs to encourage true Islamic values. The initiative was praised by the stakeholders and positively put an effect on business.

Positive branding was one of the vitals supports that led the Bank to hold a firm position in the market. More than 35 interviews and talkshows of the Managing Director and other top executives were published or broadcasted in several media. The Bank proved its engagements with people by sponsoring several occasions. Banking Fair, SME Fair, School Banking Conference, Anti-Money Laundering Conference, Fair of Chittagong Metropolitan Chamber of Commerce & Industry and many more people-related gatherings were sponsored by the Bank. These activities tightened the relationship with clients and uplifted Bank's faithful image.

Our presence in the print media also was bold as we had 3280 Press Release items published in more than 60 different leading Newspapers and Media throughout the year. Besides, more than 800 advertisements took place in 100 different publications during that year. For 2018 our advertisement plan will focus to achieve the best outcome using available media and resources. We shall go into Electronic Media vastly this year, including Radio Branding. Besides, we have taken action to boost-up our promotion in social media.

The Promotional Plan also indicates that, we have to make our promotion through client service more effective and efficient in 2018. Leaflets and Brochures of our products will be made available in every branch. There will be a number of Banners, X-Stands and Danglers visible in our branches. We must remember that, a satisfied client is the best advertiser of the Bank. So, all our promotional steps will be focused to make our customers feel that they are banking with their own bank when they are with Al-ArafahIslami Bank Limited.

Branding Summery of AIBL in 2017

SL	Branding Details	Frequency During 2017
1.	TV News Items	140 events 600 coverage
2.	TV Channel Coverage	12 channels
3.	TV Branding (throughout the year)	5 channels
4.	TV Branding during Ramadan	15 programs 11 channels
5.	Talkshow/Interview	30 programs
6.	PR Published	3280 times
7.	Print media covered	60 media
8.	Promotional Advertising	800 advertisements
9.	Publications used	100 publications

Information Technology

In the present day, all business and commercial activities depend on technology and especially all kinds of banking transactions are done by On-line Automation system. All banks are rendering their financial services, DATA analysis & classifications, making the ultimate decision from a truly automation system accomplished by the ICT division of any bank. AIBL started its Automation journey from 2006 and live 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 our customer better services:

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, SMS Alert, xxi. ATM Service, xxii. Mobile ATM Service, xxiii. Debit Card, xxiv. Credit Cardetc.

Following ICT projects have been taken for the year 2018:

1. To become one of the first third Technologically advanced bank in the country within next 3 years
2. Ensure100% Regulatory Compliance by taking highest possible ICT security measures within a year.
3. To take necessary steps to earn highest possible satisfaction of end-users inICT Supports Service by 2018.

Card Division

Card Division of Al-ArafahIslami Bank Limited has been offering diversified range of products and services since the beginning to provide the varied needs of the customers. Consequences of that, Al-ArafahIslami Bank have introduced the first ever Islamic MasterCard product in Bangladesh. The La- Riba Islamic Credit Card, designed in a way to meet customer transactional needs while strictly maintaining the Sariah Principals. We are providing technological advanced Card facilitated service to our valued customers. In busy day to day urban life everybody prefers quick & advanced way of performing transaction with the Bank.

We already were offering discount facility for both Debit & Credit card holders & Equal Monthly Installment (EMI) facility for credit card holders. We have already signed EMI agreement with almost all renowned Furniture manufacturers, Branded Electronics chain shop, & Lifestyle retailers 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 already successfully accomplished joint Campaign titled "Experience Paris 2017" with MasterCard. Another joint Campaign titled "Winter Spend & Win Campaign" with MasterCard is ongoing. Our credit card already make a positive impression on potential customers by now and InshaAllahatala, it will known to everyone within the country as well as oversees by these types of promotional activities. It is mentionable that, we are providing effective & efficient card service among the customers in minimal service charge, which is less than any credit card in Bangladesh.

We already issuing Hajj card to honorable HazziSaheba&Saheban with lowest service charge than any other Bank in Bangladesh. Its aims to provide service to Hajji Sahab, Saheban& Hajj agents at low service cost & for branding of Al-ArafahIslami bank.

We launched Instant card for Account Holders. Honorable Account Holder is collecting their card from Branch at the date of account opening. In this year we will increase our ATM network by establishing ATMs at prime locations including shopping malls, Airports, Train Stations, Bus Stoppages, etc. We will introduce Merchant POS, Branch POS and Agent POS for convenience of our customers.

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

Risk Management

Risk is inherent in every walk of life and generally defined by the adverse impact on the profitability of several distinct sources of uncertainty. The nature and magnitude of business as well as the degree of competition in the banking industry has gradually increased in recent years, so as the level of various risks such as Credit Risk, Market Risk, Operational Risk, and Strategic Risks etc. Risk Management's main objectives are to identify and measuring the risks and advise mitigation there against.

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

1st line of defense: Day to Day Operational Management and Internal Controls

- BranchesSupport Functions2nd line of defense: Risk Management and Compliance Functions
- Zonal Office
- Different Risk Management Committees
- Risk Management Division and CRO

- Board Risk Management Committee 3rd line of defense: Independent Assurance
- Internal Audit
- Board Audit Committee
- Supervision of Regulators

In accordance withthe direction of Bangladesh Bank, AIBL has established a division named 'Risk Management Division'. AIBL possesses board's approved risk management guidelines designed to ensure that risks are identified, appropriately measured and controlled, and monitored and reported. Besides, different Risk Management Committees including All Risk Committee in Management level in addition to Board Risk Management Committee are performing their duties with utmost care to minimize the risk level. Regular meeting of all the committees are held on monthly/quarterly basis.

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

Sustainable Finance Unit

Sustainable Finance Unit is formed newly on 05.01.2017 as per Bangladesh Bank circular no 02 date: 01.12.2016. After forming it has completed one year successful journey to its goal. As SFU is constituted by merging Green banking Department and CSR Division, it is an integrated approach of Green Banking and Corporate Social Responsibility. In this 21st century, development means not only maximizing profit or wealth; rather it ensures environmental and social safety too. In this era growth rate of development is very high. But its benefits are not obtained equally by all individual of a particular society. Income deviation between rich and poor are very high. On the other hand technological development, modern civilization and population growth are also doing harm for our natural environment. In this context to save our planate to leave it habitable we should take immediate measures. From this motto sustainable finance unit works as following:

1. **Sustainable finance Committee:**

   A committee named "Sustainable Finance Committee" has been formed to look after all the activities of Green banking and Corporate Social responsibility which is being leaded by the honorable Deputy Managing Director.

2. **Utilization of Islamic Refinancing Fund:**

   As per the participatory agreement with Bangladesh Bank, as a pioneer we (AIBL) have successfully bought 36.90 million against our general investment in 2017. The main benefit of this fund is 5% spread leading us to gain profit of approximate BDT 18.45 lac (per annum).

3. **Tree plantation programme-2017:**

   Aiming to build future habitable green planet, Tree plantation programme-2017 held through our rural branches all over Bangladesh. Near about 20,000 (approximately) tree plants has been distributed among mass people. The expenditure for tree plantation programmers was 1.5 million (approximately).

4. Environmental and Social Risk Management(ESRM):

   Instead of ERM Guidelines As per Bangladesh Bank SFD Circular no. 02, February 08, 2017, Environmental and Social Risk Management (ESRM) will be introduced in 2018 which is more interactive, robust and auto generated risk rating system.

CSR Activities

CSR is an integral part of our corporate culture and ethics. We respond positively in every sphere of social activities. We are delivering innovative solution to our valued customer and in the same way we are also helping different areas of social acidity through our CSR activities. To enhance social service as part of corporate social responsibility the Bank has facilitated farmers & freedom fighters to open savings accounts with special facilities of giving profit on daily balance without realizing any account maintenance fee. The bank has also originated school banking to open savings accounts of school students (minor) with same facilities as offered to farmers and freedom fighters. During the year 2017 we accomplished different humanitarian and social activities which include allocation of fund Tk. 157.40 million. Besides, we have taken a program to develop manpower and make them employed as well as assisting them for employment in abroad.

During the year 2016, the bank has prolonged itshands towards the poor people in various ways.Our CSR areas were focused on as below:

Comparative CSR Position

(Amount in BDT million)

Particulars	2016	2017
Health Sector	64.60	10.80
Education Sector	09.70	8.10
Disaster Management	23.20	2.60
Cultural Activities	2.00	0.90
Environment	5.80	1.70
Others	0.00	133.30
Total	105.30	157.40

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 emphasison attracting talented young stars. Total 415 employees in different categories/ranks joined ourfleet during the year 2017 raising our total employees to 3,446 including 224 Executive as on31.12.2017.

We nominated 404 employees in outside training course viz. BIBM, BBTA,BABetc. in 2017 and they have completed the

course successfully.

We motivate and facilitate our deservingemployees to complete international standardprofessional degrees like CDCS. Presently, wehave 51CDCS of which 11 completed during theyear 2017.

Activities of AIBTRI

In order to develop the skill & efficiency to discharge the responsibilities of Human Resources of the Bank, AIBTRI conducted a total number of 82 (Eighty Two) Programs out of which 21 (Twenty One) Training Courses, 40 (Forty) Workshops, 3 (Three) EDPs and 18 (Eighteen) Outreach programs.

In addition to those, this year AIBTRI organized a seminar on Money Laundering Prevention & Combating Financing of Terrorism" as the lead Bank nominated by Bangladesh Bank in Jhalakathi area as per instruction of the BFIU. AIBTRI successfully arranged, monitored and supervised the workshop with 67 (Sixty Seven) officials of different Banks most of whom are BAMLCOs and the remaining are Branch Managers.

Besides, AIBTRI had arranged three new courses namely Human Resources Management, Training of Trainers and Project Appraisal & Management. Project Appraisal & Management was arranged at BIBM.

We have already shifted the Training & Research Institute in a new place at Surma Tower adjacent to Head Office which will be helpful for to create the learning environment for the participants.

Credit Rating

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

Long Term	:	AA (Pronounced Double A)
Short Term	:	ST-2
Based on	:	Audited Financial Statement 2016
Date of Rating	:	30 June 2017
Validity	:	30 June 2018
Outlook	:	Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2017	AA	ST-2	Stable
30 June 2016	AA	ST-2	Stable
30 June 2015	AA_2	ST-2	Stable
30 June 2014	AA_3	ST-2	Positive
30 June 2013	AA_3	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. This 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 by 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 able to take the Bank to this state of stratum and again offer my heartfelt thanks to all of them.

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

(Md. Habibur Rahman)
Managing Director
Date: 24th May 2018



BOARD OF DIRECTORS' REPORT

BismillahirRahmanir 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,

AssalamuAlaikumWaRahmatullahiWaBarakatuhu.

The Board of Directors of the Bank takes the privilege to welcome

you all to the 23rd 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 2017.

Economy Analyses

Global Economic Outlook

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade, according to World Economic Outlook. World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018.

Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges.

With persistent structural problems such as low productivity growth and high income inequality pressures for inward-looking policies are increasing in advanced economies. These threaten global economic integration and the cooperative global economic order that has served the world economy, especially emerging market and developing economies, well. Against this backdrop, economic policies have an important role to play in staving off downside risks and securing the recovery, and a renewed multilateral effort is also needed to tackle common challenges in an integrated global economy.

Bangladesh Economic Outlook

Bangladesh Bureau of Statistics (BBS) has estimated the GDP growth at 7.24 per cent in FY17, which exceeds the official target of 7.20 per cent by 0.04 percentage point. Compared to many other developing countries, the 7.24 per cent GDP growth achieved by Bangladesh is quite impressive, but still the realized growth remains below the country's true potential.

Inadequate infrastructure, shortage of power and energy, weak investment climate, and lack of consistency in policy and regulatory framework are now major impediments to the country's development. These impediments must be removed to restore the confidence of the country's business and investor community.

Based on the IMF's World Economic Outlook, released in April 2017, the GDP of Bangladesh in PPP terms will cross US$1,000 billion and the country will be ranked 30th largest economy of the world in 2022, which is 32nd in 2017. On nominal GDP basis, Bangladesh will be the 38th largest economy in 2022 as against 45th now.

In terms of US Dollar, the value of GDP in current market prices increased by 12.36 per cent to US$248,767 million in FY17 from US$221,396 million in the previous year.

Per capita GDP stood at US$1,538 in FY17, compared to US$1,385 in FY16, showing an increase of 11.05 per cent. The general point-to-point inflation came down to 5.44 per cent in FY17 from 5.92 per cent in FY16. Between end-June of 2016 and 2017, the Taka depreciated by 2.80 per cent in terms of US dollar. Gross foreign exchange reserves rose to US$33.407 billion in the last working day of FY17 (29 June 2017).The amount was sufficient to cover the country's import bills for more than nine months.

Banking sector analysis

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

Scheduled Banks:

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

Non-Scheduled Banks:

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

There are 57 scheduled banks in Bangladesh who operate under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. Scheduled Banks are classified into following types:

State Owned Commercial Banks (SOCBs):

There are 6 SOCBs which are fully or majorly owned by the Government of Bangladesh. There are now 4 non-scheduled banks in Bangladesh which are:

- Ansar VDP Unnayan Bank,
- Karmashangosthan Bank,
- ProbashiKollyan Bank,
- Jubilee Bank

A. Private Commercial Banks (PCBS):

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

B. Conventional PCBS:

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

C. IslamiShariah Based PCBS:

Al-ArafahIslami Bank Limited
Exim Bank Limited
First Security Bank Limited
Islami Bank Bangladesh Limited
ICB Islami Bank Limited
ShahjalalIslami Bank Limited
Social Islami Bank Limited
Union Bank Limited

Overall Banking Scenario

Banks' Deposits: Total Deposits (excluding interbank items) of the scheduled banks increased by Tk. 1,042,712.30 million representing 12.10% point to point growth from Tk. 8,617,456.70million as on 31 December 2016to Tk. 9,660,169.0 million as on 31 December 2017.

Islamic Banks' Deposits:AllIslamic Banks' Depositsstood at TK 2,070,130.00 million during the year 2017 as against Tk. 1,722,148.90 millionin the previous year 2016 and the deposits increased by Tk. 347,981.10million registering growth of 20.21% in 2017.The share of Islamic Banks' Deposits as of 31December 2017 stood at 21.43% as compared to 19.98% as of 31 December 2016.

Banks'Advances/Investment:Total Advances/Investments (excluding bills) of the scheduled banks increased byTk. 848,522.20million representing 13.50% point to point growth from Tk 6,285,349.90 million as on 31 December 2016 to Tk. 7,133,872.10 million as on 31 December 2017.

Islamic Banks' Investments:All Islamic Banks' Investments stood at TK 1,912,290.00 million during the year 2017 as against Tk.1,693,873.80 million in the previous year 2016 and the deposits increased by Tk. 218,416.20million registering growth of 12.89% in 2017. The share of Islamic Banks' Investments as of 31 December 2017 stood at 26.95% as compared to 26.81% as of 31 December 2016.

Operating Profit: Banks in Bangladesh managed to log in profits for 2017 despite a tough start tothe year 2017. The growth of profit was slim owing to low credit/investment demand, cautious lending/investment policy, lowering lending/ investment profit rates and the sluggishbusiness environment.

In this situation, Islami Bank Bangladesh Limited registered the highest profit in the top in 2017. The listed second highest National Bank Limited and Al-ArafahBank logged in profits of Tk.6,955.77 million and placed 5th position in 2017 while its position was 7th in 2016. Among the Islamic Bank, Al-Arafah stood 2nd position.

Islami Banking Practices

Islami Banking System is becoming more and more attractiveday by day to peoples irrespective of nations, religious, colorsand 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. Andother traditional banks have Islami Banking Wings conducting Shariah based banking activities. Recent Development ofBangladesh Government Islamic Investment Bond (BGIIB) is the milestone for shariah based banking practices in Bangladesh.

Al-ArafahIslami Bank Limited

With the objective of achieving success in life here & hereafter following the way directed by the Holy Quran and the path shown by Rasul (SM) Al Arafah Islami Bank Ltd was established (registered) as a public limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorized capital of the Bank is Tk. 15,000.00 million and the paid up capital is Tk. 9,943.06 million as on 31.12.2017.

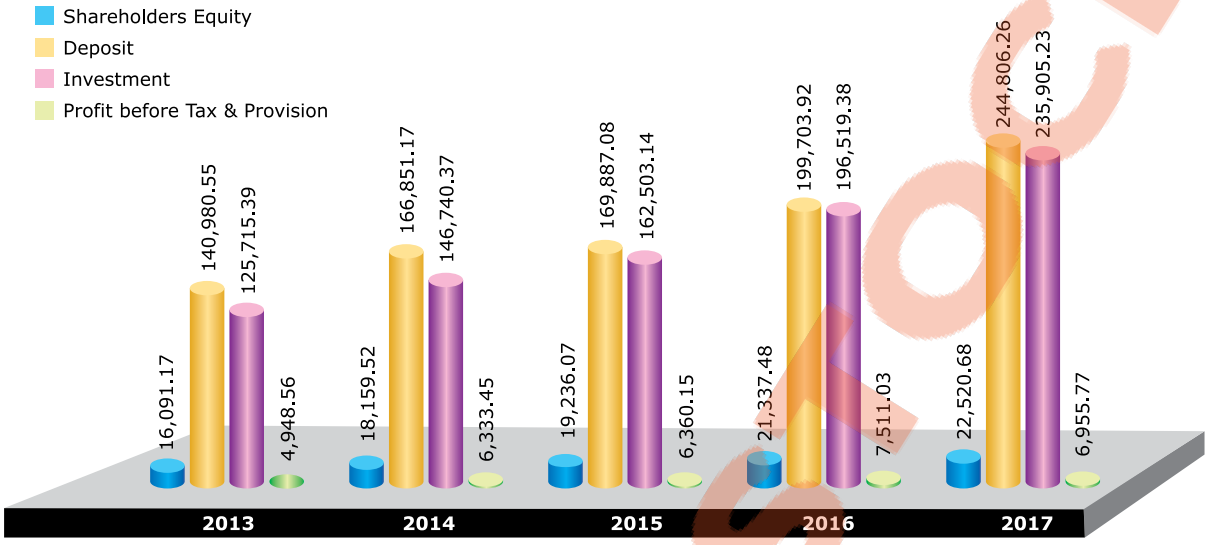
Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capitalis being owned by local shareholders.

The equity of the bank has stood at Tk.22,520.68 million as on 31 December 2017, the manpower was 3,446 and the number of shareholders was 30,386 It has achieved a continuous profit and declared a good dividend over the years. High quality customer service through the integration of modern technology and new products is the tool of the bank to achieve success. The bank has a diverse array of carefully tailored products and services to satisfy customer needs. The Bank is committed to contribute significantly to the national economy. It has made a positive contribution towards the socio economic development of the country with 154 branches of which 25 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,

Performance at a glance

(in Million taka)



progressive in ideas, honest in dealings, correct in judgment, futuristic in attitude, fair in approach, polite in behavior anddevoted to high quality service to customers. Our aims are for boosting modern management, advanced technology, good profitability and steady growth transparency. We are alsofirmly 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-ArafahIslami 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 thecountry 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 ofwealth. 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 thepartners 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 withIslamic spirit of brotherhood, peace and fraternity and bydeveloping an institutional cohesion.

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

Activities of Shariah Supervisory Committee for the year 2017

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

Shariah Supervisory Committee has managed by the grace of Al-mighty Allah a lot of contribute to run all the business activities of the Bank according to Shariah guidelines. During the year 2017 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 there of from the view point of Shariah Principles.

Muraqibs of the Shariah 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 Shariah Committee. They have also submitted corrective measures to rectify the laws in implementing Shariah guidelines into the banking operations. They identified Tk 56.14 Million as Doubtful Income of the branches of the Bank. Besides, after analysing balance sheet, the Supervisory Committee identified Tk.300.60 Million as

compensation realized from all branches and Tk. 0.42 Million, Tk. 3.54 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 2017 keeping Doubtful In-come amounting to Tk 59.69 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 2017, 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 Supervisory Secretariat of Al-Arafah Islami Bank having about 500 books on Qur'an, Hadith, Fiqh, Islamic Economics and Islami Banking. Honorable members of the Shariah Committee 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 companyby shares with an authorized Capital of BDT 10 billion (10,000 million) and paid up capital of BDT 4 billion (4,000.00 million) to provide stock brokerage services. The paid up capital of thecompany is subscribed by Al- Arafah Islami Bank Limited and other individuals at the ratio of 60.50:39.50. In the year 2017.

AIBL Capital Management Limited

AIBL Capital Management Limited (AIBLCML), a Subsidiary of Al-ArafahIslami Bank Limited, was incorporated under thecompanies Act, 1994 on October 25, 2011 with a view to runand manage the operations of Merchant Banking Serviceswith an authorized Capital of BDT 2 billion (2,000 million)and paid up capital of BDT 500 million (500 million). It aimsto be one of the leading Merchant Banks of the country byrendering quality Merchant Banking Services with a high levelof professional expertise and integrity.

AIBL Assets Management Limited

AIBL Assets Management Limited (AIBLAML), a Subsidiary ofAl-ArafahIslami Bank Limited, was incorporated under thecompanies Act, 1994 on January 01, 2014 with a view to runand manage the operations of Assets Management serviceswith an authorized Capital of BDT 500 billion (500 million)and paid up capital of BDT 100 million (100 million). It aimsto be one of the leading Assets Management Services of thecountry by rendering quality Management Services with ahigh level of professional expertise and integrity.

Millennium Information Solution Limited

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

Off-shore Banking Unit (OBU)

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

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 2016 was USD 129.56 million and under MDB FC was USD 12.21 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 itsinduction 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 27.70 highest in 2017.The market trend of our bank's share in Dhaka Stock Exchangefrom January 2017 to December 2017 is stated in the list:

Position in the Stock Market in the list:

Month	Opening	High	Low	Closing
January	16.90	21.30	15.70	18.80
February	18.80	20.70	18.60	19.70
March	19.70	21.70	19.00	21.40
April	21.40	21.60	16.80	16.90
May	16.90	18.00	16.40	16.60
June	16.60	19.30	16.40	19.20
July	19.20	19.70	19.20	19.20
August	19.20	23.70	19.00	19.30
September	19.30	27.70	23.10	25.30
October	25.30	26.10	23.20	24.20
November	24.20	25.70	23.60	24.10
December	24.10	24.80	23.10	24.10

Progress Analysis

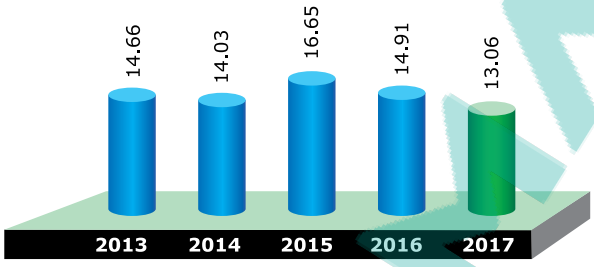
At the end of 2017, the number of depositors stood at 1,531,465 and the accumulated deposit was Tk.244,806.26 million. The total number of investors stood at 182,928 and total investment extended to them was Tk 235,905.23 million.During the year 2017 the total income was Tk.24,048.39 million and total expenditure was Tk. 17,092.62 million. At the end of the year the profit before tax and provision stood Tk. 6,955.77 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 fromTk. 25,455.36 million to Tk.26,948.82 million (Consolidated Basis) and Tk. 23,704.16 million to Tk. 25,104.77 million (Solo Basis).In the year 2017 bank issued AIBL Mudaraba Subordinated Bond Tk. 3,000.00 million that meet the qualifying criteria for Tier 2 Capital as per annex 4 of Basel III Guidelines. The paid up capital of the bank was at Tk.9,943.06 million at 31st December 2017.The total reserve fund has stood at Tk8,556.96 million in the current year against Tk.7,468.16 million at 31st December 2016. In this account, the bank experienced a growth of 14.58%. The Bangladesh Bank has fixed the ratio of minimum capital adequacy (MCR) against Risk-Weighted Assets at 11.25% or Tk. 4,000 million whichever is higher.

The Consolidated and Solo Basis capital adequacy ratio of theBank as on 31.12.2017 are appended below:

Capital Adequacy Ratio



Consolidated Basis

Tk. in million

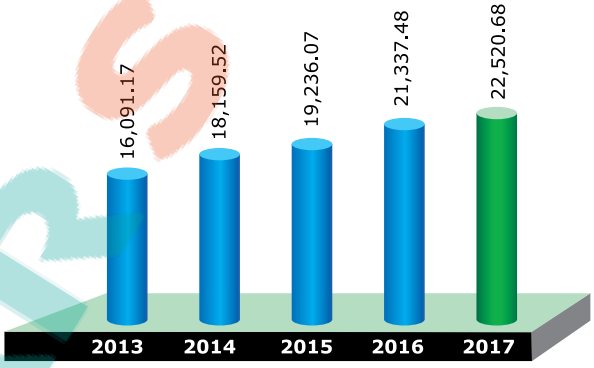
a) Core Capital (Tier-I)	2017	2016
Paid up Capital	9,943.06	9,943.06
Statutory Reserve	7,576.58	6,490.09
Retained Earnings	2,259.16	2,199.57
Non Controlling Interest	1,761.50	1,726.67
Total	**21,540.30**	**20,359.39**
Less Good will and other Intangible assets	80.45	-
Total Core Capital	**21,459.85**	**20,359.39**
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	2,293.46	1,802.71
Assets Revaluation Reserve	195.51	293.26
AIBL Sub Ordinate Bond	3,000.00	3,000.00
Total Supplementary Capital	5,488.97	5,095.97
Total Capital (a+b)	**26,948.82**	**25,455.36**
c) Capital Adequacy Ratio	**13.06%**	**14.91%**

Solo Basis

Tk. in million

a) Core Capital (Tier-I)	2017	2016
Paid up Capital	9,943.06	9,943.06
Statutory Reserve	7,576.58	6,490.09
Retained Earnings	2,176.61	2,175.04
Total	**19,696.25**	**18,608.19**
Less Good will and other Intangible assets	80.45	-
Total Core Capital	**19,615.80**	**18,608.19**
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	2,293.46	1,802.71
Assets Revaluation Reserve	195.51	293.26
AIBL Sub Ordinate Bond	3,000.00	3,000.00
Total Supplementary Capital	5,488.97	5,095.97
Total Capital (a+b)	**25,104.77**	**23,704.16**
c) Capital Adequacy Ratio	**12.28%**	**14.41%**

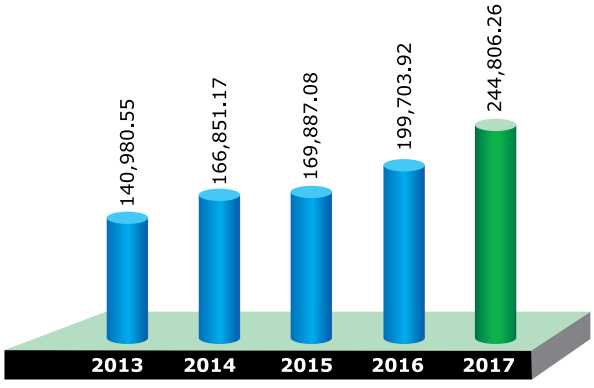
Shareholders Equity
(In million Taka)



Deposits

The total deposit of the bank was Tk.244,806.26 million at 31st December 2017 as against Tk.199,703.92 million at 31st December 2016 a growth of 22.58% of which Tk.1,521.30 million was bank deposit and Tk. 243,284.96 million was general deposit. The present strategy is to increase the deposit base through maintaining competitive profit rates and having low cost of funds to ensure a better spread with an average return on investment.

Deposit Growth
(In million Taka)



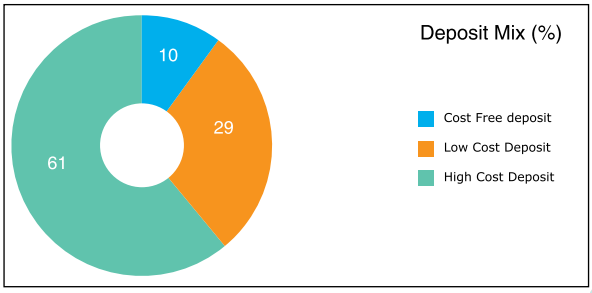
The mix deposit of the bank on December 31, 2017 was as follows:

Deposit Mix

Products	Taka in Million
a) Al Wadia Current Account	26,435.04
b) Mudaraba Savings Deposit	32,130.00
c) Other Mudaraba Deposit	47,832.42
d) Mudaraba Term Deposit	135,929.03
e) Bills Payable	2,479.77
Total	**244,806.26**

Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	24,725.43	10.10%
b) Low Cost Deposit	70,724.53	28.89%
c) High Cost Deposit	149,356.30	61.01%
Total	**244,806.26**	**100.00%**

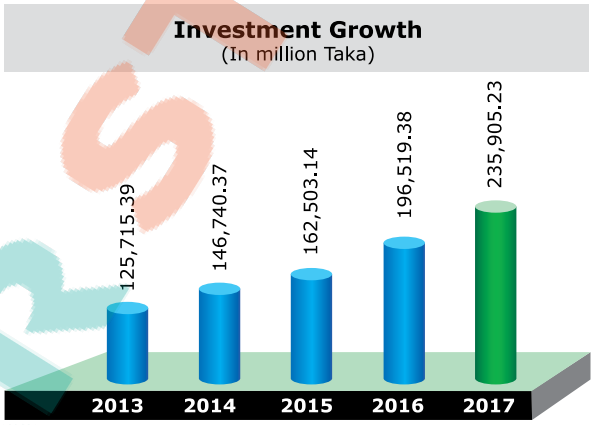


Various deposit product of the Bank in 2017:

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

Investment

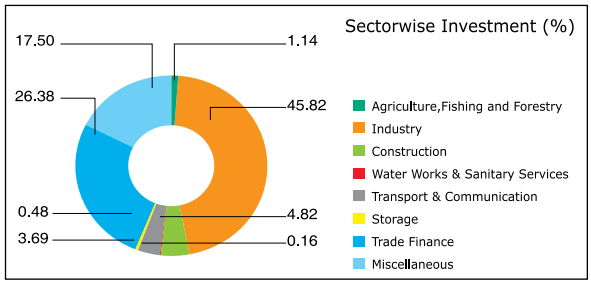
The investment of the bank has stood at Tk. 235,905.23 million as on 31st December 2017 as against Tk. 196,519.38 (Net off PR) million in the previous year showing an increased by20.04%. The investment portfolio of the bank is well diversifiedand covers a broad spectrum of businesses and industriesincluding readymade garments, textile, edible oil, shipscraping, steel & engineering, chemicals, pharmaceuticals,cement, telecommunication, construction, health care,real estate, education, transport and investment under consumer schemes. We have geared up efforts to improvethe recovery rate of disbursed investment and also takenadequate measures for converting the classified investmentinto performing assets. As a result, classified investment ofthe bank could be kept at a low level far below the nationalaverage. It is 4.10% in our bank as on 31 December 2017.



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

Sector wise Investment 2017

Sectors	Taka in million
Agriculture, Fishing and Forestry	2,800.00
Industry	112,386.00
Construction	11,823.00
Water works & Sanitary Service	391.00
Transport & communication	9,048.00
Storage	1,182.00
Trade Finance	64,701.00
Miscellaneous	42,921.78
Total (Including Profit Receivable	245,252.78
Less Unearned Profit on Investment	9,347.55
Total	**235,905.23**



Income

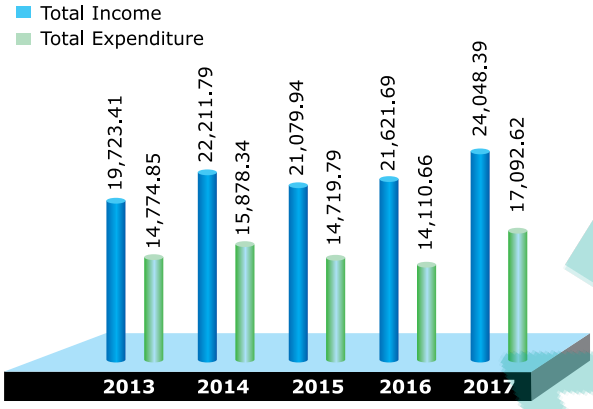
Investment income: The investment income was Tk. 20,491.03 million during the year 2017 which was growth of 8.82% over the previous year. Investment income is 85.21% of the total income of Tk.24,048.39 million.

Income from other than investment: The bank has earned Tk.3,557.36 million from sources other than investment like commission income, exchange income, locker rent etc. in the current year which is 14.79%of the total income. It indicates 27.43% growth over the year 2016.

Expenditure

Profit paid to depositors: The Bank has paid the depositors Tk.11,784.20 million which is 57.51% of the investment income and 68.94% of the total expenditure for the year2017. It was 18.34% growth over the year 2016.

Total Income & Expenditure
(In million Taka)



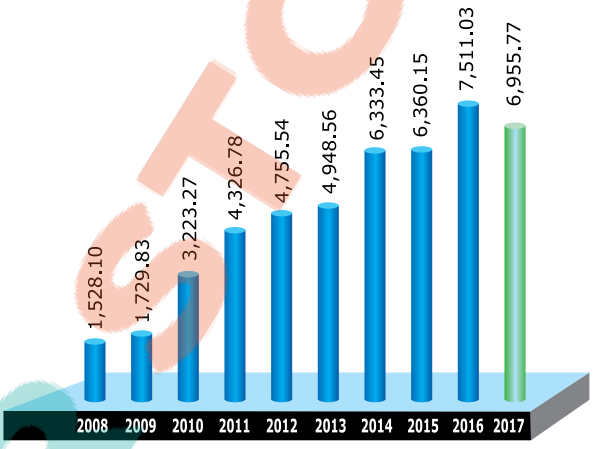
Administrative and Other Expenses:

The administrative and other expenses were Tk. 5,308.42 million during the year showing 27.82% growth over the year 2016. It is 31.06% of the total expenditure.

Operating Profit

The bank earned operating profit of Tk.6,955.77 million during the year 2017. The operating profit of the Bank duringthe year 2016 was Tk. 7,511.03 million and thus the Bank attained negative growth of 7.39%in respect of operating profit. The provision for income tax for the year amounted to Tk.2,355.78 million and divisible profit available for appropriation amounted to Tk.1,990.19 million.

Operating Profit
(In million Taka)



International Banking Wing (IBW)

International Banking Wing of Al-Arafah Islami Bank Limited has been working persistently to facilitate International Trade of the Bank with proper co-ordination within its five divisions: vizA)Treasury Division, B) Foreign Trade Operation Division, C) Foreign Trade Processing Division, D) Overseas Banking Division & E) Foreign Remittance Division. Entire works of the Wing are now being performed in more effective and disciplined way to ensure efficient service in compliant manner.



Donation to the Honorable Prime Minister's Fund for flood victims

A. Foreign Trade Operation Division:

Foreign Trade Operation Division extends all necessary coordination and support to ensure smooth operation of foreign trade transactions across the globe. This Division also reasonably ensures thorough monitoring and strict compliance of the works in disciplined manners. The Quality of service standard increases that helps achieving significant market shares and positive image of the bank in International Trade arena.

Position of foreign exchange business performance for the year 2017 is presented hereunder compared to the business of 2016.

Off-shore Banking Unit (OBU):

Off-shore Banking Unit (OBU) of AIBL has been performing its operation at Motijheel Branch since its inception in 2014. In 2017, total financing business under UPAS was USD 186.92 million and under MDBFC was USD 43.33 million and earned a profit of USD 8.60 Lac as against USD 3.23 lac in 2016.

Other achievements:

IBW has been conducting Hajj Management since its inception with efficient and effective manner. We have handled about 37,000 non ballotee and 780 ballotee pilgrims through our Hajj booth at Ashkuna Haji Camp this year. In 2017, we sold SAR 2.80 Million to the pilgrims. Notable to mention that we distributed 2,000 neck bags, 10,000 umbrellas and 2000 Hajj Guides to Hajj Pilgrims during 2017.

(Figure in BDT- Million)

Business	Achievement As on 31-12-2016	Achievement As on 31-12-2017	Growth as %
Import	118,760.00	156,700.00	31.95%
Export	8,8150.00	104,540.00	18.59%
Remittance	11,735.43	20,700.00	76.41%

B. Treasury Division:

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

Year 2017 was a high challenging year for Treasury in terms of managing FX Risk, Profit Rate Risk and Liquidity Risk of the Bank. Periodic intervention in revising deposit price to keep in pace with market factors was instrumental in keeping the ID ratio at bay.

USD/BDT appreciation between January and December 2017 was about 5%. The country suffered due to negative foreign exchange gaps and dealing trade deficits.

1. Income of the Treasury Division:

(Figure in BDT million)

Particulars	2016	2017	Growth as %
Exchange Gain	653.30	860.10	31.65%
Rebate Income (Rebate sharing by FI Correspondents)	76.60	90.00	17.49%
Income from placement to OBU & EDF	182.30	283.90	55.73%
Total Income	**912.20**	**1,234.00**	**35.28%**

2. Updating the limits/Guidelines:

During 2017 the Division updated its guidelines, limits and operational procedures as per regulatory and internal requirement.

3. Prudent Asset Liability Management of the Bank:

Asset-Liability Management (ALM) is an integral part of the **Bank Management that manages the banks on and Off** Balance sheet position to offer competitively priced products and services to its customers. Bank has an Asset Liability Committee-ALCO, comprising the senior member of the Management chaired by the Managing Director to take strategic decisions on fixation of asset liability pricing, responding to market scenarios. In monthly ALCO meetings, relevant issues like economic forecast, market status, peer



An MoU was signed between the Bank and Dmoney Bangladesh Ltd for 'Digital Islamic Wallet'

group analysis, projections on profit rate and exchange rate and spreads; balance sheet gap in liquidity structure & profit rate sensitivity of gap, pertinent to ratio analysis, internal Transfer Pricing, Contingency Funding Plan, Stress Testing, Liquidity Coverage Ratio (LCR), Transfer Pricing mechanism for internal funding and investments in Government securities, regulatory & other audit compliance are discussed and decisions were taken for the interest of the bank.

4. Financial Indicators:

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

Particulars	31-12-2016	31-12-2017
Investment Deposit Ratio (IDR)	88.07%	88.95%
Maximum Cumulative Outflow(MCO)	18.52%	18.46%
Cost of Fund (COF)	7.92%	7.50%

5. Borrowing from Abroad: The Division arranged USD 76.99 million Murabaha finance for OBU under Shariah Principles from Overseas Banks/FIs for making investment against UPAS through OBU. We have also made scope to borrow further which is to be utilized as and when required.

C. Overseas Banking Division:

To cope up with the ever changing nature of International Trade and Commerce, Overseas Banking Division (OBD) is working dedicatedly to ensure smooth flow of cross border transactions. Effects are continuously on to develop its correspondent banking network by establishing RMAs and opening of Nostro accounts with renowned banks and financial institutions across the globe.

Despite different sanctions and strict compliance of regulatory authorities regarding AML and combating of terrorist financing issues, all financial Institutions are now obliged to follow AML compliance for setting up new correspondent relationships and review of the same for continuation. For mitigation of the cross border transaction risks, the bank has successfully incorporated SWIFT sanction screening solutions to the core banking system and started screening of outgoing messages from December 2017. Despite regulatory compliance and guidelines constraints, we have been very compliant and vigilant in developing relationships. Our comparative presence over the years is as under:

Sl No	Areas of Performance	Year 2015	Year 2016	Year-2017
01	Correspondent Relation(RMA)	329	341	347
02	Nostro A/C.	26	28	27
03	Credit Line	202 Million (USD)	224 Million (USD)	270 Million (USD)
04	Training/Seminar to abroad	26 Officials	14 Officials	32 Officials

D. Foreign Trade Processing Division

Trade Processing has been centrally incorporated in our bank since 2013 and used to perform as a department under Foreign Trade Operation Division (FTOD) until 2015. In 2016, this department has been approved as a Division of the International Banking Wing to process Cash/Deferred L/Cs of all branches and Back to Back L/Cs of most of the branches. This division issues, advises and execute concerned payments of the Cash & back to Back Letter of Credits. In 2017, FTPD handled a total of 56,008 transactions against 43,469 in 2016 with a 29% growth.

E. Foreign Remittance Division

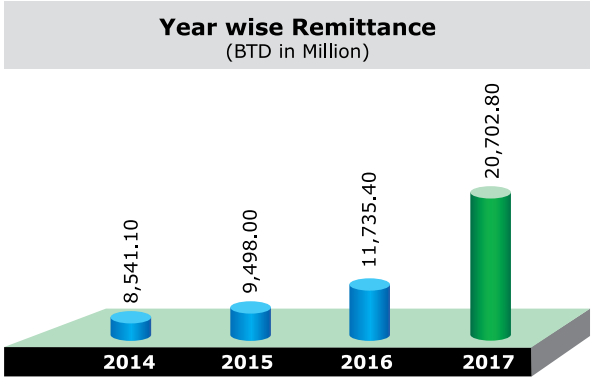
Foreign Remittance Division

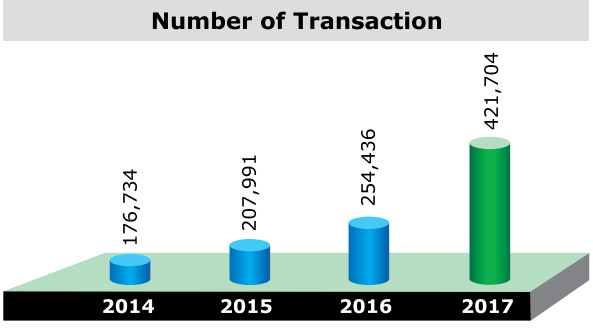
Foreign Remittance Division is a growing business segment contributing to the inflow of foreign currency and low cost relieves for promoting remittance inflow. Foreign Remittance Division is procuring remittance from its remittance hubs across the globe in 100 countries through 14 (fourteen) Remittance Arrangements and different exchange houses abroad and local banks.

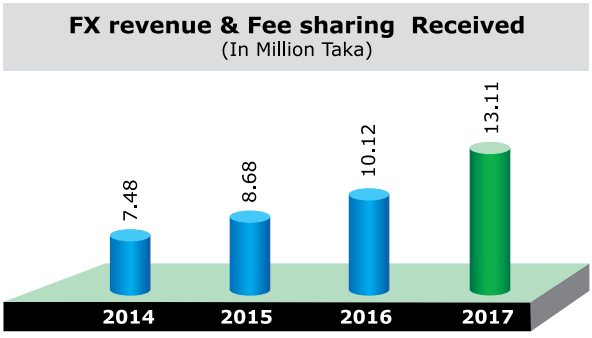
1. Remittance Achievement:

Foreign Remittance Division has achieved 138% of its target in 2017 by procuring remittance BDT 2,070.28 million with a significant growth of 76.41% over 2016. Statistical performance is shown below:

Year	Remittance		Number of Transaction	Remittance Target (In million)	Achievement (In %)	FX revenue & Fee sharing Received (In million)	Growth (In %)
	BDT (In Million)	USD (In Million)					
2014	8,541.10	109.89	176,734	9,900	86%	7.48	21.28%
2015	9,498.00	121.58	207,991	11,500	83%	8.68	11.20%
2016	11,735.40	149.29	254,436	11,500	102%	10.12	23.56%
2017	20,702.80	251.89	421,704	15,000	138%	13.11	76.41%







2. Remittance Drawing Arrangement:

Foreign Remittance Division has executed 04 (four) new remittance drawing arrangements with different exchange houses in Italy & UK in 2017 and another 07 (seven) 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 arrangement with exchange houses in UAE, Oman, Bahrain, Kuwait, Qatar, Malaysia & across the globe.

3. Foreign Remittance Operation at Agent Banking Outlets:

Our all Agent banking outlets have been disbursing foreign remittance under the support of Foreign Remittance Division. Remittance achieved through Agent Banking Outlets during 2017 was BDT 1,521.20million which is 7.35% of total remittance and number of transaction was 42,601.

4. Marketing & Promotional Activities:

With a view to increase transaction of Moneygram, Al-Arafah Islami Bank executed promotional campaigns during 2017, in Eid-ul-Fitr & Eid-ul-Azha under joint promotional campaign with MoneyGram. Each MoneyGram customer got a small bag & mobile top-up for Tk. 20 during these campaigns. In order to increase remittance volume, the division has a plan for going to launch more promotional campaigns for different exchange houses in 2018.

Internal Control & Compliance Wing

A properly designed and effectively enforced system of internal controls is a vital component of bank management and a foundation for the safe and sound operation of the organization as it helps protecting organization's assets and profitability, ensures efficient operation & effective risk management, produces reliable financial reports, ensures compliance with laws and regulations, and finally, safeguards interest of the stakeholders.

Internal control is a process, rather than a structure. It is not a separate activity disconnected from the rest of business activities, rather is an integral part of those activities. The responsibility of implementing internal controls starts with the business lines, which are the "first lines of defense" against breaches that could cause the bank not to fulfill its objectives, not to report properly, or not to comply with laws and regulations. Beyond that, in any bank, the three important "control functions" are risk management, compliance, and internal audit. This triumvirate of key functions is underpinned by, and in turn implements and reinforces, the system of internal controls. The first two of these control functions constitute the "second lines of defense" against mishaps. The final, or "third line of defense" is the internal audit function.

Internal Control System is such a system which is not distinct from other banking functionalities rather it is an indispensable part of each and every functions of banking. Actually each and every one from Board of Directors to the lowest level employee is affiliated with the Internal Control System of the Bank. The components of Internal Control Environment are Board of Directors, Board Audit Committee, Management, Organizational Structure, Independent audit mechanism, Shariah Supervisory Committee, Concurrent Audit, Whistle Blowing System, Zonal Office, Information and Communication Technology (ICT), Management Information System (MIS), Policy/Manuals/Guidelines/Circulars, Risk Management System, External Auditors Board of Directors, Board Audit Committee, Management, Organizational Structure, Independent audit mechanism, Shariah Supervisory Committee, Concurrent Audit, Whistle Blowing System, Zonal Office, Information and Communication Technology (ICT), Management Information System (MIS), Policy/Manuals/ Guidelines/ Circulars, Risk Management System, External Auditors etc. If all the components works accordingly, then ICC Environment develops which contributes positively for the establishment of Good Corporate Governance. 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 2017 are as follows:

a) Audit & Inspection Division:

i) Risk Based Internal Audit:- As per approved audit plan, Audit & Inspection Division has completed 100% audit including surprise & special audit in the branch and Head Office.

ii) In 2017, total 2, 00,212 lapses have been detected by Internal Audit in the Branches and 51% of lapses has been rectified on spot.

iii) In 2017, Internal Audit & Inspection team detected income leakage of Tk. 238.89 lac regarding non-realization of commission, charges, fees etc. and realized Tk. 107.41 lac on spot and tk. 10.21 lac through compliance division.

b) Compliance Division:

i) Compliance Status:

Internal Audit: In 2017, total no. of 81, 935 lapses have been rectified out of total un-complied lapses 1, 55,286 (2014-2016: 56,685 & 2017: 98,601) through follow-up(52.76%).

Bangladesh Bank Inspection: 100% compliance report of comprehensive inspection and foreign exchange inspection of Bangladesh Bank have been sent in time.

ii) Memo Submission:

The division has submitted 14memos of branches, 4memos of Head Office 151 memos of important miscellaneous issues to the BAC and Board on the basis

of risk prioritization.

iii) Weekly Communication Meeting: Compliance Division has made arrangement of total 15 Weekly Communication Meetings (WCM) in 2017 where total number of 281 VSLs have been discussed of which 72 VSLs have been settled.

iv) Audit File Closed: Total audit files closed in 2017 is 158 of which 78 audit files are of 2015 and 80 files are of 2016.

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

c) Monitoring Division:

Works accomplished by this division in 2017 are as follows:-

1. Mandatory Leave & Irregularities detection during Leave:

a) The Division has been monitoring the implementation status of Mandatory Leave policy by HRD as per bi-annual Leave Plan approved by the competent authority.

b) A comparative picture of the Mandatory Leave is given below:

Target		Mandatory leave sanctioned by HRD				Sanctioned in %
		1st Half	2nd Half	Total	In %	
2016	1493	1111	439	1550	103%	59%
2017	1119	573	562	1135	101%	43%
Total	2612	1684	1001	2685	100%	100%

c) No adverse report has been observed as per certificate received from the reliever.

2. Employee Job Rotation:

Steps have been taken to implement employee job rotation in time. With the initiative of ICCW,all Wings, Divisions and Branches have been directed for meticulous follow-up of the instructions of HRD. Monitoring of the same is being continued by the Human Resource Division (HRD) of the Bank.

Branches/ Div/Zone	No. of officer and field supervisors	Job rotated officer and field supervisors			
		Up to 30.06.2017	Up to 31.12.2017	Total	%
Branches	2447	33	320	253	13%
Head office	571	-	9	9	1.6%
Zone	52	-	-	-	-
Total	3070	33	329	362	12%

3. Training organized on various Regulatory Issues:

i) In-house training by AIBTRI:

ICCW has the responsibility of prescribing the Training Institute for arranging training on various core risk regulatory issues. On persuasion as per advice of ICCW, 42 trainings/ workshop have been advised and arranged during the year-2017:

With the initiatives of ICCW and approval of the Board, CDCS scheme was introduced for capacity development of the Foreign Exchange & Foreign Trade officials. At present total 48qualified CDCS are serving in the bank.

Besides, with the initiatives of ICCW and approval of the Board in its 282nd meeting held on 23.11.2015, Certified Expert in Risk Management (CERM) scheme has introduced. At present 02 officials have been qualified as CERM. They can contribute to the bank by managing risk.

4. Follow up of Zonal heads visit reports.

To strengthen the activities of Zonal Office according to the instruction Zonal heads submitted the visit report to the MD's secretariat and afterwards send it to the Monitoring Division for needful follow-up. During January-December, 2017 following report has been received by the Monitoring Division and needful follow-up done accordingly:

Sl. No.	Zone name	1st half of 2017	2nd half of 2017
		No. of report received	No. of report received
01	Dhaka Central	21	50
02	Dhaka South	18	57
03	Dhaka North	16	57
04	Chittagong	20	15
05	Bogra	10	34
06	Khulna	13	34
07	Sylhet	13	32
08	Comilla	-	19
	Total	**111**	**298**
	Grand Total	**111 + 298 = 409**	

After collecting the compliance from respective Branches/ Offices the Monitoring Division has analyzed & prepared the summary of the Compliance report of Zonal heads visit report.

5.Follow-up of Quarterly Operation Report (QOR):

To strenghten Monitoring activites & green banking compliant softcopy of QOR is collected from branches instead of hard copy.The Division reviews the QOR and if any deviation found in the QOR, communicates with the branchs for rectification. After rectification Monitoring Division (MoD) prepares a summary report & submits to Head of ICCW on quarterly basis. The MoD communicates with the concerned divisions of Head Office for Follow-up of deviations of QOR.

6.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 are being submitted stock report of MPI/ Murabaha of respective Branches. The submitted reports have been analyzed and necessary follow-up done from this division as well as referred to IAD.

7. Performance of Independent Concurrent Auditor:

As per Management decision, Top 20 (twenty) branches which cover more than 74% of business of the Bank have been selected. Up to December 2017, 55% of business of the Bank are covered where Independent Concurrent (IC) Auditor have started their line of work in 11 branches.

(Amount in Million)

Branch Name	Volume of Investment of the Br. (As on 31.12.2017)	% of Br. Investment with Bank total Investment Tk. 241,961.78 million
MotijheelBr.	34,894.63	14.42%
Uttara Model Town Br.	8,951.96	3.70%
VIP Road Br.	12,480.82	5.16%
Motijheel Corporate Br.	13,121.47	5.42%
Dilkusha Br	18,844.04	7.79%
Gulshan Br	16,243.99	6.71%
Banani Br	12,111.50	5.01%
New Elephant Road Br	5,819.32	2.41%
Dhanmondi Br	6,038.10	2.50%
North South Road Br	2,578.29	1.07%
ProgotiSarani Br	2,880.12	1.19%
Total	**133,964.24**	**55.37%**

Summary of lapses identified by Independent Concurrent Auditor & rectification thereof in the last two years are as follows-

Year of audit	Lapses found by Concurrent auditor	Lapses mitigated during the year	Percentage of rectification
2016	77,181	63,795	83%
2017	77,866	63,941	82%

Implementation of ICC Software (Ababil Risk Based Internal Audit System)

In the year-2017 formation and implementation of ICC Software (Ababil Risk Based Internal Audit System) is unique/ tremendous performance of ICCW which has launched on 1st January'2018. The objectives of ICC Software are stated below:

a. Increases the audit coverage.
b. Improve audit quality and audit judgment.
c. Improve efficiency and reduce audit cost and error.
d. Ensure consistent quality of audit work and documentation.
e. To facilitate performing concurrent auditing.
f. To facilitate compliance work both in branch end and head office end.
g. To facilitate risk based internal audit through risk assessment & branch grading.
h. To generate reports in multifarious purposes as per requirement.
i. To facilitate preparation of annual audit plan.
j. To maintain a complete database of total audit work as well as compliance.
k. To facilitate integration with other modules e.g. HRM, BPA, MIS, CRM and other modules.

Sustainable Finance Unit

Sustainable Finance Unit is formed newly on 05.01.2017 as per Bangladesh Bank circular no 02 date: 01.12.2016. After forming it has completed one year successful journey to its goal. SFU is an integrated approach of Green Banking and Corporate Social Responsibility. In this 21st century, development means not only maximizing profit or wealth; rather it ensures environmental and social safety too. In this era with the support of science and technology large scale development works are taking place. But its benefits or quality of life of all individual of the society are not proportionately improved and gap between poor and rich are also increasing. From this perspective sustainable finance unit is constituted to incorporate environmental safe keeping and other social responsibility in its general business operation. To achieve sustainable development goal (SDG-17) Al-ArafahIslami Bank Ltd. has taken following action as per Bangladesh instruction time to time:

Sustainable finance Committee:

A committee named "Sustainable Finance Committee" has been formed to look after all the activities of Green banking and Corporate Social responsibility department which is being leaded by honorable Deputy Managing Director.

Environmental and Social Risk Management (ESRM):

Instead of ERM Guidelines As per Bangladesh Bank SFD Circular no. 02, February 08, 2017, Environmental and Social Risk Management (ESRM) will be introduced in 2018 which is more interactive, robust and auto generated risk rating system.

Environmental Risk Rating (EnvRR):

As per ERM guideline out of total 4533 applicable investment clients, 4403 are EnvRR rated in which 3942 are low, 437 are moderate and 22 clients are high categorized. In case of environment risk rating our achievement is 97.13%. The total disbursed amount is BDT 2,81,698.97 million among those rated clients as on 31st December, 2017.

Financing in Eco-friendly sectors: on priority basis AIBL take initiatives to finance following eco friendly sectors:

Having ETP : Upto December, 2017 AIBL has disbursed BDT 51,416.34 million to 78 HETP clients in required sectors.

Brick field with modern technology: AIBL has the pleasure to disburse total BDT 3359.97 million to 94 brick field clients with modern technologies i.e. Zig-zag, HHK, Auto brick-field.

Utilization of Islamic Refinancing Fund:

Under participatory agreement with Bangladesh Bank, as a pioneer we (AIBL) have successfully bought 46.90million against general investment of our 4 clients at a lower rate of 9% in 2017. The main benefit of this fund is 5% spread leading us to gain profit of approximate BDT 2.34 million (per annum).

Tree plantation programme-2017:

Aiming to create green earth like each year, Tree Plantation Programme-2017 was successfully held through our rural branches all over Bangladesh. Near about 29,000 (approximately) tree plants has been distributed among mass people. The expenditure for tree plantation programmers was 1.66 million (approximately).

Goals for 2018 of our Unit:

- In the year 2018, new ESRM policy will be effective properly.
- As per Bangladesh Bank SFD circular no. 1, date: 15-01-2018 new quarterly statement will be implemented.
- Conducting green banking awareness program among employee, clients and stakeholder.
- Audit and supervision of Green banking activities from

our department will be conducted more closely in the year 2018. The monitoring through all over the branch will be maintained in the year 2018.

- Tree plantation programme will also be held by all branches in 2018.
- We will take proper initiatives for increasing sanction of green product under refinance scheme in year 2018.
- Develop Green archive policy and updating green office guideline accordingly.

The main goal of Sustainable Finance Unit (SFU) is to comply with environment and social risk management guideline, Green Banking Policy including Sector Specific Policy, managing in house environment i.e. green office guide and convert all traditional investment into green investment by turn.

Corporate Social Responsibility (CSR)

The main goal of all bankers is to make profit. From the feeling of doing something good for the general people of the society, CSR is main concerned issue now. From this responsibility AIBL takes initiatives of doing welfare to the society priority basis. CSR is an integral part of our corporate culture and ethics. We respond positively in every sphere of social activities. We are delivering innovative solution to our valued customer and in the same way we are also helping different areas of social acidity through our CSR activities. To enhance social service as part of corporate social responsibility the Bank has facilitated farmers & freedom fighters to open savings accounts with special facilities of giving profit on daily balance without realizing any account maintenance fee. The bank has also originated school banking to open savings accounts of school students (minor) with same facilities as offered to farmers and freedom fighters. During the year 2017 we accomplished different humanitarian and social activities which include allocation of fund Tk. 157.40million. Besides, we have taken a program to develop manpower and make them employed as well as assisting them for employment in abroad.

Comparative CSR Position:

(Amount in MillionTaka)

Particulars	2016	2017
Health Sector	64.60	10.80
Education Sector	09.70	8.10
Disaster Management	23.20	2.60
Cultural Activities	2.00	0.90
Environment	5.80	1.70
Others	0.00	133.30
Total	**105.30**	**157.40**

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

Total Investment To CMSME Investment

(Figure in Million)

Description	2016	2017
Total CMSME Portfolio	94418.60	104743.90
% of CMSME Portfolio to Total Portfolio	47.63%	43.29%
Target of CMSME Investment	50000.00	55000.00
Total CMSME Disbursement	7228.475	9568.443
% of Achievement	144.57%	173.97%



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

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

Investment on Women Entrepreneurs

About 50% of the populations of Bangladesh are women. Women participation in the mainstream of economic activities especially in the productive sectors is crucial for attaining sustainable economic growth, poverty reduction and women's empowerment. But women participation in economic sector is inadequate and the number of women entrepreneurs is very low compared to that of their male counterparts.

Al-Arafah Islami Bank Ltd. is working with women entrepreneurs to make them capable of earning by connecting with country's economic activities. We give priority to women entrepreneurs to invest on various productive sectors. By the side of collateral secured investment, collateral security free investment is also considered in the question of women development.

(Figure in Million)

Description	Taka
Total SME Portfolio in Women Entrepreneurs	4554.73
Amount of Disbursement to Women Entrepreneurs	4402.12

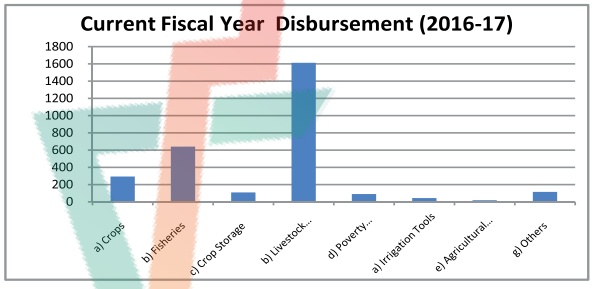
Agricultural Investment

Agricultural Investment is dealt by Agricultural Department functioning under the control of SME Investment Division. To face the increasing food shortage of the country, bank is paying massive attention to invest on agricultural sectors. The main items of agricultural sectors are- crops, fisheries, warehouse, poverty alleviation, irrigation, livestock development etc. At the end of December 2015, total agricultural investment portfolio is Tk. 2800.17 Million for the fiscal year 2016-2017. With collateral and without collateral both are practiced in agricultural investment.

The Achievement of 2016-2017 is as follows:

(Figure In Million)

Sector wise Agricultural Disbursement	Current Fiscal Year Disbursement (2016-17)	Accumulated Outstanding (31/12/2017)
a) Crops	293.96	557.71
b) Fisheries	641.53	703.88
c) Crop Storage	110.62	324.85
b) Livestock Development	1611.58	588.59
d) Poverty Alleviation	89.86	106.42
a) Irrigation Tools	42.36	179.18
e) Agricultural Tools	20.29	130.50
g) Others	114.69	209.04
Grand Total	**2924.89**	**2800.17**



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

Special Schemes for Agricultural development

Rural Agricultural Investment Scheme (RAIS)

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

Al-Arafah Khamerbari Investment Scheme

To make a priority to invest in the crop sector of Bangladesh, we have launched the product named: "Al-Arafah Khamerbari Investment Scheme (Khamerbari)". With this product, we work for farmer's community surrounding the Branch. Our field officials motivate farmers to grow the potential corps based on their previous farming experience. This scheme is an innovative action to develop the crop sector of Bangladesh. We have disbursed 73.00 million investments among 1085 farmers under this scheme so far.

Growing spices at a lowest profit rate (4%)

As per instruction of Bangladesh Bank, and to increase the production of different types of spices like Pulse, Oil-seed, Spice and Maize, we started investment at a lowest rate of profit (only 4%) to the marginal farmers. We have disbursed 23.22 million investments among 487 farmers under this sector so far.

Mudaraba Animal Husbandry Scheme

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

In this scheme, Bank shall purchase cows, goats etc. on behalf of client under the limit of sanction amount. Clients shall responsible for daily maintenance of that animal as per terms and conditions. After a certain time, that animal will be sold in current market rate and then the profit shall be distributed as on previous agreement.

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

Agent Banking

Agent Banking services is one of the new dimensions of banking services in Bangladesh which are provided through engaged agents under valid agency agreement. Agent is

the owner of one or more than one outlet(s) who conducts banking transactions on behalf of the bank. This type of banking is comparatively a new idea that can help the formal banking sector reach out to the unbanked & underserved segments of the society through agents. It is playing a pragmatic role in paving the way for financial inclusion. Actually, financial inclusion is a tool for inclusive economic growth and financial development of a country.

The important aspect of agent banking is financial inclusion. Actually, financial inclusion is a tool for inclusive economic growth and financial development. In Al-Arafah Islami Bank Limited, 70,774 new accounts opened so far. The account holders are living in rural areas and were totally un-banked for their life-time. But now, their total deposit is 5935.55 million and the figures are increasing gradually. Clients are opening accounts, depositing and withdrawing expected money, taking foreign remittance and getting other banking services spontaneously. This is one of the greatest examples of financial inclusion.

Statistics of AIBL Agent Banking

Al-Arafah Islami Bank Ltd. has launched Agent Banking Program on 16 June, 2015 and already inaugurated 112 Agent Banking outlets through 82 Agents so far with a view to bringing the un-banked population under banking services.

Agent Banking Reports (as on 31/12/2017)	
Particular	**December 2017**
Number of Outlets	112
Number of Accounts	70,774
Total Deposit	Tk. 5935.55 Million
Number of Remittance Disbursed	86,102
Amount of Remittance Disbursed	Tk. 3132.87 Million
Amount of Investment in Different Branches	Tk. 63.40 Million

In Bangladesh, the vision 2021 is premised on a safe, efficient and inclusive financial system where savings and investment are required to be increased manifold. The financial sector is expected to play a vital role in mobilizing the substantial resources required to finance the envisaged flagship projects. The central bank has therefore been trying to explore and implement innovative models that will boost Bangladesh's financial sector to support savings and investment growth.

Al-Arafah Islami Bank Ltd. is also working with the above mission and vision. Along with financial inclusion, Bank shall get benefits with Agent Banking activities by increasing its' low cost deposits, micro level investments, inward foreign remittance and a number of accounts. So every Bank should pay attention to spread Agent Banking activities in all over Bangladesh.

Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2017. 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 140 news items of the Bank were broadcasted in 600 news coverage through 12 different TV Channels during the year 2017. We continued news branding on 5 major satellite TV channels such as, Ekushey TV, Channel-i, Bangla Vision, ATN Bangla and ATN News.

Promotion in the television media got a major hike during the Ramadan this year. In 11 major TV channels which included NTV, ETV, Channel-9, Boishakhi TV, SA TV and many more, the Bank sponsored 15 different programs to encourage true Islamic values. The initiative was praised by the stakeholders



Donation to the Honorable Prime Minister's Fund for Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust and Prime Minister's Education Assistance Trust

and positively put an effect on business.

Positive branding was one of the vitals supports that led the Bank to hold a firm position in the market. More than 35 interviews and talk shows of the Managing Director and other top executives were published or broadcasted in several media. The Bank proved its engagements with 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 3280 Press Release items published in more than 60 different leading Newspapers and Media throughout the year. Besides, more than 800 advertisements took place in 100 different publications during that year. For 2018 our advertisement plan will focus to achieve the best outcome using available media and resources. We shall go into Electronic Media vastly this year, including Radio Branding. Besides, we have taken action to boost-up our promotion in social media.

The Promotional Plan also indicates that, we have to make our promotion through client service more effective and efficient in 2018. Leaflets and Brochures of our products will be made available in every branch. There will be a number of Banners, X-Stands and Danglers visible in our branches. We must remember that, a satisfied client is the best advertiser of the Bank. So, all our promotional steps will be focused to make our customers feel that they are banking with their own bank when they are with Al-Arafah Islami Bank Limited.

Branding Summery of AIBL in 2017

SL	Branding Details	Frequency During 2017
1.	TV News Items	140 events 600 coverage
2.	TV Channel Coverage	12 channels
3.	TV Branding (throughout the year)	5 channels
4.	TV Branding during Ramadan	15 programs 11 channels
5.	Talkshow/Interview	30 programs
6.	PR Published	3280 times
7.	Print media covered	60 media
8.	Promotional Advertising	800 advertisements
9.	Publications used	100 publications

Information Technology

In the present day, all business and commercial activities depend on technology and especially all kinds of banking transactions are done by On-line Automation system. All banks are rendering their financial services, DATA analysis & classifications, making the ultimate decision from a truly automation system accomplished by the ICT division of any bank. AIBL started its Automation journey from 2006 and live 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 our customer better services:

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



Donation to the Honorable Prime Minister's Fund to help Rohingya Refugees

Management, xvii. Centralized Anti Virus Management, xviii. Mail Server, xix.OBU, xx.Treasury, SMS Alert, xxi. ATM Service, xxii. Mobile ATM Service, xxiii. Debit Card, xxiv. Credit Cardetc.

Following ICT projects have been taken for the year 2018:

1. To become one of the first third Technologically advanced bank in the country within next 3 years
2. Ensure100% Regulatory Compliance by taking highest possible ICT security measures within a year.
3. To take necessary steps to earn highest possible satisfaction of end-users inICT Supports Service by 2018.

Card Division

Card Division of Al-ArafahIslami Bank Limited has been offering diversified range of products and services since the beginning to provide the varied needs of the customers. Consequences of that, Al-ArafahIslami Bank have introduced the first ever Islamic MasterCard product in Bangladesh. The La- Riba Islamic Credit Card, designed in a way to meet customer transactional needs while strictly maintaining the Sariah Principals. We are providing technological advanced Card facilitated service to our valued customers. In busy day to day urban life everybody prefers quick & advanced way of performing transaction with the Bank.

We already were offering discount facility for both Debit & Credit card holders & Equal Monthly Installment (EMI) facility for credit card holders. We have already signed EMI agreement with almost all renowned Furniture manufacturers, Branded Electronics chain shop, & Lifestyle retailers 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 already successfully accomplished joint Campaign titled "Experience Paris 2017" with MasterCard. Another joint Campaign titled "Winter Spend & Win Campaign" with MasterCard is ongoing. Our credit card already make a positive impression on potential customers by now and InshaAllahatala, it will known to everyone within the country as well as oversees by these types of promotional activities. It is mentionable that, we are providing effective & efficient card service among the customers in minimal service charge, which is less than any credit card in Bangladesh.

We already issuing Hajj card to honorable HazziSaheba&Saheban with lowest service charge than any other Bank in Bangladesh. Its aims to provide service to Hajji Sahab, Saheban& Hajj agents at low service cost & for branding of Al-Arafah Islami bank.

We launched Instant card for Account Holders. Honorable Account Holder is collecting their card from Branch at the date of account opening. In this year we will increase our ATM network by establishing ATMs at prime locations including shopping malls, Airports, Train Stations, Bus Stoppages, etc. We will introduce Merchant POS, Branch POS and Agent POS for convenience of our customers.

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

Risk Management

Risk is generally defined by the adverse impact on the profitability of several distinct sources of uncertainty. Risk-taking is an inherent element in the banking business, and, indeed profits are in part for successful risk taking in business. Greater risk and poorly managed risk increase the danger that the bank may incur huge losses and be forced out of business. A bank must run its operations with two goals- to generate profits and to stay in business. Thus, banks are maintaining a trade-off between risk and return and that is the business of Risk Management. 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 (compliance risk, strategic risk, reputation risk, money laundering risk etc.)

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

1st line of defense: Day to Day Operational Management and Internal Controls

- Branches
- Support Functions

2nd line of defense: Risk Management and Compliance Functions

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

3rd line of defense: Independent Assurance

- Internal Audit
- Board Audit Committee
- Supervision of Regulators

In accordance with the direction of Bangladesh Bank, AIBL has established 'Risk Management Division' and possesses board's approved risk management guidelines designed to ensure that risks are identified, monitored and reported. Risk Management Division exclusively manages 6 (six) core risks in line with the core risk Management guidelines by the Central Bank. AIBLformed All Risk Committee in Management level in addition tosix separate Core Risk Management Committees to address basic risk management activities like identification, assessment, measurement and mitigation of risks. Besides, Board Risk Management Committee oversights the overall risk management activities of the bank and performs their duties with utmost care to minimize the risk level. Regular meeting of all the committees are held on monthly/quarterly basis.

Monthly/Quarterly Risk Management Report and a Half-

yearly Comprehensive Risk Management Report (CRMR) incorporating all risk areas are prepared as per directions of the prescribed format of Bangladesh Bank. These Reports are discussed in depth in the All Risk Committee in the Management level as well as Board Risk Management Committee and necessary instructions and guidance are given and implemented there against.

Money Laundering and Terrorist Financing Prevention

Money Laundering and Financing of Terrorism are interrelated and clearly pose a threat locally and internationally. Such risks can only be addressed and mitigated by adopting internationally recognized guidelines and of course complying with circulars, rules and regulations framed by Government (via Bangladesh Financial Intelligence Unit - BFIU).

As per National and International instructions, Bank has to ensure AML/CFT compliance, otherwise it would be penalized and foreign business would be hampered seriously. So, AIBL has an established framework for AML/CFT compliance. There is a Risk Management Policy Guidelines for AML/CFT which is approved by our Board of Directors. There are established guidelines/standards for AML/CFT compliance to:

Regulate branches/zones/departments/divisions/wings etc.

Ensure strict compliance with all existing laws and regulatory requirements.

The principal theme/slogan is to **"maintain complete and correct information with regard to the identity of its customers during the operation of their accounts".** AIBL has taken steps to maintain and verify the identity of our customers in accordance with directions issued by BFIU. System is in place to ensure proper KYC (Know Your Customer), information is collected through Customer Due Diligence, accounts are categorized as High and Low risk, Master Circular # 19 directives are followed through.

The process to create staff awareness on operational aspects in combating money laundering and terrorist financing menace is ongoing and continuous. Proper focus and importance is placed on training. The Central Compliance Committee (CCC) has been formed and headed by CAMLCO which comprises of all heads of BFIU Circular selected divisions/wings. This committee is entrusted to formulate strategy and Action Plan as and when required. The Division set up for MLTF prevention is as follows:

Division is headed by Deputy Chief Anti Money Laundering Compliance Officer (DCAMLCO). It consists of 04 (Four) Head of Departments with an 8 member team.

Branch Anti Money Laundering Compliance Officer (BAMLCO) is stationed in all branches. Their main function is to create awareness and understanding on all AML/CFT issues among branch staff, hold periodical meetings with everyone and maintain records.

Zonal Anti Money Laundering Compliance Officers (ZAMLCOs) are placed in all 8 Zones. They have to ensure that BAMLCOs are discharging their duties properly.

The HO team in MLTFPD frequently interacts with branches (through BAMLCOs) via training and workshops. All the branches are subject to periodic audit by Audit & Inspection Division (AID) and scrutiny by ZAMLCOs.

Bangladesh Bank and Bangladesh Financial Intelligence Unit (BFIU) which are the regulatory arm conduct audit on selected branches every year. To be noted here that the Banks Training Institute also plays a vital role in organizing Workshops and Training Programs.

Roles and functions identified in the attached section provides a better picture of the roles and responsibilities and the various functions that the Division engages in on day to day basis:

1. Transmittal of Managing Directors message issued at the beginning of the year to all staff on matters



An MoU was signed between the Bank and Aamra Payment Systems

relating to Money Laundering and Terrorist Financing Prevention emphasized on Zero tolerance principle.

2. Formation of Central Compliance Committee (CCC) in 09/2017 in line with BFIU directives. It is chaired by the CAMLCO.
3. Following guidelines formulated and disseminated to all employees/branches:

Money Laundering and Terrorist Financing Risk Assessment Policy;

Policy and Guidelines on AML & CFT Risk Management of AIBL;

Customer Acceptance Policy;

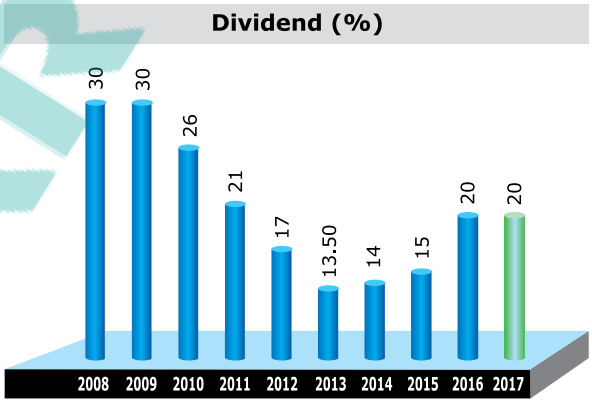
4. Upgrading the post of DCAMLCO (Deputy Chief Anti Money Laundering Compliance Officer) in line with BFIU recent directives.
5. Division renamed as Money Laundering and Terrorist Financing Prevention Division in line with BFIU directive & approval from Central Compliance Committee (CCC).
6. BAMLCOs list updated and approved by CCC with nomination from Branch as per new guidelines.
7. Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) through goAML software of BFIU are being monitored.
8. Regular trainings programs and workshops are organized and conducted for all staff/branches including new entrants. Trainers from BFIU are invited for such sessions.
9. Reviewing of AML & CFT compliance status of branches by the internal audit team during their periodic audit of AIBL Branches.
10. Auto screening & hit management system implemented.
11. Distribution of AML/CFT leaflet, poster and festoons for creating customer and mass awareness.
12. Introduction of group study in the branches on AML/CFT issues for improvement of know-how of the officials & achieving better ratings on AML/CFT.
13. Motivation of Staff/officials to pursue education on programs like CAMS (Certified Anti Money Laundering Specialist) and CFCS (Certified Financial Crime Specialist) etc.
14. Conducting Site visits to risky & important branches.
15. Through proper controls and monitoring fines and penalties are being avoided from Regulators.

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 15% Cash and 5% Stock dividend in the year 2017.

Table of Historical Dividend Payment Percentage are as follows:

Year	Dividend
2008	30% Bonus
2009	30% Bonus
2010	26% Bonus
2011	21% Bonus
2012	17% Bonus
2013	13.50% Bonus
2014	14% Cash
2015	10% Cash & 5% Bonus
2016	20% Cash
2017	15% Cash & 5% Bonus





The Bank sponsored Bangladesh Junior Science Olympiad to patronize education sector

Credit Rating

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

Long Term	:	AA (Pronounced Double A)
Short Term	:	ST-2
Based on	:	Audited Financial Statement 2016
Date of Rating	:	30 June 2017
Validity	:	30 June 2018
Outlook	:	Stable

Year-wise Comparative Rating Position

Date of Rating	Long Term	Short Term	Outlook
30 June 2017	AA	ST-2	Stable
30 June 2016	AA	ST-2	Stable
30 June 2015	AA 2	ST-2	Stable
30 June 2014	AA 3	ST-2	Positive
30 June 2013	AA 3	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. This 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 by good fundamental protection factors. Risk factors are very small.

Human Resources

Well educated and skilled manpower is the bestcapital of an organization particularly in bankinginstitution. We put utmost importance onrecruitment and development of humanresources. In recruiting process, we put emphasison attracting talented young stars. Total 415 employees in different categories/ranks joined ourfleet during the year 2017 raising our totalemployees to 3,446 including 242 Executive as on31.12.2017.

We have 3,464 staff in the Bank of whom 224 are executives 2,079 are officers and 584 other staff a as on December 31st 2016.

Sl No	Designation	Category Number
1	Executives	228
2	Officers	2,496
3	Others	722
	Total	3,446

We nominated 404 employees in outside training course viz. BIBM, BBTA, BABetc. in 2017 and they have completed the course successfully.

We motivate and facilitate our deserving employees to complete international standard professional degrees like CDCS. Presently, wehave 51CDCS of which 11 completed during theyear 2017.

Activities of AIBTRI

AIBTRI: A Home of Knowledge for development of Human Capital

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

The need for Training Institute was keenly felt in the early seventies to cater to the management training needs of the banking sector. The formation of Al-Arafah Islami Bank Training & Research Institute (AIBTRI) sine-qua-non for the development of human resources at the very beginning of AIBL.AIBTRI 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 2017:

AIBTRI conducted a total number of 82 (Eighty Two) Training Courses, Workshops, Executive Development Programs and Outreach Programs where 3,104 participants attended during the period from January – December, 2017.

Training Courses (TC):

To develop the professional skill and knowledge of the officials in the field of Shariah banking, economics and finance, rural and micro finance, customer service development, motivation, capacity building, achieving the target and continuous growth, AIBTRI conducted a total of 21 (twenty one) courses during the year 2017.

Training Workshops (TW):

A total of 40 (forty) workshops were conducted during the year against the target of 65 (sixty five) workshops. Out of this, a significant number of workshops were arranged for fulfilling the requirements of current issues relating to banking operations like as “Prevention of Money Laundering and Combating Financing of Terrorism”. Moreover, with a view to enhancing skill among the employees, AIBTRI has conducted training workshops on “Capacity Building in

Banking Operation".

Executive Development Programs (EDP):

To meet up the needs of executives, managers, manager operations, in the field of banking, finance, economy, national integrity strategy, money laundering prevention and allied fields, AIBTRI conducted 03 (three) EDPs during the year 2017.

Outreach Training Programs (OTP):

AIBTRI conducted 17 (seventeen) outreach training programs (OTP) at different outstation e.g. zonal offices & other important places during the period with 631 (six hundred & thirty one) officers. The programs had their remarkable impact to create awareness among all types of employees especially young, brilliant and promising officers regarding Islamic Economics and Banking, Time & Stress Management, Recovery Management, Present Scenario of Economy, Environment Risk Rating as well as Financial Literacy etc.

Lead Bank Program (LBP):

This year Al-ArafahIslami Bank Ltd. had the privilege of organizing the daylong workshop on "Money Laundering Prevention & Combating Financing of Terrorism" as the lead bank nominated by Bangladesh Bank in Jhalokathi. AIBTRI, as per instruction of the BFIU successfully arranged, monitored and supervised the workshop with 67 (sixty seven) officials most of whom are BAMLCOs and the remaining are Branch Managers of different Banks.

Training Manual:

AIBTRI accumulated 06 (six) Training Manuals on Foundation Course for Newly Recruited MTOs/Officers this year to facilitate the participants to acquire knowledge on banking & use those as reference in their day to day banking operation.

In the year 2017, total 82 (Eighty Two) programs were conducted by the Institute & 3,104 officials have participated in those programs i.e. each employee of the bank has attended more than one course on average.

However, we are not complacent with only quantitative achievement; our main focus is on quality. We are always striving for qualitative improvement. Keeping this end in view, we have prepared the academic calendar 2018 containing 26 training courses, 4 EDPs, 20 outreach programs & 55 workshops on various academic & professional issues.

It is worthy of mentioning that in the academic calendar of 2018, we have a plan to introduce Internship Program for the BBA / MBA students with a view to create an affiliation of the potential young generation with the Bank.

Branches Control Division :-

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

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

Branch Network

At present we have 154 branches all over the country. In a bid to expand our network of Branches we got approval to open 9 (Nine) new branches in 2018.

Appointment of Statutory Auditor

In the 22nd Annual General Meeting of the Bank M/S Hoda Vasi Chowdhury & Co. Chartered Accountants & M/S Rahman Mostafa Alam& Co. Chartered Accountants was appointed External Auditors of the Bank for a term till conclusion of the 23rd Annual General Meeting.

The Board has approved M/S Hoda Vasi Chowdhury& Co. Chartered Accountants and M/S Rahman Mostafa Alam& Co. Chartered Accountants for appointment as External Auditors by the shareholders till the 24th Annual General Meeting.

Board Meeting

During the year 2017, 15 regular Board Meetinghad been held. Besides, 41 meetings of Executive Committee, 8 meetings of Audit Committee and 4 Risk management Committee of the Board had also been held during the year.



The Board of Directors recommended 15% Cash and 5% Stock Dividend subject to approval of AGM



Board Executive Committee meeting



Board Audit Committee meeting



Board Risk Management Committee Meeting



Honorable Chairman and other guests at Annual Business Development Conference 2018



Hon'ble State Minister of Land was present in the opening ceremony of Anowara Branch at Chattogram



Honorable Chairman and Management of the Bank with newly recruited MTOs



Managing Director along with other Executives after an Executive Development Program (EDP) arranged by Training & Research Institute



The Bank achieved 'Best Corporate Award' from ICMAB for Shariah based banking



Donation given to Bangladesh Retired Police Officers Welfare Association under CSR activities



Managing Director officially inaugurated the SWIFT Sanctions Screening system



Signing ceremony between the Bank and NEC Money Transfer Limited UK



Tree Plantation Program inaugurated by honorable Chairman of the Bank



8th Annual General Meeting of AIBL Capital Market Services Limited



6th Annual General Meeting of AIBL Capital Management Limited



Annual General Meeting of Millennium Information Solution Limited

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

The Directors also report that:

i. Industry outlook and possible future developments in the industry. Page No 33-34

ii. Segment-wise or product-wise performance. Page No. 37-38

iii. Risks and concerns. Page No. 92-93

iv. A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin. Page No. 56

v. Discussion on continuity of any Extra-Ordinary gain or loss. Page No. Nil

vi. Basis for related party transactions-a statement of all related party transactions is disclosed in the annual report. Page No.130-132

vii. Utilization of proceeds from public issues, rights issues and/or through any others instruments. Page No. Nil

viii. An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IP0), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc. Page No. Nil

ix. There is no significant variance occurs between Quarterly Financial Performance and Annual Financial Statements.

Highlights along with reasons thereof are given below:

Particular	2017	2016	Growth %
Investment income	20,305.59	18,195.71	11.60%
Profit paid to depositors	11,586.15	10,340.73	12.04%
Net Investment Income	**8,719.44**	**7,854.98**	**11.01%**
Commission, Exchange and other Income	3,084.76	2,896.45	6.50%
Total Operating Income	**11,804.20**	**10,751.43**	**9.79%**
Total Operating Expense	5,101.14	3,996.27	27.65%
Profit before tax and provision	**6,703.06**	**6,755.16**	**(0.77%)**
Provision on Investment and others	1,270.59	1,508.36	(15.76%)
Profit Before tax	**5,432.47**	**5,246.80**	**3.54%**
Provision for taxation	2,355.78	2,206.59	6.76%
Net Profit after tax	**3,076.69**	**3,040.21**	**1.20%**
EPS (Restated 2016)	**3.09**	**3.06**	**0.03%**

During the year 2017 Total Operating Expense increased by 27.65% compared to previous year 2016 due to effect new Pay scale for the employees

i. Remuneration to directors including independent directors. Page No. 110

ii. 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.

iii. Proper books of account of the bank have been maintained.

iv. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

v. International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.

vi. The system of internal control is sound in design and has been effectively implemented and monitored.

vii. There are no significant doubts upon the issuer company's ability to continue as a going concern.

viii. Significant deviations from the last year's operating results of the bank has been highlighted and the reasons thereof is explained. Page No. Nil

ix. Key operating and financial data of at least preceding 5 (five) years shall be summarized. Page No.15

x. The Bank has declared stock dividend.

xi. The number of Board meetings held during the year and attendance by each director has been disclosed. Page No.57

xii. The pattern of shareholding has been reported to disclose the aggregate number of shares(along with name details where stated below) held by:-

a. Parent/Subsidiary/Associated Companies and other related parties (name wise details); Page No. 130-132

b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); Page No.57 & 58

c. c. Executives; Page No. 9-10

d. d. Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). Page No. Nil

xiii. Appointment /Reappointment of a director the company has been disclosed the following information to the shareholder:-

a. A brief resume of the director; Page No.130-132

b. Nature of his/her expertise in specific functional areas; Page No.130-132

b. Name of the companies in which the person also holds the directorship and the membership of committees of the board. Page No.130-132

Directors' Attendance in the Board Meeting for the year 2017

Sl. No.	Name	Designation	No. of attendance	No. of Meeting held	Remarks
1	Alhajj Abdus Samad	Chairman	14	15	
2	Alhajj Abdus Salam	Vice Chairman	14	15	
3	Alhajj Hafez Md. Enayet Ullah	Director	14	15	
4	Alhajj Salim Rahman	Director	12	15	
5	Alhajj Mohammed Emadur Rahman	Director	5	15	
6	Alhajj Md. Amir Uddin PPM	Independent Director	14	15	
7	Alhajj Nazmul Ahsan Khaled	Director	10	15	
8	Alhajj Abdul Malek Mollah	Director	14	15	
9	Alhajj Md. Harun-ar-Rashid Khan	Director	13	15	
10	Alhajj Md. Anowar Hossain	Director	13	15	
11	Alhajj Badiur Rahman	Director	11	15	
12	Alhajj Kh. Mesbah Uddin Ahmed	Director	15	15	
13	Alhajj Ahamedul Haque	Director	14	15	
14	Alhajj A.N.M. Yeahea	Director	12	15	
15	Alhajj Niaz Ahmed	Director	14	15	
16	Alhajj Md. Liakat Ali Chowdhury	Director	13	15	
17	Alhall Badsha Meah	Director	0	0	
	Dr. Md. Shafiul Haider Chowdhury	Alternative Director	12	15	
18	Alhajj Mohammed Haroon	Director	0	0	
	Jb. Anwar Hossain	Alternative Director	9	15	
19	Jb. Khalid Rahim FCA	Independent Director	14	15	
20	Jb. Faruq Ahmad Siddiqi	Independent Director	9	15	

Statement of Share held by Directors' and their Spouse and Minor Children
As on 31st December, 2017

Sl. No.	Number of the directors	Status	No. of Share	Remarks
1	Alhajj Abdus Samad	Chairman, Board of Directors	22,376,392	
	Mrs. Shahana Ferdous	Spouse	718,525	
2	Alhajj Mohammed Abdus Salam	Vice-Chairman, Board of Directors	20,166,568	
3	Alhajj Hafez Md. Enayetullah	Chairman Executive Committee, Sponsor Director	19,891,573	
4	Jb. Salim Rahman	Vice-Chairman Executive Committee, Director	19,887,005	
5	Alhajj Mohammed Eamadur Rahman	Chairman Board Risk Management Committee, Director	19,910,659	
6	Alhajj Md. Amir Uddin PPM	Chairman Board Audit Committee, Independent Director	-	
7	Alhajj Nazmul Ahsan Khaled	Sponsor Director	20,719,699	
8	Alhajj Abdul Malek Mollah	Sponsor Director	19,941,603	
	Mrs. Laila Begum	Spouse	312	
9	Alhajj Md.Harun-Ar-Rashid Khan	Sponsor Director	19,886,609	
10	Alhajj Md. Anowar Hossain	Sponsor Director	22,015,623	
11	Jb. Badiur Rahman	Sponsor Director	27,735,057	
	Mrs. Syeda Rashida Yasmin	Spouse	5,414,934	
12	Alhajj Engr. Kh. Mesbahuddin Ahmed	Director	19,887,271	
	Mrs. Ajmeri Ahmed	Spouse	8,799,086	
13	Alhajj Ahamedul Haque	Director	19,886,507	
14	Alhajj Abu Naser Mohammad Yeahea	Director	24,557,236	
15	Alhajj Niaz Ahmed	Director	19,988,724	
	Mrs. Shabana Niaz	Spouse	8,198,948	
16	Alhajj Md. Liakat Ali Chowdhury	Director	19,892,484	
17	Alhajj Badsha Meah	Sponsor Director	19,886,651	
	Mrs. Feroza Begum	Spouse	308,585	
18	Alhajj Mohammed Haroon	Sponsor Director	20,002,078	
	Mrs. Shamsun Nahar Begum	Spouse	159,000	
19	Jb. Khalid Rahim	Independent Director	-	
20	Jb. Faruq Ahmad Siddiqi	Independent Director	-	

AMARSTOCK

Statement of Shares held by Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Control & Compliance Division and their spouses and Minor Children (As on 31st December, 2017)

Sl No	Name of the Directors	Status	No. of Share	Remarks
1	Jb. Md. Habibur Rahman	Chief Executive Officer	Nil	
2	Jb. Md. Mahmudur Rahman	Company Secretary	Nil	
3	Jb. Mohammed Nadim FCA	Chief Financial Officer	Nil	
4	Jb. Muhammad Mahmoodul Haque	Head of Internal Control & Compliance Wing	Nil	

Statement of Shares held by top 5 (Five) salaries employees other than the Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit (As on 31st December, 2017)

Sl No	Name of the Directors	Designation	No. of Shares	Remarks
1	Jb. Kazi Towhidul Alam	Deputy Managing Director	Nil	
2	Jb. Md. Fazlul Karim	Deputy Managing Director	Nil	
3	Jb. S. M. Jaffar	Deputy Managing Director	Nil	
4	Jb. Mohammed Zubair Wafa	Deputy Managing Director	Nil	
5	Jb. Syed Masodul Bari	Executive Vice President & CTO	Nil	



The Bank donated to Muktijuddho Academy to make an exclusive documentary film on mine-sweeping operation after the independence

Certificate on Compliance of Conditions of Corporate Governance to The Shareholders of Al-Arafah Islami Bank Limited

We, in respect of **Al-Arafah Islami Bank Limited** (the Bank), have examined the status of its compliance for the year ended 31st December, 2017 with conditions of Corporate Governance issued by Bangladesh Securities & Exchange Commission (BSEC) vide its notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012.

The compliance with the said conditions of Corporate Governance and reporting the status thereof is the responsibility of the management of the Bank. Our responsibility is to provide a certificate about whether the Bank is in compliance with the said conditions of Corporate Governance based on our examination.

Our examination has been made for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance and correct reporting of the status of the compliance on the attached statement on the basis of evidence gathered and representation received. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

To the best of our information and according to the explanations given to us, we certify that Al-Arafah Islami Bank Limited has complied with the conditions of Corporate Governance as enclosed stipulated in the above mentioned BSEC's notification dated 07 August, 2012.

Dhaka, Dated
April 15, 2018

Sheikh Zahidul Islam FCA, MBA
Partner
Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Compliance Status of BSEC Guidelines for Corporate Governance

Status of compliance by AIBL with the Corporate Governance (CG) Guidelines issued by BSEC through Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	2	3	4	5
1	Board of Directors:			
1.1	Board's Size: The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty): Provided, however, that in case of banks and non-bank financial institutions, insurance companies and statutory bodies for which separate primary regulators like Bangladesh Bank, Insurance Development and Regulatory Authority, etc. exist, the Boards of those companies shall be constituted as may be prescribed by such primary regulators in so far as those prescriptions are not inconsistent with the aforesaid condition.	✓		
1.2	**Independent Directors** All companies shall encourage effective representation of independent directors on their Board of Directors so that the Board, as a group, includes core competencies considered relevant in the context of each company. For this purpose, the companies shall comply with the following:-			
1.2(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		
1.2(ii)	**For the purpose of this clause "independent director" means a director -**			
1.2(ii)a)	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(ii)b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1.2(ii)c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		
1.2(ii)d)	Who is not a member, director or officer of any stock exchange;	✓		

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	3	4	5
1.2(ii)e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	✓		
1.2(ii)f)	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;	✓		
1.2(ii)g)	Who shall not be an independent director in more than 3 (three) listed companies;	✓		
1.2(ii)h	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1.2(ii)i)	Who has not been convicted for a criminal offence involving moral turpitude?	✓		
1.2(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
1.2(iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
1.2(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	**Qualification of Independent Director (ID)**			
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3(ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	✓		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	✓		
1.4	Chairman of the Board and Chief Executive Officer The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		
1.5	**Directors' Report to Shareholders** The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1.5(i)	Industry outlook and possible future developments in the industry.	✓		
1.5(ii)	Segment-wise or product-wise performance.	✓		
1.5(iii)	Risks and concerns.	✓		
1.5(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	✓		
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	✓		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	✓		
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	✓		
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		
1.5(x)	Remuneration to directors including independent directors.	✓		
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
1.5(xii)	Proper books of account of the issuer company have been maintained.	✓		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		

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	3	4	5
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓		
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1.5(xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-			
1.5(xxi)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1.5(xxi)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5(xxi)(c)	**Executives;** **Explanation:** For the purpose of this clause, the expression "executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit.	✓		
1.5(xxi)(d)	Shareholders holding ten percent (10%) or more votes interest in the company (name wise details).	✓		
1.5(xxii)	**In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-**			
1.5(xxii)(a)	a brief resume of the director;	✓		
1.5(xxii)(b)	nature of his/her expertise in specific functional areas;	✓		
1.5(xxii)(c)	names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.00	**CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT, AND COMPANY SECRETARY (CS):**			
2.1	**Appointment** The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
2.2	**Requirement to Attend Board Meetings** The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3	**AUDIT COMMITTEE:**			
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial Statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	**Constitution of the Audit Committee:**			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience. Explanation: The term "financially literate" means the ability to read and understand the financial statements like Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if (s)he possesses professional qualification or Accounting/Finance graduate with at least 12 (twelve) years of corporate management/professional experiences.	✓		
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		
3.1(v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	**Chairman of the Audit Committee:**			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		

Printed Stock

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	3	4	5
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of Audit Committee: Role of audit committee shall include the following:-			
3.3(i)	Oversee the financial reporting process.	✓		
3.3(ii)	Monitor choice of accounting policies and principles.	✓		
3.3(iii)	Monitor Internal Control Risk management process.	✓		
3.3(iv)	Oversee hiring and performance of external auditors.	✓		
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3(vii)	Review the adequacy of internal audit function.	✓		
3.3(viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus	✓		
3.4	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1(ii)(a)	report on conflicts of interests;	✓		
3.4.1(ii)(b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		
3.4.1(ii)(c)	suspected infringement of laws, including securities related laws, rules and regulations;	✓		
3.4.1(ii)(d)	any other matter which shall be disclosed to the Board of Directors immediately.	✓		
3.4.2	**Reporting to the Authorities** If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	✓		
3.5	**Reporting to the Shareholders and General Investors** Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
4	**EXTERNAL/STATUTORY AUDITORS:** The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely			
4(i)	Appraisal or valuation services or fairness opinions.	✓		
4(ii)	Financial information systems design and implementation.	✓		
4(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4(iv)	Broker-dealer services.	✓		
4(v)	Actuarial services.	✓		
4(vi)	Internal audit services.	✓		
4(vii)	Any other service that the Audit Committee determines.	✓		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
4(ix)	Audit / certification services on compliance of corporate governance as required under clause (i) of condition No.7	✓		
5	**SUBSIDIARY COMPANY**			
5(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	✓		
5(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	✓		
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		

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	3	4	5
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	✓		
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
6	**DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):** The CEO and CFO shall certify to the Board that			
6(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief :-	✓		
6(i)(a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6(i)(b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		
7	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:**			
7(i)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis. Explanation: Chartered Accountant means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President's Order No.2 of 1973); Cost & Management Accountant means Cost & Management Accountant as defined in the Cost & Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); Chartered Secretary means Chartered Secretary as defined in the Chartered Secretaries Act, 2010 (Act No.25 of 2010)	✓		
7(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

Appreciation

The Board of Directors expresses its gratitude to the Almighty Allah for enabling us to achieve remarkable progress in all respect during the year-2017. 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 2018. 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,



Alhajj Abdus Samad Labu
Chairman
Date: 24th May 2018

শরীয়াহ্ সুপারভাইজরী কমিটি-এর বার্ষিক প্রতিবেদন

(৩১ ডিসেম্বর, ২০১৭ ঈসায়ী তারিখে সমাপ্ত বছরের জন্য)

بسم الله الرحمن الرحيم.

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-এর সম্মানিত শেয়ারহোল্ডারবৃন্দ !

السلام عليكم ورحمة الله وبركاته.

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

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-এর ব্যাংকিং কার্যক্রমের ক্ষেত্রে ইসলামী শরীয়াহ্র নীতিমালা মোতাবেক সার্বিক ব্যবসা পরিচালনার দায়িত্ব মূলতঃ ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষের। আমাদের শরীয়াহ্ সুপারভাইজরী কমিটির দায়িত্ব হচ্ছে ব্যাংকের কার্যাবলী পরিচালনায় শরীয়াহ্সম্মত দিকনির্দেশনা ও সিদ্ধান্ত প্রদান এবং তার ভিত্তিতে ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষ তাদের যাবতীয় কার্যক্রম পরিচালনা করছে কি না, তা যাচাইকরণে পর্যালোচনাপূর্বক একটি স্বাধীন মতামত প্রস্তুত করে আপনাদের নিকট উপস্থাপন করা।

আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ-এর শরীয়াহ্ সুপারভাইজরী কমিটি ও শরীয়াহ্ সুপারভাইজরী সচিবালয় কর্তৃক বিগত ২০১৭ ঈসায়ী (হিজরী ১৪৩৮-১৪৩৯) বছরে প্রধান কার্যালয়সহ ব্যাংকের সকল (১৫৪টি) 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 অর্থবছরে আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ কর্তৃক ব্যাংকিং কার্যক্রমে অনুসৃত ও পরিচালিত লেনদেনসহ সকল কার্যাবলী এবং চুক্তিসমূহ–যা আমরা যথাসম্ভব পর্যালোচনা করেছি তা ইসলামী শরীয়াহ্র নীতিমালা অনুযায়ী করা হয়েছে।

খ. ব্যাংকের বিভিন্ন শ্রেণীর মুদারাবা ডিপোজিটরদের মাঝে যে লাভ বন্টন করা হয়েছে তা শরীয়াহ্র নীতিমালা অনুযায়ী করা হয়েছে বলে প্রমাণিত হয়েছে।

গ. ব্যাংক ডিপোজিটর ও শেয়ারহোল্ডারদের একাউন্ট ও টাকার উপর কোন যাকাত প্রদান করে না, তাই ডিপোজিট ও শেয়ারের টাকার উপর যাকাত প্রযোজ্য হলে-তা প্রদান করা যথাক্রমে ডিপোজিটর ও শেয়ারহোল্ডারদের নিজ নিজ দায়িত্ব।

ঘ. আইনগত বাধ্যবাধকতা এবং ব্যাংকের বিভিন্ন শাখায় বিনিয়োগ সংশ্লিষ্ট কিছু অসতর্কতার ফলে শরীয়াহ্ অননুমোদিত পন্থায় অর্জিত সূদ ও সন্দেহজনক আয় (Doubtful Income) যথাসম্ভব 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 শরীয়াহ্ নির্ধারিত পন্থায় ব্যয়ের জন্য রাখা হয়েছে।

পরামর্শ

১. বাই-মুয়াজ্জাল ও বাই-মুরাবাহা বিনিয়োগে পণ্য ক্রয়-বিক্রয় নিশ্চিতকরণ ও গ্রাহককে 'ক্রয়-প্রতিনিধি' নিয়োগে শরীয়াহ্ পরিপালনের ব্যবস্থা আরো জোরদার করা একান্ত প্রয়োজন।

২. মুদারাবা ও মুশারাকা বিনিয়োগ কার্যক্রম স্বল্প পরিসরে হলেও চালু করা যেতে পারে।

৩. দেশের অপেক্ষাকৃত দরিদ্র গ্রাহকদের আর্থ-সামাজিক উন্নয়নের লক্ষ্যে শরীয়াহ্ নীতিমালার আলোকে বিদ্যমান ক্ষুদ্র বিনিয়োগ প্রকল্প জোরদার এবং নতুন নতুন উন্নয়নমূলক প্রকল্প চালু করার ব্যবস্থা গ্রহণ করা।

৪. ব্যাংকের সর্বস্তরের জনশক্তিকে ইসলামী ব্যাংকিং বিষয়ে প্রশিক্ষিত করে গড়ে তোলার লক্ষ্যে ইসলামী অর্থনীতি ও ব্যাংকিং বিষয়ে পর্যাপ্ত প্রশিক্ষণের ব্যবস্থা গ্রহণ করা।

৫. ব্যাংকের ডিপোজিট ও বিনিয়োগ গ্রাহকসহ দেশের সাধারণ মানুষকে ইসলামী ব্যাংকিং-এর সাথে সম্পৃক্তকরণে এবং ইহকালীন ও পরকালীন কল্যাণের বিষয় তাদের নিকট তুলে ধরার নিমিত্তে প্রধান কার্যালয়, জোন ও শাখা পর্যায়ে নিয়মিতভাবে ইসলামী অর্থনীতি ও ব্যাংকিং বিষয়ক সেমিনার ও গ্রাহক সমাবেশ-এর আয়োজন করা।

৬. আল-আরাফাহ্ ইসলামী ব্যাংক ফাউন্ডেশনের কার্যক্রমে শরীয়াহ্ নির্দেশনার যথাযথ বাস্তবায়নসহ দেশের দরিদ্র জনগোষ্ঠির মাঝে জনকল্যাণমূলক যাবতীয় কার্যক্রম আরো জোরদার করা।

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

(মো. আব্দুর রহীম খান)
সচিব
শরীয়াহ্ সুপারভাইজরী কমিটি

(মুফতী ছাঈদ আহমাদ মুজাদ্দেদী)
চেয়ারম্যান
শরীয়াহ্ সুপারভাইজরী কমিটি

"জাতীয় শুদ্ধাচার কৌশল"বাস্তবায়নে আল আরাফাহ ইসলামী ব্যাংক লিঃ এর গৃহীত কার্যক্রম

শুদ্ধাচার বলতে কি বুঝায়!

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

জাতীয় শুদ্ধাচার কৌশল প্রণয়নের লক্ষ্য ও উদ্দেশ্য ঃ

নাগরিকদের জন্য আইনের শাসন, মৌলিক মানবাধিকার, সমতা, ন্যায়বিচার প্রতিষ্ঠা এবং রাজনৈতিক, অর্থনৈতিক ও সামাজিক অধিকার নিশ্চিত করাসহ দেশে সুশাসন প্রতিষ্ঠা ও সোনার বাংলা গড়ার লক্ষ্যে গণপ্রজাতন্ত্রী বাংলাদেশ সরকার ২০১২ সালে জাতীয় শুদ্ধাচার কৌশল প্রণয়ন করে। সর্বশেষ ২০১৭ সালে মাঠ পর্যায়ের কার্যালয়ের জাতীয় শুদ্ধাচার কৌশল কর্ম-পরিকল্পনা ও বাস্তবায়ন অগ্রগতি পরিবীক্ষণ কাঠামো, ২০১৭-২০১৮ প্রণয়নের নির্দেশনা রয়েছে।

জাতীয় শুদ্ধাচার কৌশল (National Integrity Strategy) বাস্তবায়নের অংশ হিসেবে ব্যাংক ও আর্থিক প্রতিষ্ঠানসমূহের সর্বস্তরে নৈতিকতার মানোন্নয়ণ ও সুশাসন প্রতিষ্ঠার লক্ষ্যে বাংলাদেশ ব্যাংকের নির্দেশনার আলোকে আল-আরাফাহ ইসলামী ব্যাংক লিঃ এর গৃহীত পদক্ষেপগুলো হলোঃ

১) প্রধান কার্যালয়ে ৭-সদস্য বিশিষ্ট নৈতিকতা কমিটি গঠন করা হয়েছে। নৈতিকতা কমিটির মাসিক সভায় শুদ্ধাচার কৌশল বাস্তবায়ন পর্যালোচনা করা হয়।

২) বাংলাদেশ ব্যাংকের প্রদত্ত ছকে শুদ্ধাচার বিষয়ক কর্মপরিকল্পনা (Action Plan) প্রণয়ন করা হয়েছে এবং প্রতি ত্রৈ-মাসিকে বাস্তবায়নের অগ্রগতি বাংলাদেশ ব্যাংকে অবহিত করা হয়।

৩) জাতীয় শুদ্ধাচার কৌশলের আদলে অত্র ব্যাংকে সুশাসন প্রতিষ্ঠার লক্ষ্যে ব্যাংকের সম্ভাব্য/বিদ্যমান চ্যালেঞ্জ ও সমস্যাবলী চিহ্নিত করতঃ উহা দূরীকরণের জন্য ইন্সট্রাকশন সার্কুলার জারী করে সকলকে পরিপালনের নির্দেশনা দেয়া হয়েছে।

৪) বাংলাদেশ ব্যাংকের নির্দেশ অনুযায়ী ব্যাংকের বিদ্যমান আচরন বিধির পরিমার্জন ও পরিবর্ধন করতঃ নতুন আচরণ বিধি (Code of Conduct) প্রস্তুত করে ইন্সট্রাকশন সার্কুলার এর মাধ্যমে ব্যাংকের সর্বস্তরের নির্বাহী/কর্মকর্তা/কর্মচারীদের অবহিত করা হয়েছে ও সর্বস্তরে পরিপালন চলমান রয়েছে।

৫) প্রধান কার্যালয়ের নির্দেশনা মোতাবেক কর্মকর্তাদের নৈতিকতার মানোন্নয়নের লক্ষ্যে প্রতি মাসে সকল জোন/ শাখায় আলোচনা সভার আয়োজন করা হয় এবং প্রতি ত্রৈ-মাসিকে আলোচনা সভার অনুষ্ঠিত হওয়ার তথ্য/বিবরণী প্রধান কার্যালয়ের নৈতিকতা বিষয়ক ফোকাল পয়েন্ট ও সদস্য-সচিবের বরাবরে প্রেরণ করছে।

৬) প্রতিটি প্রশিক্ষণ কর্মসূচীতে একটি করে সেশন পরিচালনা করতঃ সর্বস্তরের নির্বাহী/কর্মকর্তা/কর্মচারীদের নৈতিকতার মানোন্নয়নে ভুমিকা রাখার জন্য ব্যাংকের ট্রেনিং ইনস্টিটিউটকে পরামর্শ প্রদান করা হয়েছে ও ট্রেনিং ইনস্টিটিউটের একাডেমিক ক্যালেন্ডারের আওতায় কার্যক্রম অব্যাহত রয়েছে । গতবছর প্রায় ২৫০০ কর্মচারী, কর্মকর্তা ও নির্বাহীকে প্রশিক্ষণ দেয়া হয়েছে।

৭) নির্বাহীদের নৈতিকতার মানোন্নয়ণের লক্ষ্যে নৈতিকতা কমিটির উদ্যোগে ব্যাংকের ট্রেনিং ইনস্টিটিউট বিভিন্ন স্তরের নির্বাহীদের নিয়ে সময়ে সময়ে এক্সিকিউটিভ ডেভলপমেন্ট প্রোগ্রাম (ইডিপি) আয়োজন করছে।

৮) বাংলাদেশ ব্যাংকের নির্দেশনানুসারে সম্প্রতি ব্যাংকে ৫-সদস্য বিশিষ্ট একটি ইনোভেশন টিম গঠন করা হয়েছে। ইনোভেশন টিম ব্যাংকের ডিপোজিট/বিনিয়োগের ক্ষেত্রে নতুন নতুন স্কীমের উদ্ভাবন করা, গ্রাহক সেবায় নতুনত্ব আনয়ন করা, কর্মকর্তাদের গতিশীলতা বৃদ্ধিতে চিরাচরিত ধারনার বাইরে নতুন কৌশল/উদ্ভাবনী ধারণার (Innovative Idea) প্রস্তাব আনয়ন করা ইত্যাদি কার্যক্রম গ্রহন করবে।

৯) বাংলাদেশ ব্যাংকের নির্দেশনানুসারে সম্প্রতি অভিযোগ ব্যবস্থাপনার জন্য অভিযোগ নিস্পত্তি কর্মকর্তা (অনিক) নিয়োগ এবং তথ্য অধিকার আইনের আওতায় দায়িত্বপ্রাপ্ত কর্মকর্তা মনোনয়ন ও আপিল কর্তৃপক্ষ নিয়োজিত করা হয়েছে।

১০) বাংলাদেশ ব্যাংকের নির্দেশনানুসারে ব্যাংক কর্তৃক বরখাস্তকৃত/অপসারণকৃত/পদত্যাগকৃত কর্মকর্তাদের তালিকা বাংলাদেশ ব্যাংকের ওয়েব পোর্টালে আপলোড করে প্রতি ত্রৈমাসিকে তাদেরকে অবহিত করা হচ্ছে।

১১) বাংলাদেশ ব্যাংকের নির্দেশনা মোতাবেক নৈতিকতার বিষয় (শুদ্ধাচার ছড়া) সম্বলিত বিজ্ঞাপন প্রতি ত্রৈ-মাসিকে (২০১৭ সাল থেকে) জাতীয় দৈনিক পত্রিকায় প্রকাশ করা হচেছ।

১২) ২০১৭ সালে শুদ্ধাচার চর্চার জন্য অত্র ব্যাংক কর্তৃক ১৩টি নিয়ামক (Criteria) নির্ধারণ করে ৩৮ জন নির্বাহী, কর্মকর্তা ও কর্মচারীকে ক্রেষ্ট ও সার্টিফিকেট প্রদান করা হয়েছে এবং ৮ জন নির্বাহী, কর্মকর্তাকে উৎসাহ প্রদানের জন্য বিদেশে ভ্রমনে পাঠানো হয়েছে। ২০১৮ সালের জন্য ২৫টি নিয়ামক (Criteria) নির্ধারণ করে শুদ্ধাচার প্রতিষ্ঠার ক্ষেত্রে উত্তম চর্চা/উৎকৃষ্ট অনুশীলনকে উৎসাহিত করার জন্য ক্রেষ্ট ও প্রশংসা-পত্র ইত্যাদি প্রদানের পরিকল্পনা করা হয়েছে। "শুদ্ধাচার পুরষ্কার প্রবর্তন একদিকে ব্যক্তি পর্যায়ে চরিত্রনিষ্ঠার দ্বারা আচরণগত উৎকর্ষতার পাশাপাশি কর্মদক্ষতা বৃদ্ধি পাবে অন্যদিকে ব্যাংকের কার্যক্রমে গুরুতর অনিয়ম হ্রাস পাবে ও ব্যাংকের এ্যাসেট-কোয়ালিটি ভাল রাখা সম্ভব হবে, সর্বোপরি শুদ্ধাচার প্রতিষ্ঠাসহ ব্যাংকের লক্ষ্য ও উদ্দেশ্য বাস্তাবায়িত হবে।

১৩) শুদ্ধাচার সংক্রান্ত বিভিন্ন কার্যক্রম বাস্তবায়নের জন্য গত বছরের ন্যায় এবছর ও ৫.০০ লক্ষ টাকা বাজেট বরাদ্দ করা হয়েছে। তাছাড়া ই-টেন্ডার চালু, দরপত্র আহবান নোটিশ ওয়েবসাইটে প্রকাশ, সিটিজেন চার্টারে বর্নিত সময়সীমার মধ্যে সেবা প্রদান ইত্যাদি কার্যক্রম চলমান আছে।

Report of the Board Audit Committee (BAC)

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-ArafahIslami 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 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 07 August, 2012 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. Report immediately to the Board of Directors on conflict of interest.
8. Report to the Board of Directors on frauds or irregularities or material defects in the Internal Control System.

Composition of the Board Audit Committee (BAC)

The Board Audit Committee was reconstituted by the Board of Directors of the bank in its 306th Meeting held on 06 May, 2017. 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	Alhajj Abdus Salam	M.Com	Director	Member
3	Alhajj Abdul Malek Mollah	Intermediate	Director	Member
4	Alhajj 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 2017, 08 (eight) meetings of the Committee were held.

Activities during the year

The Board Audit Committee carried out the following activities during the year 2017:-

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, 2017.
3. Reviewed audited accounts and report of 2017 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 Department of the bank and advised the bank management to enhance deposit, loans & advances including reduction of classified loans.

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, 2017.
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, 2017and 30 June, 2016.
10. Recommend measures for improvement of the performance of the bank.
11. Reviewed cost of fund as on June 30, 2017 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 Audit Committee.

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

AMAR STOCK



Auditor's Report and Financial Statements

for the ended 31 December 2017

AMARSTOCK

Independent Auditor's Report to the Shareholders of Al-Arafah Islami Bank Limited.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Al-Arafah Islami Bank Limited and its subsidiaries (together referred to as 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 31December 2017, consolidated and separate Profit and Loss Accounts, consolidated and separate Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 and the central bank (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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31December 2017, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Banking Companies 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 Auditors' Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

(a) internal audit, internal control and risk management arrangements of the Bank 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 Bank and its related entities other than matters disclosed in note 3.A. viii of the financial stetments;

(iii) financial statements of the subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;

(iv) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

(v) the balance sheet and profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(vi) the expenditures incurred was for the purpose of the Bank's business;

(vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;

(viii) adequate provisions have been made for investments and other assets of the Bank which are in our opinion, doubtful of recovery;

(ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements of the Bank;

(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 spending over 7,860 person hours; and

(xii) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained by the Bank.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Rahman Mostafa Alam & Co.
Chartered Accountants

Dhaka, 9 April 2018

AMAR STOCK

Consolidated Balance Sheet As at December 31, 2017

PROPERTY AND ASSETS	Notes	2017 Taka	2016 Taka
Cash in hand			
Cash in hand (including foreign currencies)	5A	2,096,407,675	2,033,960,977
Balance with Bangladesh Bank and its Agents Banks		37,669,574,111	30,853,508,125
(including foreign currencies)		**39,765,981,786**	**32,887,469,102**
Balance with other Banks and Financial Institutions	6A		
In Bangladesh		1,070,656,791	3,426,434,934
Outside Bangladesh		10,327,998,227	5,703,406,904
		11,398,655,018	**9,129,841,838**
Placement with Banks & Other Financial Institutions	7.A	**4,400,000,000**	**3,333,450,160**
Investment in Share & Securities	8A	**10,145,490,279**	**9,158,676,294**
Government		8,000,000,000	6,990,000,000
Others	8.A.i	2,145,490,279	2,168,676,294
Investments	9A		
General Investments etc.		216,659,827,253	180,155,243,596
Bills purchased and discounted		19,245,407,271	16,364,134,345
		235,905,234,524	**196,519,377,941**
Fixed assets less Accumulated Depreciation	10A	**3,260,376,895**	**3,240,185,718**
Other Assets	11A	**14,379,554,005**	**18,631,047,423**
Non-Banking Assets		-	-
Total Assets		**319,255,292,507**	**272,900,048,477**
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	12	**32,218,677,048**	**25,084,653,806**
Deposits and other Accounts	13A		
Mudaraba Savings Deposits		32,130,000,015	26,053,949,961
Mudaraba Term Deposits	13.A.ii.	135,929,026,231	104,981,785,080
Other Mudaraba Deposits	13.i.	47,832,419,620	46,027,267,857
Al-wadeeah Current Accounts and Other Accounts etc.	13.ii	26,435,038,160	20,693,095,761
Bills Payable		2,479,779,449	1,947,821,349
		244,806,263,475	**199,703,920,008**
Other Liabilities	14.A	**16,608,728,003**	**23,698,530,129**
Deferred tax Liabilities/ (Assets)	15	**100,949,200**	**75,456,597**
Total Liabilities		**293,734,617,726**	**248,562,560,539**
AIBL Subordinate Bond		**3,000,000,000**	**3,000,000,000**
Capital/Share holders Equity			
Paid -up Capital	16	9,943,064,280	9,943,064,280
Statutory Reserve	17	7,576,581,114	6,490,088,540
Revaluation Reserve	18	980,376,225	978,069,978
Retained Earnings	19.A	2,259,155,807	2,199,578,985
Total Equity attributable to equity holders of the bank		**20,759,177,426**	**19,610,801,783**
Non-Controlling Interest	16.A	1,761,497,355	1,726,686,152
Total Equity		**22,520,674,781**	**21,337,487,935**
Total Liability and Share holders equity		**319,255,292,507**	**272,900,048,477**

AMARSTOCK

Consolidated Balance Sheet As at December 31, 2017

	Notes	2017 Taka	2016 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		12,460,678,951	10,243,938,166
Letters of Guarantee	20	6,443,409,058	4,981,342,733
Letters of Credit		33,529,501,439	26,110,933,527
Bills for Collection		4,608,308,496	3,652,427,592
Other Contingent Liabilities		-	-
Total		**57,041,897,944**	**44,988,642,018**
Other Commitments :			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
Total Off Balance sheet items including Contingent liabilities		**57,041,897,944**	**44,988,642,018**

Accompanying notes form an integral part of these financial statements.

Chief Financial Officer | Managing Director | Director | Director | Chairman

Signed in terms of our report of even date.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Rahman Mostafa Alam & Co.
Chartered Accountants

Dhaka, 9 April 2018

Consolidated Profit & Loss Accounts For the year ended December 31, 2017

	Notes	2017 Taka	2016 Taka
Investment Income	21.A	20,491,028,035	18,830,156,209
Profit paid on deposits & Borrowing	22.A	(11,784,195,568)	(9,957,733,490)
Net Investment Income		**8,706,832,467**	**8,872,422,719**
Income from Investment in Shares /Securities	23.A	437,319,085	249,804,490
Commission, Exchange and Brokerage	24.A	2,790,684,690	2,256,415,349
Other Operating Income	25.A	329,353,333	285,324,498
		3,557,357,108	**2,791,544,337**
Total operating income		**12,264,189,575**	**11,663,967,056**
Salaries and allowances & contribution to P.F	26.A	3,571,959,651	2,691,997,385
Directors fees & expenses	27.A	18,937,652	15,928,345
Shariah Supervisory Committee's fees & expenses	28	560,969	222,456
Rent, taxes, insurance and lighting etc.	29.A	584,955,214	519,381,152
Postage, telegram, telephone and stamp etc.	30.A	78,429,866	75,803,110
Legal charges		10,698,639	10,906,430
Auditors' fee		1,602,500	1,420,500
Salary & Allowances to the Managing Director		15,825,000	13,240,000
Depreciation and repairs to the bank's properties	31.A	317,899,334	293,324,745
Stationery, printing & advertisement etc.	32.A	125,305,263	95,962,147
Other expenses	33.A	582,245,933	435,558,364
Total operating expenses		**5,308,420,021**	**4,152,935,134**
Profit/(Loss) before Tax & provision		**6,955,769,554**	**7,511,031,922**
Provision against Investments & Contingent Liabilities	34.A	1,354,891,535	1,547,870,131
Provision for diminution in value of investment		-	-
Other Provision		-	-
Total provision		**1,354,891,535**	**1,547,870,131**
Profit/(Loss) before Tax		**5,600,878,019**	**5,963,161,791**
Current tax	14.1.A	2,405,891,962	2,621,104,450
Deferred tax	15	25,492,603	(7,344,522)
Provision for Taxation		**2,431,384,565**	**2,613,759,927**
Net Profit/(Loss) after tax		**3,169,493,454**	**3,349,401,864**
Net Profit attributable to:			
Equity holders of the bank		3,134,682,251	3,053,388,813
Non-controlling Interest		34,811,203	296,013,051
Profit for the year		**3,169,493,454**	**3,349,401,864**
Appropriation			
Statutory Reserve		1,086,492,574	1,049,359,837
Non-Controlling Interest		34,811,203	296,013,051
		1,121,303,777	**1,345,372,888**
Transfer to Retained Earnings		**2,048,189,677**	**2,004,028,976**
Earning per Ordinary Share (EPS)	**39.A**	**3.15**	**3.07**

Accompanying notes form an integral part of these financial statements

Chief Financial Officer | Managing Director | Director | Director | Chairman

Signed in terms of our report of even date.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Rahman Mostafa Alam & Co.
Chartered Accountants

Dhaka, 9 April 2018

Consolidated Cash Flow Statement For the year ended December 31, 2017

	Notes	2017 Taka	2016 Taka
Cash flows from operating activities			
Investment income receipt in Cash		21,383,831,283	18,365,396,086
Profit paid on deposits and borrowing		(11,360,819,054)	(10,327,401,253)
Dividend received		88,486,282	520,046,348
Fees & Commission received in cash		2,790,684,690	2,256,415,349
Recoveries from written off investments		309,972,277	126,799,309
Cash payments to employees		(3,587,784,651)	(2,705,237,385)
Cash payments to suppliers		(125,305,263)	(95,962,147)
Received from other operating activities (item-wise)		329,353,333	285,324,498
Paid for other operating activities (item-wise)	35.A	(1,457,029,985)	(1,084,322,588)
Advance income tax paid		(4,846,389,088)	(2,291,907,683)
Operating profit before changes in operating assets and liabilities		**3,524,999,824**	**5,049,150,534**
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		23,186,015	502,458,193
Increase/(Decrease) of placement to other banks		(1,066,549,840)	(2,233,450,160)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(40,182,505,104)	(34,036,802,876)
Increase/(Decrease) of other assets (item-wise)	36.A	8,263,939,784	4,201,942,654
Increase/(Decrease) of placement from other banks and financial institution		7,134,023,242	12,288,737,789
Increase/(Decrease) of Deposits from customers (other than Banks)		44,678,966,954	30,186,506,369
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	37.A	(12,039,886,171)	(4,842,641,347)
Cash receipt from operating activities		**6,811,174,879**	**6,066,750,622**
A. Net Cash from operating activities		**10,336,174,703**	**11,115,901,157**
Cash flows from investing activities:		-	-
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(180,314,202)	(450,219,674)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		**(180,314,202)**	**(450,219,674)**
		-	-
Cash flows from financing activities			
Increase in Exchange Equalization Account		1,937,451	(13,519,962)
Issue of AIBL Subordinate Bond		-	-
Dividend paid		-	(946,958,503)
C. Net cash flows from financing activities		**1,937,451**	**(960,478,465)**
		-	-
D. Net increase in cash and cash equivalent (A+B+C)		**10,157,797,952**	**9,705,203,018**
E. Effects of exchange rate changes on cash and cash-equivalents		**-**	**-**
F. Net increase in cash and cash equivalent D+E		**10,157,797,952**	**9,705,203,018**
G. Cash & Cash Equivalents at the beginning of the year		**49,006,838,852**	**39,301,635,835**
H. Cash & Cash Equivalents at the end of the year	**38.A**	**59,164,636,804**	**49,006,838,852**

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, 2017

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2017	9,943,064,280	6,490,088,540	2,199,578,985	978,069,978	19,610,801,783	1,726,686,152	21,337,487,935
Changes in accounting policy	-	-	-	-	-		-
offload share							
Restated Adjustment		-	-	-	-	-	-
Restated balance	**9,943,064,280**	**6,490,088,540**	**2,199,578,985**	**978,069,978**	**19,610,801,783**	**1,726,686,152**	**21,337,487,935**
Surplus/deficit on account of revaluation of properties	-	-		-	-		-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-		-
Currency translation differences recognized in the income	-	-	-	2,306,247	2,306,247	-	2,306,247
Share premium						-	-
Net profit for the year	-	-	3,134,682,251	-	3,134,682,251	34,811,203	3,169,493,454
Bonus Share	-	-	(1,988,612,856)	-	(1,988,612,856)	-	(1,988,612,856)
Cash Dividend	-		-	-	-	-	-
Issue of share capital of subsidiary	-			-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	1,086,492,574	(1,086,492,574)	-	-	-	-
Balance as at December 31,2017	**9,943,064,280**	**7,576,581,114**	**2,259,155,806**	**980,376,225**	**20,759,177,425**	**1,761,497,355**	**22,520,674,780**
Balance as at December 31,2016	**9,943,064,280**	**6,490,088,540**	**2,199,578,985**	**978,069,978**	**19,610,801,783**	**1,726,686,152**	**21,337,487,935**

Chief Financial Officer | Managing Director | Director | Director | Chairman

AMARSTOCK

Consolidated Statement of Liquidity (Maturity Analysis of Assets and Liabilities)
For the year ended December 31, 2017

SL No	Particulars	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
1	2	3	4	5	6	7	8
1	**Assets :**						
	Cash in hand	39,765,981,786	-	-	-	-	39,765,981,786
	Balance with other Bank and Financial Institution	5,982,362,824	2,113,532,194	-	-	3,302,760,000	11,398,655,018
	Placement with Banks & Other Financial Institutions	-	4,400,000,000	-	-	-	4,400,000,000
	Investments (in Shares & Securities)	-	-	-	10,145,490,279	-	10,145,490,279
	Investments	64,829,975,723	67,948,500,000	82,135,500,000	2,917,553,000	18,073,705,801	235,905,234,524
	Fixed Assets including premises (Land & Bulding)	-	-	-	-	3,260,376,895	3,260,376,895
	Other Assets	1,475,000,000	61,400,000	41,000,000	-	12,802,154,007	14,379,554,007
	Non Banking Assets	-	-	-	-	-	-
	Total Assets	**112,053,320,333**	**74,523,432,194**	**82,176,500,000**	**13,063,043,279**	**37,438,996,703**	**319,255,292,509**
2	**Liabilities :**						
	Placement from Banks & Other Financial institutions	19,745,854,548	4,787,300,000	7,685,522,500	-	-	32,218,677,048
	Deposits	35,425,730,752	81,203,632,723	102,832,800,000	18,978,800,000	6,365,300,000	244,806,263,475
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	-	-	-	-	16,608,728,004	16,608,728,004
	Deferred tax Liabilities/ (Assets)	-	-	-	-	100,949,200	100,949,200
	AIBL Subordinate Bond	-	-	-	-	3,000,000,000	3,000,000,000
	Total Liabilities	**55,171,585,300**	**85,990,932,723**	**110,518,322,500**	**18,978,800,000**	**26,074,977,204**	**296,734,617,727**
	Net Liquidity Gap	56,881,735,033	(11,467,500,529)	(28,341,822,500)	(5,915,756,721)	11,364,019,498	22,520,674,781

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

AMARSTOCK

Balance Sheet as at December 31, 2017

PROPERTY AND ASSETS	Notes	2017 Taka	2016 Taka
Cash in hand	**5**		
Cash in hand (including foreign currencies)		2,096,167,797	2,029,561,090
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		37,669,574,111	30,853,508,125
		39,765,741,908	**32,883,069,215**
Balance with other Banks and Financial Institutions	**6**		
In Bangladesh		1,007,124,597	3,426,429,934
Outside Bangladesh		10,327,998,227	5,703,406,904
		11,335,122,824	**9,129,836,838**
Placement with Banks & Other Financial Institutions	**7**	**4,400,000,000**	**2,800,000,000**
Investment in Share & Securities	8		
Government		8,000,000,000	6,990,000,000
Others		20,592,123	1,448,160,988
		8,020,592,123	**8,438,160,988**
Investments	9		
General Investments etc.		213,368,821,452	172,805,258,100
Bills purchased and discounted		19,245,407,271	16,364,134,345
		232,614,228,723	**189,169,392,445**
Fixed assets less Accumulated Depreciation	10	**3,089,827,651**	**3,074,024,258**
Other Assets	11	**15,371,459,393**	**21,840,168,129**
Non-Banking Assets		-	-
Total Assets		**314,596,972,623**	**267,334,651,873**
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial institutions	12	**30,904,054,548**	**25,084,653,806**
Deposits and other Accounts	13		
Mudaraba Savings Deposits		32,130,000,015	26,053,949,961
Mudaraba Term Deposits		136,764,993,508	105,332,062,757
Other Mudaraba Deposits	13.i	47,832,419,620	46,027,267,857
Al-wadeeah Current Accounts and Other Accounts etc.	13.ii	26,435,038,160	20,693,095,761
Bills Payable		2,479,779,449	1,947,821,349
		245,642,230,752	**200,054,197,685**
Other Liabilities	14	**14,273,105,891**	**19,534,082,882**
Deferred tax Liabilities/ (Assets)	15	**100,949,200**	**75,456,597**
AIBL Subordinate Bond		**3,000,000,000**	**3,000,000,000**
Total Liabilities (12+13+14+15)		**293,920,340,391**	**247,748,390,970**
Capital/Share Holders Equity			
Paid up Capital	16	9,943,064,280	9,943,064,280
Statutory Reserve	17	7,576,581,114	6,490,088,540
Revaluation Reserve	18	980,376,225	978,069,978
Retained Earnings	19	2,176,610,612	2,175,038,104
Total Share holders equity		**20,676,632,231**	**19,586,260,902**
Total Liability and Share holders equity		**314,596,972,623**	**267,334,651,873**

AMAR STOCK

Balance Sheet as at December 31, 2017

	Notes	2017 Taka	2016 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		12,460,678,951	10,243,938,166
Letters of Guarantee	20	6,443,409,058	4,981,342,733
Letters of Credit		33,529,501,439	26,110,933,527
Bills for Collection		4,608,308,496	3,652,427,592
Other Contingent Liabilities		-	-
Total		**57,041,897,944**	**44,988,642,018**
Other Commitments :			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
Total Off Balance sheet items including Contingent liabilities		**57,041,897,944**	**44,988,642,018**

Accompanying notes form an integral part of these financial statements.

Chief Financial Officer | Managing Director | Director | Director | Chairman

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Rahman Mostafa Alam & Co.
Chartered Accountants

Dhaka, 9 April 2018

AMARSTOCK

Profit & Loss Accounts For the year ended December 31, 2017

	Notes	2017 Taka	2016 Taka
Investment Income	21	20,305,586,115	18,195,715,103
Profit paid on deposits & Borrowing	22	(11,586,148,356)	10,340,732,845
Net Investment Income		**8,719,437,759**	**7,854,982,258**
Income from Investment in Shares /Securities	23	391,135,221	658,693,471
Commission, Exchange and Brokerage	24	2,407,886,232	1,991,029,049
Other Operating Income	25	285,736,748	246,733,971
		3,084,758,201	**2,896,456,491**
Total operating income		**11,804,195,960**	**10,751,438,749**
Salaries and allowances & contribution to P.F	26	3,491,198,259	2,621,492,527
Directors fees & expenses	27	10,096,318	11,344,045
Shariah Supervisory Committee's fees & expenses	28	560,969	222,456
Rent, taxes, insurance and lighting etc.	29	570,174,901	507,626,451
Postage, telegram, telephone and stamp etc.	30	77,669,122	75,212,802
Legal charges		10,481,205	10,694,700
Auditors' fee		1,337,500	1,245,500
Salary & Allowances to the Managing Director		15,825,000	13,240,000
Depreciation and repairs to the bank's properties	31	309,625,798	286,535,214
Stationery, printing and advertisement etc.	32	123,433,001	94,067,522
Other expenses	33	490,739,481	374,593,749
Total operating expenses		**5,101,141,554**	**3,996,274,966**
Profit/(Loss) before Tax & provision		**6,703,054,406**	**6,755,163,783**
Provision against Investments & Contingent Liabilities	34	1,270,591,535	1,508,364,596
Provision for diminution in value of investment		-	-
Total provision		**1,270,591,535**	**1,508,364,596**
Profit/(Loss) before Tax		**5,432,462,871**	**5,246,799,187**
Current tax	14.1	2,330,292,331	2,213,937,829
Deferred tax	15	25,492,603	(7,344,522)
Provision for Taxation		**2,355,784,934**	**2,206,593,306**
Net Profit/(Loss) after tax		**3,076,677,937**	**3,040,205,881**
Appropriation			
Statutory Reserve		1,086,492,574	1,049,359,837
General Reserve		-	-
		1,086,492,574	**1,049,359,837**
Retained Earnings		**1,990,185,363**	**1,990,846,044**
Earning per Ordinary share (EPS)	**39**	**3.09**	**3.06**

Accompanying notes form an integral part of these financial statements.

Chief Financial Officer | Managing Director | Director | Director | Chairman

Signed in terms of our report of even date.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Rahman Mostafa Alam & Co.
Chartered Accountants

Dhaka, 9 April 2018

Cash Flow Statement For the year ended December 31, 2017

	Notes	2017 Taka	2016 Taka
Cash flows from operating activities			
Investment income receipt in Cash		21,181,862,736	18,176,535,698
Profit paid on deposits and borrowings		(11,162,771,842)	(10,710,400,608)
Dividend recieved		58,829,043	483,354,609
Fees & Commission received in cash		2,407,886,232	1,991,029,049
Recoveries from write off investments		309,972,277	126,799,309
Cash payments to employees		(3,507,023,259)	(2,634,732,527)
Cash payments to suppliers		(123,433,001)	(94,067,522)
Received from other operating activities (item-wise)		285,736,748	246,733,971
Paid for other operating activities (item-wise)	35	(1,194,013,406)	(1,008,293,482)
Advance income tax paid		(3,427,931,996)	(1,965,466,717)
Operating profit before changes in operating assets and liabilities		**4,829,113,532**	**4,611,491,780**
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		1,427,568,865	(85,465,685)
Increase/(Decrease) of placement to other banks		(1,600,000,000)	(1,700,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(45,910,811,251)	(35,302,290,118)
Increase/(Decrease) of other assets (item-wise)	36	9,042,698,009	3,500,285,032
Increase/(Decrease) of placement from other banks and financial institution		5,819,400,742	12,288,737,789
Increase/(Decrease) of Deposits from customers (other than Banks)		45,164,656,553	30,201,309,627
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	37	(6,395,885,881)	(2,444,929,182)
Cash receipt from operating activities		**7,547,627,037**	**6,457,647,463**
A. Net Cash from operating activities		**12,376,740,569**	**11,069,139,244**
Cash flows from investing activities:			
Proceeds from sale of securites		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(292,475,281)	(404,873,075)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		**(292,475,281)**	**(404,873,075)**
Cash flows from financing activities			
Increase in Exchange Equalization Account		2,306,247	(13,519,962)
Subordinate Debt		-	-
Increase in Share Capital		-	
Dividend paid		(1,988,612,856)	(946,958,503)
C. Net cash flows from financing activities		**(1,986,306,609)**	**(960,478,465)**
D. Net increase in cash and cash equivalent (A+B+C)		**10,097,958,679**	**9,703,787,704**
E. Effects of exchange rate changes on cash and cash-equivalents		**-**	**-**
F. Net increase in cash and cash equivalent (D+E)		**10,097,958,679**	**9,703,787,704**
G. Cash & Cash Equivalents at the beginning of the year		**49,002,906,053**	**39,299,118,349**
H. Cash & Cash Equivalents at the end of the year	**38**	**59,100,864,732**	**49,002,906,053**

Chief Financial Officer | Managing Director | Director | Director | Chairman

Statement of Changes in Equity For the year ended December 31, 2017

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total Equity
Balance at 1st January, 2017	9,943,064,280	6,490,088,540	2,175,038,103	978,069,978	19,586,260,902
Changes in accounting policy	-	-	-	-	-
Issue of the share capital	-	-	-	-	-
Restated balance	**9,943,064,280**	**6,490,088,540**	**2,175,038,103**	**978,069,978**	**19,586,260,902**
Surplus/deficit on account of revaluaton of properties	-	-	-	-	-
Surplus/deficit on account of revaluaton of investments	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	2,306,247	2,306,247
Net gain and losses not recognised in Income Statement	-	-	-	-	-
Net profit for the year	-	-	3,076,677,938	-	3,076,677,938
Cash	-	-	(1,988,612,856)	-	(1,988,612,856)
Bonus Share	-	-	-	-	-
Issue of share capital		-	-	-	-
Transferred to retained earning	-	-	-	-	-
Appropriations during the year	-	1,086,492,574	(1,086,492,574)	-	-
Total shareholders' equity as on December 31,2017	**9,943,064,280**	**7,576,581,114**	**2,176,610,611**	**980,376,225**	**20,676,632,231**
Total shareholders' equity as on December 31,2016	**9,943,064,280**	**6,490,088,540**	**2,175,038,103**	**978,069,978**	**19,586,260,902**

Chief Financial Officer | Managing Director | Director | Director | Chairman

ARMARSTOCK

Statement Of Liquidity (Maturity Analysis of Assets and Liabilities)
For the year ended December 31, 2017

SL No	Particulars	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
1	2	3	4	5	6	7	8
1	**Assets :**						
	Cash in hand	39,765,741,908	-	-	-	-	39,765,741,908
	Balance with other Bank and Financial Institution	5,982,362,824	2,050,000,000	-	-	3,302,760,000	11,335,122,824
	Placement with Banks & Other Financial Institutions	-	4,400,000,000	-	-	-	4,400,000,000
	Investments (in Shares & Securities)	-	-	-	8,020,592,123	-	8,020,592,123
	Investments	64,829,975,723	67,948,500,000	82,135,500,000	2,917,553,000	14,782,700,000	232,614,228,723
	Fixed Assets including premises (Land & Bulding)	-	-	-	-	3,089,827,651	3,089,827,651
	Other Assets	1,475,000,000	61,400,000	41,000,000	-	13,794,059,395	15,371,459,395
	Non Banking Assets	-	-	-	-	-	-
	Total Assets	**112,053,080,455**	**74,459,900,000**	**82,176,500,000**	**10,938,145,123**	**34,969,347,046**	**314,596,972,625**
2	**Liabilities :**						
	Placement from Banks & Other Financial Institutions	19,745,854,548	4,787,300,000	6,370,900,000	-	-	30,904,054,548
	Deposits	35,425,730,752	82,039,600,000	102,832,800,000	18,978,800,000	6,365,300,000	245,642,230,752
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	-	-	-	-	14,273,105,892	14,273,105,892
	Deferred tax Liabilities/ (Assets)	-	-	-	-	100,949,200	100,949,200
	AIBL Subordinate Bond	-	-	-	-	3,000,000,000	3,000,000,000
	Total Liabilities	**55,171,585,300**	**86,826,900,000**	**109,203,700,000**	**18,978,800,000**	**23,739,355,092**	**293,920,340,392**
	Net Liquidity Gap	**56,881,495,155**	**(12,367,000,000)**	**(27,027,200,000)**	**(8,040,654,877)**	**11,229,991,954**	**20,676,632,232**

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

AMARSTOCK

Notes to the Financial Statements As at and for the year ended December 31, 2017

1. The Bank and its activities

1.1 Al-Arafah Islami Bank Limited was established in 1995 under the Companies Act, 1994 as a Banking Company with Limited Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all types of commercial banking services under the regulation of Bank Companies Act, 1991 (as amended 2013) . The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the percepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchance (DSE) and Chaittagong Stock Exchange (CSE). Presently the bank has 154 Branches and 3 (three) Subsidiary Companies.

The principal activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade finance and other related custody and clearing services to the customers following the provisions of Bank Companies Act, 1991 (as amended), Bangladesh Bank's directives and the principles of Islamic Shariah."

1.2 Subsidiaries of the Bank

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

1.2.1 AIBL Capital Market Services Limited

Al-Arafah Islami Bank Ltd. owned 60.50% shares of AIBL Capital Market Services Ltd. a subsidiary company of Al-Arafah Islami Bank Limited. AIBL Capital Market Services Ltd. incorporated in Bangladesh on 20 September, 2010 as a Public Limited Company. The principal activities of subsidiary company is to provide quality services to the prospective institutional and individual investors in the capital market. The main activities and functions of the company include;

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

Copy of the audited financial statement is attached Appendix A

1.2.2 AIBL Capital Management Limited

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

Copy of the audited financial statement is attached in Appendix B

1.2.3 Millennium Information Solution Limited (MISL)

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

2. Basis of preparation and significant accounting policies

2.1 Preparation of financial statements

The consolidated financial statements of the group and the financial statements of the bank have been prepared on a going concern basis under the historical cost convention and on Generally Accepted Accounting Principles consistently with those of previous years. Although the operations of the Bank are in strict compliance with the rules of Islamic Shariah, the financial statements have been prepared in accordance with the Bank Companies Act 1991 (as amended 2013), in particular Banking Regulation and Policy Department (BRPD) Circular No.15 (09 November, 2009) other Bangladesh Bank circulars, the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange Listing Regulations, other laws and rules applicable in Bangladesh and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) where relevant to the Bank to the extent that these do not contradict with the applicable statutory

provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

2.2 Basis of Consolidation

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

Subsidiries 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 fianancial statements of subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the bank is eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there are no evidence of impairment. "

2.3 Cash flow statement

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

2.4 Liquidity Statement

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

i) Balance with other banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;

ii) Investments are on the basis of their respective maturity;

iii) Fixed assets are on the basis of their useful lives;

iv) Other assets are on the basis of their realization / amortization;

v) Borrowing from other Banks, financial institutions and agents, etc are as per their maturity / repayment terms;

vi) Provisions and other liabilities are on the basis of their repayment / adjustments schedule.

2.5 Use of estimation and judgment

The preparation of financial statements requires the bank to make certain estimates and to form 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, 2017 to December 31, 2017.

2.7 Offsetting

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

2.8 Assets and basis of their valuation

2.8.1 Cash and cash equivalent

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

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

2.8.2 Investments

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

Investment write-off

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

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

Bangladesh Bank.

2.8.2.1 Investment in shares and securities

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

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

2.8.2.2 Revaluation gains/losses on Government securitie

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

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

2.8.2.3 Provision on loans and advances/investments

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

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

2.8.2.4 Investment in subsidiaries

The bank has made investment in subsidiary company named AIBL Capital Market Service Ltd Tk. 242.00 crore holding 60.50% shares. The rest of 39.50% shares are hold by others and another subsidiary Company named AIBL Capital Management Limited Tk 49.00 crore holding 98% shares. Another subsidiary company named Millenium Information Solution Limited (MISL) Tk. 15.00 Crore holding 51% shares.

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

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

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

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

a) Dist : Dhaka, P. S Motijheel, Sub - registry office : Sutrapur, Dhaka collectorate Touzi # 141-B-1, Mouza : Sabek Shahar Dhaka, Sheet # 22, Ward # 03,Holding No 63,Purana Palton Sabek Khatian # 6947, 6947 [KA], 6947[Jha], Sabek Dag # 97, 100,101,102 and 110, SA Mouza : Ramna, Sheet # 10, SA Khatian # 362, SA Dag # 1979,1980,1981,2025,1997,1998 and 1979/2039, RS Mouza : Motijheel, RS Khatian # 420, RS Dag # 1314 and 1322, D.P Khatian # 619, D.P Dag # 812 and 804.Mutation Khatian 362/3 and Dag # 1979 and 1980. The area of land measuring about 16.42 katha,

b) Holding No 63/1/A, Purana Palton, Dist: Dhaka, P.S Motijheel,Subregistry office: Sutrapur ,Dhaka Collectorate Touzi # 141-B-1, under Mouza: Sabek-Sahar Dhaka then Ramna, Hal-Motijheel, J-L#S.A-04, R.S & City Jarip - 06, Sheet # 22,Ward # 03, Khatian-C.S-6947 (Jha), S.A-428, Dhaka City Jarip-103,449, Namjari-542, 362/3/1, Jote-543,687&437,Dag # C.S-100,101, S.A 1979, 1980, 1981,1997,2025,1979/2039,R.S-1315,1322,1316/1360,1323/1359, 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):

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

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

vii) **Presentation of intangible asset**

BFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38.
Bangladesh Bank: There is no regulation for intangible assets in BRPD Circular No. 15.

2.8.4 Other assets

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

2.8.5 Non-banking asset

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

Bangladesh Bank: As per BRPD Circular No. 15, there must exist a face item named Non-banking asset.

2.8.6 Reconciliation of inter bank/branch books of accounts

Books of accounts in regard to Inter-branches are reconciled and there are no material differences, which may affect

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

the financial statements significantly. Unrecognized entries in case of inter-branch transactions as on the reporting date are not mentionable due to the time gap before finalizing the same. (Note -14.4)

2.9 Share Capital

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

2.10 Statutory reserve

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

2.11 Revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the surplus amount should be credited directly to equity under the heading of revaluation surplus/reserve as per BAS-16: "Property, Plant and Equipment". The bank first revalued its land in December 2004 and again in December 2012 which is absolutely owned by the

bank and the surplus amount transferred to revaluation reserve. **(Annexure-A)**

2.12 Non-controlling interest

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

2.13 Basis for valuation of liabilities and provisions

2.13.1 Provisions on Investment

a Provision for Investment are made on the basis of year end review by the management and instructions contained in Bangladesh Bank BRPD Circular No. 05 dated 05 June, 2006 & BRPD Circular No. 10, dated 18 September, 2007 & Subsequent changes as per BRPD Circular No.14 dated 23 Spetemebr, 2012 and BRPD Circular No.05 dated 29 May, 2013 . The provision rates are given below:

2.13.2 Loans and advances/Investments net of provision

BFRS: Loans and advances/Investments are presented should be net of provision.

Bangladesh Bank: As per BRPD Circular No. 14 dated September 23, 2012, provision on loans and advances/ investments are presented separately as liability and can not be netted off against loans and advances.

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 Novemberm, 2002). Accordingly we have recognized a provision of 1% on the following off balance sheet items:

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

iv) Off-balance sheet items

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

Bangladesh Bank: As per BRPD Circular No. 14 dated September 23, 2012, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

v) Provision for other assets

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%

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

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

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

vii) Provision for taxation

Current tax

Provision for current income tax has been made @40.00% as prescribed in the Finance Act 2017 of the profit made by the bank considering taxable add-back of income and disallowance of expenditure in compliance with BAS-12 "

Income Taxes". Tax return for the income year 2016 (Assessment year 2017-2018) has been filed but assessment is to be done by the tax authority.

Deferred tax

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

viii) Provision for gratuity

Gratuity Fund benefits are given to the staff of the bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund on October 10, 2010. The fund is operated by a Board of Trustees consisting of 06 (six) members of the bank. The employees who serve at least 07 (seven) years in AIBL are normally entitled to get gratuity equivalent to one month's basic salary of the employees for their completed year of services in the Bank. So that actuarial valuation is not considered essential.

ix) Retirement benefit and staff welfare schemes

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

x) Other provision and accrued expenses

In compliance with BAS-37, provision and accrued expenses are recognised in the fianancial 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

a) Income from investments has been accounted for on accrual basis except investment under Musharaka. Income in case of Musharaka is accounted for on realization basis.

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

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

d) Recognition of interest in suspense

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

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

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

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

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank 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, 2017 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 BAS-33. Diluted earning per share is required to be calculated for the period, when there is scope for dilution during the period under review.

2.19 Related Party transactions

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

2.20 Events after reporting period

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

2.20.1 Financial instruments – presentation and disclosure

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

2.20.2 Financial guarantees

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

Bangladesh Bank: As per BRPD Circular No. 14 dated September 23, 2012, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

2.20.6 Balance with Bangladesh Bank: (Cash Reserve Requirement)

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

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

2.21 Approval of the financial statements

Financial Statements were approved by the Board of Directors on 320th meeting held on 09 April 2018 has approved the audited financial statements for the year ended 31 December 2017. The Board has also recommended 15% cash and 5% Stock dividend for the year ended 31 December 2017 subject to approval of the shareholders at the 23th 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 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 dvision 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, 20167 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 (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs). While preparing the financial statements, the Bank has applied the following BAS and BFRSs as adopted by ICAB.

Name of the BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting for Investments	25	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments: Disclosure and Presentation	32	Applied*
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	N/A
Agriculture	41	N/A

Name of the BFRS	BFRS No.	Status
First time adoption of BFRS	1	N/A
Share based payment	2	N/A
Business combination	3	N/A
Insurance contracts	4	N/A
Non current assets held for sale and discontinued operation	5	N/A
Explortaion for and evaluation of mineral resources	6	N/A
Financial Instruments: Disclosures	7	Applied*
Consoliidated Financial Statement	10	Applied
Disclosures of interest in other entities	12	Applied
Fair value Measurement	13	Applied
Regulatory defrral accounts	14	N/A
Revenue from contractors with customers	15	Applied

* To comply with Bangladesh Bank regulations as mentioned above certain departure has been made.

3.D New accounting standards not yet adopted:

The Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2017 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

"(a) BFRS 9 Financial Instruments (to be adopted as IFRS 9) BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As per the Bank's assessment, any material impact of BFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with BFRS 9 the Bank is unable to quantify any potential impact on its financial statements."

"(b) BFRS 15 Revenue from Contracts with Customers (to be adopted as IFRS 15) BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRI 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Bank has determined that BFRS 15 has no material impact on its financial statements."

"(c) IFRS 16 Leases" IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

"(d) IFRS 17 Insurance Contracts" IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

4 Audit Committee:

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 306th meeting held on 6th May, 2017 as per BRPD Circular No. 11 Dated 27.10.2013 as under:

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

During the period 2017 the audit committee of the bank conducted 8 (Eight) 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, 2017.

		2017 Taka	2016 Taka
5.	**Cash in hand**		
a)	Cash in hand		
	In local currency	2,092,699,819	2,028,680,184
	In Foreign currency (Note 5.a.ii)	3,467,978	880,906
		2,096,167,797	**2,029,561,090**
b)	Balance with Bangladesh Bank		
	In local currency	36,353,337,500	29,691,784,728
	In Foreign currency	111,796,457	296,368,858
		36,465,133,957	**29,988,153,586**
c)	Balance with Sonali Bank Ltd.		
	In local currency	1,204,440,154	865,354,539
	In Foreign currency	-	-
		1,204,440,154	**865,354,539**
5.a.i	**Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)**	**37,669,574,111**	**30,853,508,125**
5.a.ii	**In Foreign currency**		

Currency Name	Amount in FC	Ex. Rate	Amount in BDT	Amount in BDT
US Dollar	41934	82.70	3,467,978	880,906
Great Britain Pound	-		-	-
EURO	-		-	-
Others	-			
			3,467,978	**880,906**

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

Cash Reserve Requirments (CRR) and Statutory Liquidity Requirments (SLR) have been calculated and maintained in accordance with Section 33 of Bank Companies Act 1991 (as amended 2013) & as per Bangladesh Bank Curcular No: MPD/01 dated June 23, 2006.

5.e	**Cash Reserve Requirments (CRR)**		
	Required Reserve(6.5 % of Average Demand and Time Liabilities)	15,640,910,000	12,840,330,000
	Actual reserve held with Bangladesh Bank	34,432,027,000	29,680,893,000
	Surplus/(Deficit)	**18,791,117,000**	**16,840,563,000**
	Statutory Liqudity Requirments (SLR)		
	Required Reserve(5.50 % of Average Demand and Time Liabilities)	13,234,616,000	10,864,895,000
	Actual reserve held	13,234,616,000	10,864,895,000
	Surplus/(Deficit)	**-**	**-**
5.A	**Cash in hand**	2,096,167,797	2,029,561,090
	Al-Arafah Islami Bank Ltd.	239,878	4,399,887
	Millennium information solution Ltd.	**2,096,407,675**	**2,033,960,977**
6.	**Balance with other Banks and Financial Institutions**		
a	**In Bangladesh:**		
	Al-Wadia Current Accounts		
	Dutch Bangla Bank Ltd.	3,185,318	748,968
	National Bank Ltd.	1,329,950	2,997,652
	Agrani Bank	1,650	1,650
		4,516,917	**3,748,269**
	Short Term Deposits		
	Dhaka Bank Ltd.	6,185,080	14,690,294
	Prime Bank Ltd.	11,837,616	6,935,714
	Islami Bank Bangladesh Ltd.	132,626,402	305,873,890
	Social Islami Bank Ltd.	26,896,790	391,887,401
	Shahjalal Islami Bank Ltd.	393,819,641	1,574,816,845
	EXIM Bank Ltd.	210,247,804	132,867,293
	ICB Islamic Bank Ltd.	162,184,994	162,200,684
	Jamuna Bank Ltd.	15,252,289	12,055,967
	The City Bank Ltd.	3,337,414	27,922,648
	Southeast Bank Ltd.	3,453,192	47,438,551
	AB Bank Ltd.	33,321,441	545,992,378
	Bank Alfalh Ltd.	3,445,016	200,000,000
	Rupali Bank Ltd.	-	-
		1,002,607,680	3,422,681,665
		1,007,124,597	3,426,429,934

		2017 Taka	2016 Taka

b. Outside Bangladesh (NOSTRO A/C)

Name of bank	Currency Name	Amuont in Foreign Currency	Convertion rate per unit F.C	Amount In BDT.	Amount In BDT.
HABIB BANK AG ZURICH	CSF	7,949	84.88	674,750	228,363
COMMERZBANK AG FRANKFURT AM	EURO	261,856	99.21	25,977,914	4,912,556
SONALI BANK LTD.LONDON EURO	EURO	-	0.00	(13,172)	339,618
STANDARD CHARTERD BANK LTD,FRANKFURT	EURO	159,882	99.21	15,861,375	28,308,867
UNITED BANK OF INDIA,EURO	EURO	767	99.21	76,115	63,029
UNITED BANK OF INDIA,KOLKATA, ACUD	USD	116,970	-	9,673,439	-
STANDARD CHARTERD BANK LTD,JAPAN	JPY	303,542	0.73	222,800	1,231,579
SONALI BANK LTD.,LONDON GBP	POUND	18,295	111.63	2,042,248	1,658,117
STANDARD CHARTERD BANK LTD,LONDON	POUND	11,299	111.63	1,261,337	12,350,712
AL RAJI BANKING & INV CORP,SAUDI ARABIA	REYAL	309,191	22.05	6,818,688	21,374,962
AB BANK LID., MUMBAI	ACUD	299,479	82.70	24,766,948	(2,035,640)
AXIS BANK LTD.	ACUD	75,250	82.70	6,223,166	12,472,096
BANK OF BHUTAN, ACU	ACUD	145,404	82.70	12,024,915	15,697,910
COMMERZBANK AG FRANKFURT AM MAIN DE	USD	273,456	82.70	22,614,782	61,115,193
HABIB BANK OF PAKISTAN,KARACHI	ACUD	-	0.00	(143,359)	9,304,046
ICICI BANK LIMITED, MUMBAI	ACUD	(594,867)	82.70	(49,195,537)	47,393,361
ICICI BANK LIMITED,HONGKONG	USD	72,032	82.70	5,957,046	44,007,130
MASHREQUE BANK PSC,MUMBAI	ACUD	314,057	82.70	25,972,541	36,569,507
SONALI BANK LTD. LONDON	USD	-	0.00	(75,680)	7,403,825
SONALI BANK LTD. KOLKATA	ACUD	105,770	82.70	8,747,206	9,107,609
STANDARD CHARTERD BANK LTD,KARACHI	ACUD	222,730	82.70	18,419,741	16,853,217
STANDARD CHARTERD BANK LTD,MUMBAI	ACUD	91,313	82.70	7,551,595	31,006,394
HABIB METROPOLITAN BANK LTD, KARACHI	USD	(11,272)	0.00	(932,164)	10,814,462
MASHREQUE BANK PSC,NEW YORK	USD	1,178,410	82.70	97,454,506	62,960,722
CITIBANK N.A.,NEW YORK, USA	USD	419,599	82.70	34,700,831	153,362,800
STANDARD CHARTERD BANK LTD,NEW YORK	USD	525,674	82.70	43,473,235	101,214,196
STANDARD CHARTERD BANK, KOLKATA (AMEX)	USD	155,899	82.70	12,892,832	10,259,898
HABIB AMERICAN BANK,NEW YORK,USA	USD	123,998		10,254,670	25,863,379
EMIRATES NBD, RIYADH, KSA	SAR	24,228		534,313	-
UNITED BANK OF INDIA,DOLLAR	ACUD	30,330	82.70	2,508,291	22,233,361
				346,345,371	**746,071,268**
Placement to OBU	USD			9,981,652,856	4,957,335,636
				10,327,998,227	**5,703,406,904**
				11,335,122,824	**9,129,836,838**

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

a)	**In Bangladesh:**		
	Al-Arafah Islami Bank Ltd. [Note-6.a]	1,007,124,597	3,426,429,934
	AIBL Capital Market Services Ltd.	207,494,736	215,047,483
	AIBL Capital Management Ltd.	627,743,822	29,421,771
		64,260,913	-
		1,906,624,068	**3,670,899,188**
Less: Inter-Company Adjustment		**(835,967,277)**	**(244,464,254)**
		1,070,656,791	3,426,434,934
b.	Outside Bangladesh	10,327,998,227	5,703,406,904
		11,398,655,018	**9,129,841,838**

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

Payable on Demand		
Up to 1 (one) month	5,982,362,824	7,927,841,838
Over 1 (one) Month but not more than 3 (three) Months	-	-
Over 3 (three) Months but not more than 1 (one) year	-	1,100,000,000
Over 1 year but not more than 5 years	-	-
Over 5 years	3,302,760,000	102,000,000
	9,285,122,825	**9,129,841,838**

		2017 Taka	2016 Taka
7.	**Placement with Banks & Other Financial institutions**		
	Shahjalal islami bank ltd.	500,000,000	-
	Exim bank ltd.	1,000,000,000	1,200,000,000
	Southeast bank ltd.	500,000,000	500,000,000
	Premier bank ltd. Mtdr	-	500,000,000
	Ifil mtdr	1,400,000,000	200,000,000
	Union bank ltd mtdr a/c	1,000,000,000	-
	Ab bank ltd.	-	400,000,000
		4,400,000,000	**2,800,000,000**
7.A	Al-Arafah Islami Bank Ltd.	4,400,000,000	2,800,000,000
	AIBL Capital Market Services Ltd.	-	533,450,160
		4,400,000,000	**3,333,450,160**
8.	**Investment in Shares & Securities**		
	Bangladesh Govt. Islami Bond Fund (8.a)	7,500,000,000	6,490,000,000
	Investment In Islamic Refinance Fund(8.a)	500,000,000	500,000,000
	Investment in Share (8.b)	17,453,233	1,445,022,096
	Central Depository Bangladesh Limited (8.b)	3,138,890	3,138,890
		8,020,592,123	**8,438,160,986**
8.a	**Investments in Share & Securities**		
	Government Securities	**8,000,000,000**	**6,990,000,000**
	Bangladesh Govt. Islami Bond Fund	7,500,000,000	6,490,000,000
	Investment In Islamic Refinance Fund	500,000,000	500,000,000
	In shares (quoted and unquoted)		
	Quoted		
	Private (8.b)	10,000,000	937,568,865
	Unquoted		
	Private (8.b)	10,592,123	510,592,123
		20,592,123	**1,448,160,988**
8.b.i	**Book value of share as on 31 December 2017 as follows**		
	Quoted shares in (Schedule of Shares and Securities are given Annexure B)		
	Rsrm steel	-	768,722
	Islami insurance	-	42,718,565
	Padma oil	-	5,637,770
	Fareast life	-	6,305,196
	Mjlbd	-	-
	Bdcom	-	-
	Jamunaoil	-	154,629,743
	Grameen phone	-	138,777,389
	Prime life insurance co. Ltd.	-	140,002,776
	Titas gas	-	56,679,797
	Sumit power	-	3,365,366
	PRIMELIFE	-	-
	SINGERBD	-	-
	Uniquehrl	-	39,659,137
	Orion pharma	-	83,685,709
	Bangladesh submarine cable com. Ltd.	-	79,595,213
	Upgdcl	-	5,195,111
	SUMITPOWER	-	-
	Meghnacem	-	10,548,369
	AIBl 1st Islamic Mutual Fund	10,000,000	170,000,000
		10,000,000	**937,568,865**

		2016 Taka	2015 Taka
8.b.ii	**Unquoted shares in**		
	Swift Share	7,453,233	7,453,233
	Investment in sibl mudaraba sub-ordinated bond	-	500,000,000
	Central Depository Bangladesh Limited	3,138,890	3,138,890
		10,592,123	**510,592,123**
		20,592,123	**1,448,160,988**
8.A.i	**Investment in Shares & Securities**		
	Al-Arafah Islami Bank Ltd.	20,592,123	1,448,160,988
	AIBL Capital Market Services Ltd.	700,000,000	700,000,000
	AIBL Capital Management Ltd.	1,376,753,723	20,515,306
	Millennium information solution Ltd.	48,144,433	-
		2,145,490,279	**2,168,676,294**
8.A.ii	**Maturity grouping of investments**		
	Payable on Demand		
	Not more than 3 months	-	-
	Over 3 (three) months but not more than 1 (one) year	-	-
	Over 1 year but not more than 5 years	20,592,123	1,448,160,988
	More than 5 years	2,076,753,723	720,515,306
		2,097,345,846	**2,168,676,294**
9.	**Investments**		
	a) General Investment		
	i. in Bangladesh		
	Murabaha Investment	48,754,958,120	17,335,763,428
	Bai-Muazzal Investment	88,080,022,737	76,526,008,025
	Hire Purchase Investment	63,373,693,778	49,638,994,915
	Quard	841,723,870	1,879,374,812
	Other Investment	21,665,976,904	36,505,808,648
		222,716,375,409	**181,885,949,828**
	ii. Out side Bangladesh	-	-
		222,716,375,409	181,885,949,828
	Less: Unearned profit on Investment	9,347,553,957	9,080,691,728
		213,368,821,452	**172,805,258,100**
	b) Bill Purchased & Discounted		
	Payable in Bangladesh	17,716,863,296	14,531,970,840
	Payable out side Bangladesh	1,528,543,975	1,832,163,505
		19,245,407,271	16,364,134,345
		232,614,228,723	**189,169,392,445**
	c) Maturity grouping of Investment Including bills purchased and discounted		
	Payable on Demand		
	Up to 1 (one) month	64,829,975,723	40,534,900,000
	Over 1 (one) month but not more than 3 (three) months	67,948,500,000	41,884,700,000
	Over 3 (three) months but not more than 1 (one) year	82,135,500,000	64,763,600,000
	Over 1 year but not more than 5 years	2,917,553,000	27,836,600,000
	Over 5 years	14,782,700,000	14,149,592,445
		232,614,228,723	**189,169,392,445**
d)	**An analysis to disclose following Significant concentration :**		
i.	Investment to Directors and others	33,748,000	33,748,000
ii.	Investment to Managing Director and Cheif Executive	-	-
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)	67,718,100,000	59,834,900,000
iv.	**Investments to customers for more than 10% of Bank's Total Capital**		
	Number of clients	26	30
	Amount of outstanding Investment	67,718,100,000	47,972,200,000
	Amount of Classified Investment	-	-

	Name of Clients	Funded	Non-Funded	2017 Taka Figure in crore	2016 Taka Figure in crore
01	Meghna Group	-	89.04	89.04	115.92
02	City Group	129.06	34.29	163.35	-
03	Thermax Group	501.78	25.78	527.56	422.54
04	Majumder Traders	235.25	228.02	463.27	277.40
05	T K Group	54.54	30.31	84.85	104.53
06	Abul Khair Steel Industries Ltd.	383.99	169.90	553.89	487.47
07	Nasir Glass Ltd	110.79	37.44	148.23	246.22
08	AIBL Capital Market Services Ltd.	217.86	60.00	277.86	40.00
09	Noapara Traders	-	104.32	104.32	283.10
10	Techno Electricals ltd	53.46	349.59	403.05	239.01
11	Jaj Bhuiyan Group	-	-	-	145.80
12	Aman Tex Limited	188.40	84.77	273.17	323.97
13	Masihata Sweaters Ltd.	224.84	258.50	483.34	439.53
14	Gastro Liver Hospital & Reaserch Institute ltd	80.73	10.26	90.99	132.29
15	Birds Garments ltd, Unit-2, BiRoads R N R Fashion Ltd, & Khalifa Apparels Ltd.	-	-	-	87.78
16	Turag Garments & Hosiery Mills Ltd.	-	-	-	80.64
17	AIBL Capital Management Ltd	-	-	-	218.15
18	Bangladesh Steel Re-rolling Mills	-	-	-	92.92
19	NICE Denim Mills Ltd.	47.07	247.44	294.51	-
20	Ziri Subedar Steel Rrerolling	-	-	-	96.91
21	Partex Jute Mills Ltd.	-	-	-	145.40
22	Kader Compact Spinning Mills	244.47	73.47	317.94	-
23	Kabir Steel Re-rolling Mills	84.47	-	84.47	96.37
24	Mahmud Indigo Ltd.	62.96	69.74	132.70	139.32
25	Ayman Textile & Hosiery Ltd.	328.07	8.02	336.09	352.70
26	Mahmud Denims Ltd.	-	-	-	85.57
27	Nitol Motors Ltd.	221.72	10.82	232.54	277.68
28	Robiul Islam, M/S. Rahman Traders & M/S. Zobari Traders	103.00	114.81	217.81	104.76
29	Kamal Yearn Ltd	350.32	129.98	480.30	314.01
30	Creative paper Mills	108.87	128.38	237.25	242.91
31	Biswas Poultry & Fish Feeds Ltd.	4.27	147.18	151.45	101.91
32	Anwar Khan Modern Hospital Ltd.	189.11	-	189.11	204.06
33	Rangs Industries Ltd	-	-	-	84.62
34	Bangladesh Hardland Ceramics Co. Ltd.	22.87	109.29	132.16	-
35	Mahmud Fabrics And Finishing Ltd.	214.24	88.32	302.56	-
		3,925.03	**2,412.06**	**6,771.81**	**5,983.49**

		2017 Taka	2016 Taka
v)	**Industry/Sector wise Investments**		
	Agriculture, Fishing and forestry	2,800,100,000	2,519,300,000
	Industry	112,386,800,000	97,344,000,000
	Constraction	11,823,600,000	9,052,000,000
	Water works & sanatary services	391,700,000	489,600,000
	Transport & communication	9,048,100,000	5,733,100,000
	Storage	64,701,800,000	8,772,900,000
	Trade Finance	21,865,600,000	53,891,300,000
	Miscellaneous	18,944,082,680	20,447,884,173
		241,961,782,680	**198,250,084,173**
Less:	Unearned profit on Investment	9,347,553,957	9,080,691,728
	-	**232,614,228,723**	**189,169,392,445**
vi)	**Geographical Location -wise Investment**		
	Urban:	217,054,247,680	177,460,146,173
	Dhaka Region	176,096,065,680	144,349,747,173
	Chittagong Region	25,168,314,000	18,773,865,000
	Sylhet Region	863,571,000	611,571,000
	Rajshahi Region	5,722,280,000	4,547,590,000
	Khulna Region	5,775,383,000	1,574,767,000
	Rangpur Region	1,289,693,000	5,778,867,000
	Barisal Region	2,138,941,000	1,823,739,000
Rural:		**24,907,535,000**	**20,789,938,000**
	Dhaka Region	11,646,434,000	10,838,795,000
	Chittagong Region	4,455,490,000	3,817,282,000
	Sylhet Region	706,102,000	586,922,000
	Rajshahi Region	2,646,022,000	2,033,367,000
	Khulna Region	1,439,971,000	1,853,297,000
	Rangpur Region	3,107,643,000	966,609,000
	Barisal Region	905,873,000	693,666,000
		241,961,782,680	**198,250,084,173**
		9,347,553,957	9,080,691,728
Less:	**Unearned profit on Investment** -	**232,614,228,723**	**189,169,392,445**

		2017 Taka	2016 Taka
e)	**Classification of Investment including bills purchased and discounted**		
	Unclassified	**232,040,269,680**	**189,255,099,173**
	Standard including (Staff investment)	226,458,279,680	186,861,491,000
	Special Mention Accounts (SMA)	5,581,990,000	2,393,608,173
	Classified	**9,921,513,000**	**8,994,985,000**
	Sub Standard	1,154,051,000	873,157,000
	Doubtful	497,117,000	806,636,000
	Bad / Loss	8,270,345,000	7,315,192,000
		241,961,782,680	**198,250,084,173**
Less:	Unearned profit on Investment	9,347,553,957	9,080,691,728
		232,614,228,723	**189,169,392,445**
f)	**Required Provision on Investment & Off -balance sheet exposures**		
	Unclassified		
	General provision on unclassified Investment	1,277,199,000	941,089,000
	General provision on small enterprise Investment	240,541,000	214,241,000
	General provision on Housing financing Investment	43,652,000	36,702,000
	General provision on consumer financing Investment	7,526,000	6,560,000
	General provision on Micro Investment	15,765,000	48,834,000
	General provision on special mention Investment	44,314,000	16,500,000
	General provision on BHS/MHS/SDS	94,043,000	88,902,000
	Classified	**1,723,040,000**	**1,352,828,000**
	Specific provision on substandard Investment	87,602,000	51,978,000
	Specific provision on doubtful Investment	86,649,000	124,627,000
	Specific provision on bad/loss Investment	2,921,904,000	2,402,264,000
	Unclassified	**3,096,155,000**	**2,578,869,000**
	General provision on Off-balance sheet	570,419,000	449,886,000
		5,389,614,000	**4,381,583,000**
g)	**Provision made on Investment & Off-balance sheet exposures**		
	Unclassified		
	General provision on unclassified Investment	1,277,199,000	941,089,000
	General provision on small enterprise Investment	240,541,000	214,241,000
	General provision on Housing financing Investment	43,652,000	36,702,000
	General provision on consumer financing Investment	7,526,000	6,560,000
	General provision on Micro Investment	15,765,000	48,834,000
	General provision on special mention Investment	44,314,000	16,500,000
	General provision on BHS/MHS/SDS	94,043,000	88,902,000
	Classified	**1,723,040,000**	**1,352,828,000**
	Specific provision on substandard Investment	87,602,000	51,978,000
	Specific provision on doubtful Investment	86,649,000	124,627,000
	Specific provision on bad/loss Investment	2,921,904,000	2,402,264,000
	Unclassified	**3,096,155,000**	**2,578,869,000**
	General provision on Off-balance sheet	570,419,000	449,886,000
		5,389,614,000	**4,381,583,000**

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		2017 Taka	2016 Taka
Provision Excess/(Shortfall)		-	-
h)	**Particulars of Investments**		
i)	Investment considered good in respect of which of the bank company is fully secured;	232,052,100,000	173,310,626,077
ii)	Investment considered good against which the banking company holds no security other then the debtors personal guarantee.	25,549,358,780	24,939,458,160
iii)	Investment considered good secured by the personal undertaking of one or more perties in addition to the personal guarantee of the debtors;	-	-
iv)	Investment adversely classified; provision not maintained thereagainst;	-	-
v)	Investment due by directors or officers of the Banking company or any of these either separately or Jointly with any other persons;		
vi)	Investment due from companies or firms in which the directors of the banking company have interests as directors, partners or managing or in the case of private companies as members;	14,146,200	14,146,200
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 Clssified 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	8,270,345,000	7,315,192,000
	i) Decrease/Increase in provision (Specific)	517,286,000	486,392,468
	ii) Amount of Investment written off;	4,804,835,000	4,069,968,000
	iii) Amount realised against Investment previously written off;	321,386,000	139,499,000
	b) Amount of provision kept against Investment classified as "bad/loss"	-	-
	on the date of preparing the balance sheet;	2,717,504,000	2,201,764,000
	c) Profit creditable to the profit suspense/Compensation A/c;	-	-
xi)	i) Cumulative amount of the written of Investment;	5,623,657,000	4,567,405,000
ii)	Amount written off during the current year;	1,056,251,000	1,222,077,000
iii)	The amount of written off Investment for which lawsuit has been field;	4,804,835,000	4,069,968,000
9.A.	**Investments**		
	Al-Arafah Islami Bank Ltd.	232,614,228,723	189,169,392,445
	AIBL Capital Market Services Ltd.	8,186,981,984	9,783,753,077
	AIBL Capital Management Ltd.	12,947,718	1,879,257,834
		240,814,158,425	**200,832,403,356**
	Less : Inter company Adjustment	(4,908,923,901)	(4,313,025,415)
		235,905,234,524	**196,519,377,940**
9.A.i	**Maturity grouping of Investment Including bills purchased and discounted**		
	Payable on Demand	-	-
	Up to 1 (one) month	64,829,975,723	40,534,900,000
	Over 1 (one) month but not more than 3 (three) months	67,948,500,000	41,884,700,000
	Over 3 (three) months but not more than 1 (one) year	82,135,500,000	66,968,595,649
	Over 1 year but not more than 5 years	2,917,553,000	30,041,595,649
	Over 5 years	18,073,705,801	17,089,586,642
		235,905,234,524	**196,519,377,940**

		2017 Taka	2016 Taka
10.	**Fixed Assets**		
	Tangiable Assets		
	Land	1,418,929,419	1,453,929,419
	Building	744,610,287	744,610,287
	Furniture (Wood)	470,589,762	403,484,682
	Furniture (Steel)	106,024,971	99,277,844
	Computer	219,085,932	207,740,364
	Computer (Accessories)	80,143,215	70,455,984
	Motor Car	167,901,575	129,933,240
	Machine equipment & appliance	688,509,557	582,497,887
	Online Hardware	337,733,628	319,044,697
	Interior Decoration	171,280,161	165,344,780
	Books & Library	9,346,784	9,154,137
		4,414,155,291	**4,185,473,321**
	Intangiable Assets		
	Online Software	221,104,558	181,395,598
	Total	**4,635,259,849**	**4,366,868,919**
	Less Accumulated Depreciation & Amortization	1,545,432,198	1,292,844,661
		3,089,827,651	**3,074,024,258**
	Schedule of Fixed Assets are given in Annexure - A.		
10.A.	Fixed Assets		
	Al-Arafah Islami Bank Ltd.	3,089,827,651	3,074,024,258
	AIBL Capital Market Services Ltd.	18,713,240	20,362,532
	AIBL Capital Management Ltd.	763,998	535,729
	Millennium Information	151,072,006	145,263,199
		3,260,376,895	**3,240,185,718**
11.	Other Assets		
	Balance with BO A/C for share purchase	-	-
	Suspense Account	41,042,980	58,495,731
	Adjustment a/c debit balance	61,455,300	1,206,249,451
	Stock of Stationery	43,866,347	24,025,841
	Stamp in hand	6,144,565	4,875,551
	Advance Deposit	4,201,242	3,841,752
	Advance Rent	363,104,456	345,704,276
	Capital Work In Progress	931,108,305	652,231,722
	Investment in sibl mudaraba sub-ordinated bond	400,000,000	-
	Investment for Subsidiary Companies	3,060,000,000	3,060,000,000
	Advance Income Tax & TDS [Note 11.2]	8,192,320,367	13,039,216,681
	Protested Bills	6,506,700	7,796,700
	Prepaid Expenditure	3,228,480	25,232,912
	Adjustment a/c cost of borrowing	4,931,507	-
	Balance with cmsl for portfolio account	1,475,000,000	1,435,406,079
	Accrued Income	594,276,875	1,448,219,595
	Mfci usd (edf) a/c	3,199,437	40,575,188
	Scb mc settlement a/c (local)	47,886,131	55,192,645
	Stock of ATM Card	1,050,000	1,050,000
	Parking for nostro sub gl usd	-	86,000
	Dividend Receivable	23,003,644	358,132,736
	Clearing Adjustment	109,133,057	73,835,267
	Due from off-shore Banking unit	10,028,030,543	4,957,335,636
		25,399,489,938	**26,797,503,763**
	Less: Balance with OBU for elimination investment with OBU	10,028,030,543	4,957,335,636
		15,371,459,395	**21,840,168,127**

		2017 Taka	2016 Taka
11.1	**Classification of other Assets under the following catagories**		
i)	Investment in shares of subsidiary companies;	3,060,000,000	3,060,000,000
	In Bangladesh	-	-
ii)	Stationery, Stamps, Printing materials etc.	51,060,912	29,951,392
iii)	Advance rent and advertisement;	363,104,456	345,704,276
iv)	Profit accrued on Investment but not collected, commision &	594,276,875	1,448,219,595
	brokerage receivable on shares and debenture and other income receivable		v)
	Security deposit	4,201,242	3,841,752
vi)	Preliminary, formation and organization expenses, renovaiton	3,228,480	25,232,912
vii)	development expenses and prepaid expenses	-	-
viii)	Balance with BO A/C for share purchase	47,886,131	55,192,645
ix)	Suspenses account	41,042,980	58,495,731
x)	DD Paid without advice	61,455,300	1,206,249,451
xi)	Protested Bills -	6,506,700	7,796,700
xii)	Parking for nostro sub gl usd	-	86,000
xiii)	Dividend Receivable	23,003,644	358,132,736
xiv)	Capital Work In Progress	931,108,305	652,231,722
xv)	Others	10,184,584,368	14,589,033,215
		15,371,459,395	**21,840,168,127**
xv)	**Others**		
	Prepaid Expenditure	3,228,480	-
	Stock of ATM Card	1,050,000	-
	Advance Income Tax & TDS	3,060,000,000	13,039,216,681
	Accrued Income	594,276,875	40,575,188
	Adjustment a/c cost of borrowing	4,931,507	1,435,406,079
	Dividend Receivable	23,003,644	73,835,267
		8,818,810,873	**14,589,033,215**
11.2	**Advance Income Tax & TDS**		
i)	Begining of the year	13,039,216,681	11,073,749,964
	Advance tax paid during the year	2,713,111,277	1,794,931,776
	Tax deducted at Source during the year	714,820,719	170,534,941
	Settlement for previous year	(8,274,828,310)	-
	Advance income tax at the end of the year	**8,192,320,367**	**13,039,216,681**
11.A.	**Consolidated Other Assets**		
	Al-Arafah Islami Bank Ltd.	15,371,459,395	21,840,168,129
	AIBL Capital Market Services Ltd.	2,526,599,457	1,753,321,166
	AIBL Capital Management Ltd.	102,490,015	490,909,897
	Millennium information solution Ltd.	63,249,595	44,858,817
		18,063,798,462	**24,129,258,009**
	Less: Inter-Company Adjustment	(3,684,244,456)	(5,498,210,586)
		14,379,554,007	**18,631,047,423**

12. Placement from Banks & Other financial Institutions

The Bank has taken finance from Islami Investment Bond (Islami Bond) at banks' own Mudaraba savings rate for 60/90/120/150/180 days tenor which introduced by the Government for Islami Banks and Financial Institutes in September 2004 through Bangladesh Bank. The borrowing has been secured by Demand Promissory Note.

				2017 Taka	2016 Taka
a.	Name of the Bank In Bangladesh	Mature Date	Nature	Amount	Amount
	Brorowing from Bangladesh Bank	4-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	6-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	6-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	13-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	18-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	21-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	21-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	25-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
	Brorowing from Bangladesh Bank	26-Jan-2017	D.P Note	2,000,000,000	2,000,000,000
				18,000,000,000	**18,000,000,000**
	Outside Bangladesh			**12,904,054,548**	**7,084,653,806.47**
				30,904,054,548	**25,084,653,806**
13	**Deposit and Other Accounts**				
	Mudaraba Savings Deposits			32,130,000,015	26,053,949,961
	Mudaraba Term Deposit			136,764,993,508	105,332,062,757
	Other Mudaraba Deposits [Note :13.i]			47,832,419,620	46,027,267,857
	Al-Wadia Current Accounts and Others Accounts etc.[Note: 13.ii]			26,435,038,160	20,693,095,761
	Bills Payable			2,479,779,449	1,947,821,349
				245,642,230,752	**200,054,197,685**
13.i.	**Other Mudaraba Deposits**				
	Mudaraba Short Term Deposit			14,007,643,183	13,072,698,735
	Installment Term Deposit (Itd)			14,568,400,206	12,260,932,397
	Savings Inv. Deposit (Sid)			44,971,694	59,850,290
	P/P Term Deposit (Ptd)			5,953,296,550	6,331,403,853
	Monthly Hajj Deposit (Mhd)			153,649,312	123,066,002
	Term Hajj Deposit (Thd)			2,924,139	2,507,151
	Marriage Savings & Invt. Scheme			545,696	501,704
	Special Pension Dep. Scheme			51,242,035	68,152,885
	Mudaraba Term Cash Waqf Deposi			25,557,432	18,851,259
	Lakhapati Deposit Scheme (Lds)			616,994,921	846,988,743
	Millionaire Dep. Scheme (Mmds)			4,082,046,932	4,319,670,800
	Kotipoti Deposit Scheme (Mkds)			2,286,871,847	2,321,126,004
	Double Benefit Dep. Scheme (Dbds)			3,813,903,414	4,346,986,886
	Pension Dep. Scheme (Pds)			2,001,290,387	2,041,756,180
	Triple Benefit Dep. Scheme (Tbds)			223,081,872	212,774,968
				47,832,419,620	**46,027,267,857**
13.ii	**Al-wadeeah Current Accounts and Other Accounts**				
	Al-wadeeah Current Deposits			12,469,736,608	9,823,232,157
	Sundry Deposit			8,079,726,960	7,038,787,620
	Profit Payable For All Deposit Ac			3,180,954,031	2,757,577,517
	F.C Held against EDF			121,200,668	141,589,294
	F.C Deposit Account :			2,583,419,893	931,909,173
				26,435,038,160	**20,693,095,761**

		2017 Taka	2016 Taka
13.A. Consolidated Deposit and other Accounts			
	Mudaraba Savings Deposits	32,130,000,015	26,053,949,961
	Mudaraba Term Deposits [Note :13.A.ii]	135,929,026,231	104,981,785,080
	Other Mudaraba Deposits	47,832,419,620	46,027,267,857
	Al-Wadia Current Accounts and Others Accounts etc.	26,435,038,160	20,693,095,761
	Bills Payable	2,479,779,449	1,947,821,349
		244,806,263,475	**199,703,920,008**
13.A.i	Maturity-wise Classification of Deposits		
i.	Repayable on Demand	5,540,235,000	4,355,325,000
	With a residual maturity of		
ii.	Repayable within 1 (one) month	29,887,495,752	24,680,175,000
iii.	Over 1 (one) month but within 6 (six) months	81,203,632,723	81,029,466,697
iv.	Over 6 (six) months within 1 (one) year	102,802,963,000	54,602,955,625
v.	Over 1 (one) year within 5 (five) years	18,978,800,000	18,600,000,000
vi.	Over 5 (five) years within 10 (ten) years	6,363,300,000	16,434,795,185
vii.	Unclaimed Deposits 10 (ten) years and above	29,837,000	1,202,500
		244,806,263,475	**199,703,920,007**
13.A.ii	Mudaraba Term Deposits	136,764,993,508	105,332,062,757
Less: Inter-Company Adjustment		(835,967,277)	(350,277,677)
		135,929,026,231	**104,981,785,080**
14.	Other Liabilities		
	Others provision	15,510,964	15,510,964
	Branches Adjustment A/C	-	1,282,807
	Hajj foundation	69,000	69,000
	Provident fund	-	531,256
	Social security b. Fund	-	40,200
	Adjustment a/c credit balance	2,410,870	66,223,268
	Clearing adjustment	(586,341)	927,438
	Interest income	7,672,827	3,703,461
	Cib collection charge	9,269,407	5,887,827
	Cash waqf (staff)	80,000	80,000
	Provission for unclassified investment (Note-14.2.a.ii)	1,723,040,000	1,352,828,000
	Provission for classified investment (Note-14.2.a.i)	3,096,155,000	2,586,669,000
	Provision for taxation	8,141,335,782	14,085,871,838
	Parking account	-	14,804,365
	Provision for off balance sheet item (Note-14.2.a.iii)	570,419,000	449,886,000
	Outstanding expense	2,455,780	1,135,759
	F.c. held against bb l/c	94,973	-
	Cmsd clearing adjustment a/c.	33,700	2,200
	Beftn adjustment	-	27,157,131
	Supervision fees (sme)	333,415	293,395
	Provision for diminution in value of investment (Note-14.3)	-	173,799,456
	Vat payable account	2,870	474,621
	Electronic govt procurement	4,518,123	4,618,909
	Bangladesh bank usd (edf)	2,046,843	39,293,863
	Profit rent suspense	85,593,619	83,685,703
	Compensation receivable	589,191,824	516,782,310
	Atm settlement npsb (issuing)	3,800,653	52,601,126
	Provision for Gratuity	19,657,581	49,922,982
		14,273,105,891	**19,534,082,882**

		2017 Taka	2016 Taka
14.1	**Provision for income Tax**		
	Current tax		
	Provision held at the begining of the year	14,085,871,761	11,871,933,932
	Provision made during the year	2,330,292,331	2,213,937,829
	Settlement for previous year	(8,274,828,310)	-
	Provision held at the end of the year	**8,141,335,782**	**14,085,871,761**
14.1.a	Provision for Current Tax made during the year		
	Income Tax on Business income	2,317,380,306	2,167,034,835
	Capital gain	1,146,217	232,072
	Cash Dividend	11,765,809	96,670,922
	Excess Profit Tax (+)	-	-
	Estimated Provision Required as at December 31,2017(i)	**2,330,292,331**	**2,263,937,829**
	Provision held		
	Balance as at January 1,2017	14,085,871,761	11,871,933,933
	Tax for previous year (-)	14,085,871,761	11,871,933,933
	Actual provision for tax held (II)		-
	Estimated provision needs to be made (I-II)	2,330,292,331	2,213,937,829
	Provision actually made during the year	2,330,292,331	2,213,937,829
		-	
	A. Computation of Taxable Profit		
	Profit before tax	5,432,462,871	5,455,099,187
	Add:Inadmissible expenditure	1,521,388,003	1,705,413,415
	Less: Item of income for sparate Considaration	70,291,215	485,675,332
	Less: Further allowable Expenditure	1,090,108,894	1,257,250,184
	Estimated Business income other than 82(C)	**5,793,450,764**	**5,417,587,086**
	Add: Capital Gain	1,146,217	483,354,609
	Add:Cash dividend	11,765,809	2,320,722
	Total Taxable Income	**5,806,362,790**	**5,903,262,418**
14.2	**Provision on Investment & Others**		
	Provision against Classified Investments (Specific) [14.2.a.i]	3,096,155,000	2,586,669,000
	Provision against Unclassified Investments (general) [14.2.a.ii]	1,723,040,000	1,352,828,000
	Provision against Off-balance Sheet exposures [14.2.a.iii]	570,419,000	449,886,000
	Provision for diminution in value of investments [14.3]	-	173,799,456
	Total Provision Held (a)	**5,389,614,000**	**4,563,182,455**
a)	**The movement in Specific provision on classified Investment :**		
i)	Provision held at the begining of the year	2,586,669,000	2,100,276,532
	Fully provision debt written off	(754,132,267)	(898,071,486)
	Recoveries of amount previously written off	309,972,277	126,799,309
	Specific provision for the year	779,846,535	1,142,661,947
	Provision transfered from diminution in value of investment	173,799,456	115,002,697
	Provision held at the end of the year	**3,096,155,000**	**2,586,669,000**
ii)	The movement in general provision on unclassified Investment :		
	Provision held at the beginning of the year	1,352,828,000	1,090,265,351
	Provision during the year	370,212,000	262,562,649
	Provision transfered from classified investment	-	-
	Provision held at the end of the year	**1,723,040,000**	**1,352,828,000**
iii)	The movement in provision against Off-balance sheet exposures		
	Provision held at the beginning of the year	449,886,000	346,746,000
	Provision during the year	120,533,000	103,140,000
	Provision held at the end of the year	**570,419,000**	**449,886,000**
		5,389,614,000	**4,389,382,999**

		2017 Taka	2016 Taka
b)	**Provision for Others**		
	Provision held at the beginning of the year	15,510,964	15,510,964
	Provision during the year	-	-
		15,510,964	**15,510,964**
	Less, Adjustment durring the year	-	-
	Provision held at the end of the year	**15,510,964**	**15,510,964**
14.3	**Provision for diminution in value of invevtment in Share**		
	Provision held at the beginning of the year	173,799,456	288,802,153
	Provision transfered to classified Investment	173,799,456)	(115,002,697)
	Provision held at the end of the year	**-**	**173,799,456**

14.4 AIBL General A/C

AIBL General Account represents outstanding inter-branch and Head Office transactions (Net) originated but not responded up to the balance sheet date. However, the unresponded entries as on 31-12-2017 are as under:

Number of unresponded entries			**Unresponded amount Amount in Crore**	
Particulars	**Dr**	**Cr**	**Dr**	**Cr**
Upto 3 months	-	-	-	-
Over 3 months but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	-	-	-	-

14.A.	**Consolidated Other Liabilities**		
	Al-Arafah Islami Bank Ltd.	14,273,105,892	19,534,082,882
	AIBL Capital Market Services Ltd.	2,819,157,181	6,031,977,484
	AIBL Capital Management Ltd.	115,478,368	559,656,292
	Millennium information solution Ltd.	28,730,385	12,964,276
		17,236,471,826	**26,138,680,934**
	Less: Inter-Company Adjustment	(627,743,822)	(2,440,150,805)
		16,608,728,004	**23,698,530,129**
14.I.A	**Consolidated Current tax**		
	Al-Arafah Islami Bank Ltd.	2,330,292,331	2,213,937,829
	AIBL Capital Market Services Ltd.	70,584,620	402,177,294
	AIBL Capital Management Ltd.	5,015,011	4,989,327
		2,405,891,962	**2,621,104,450**
14.4.A	**Provision for diminution in value of investment**		
	Al-Arafah Islami Bank Ltd.	-	173,799,456
	AIBL Capital Market Services Ltd.	-	-
	AIBL Capital Management Ltd.	-	-
		-	**173,799,456**
15.	**Deferred tax Liabilities/ (Assets)**		
	Opening balance	75,456,596	82,801,119
	Add: Addition for the year	25,492,603	(7,344,522)
	Closing balance	-	-
	Provision held at the end of the year	**100,949,200**	**75,456,596**
	Presented after appropriate offsetting as follows:	**75,456,596**	**82,801,119**
	Deferred tax Liabilities(+)	25,492,603	(7,344,522)
	Deferred tax Liabilities	**100,949,199**	**75,456,596**
	Deferred Tax Liabilities(net)		

		2017 Taka	2016 Taka
16.	**a) Authorised Capital**		
	The Authorized Capital of the Bank is 1,500,000,000 Ordinary Share of Tk. 10 each.	**15,000,000,000**	**15,000,000,000**
b)	**Issued, Subscribed and Fully Paid - up Capital**		
	Issued for Cash	5,896,017,618	2,819,339,680
	Issued for other than Cash (Bonus Share)	4,047,046,662	7,123,724,600
		9,943,064,280	9,943,064,280

c) **Issued and paid up Capital of the Bank is 994,306,428 nos. of shares of Tk. 10 each as follows**

Description	2017 No. of Shares	2016 No. of Shares	2017 Total Taka	2016 Total Taka
Sponsors / Promoters	413,940,550	417,059,441	4,139,405,500	4,170,594,410
Institution	169,998,643	174,154,517	1,699,986,430	1,741,545,170
General Public	410,367,235	403,092,470	4,103,672,350	4,030,924,700
Total	**994,306,428**	**994,306,428**	**9,943,064,280**	**9,943,064,280**

d) **Break-up of Shares Classification of shareholders by holding as on 31-12-2017**

Range of Holding			Number of Shareholders	No. of Shares	No. of Shares
Less	than	50,000	2949	96,998,555	9.76%
50,001	to	100,000	343	25,663,521	2.58%
100,001	to	200,000	217	31,123,167	3.13%
200,001	to	300,000	68	16,857,510	1.70%
300,001	to	400,000	37	12,950,218	1.30%
400,001	to	500,000	34	15,622,609	1.57%
500,001	to	1,000,000	60	42,696,059	4.29%
1,000,001	to	10,000,000	109	272,355,466	27.39%
10,000,001	to	20,000,000	23	480,039,323	48.28%
		Total	**30386**	**994,306,428**	**100.00%**

e)	**Minimum Capital Requirement Capital Adequacy Ratio**		
1.	**Tier-I (Core Capital)**		
	Paid-up Capital	9,943,064,280	9,943,064,280
	Statutory Reserve	7,576,581,114	6,490,088,540
	General Reserve	-	-
	Retained Earnings	2,176,610,612	2,175,038,104
	Less : Regulatory Adjustment (Goodwill and al other Intangible Assets)	(80,450,000)	
		19,615,806,006	**18,608,190,925**
	2.Tier- II (Supplimentary Capital)		
	General Provision	2,293,459,000	1,802,714,000
	Assets Revaluation Reserves	195,509,650	293,264,474
	AIBL Subordinate Bond	3,000,000,000	3,000,000,000
		5,488,968,650	**5,095,978,474**
	3.Tier- III		
	A. Total Eligible Capital (1+2)	**25,104,774,656**	**23,704,169,399**
		-	
	B. Total Risk weighted Assets (a+b+c)	**204,447,535,050**	**164,461,897,100**
	a. Credit Risk	**187,519,601,050**	**147,669,839,100**
	i. Balance sheet Business	181,503,704,000	141,915,365,600
	ii. Off-balance sheet Business	6,015,897,050	5,754,473,500
	b. Market Risk (From WS-3)	**1,048,588,000**	**2,401,070,000**
	c. Operational Risk (From WS-4)	**15,879,346,000**	**14,390,988,000**
	C. Capital Adequqcy Ratio (CAR) (A / B)	**12.28%**	**14.41%**
	D. Core Capital to RWA	9.59%	11.31%
	E. Supplementary Capital to RWA	2.69%	3.10%
	F. Minimum Capital Requirement (MCR) 10.00% of RWA	20,444,753,505	16,446,189,710
	G. Capital Surplus on Risk weighted assets based (A-F)	**4,660,021,151**	**7,257,979,689**
	H. Required Capital with Conservation Buffer @ 11.25% on RWA	23,000,347,693	17,474,076,567
	I. Excess Over Capital with Conservation Buffer (A-H)	**2,104,426,963**	**6,230,092,833**

		2017 Taka	2016 Taka
16.A.	**Non-Controlling Interest**		
	Opening balance	1,726,686,152	1,718,183,083
Add:	Non-Controling Interest in Profit for the year	34,811,203	8,503,070
		1,761,497,355	**1,726,686,152**
17.	**Statutory Reserve**		
	Opening balance beginning of the year	6,490,088,540	5,440,728,703
	Add. Reserve @ 20% (on pre-tax profit)	1,086,492,574	1,049,359,837
	Balance at the end of the year.	**7,576,581,114**	**6,490,088,540**
18.	**Other Reserve**		
	FC Revaluation Reserve	2,827,977	521,730
	Asset revaluation Reserve	977,548,248	977,548,248
		980,376,225	**978,069,978**
19.	**Retained Earnings**		
	Opening balance beginning of the year	2,175,038,105	1,604,629,812
Less :	Bonus Share	(1,988,612,856)	(1,420,437,753)
Add:	Net Profit / (loss) after tax during the year	3,076,677,937	3,040,205,881
		3,263,103,185	**3,224,397,941**
Less :	transfer to Statutory Reserve	1,086,492,574	1,049,359,837
		2,176,610,611	**2,175,038,104**
19.A.	**Consolidated Retained Earnings**		
	Al-Arafah Islami Bank Ltd.	2,199,578,988	1,615,987,762
	Add: Net profit after tax during the year	3,134,682,251	3,053,388,813
	Add: Dividend adjusment	(1,988,612,856)	-
	Less: Stock dividend to equity holders of the bank	-	(946,958,503)
	Less: Cash dividend to equity holders of the bank	-	(473,479,250)
	Less: Transfer to statutory reserve	(1,086,492,574)	(1,049,359,837)
		2,259,155,806	**2,199,578,988**
20.	**Letter of Guarantee**		
a)	Claim against the bank which is not acknowledged as debt		
b)	Money for which is the bank is contingently liable in respect of guarantees given favoring		
i.	Directors	-	-
	ii. Government	-	-
	iii. Bank and other financial institution	-	-
	iv. Others	6,443,409,058	4,981,342,733
		6,443,409,058	**4,981,342,733**
21.	**Investment Income**		
i.	Income from General Investments		
	Murabaha	1,116,351,878	1,292,867,587
	Bai-Muazzal	7,209,846,558	7,179,170,035
	Hire-Purchase	5,668,458,415	4,483,577,162
	Others mode income	5,693,933,810	4,759,960,271
		19,688,590,661	**17,715,575,055**
ii.	Profit received from other Islamic Bank	616,995,454	480,140,048
	Total (i + ii)	**20,305,586,115**	**18,195,715,103**
21.A.	**Cosolidated Investment Income**		
	Al-Arafah Islami Bank Ltd.	20,305,586,115	18,195,715,103
	AIBL Capital Market Services Ltd.	480,236,262	1,220,161,707
	AIBL Capital Management Ltd.	320,713,282	132,001,970
	Millennium information solution Ltd.	73,395,745	61,548,489
		21,179,931,404	**19,609,427,269**
	Less : Inter company Adjustment	(688,903,369)	(779,271,060)
		20,491,028,035	**18,830,156,209**

		2017 Taka	2016 Taka
22.	**Profit paid on Deposits & Borrowing**		
	Mudaraba Savings Deposit	762,737,103	766,115,652
	Mudaraba Short Term Deposit	473,939,097	304,992,303
	Mudaraba Term Deposit	7,323,670,466	6,408,696,009
	Mudaraba Special Deposit	2,096,338,009	2,086,594,828
	Mudaraba BD. Govt. Islamic Bond fund	929,463,681	774,334,053
		11,586,148,356	**10,340,732,845**
22.A.	**Profit paid on Deposits & Borrowing**		
	Al-Arafah Islami Bank Ltd.	11,586,148,356	10,340,732,845
	AIBL Capital Market Services Ltd.	514,566,486	231,913,177
	AIBL Capital Management Ltd.	329,918,790	131,182,607
	Millennium Information	42,465,305	33,175,921
		12,473,098,937	**10,737,004,550**
	Less : Inter company Adjustment	(688,903,369)	(779,271,060)
		11,784,195,568	**9,957,733,490**
23.	**Income from Investment in Share /Securities**		
	Dividend income (cash)	58,829,043	483,354,609
	Gain on sale of Shares/Securities	11,462,172	2,320,722
	Profit received from other Islamic Bond	320,844,006	173,018,140
		391,135,221	**658,693,471**
23.A.	**Income from Investment in Share /Securities**		
	Al-Arafah Islami Bank Ltd.	391,135,221	658,693,471
	AIBL Capital Market Services Ltd.	12,834,697	-
	AIBL Capital Management Ltd.	33,349,167	26,711,019
		437,319,085	**685,404,490**
	Less : Inter company Adjustment	-	(435,600,000)
		437,319,085	**249,804,490**
24.	**Commission, Exchange & Brokerage Income**		
	Commission	1,160,615,008	1,035,673,900
	Exchange	1,247,271,224	955,355,149
	Brokerage commision	-	-
		2,407,886,232	**1,991,029,049**
24.A	**Commission, Exchange & Brokerage Income**		
	Al-Arafah Islami Bank Ltd.	2,407,886,232	1,991,029,049
	AIBL Capital Market Services Ltd.	382,481,895	265,307,550
	AIBL Capital Management Ltd.	316,563	78,750
		2,790,684,690	**2,256,415,349**
	Less : Inter company Adjustment	-	-
		2,790,684,690	**2,256,415,349**
25.	**Other Operating Income**		
	Procesing fee on investment	76,700	463,525
	Supevision fee	98,175	190,190
	Service charge	1,066,744	936,983
	Capital gain or loss from fixed asset	669,676	-
	Passbook sales(gsis)	109,957	123,600
	Application form sales(seis)	102,810	203,722
	Direct expenses on investmnent	-	1,335,334
	Telephone/ fax charge	53,540	2,106,130
	legal expenses recovered	609,152	61,567
	Printing & stationary	42,805,118	26,429,019
	P & t charge recovered	26,616,747	37,399,808
	Account maintenance fee	155,660,609	138,141,807
	Card income	34,683,923	25,237,111
	Misc.earning	23,183,597	14,105,175
		285,736,748	**246,733,971**

		2017 Taka	2016 Taka
25.A.	**Other Operating Income**		
	Al-Arafah Islami Bank Ltd.	285,736,748	246,733,971
	AIBL Capital Market Services Ltd.	37,553,134	26,368,206
	AIBL Capital Management Ltd.	-	51,357
	Millennium information solution Ltd.	6,063,451	12,170,964
		329,353,333	**285,324,498**
	Less : Inter company Adjustment	-	-
		329,353,333	**285,324,498**
26.	Salaries, Allowances & Contribution to P.F		
	Basic Pay	1,193,447,308	898,700,436
	House Rent Expenses	558,042,969	418,593,615
	House Maintanence	222,041,996	165,993,033
	Medical Expenses	210,621,730	177,506,896
	Bonus	511,130,276	360,816,356
	Bank's contribution to P.F	109,156,703	82,083,390
	Utility	845,454	1,364,525
	Conveyance Expenses	80,104,968	73,107,564
	LFA Allowance	220,186,583	176,531,725
	Leave Encashment Expenses	72,114,322	49,396,028
	Car Allowance	130,576,713	107,475,977
	Lunch and entertainment allowance	77,271,656	-
	Gratuity Expenses	105,657,581	109,922,982
		3,491,198,259	**2,621,492,527**
26.A.	**Salaries, Allowances & Contribution to P.F**		
	Al-Arafah Islami Bank Ltd.	3,491,198,259	2,621,492,527
	AIBL Capital Market Services Ltd.	59,949,037	44,775,054
	AIBL Capital Management Ltd.	10,168,047	11,370,525
	Millennium information solution Ltd.	10,644,308	14,359,279
		3,571,959,651	**2,691,997,385**
27.	**Director & Sharia Council Fees & Expenses**		
i.	Directors fees for attending Board/executive Committee/other committee meeting	4,041,300	4,940,400
ii.	TA/DA/ Hotel fare & Foreign Directors	6,055,018	6,205,530
iii.	Others	-	198,115
		10,096,318	**11,344,045**
27.A.	**Director & Sharia Council Fees & Expenses**		
	Al-Arafah Islami Bank Ltd.	10,096,318	11,344,045
	AIBL Capital Market Services Ltd.	7,143,200	4,451,000
	AIBL Capital Management Ltd.	244,800	133,300
		17,484,318	**15,928,345**
28.	**Sharia Supervisory Committee's Fees & Expenses**		
i.	Sharia fees for attending meeting	530,513	192,000
ii.	TA/DA/ Hotel fare & Foreign Directors	-	-
iii.	Others	30,456	30,456
		560,969	**222,456**
29.	**Rent,Taxes,Insurance & Electricity Bill**		
	Rent Office	320,576,679	287,644,298
	Electricity Bill	88,343,546	83,904,137
	Insurance	161,254,676	136,078,016
		570,174,901	**507,626,451**

		2017 Taka	2016 Taka
29.A.	**Rent,Taxes,Insurance & Electricity Bill**		
	Al-Arafah Islami Bank Ltd.	570,174,901	507,626,451
	AIBL Capital Market Services Ltd.	11,530,435	11,060,624
	AIBL Capital Management Ltd.	1,089,878	694,077
		582,795,214	**519,381,152**
30.	**Postage,Telegram,Telephone & Stamp**		
	Stamp and Catridge paper	-	-
	Postage	21,495,680	22,524,455
	Fax Charges	3,591	13,224
	Telephone (Office)	5,479,049	5,389,745
	Telephone (Residence)	1,344,012	2,104,690
	Telephone (Mobile)	8,919,089	7,301,647
	SWIFT Charge	5,039,100	7,105,946
	Internet Charges	280,893	337,032
	Online Charge	35,107,708	30,436,063
		77,669,122	**75,212,802**
30.A.	**Postage,Telegram,Telephone & Stamp**		
	Al-Arafah Islami Bank Ltd.	77,669,122	75,212,802
	AIBL Capital Market Services Ltd.	698,344	510,808
	AIBL Capital Management Ltd.	62,400	79,500
		78,429,866	**75,803,110**
31.	**Depreciation Repairs to the Bank's property**		
	Repairs to the Bank's property		
	R.R. Furniture & Fixture (Wooden)	1,221,592	862,742
	R.R. Furniture & Fixture (Steel)	1,929,962	1,449,496
	R.R. Computer	2,210,658	923,657
	Maint. of Motor Car and other Vahicle	853,707	780,975
	R.R. Machine equipment & appliances	16,348,344	12,018,330
	Maintenance of Land & Building	132,841	53,903
	Maintenance of Rented Premises	6,226	2,450
	R.R. Computer Accessories	684,055	550,669
	R.R. Others	1,107,065	951,057
	Software Maintenance Fee	6,922,710	8,750,600
	Hardware Maintenance Fee	1,536,750	1,009,900
		32,953,910	**27,353,779**
	Depreciation to the Bank's property		
	Depr. Furniture (Wood)	37,049,220	31,382,053
	Depr. Furniture (Steel)	7,864,476	7,301,917
	Depr. Computer	18,588,335	19,815,205
	Depr. Motor Car	18,590,629	16,170,652
	Depr. Machine equip & Appliance	81,579,395	79,654,421
	Depr. Books & Library	126,540	100,573
	Depr. Land & Building	18,748,102	18,178,782
	Depr. Online Hardware	42,269,028	36,400,415
	Depr. Online Software	25,316,099	25,332,156
	Depr. Computer Accessories	10,507,733	9,381,415
	Depr. Interior Decoration	16,032,330	15,463,848
		276,671,887	**259,181,437**
		309,625,797	**286,535,214**
31.A	**Depreciation Repairs to the Bank's property**		
	Al-Arafah Islami Bank Ltd.	309,625,797	286,535,216
	AIBL Capital Market Services Ltd.	7,193,974	6,607,067
	AIBL Capital Management Ltd.	182,464	182,464
		317,002,236	**293,324,747**

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		2017 Taka	2016 Taka
32.	**Stationary,Printing & Advertisement**		
	Printing & Stationerty	29,838,353	20,615,261
	Paper & Table Stationery	34,020,621	34,082,357
	Advertisement & Publicity Expenses	59,574,027	39,369,904
		123,433,001	**94,067,522**
32.A.	**Stationary,Printing & Advertisement**		
	Al-Arafah Islami Bank Ltd.	123,433,001	94,067,522
	AIBL Capital Market Services Ltd.	1,671,705	1,691,107
	AIBL Capital Management Ltd.	200,557	203,518
		125,305,263	**95,962,147**
33.	**Other expenses**		
	Local conveyance expenses	10,541,600	8,973,796
	Petrolium oil lubricant motors	15,925,276	9,452,925
	CNG motor car	2,887,799	2,906,452
	Entertainment expenses	21,344,140	18,354,584
	Travelling expenses	32,119,180	24,161,915
	Bank charge	13,807,951	9,608,579
	Wages (salary-casual staff)	55,878,025	49,114,111
	Security guard service	91,705,546	80,890,666
	Subscription	5,237,982	8,776,262
	Leveries & uniforms	511,155	621,685
	Petrolium oil & lubricants	10,766,430	9,384,660
	Donations	669,629	362,650
	Wasa Bill	5,668,850	5,652,245
	Gas Bill	1,273,218	1,268,652
	Staff welfare	150,000	100,000
	News paper journal & periodical	2,490,005	2,148,512
	Evening banking expenses	816,037	791,995
	Upkeep branches premises	2,909,248	2,351,255
	Washing charge	2,322,623	1,815,881
	Computer Accessories	15,550,598	15,224,073
	Photo Copy Machine Accessories	808,202	836,801
	Business development	18,619,418	13,107,002
	Manager conference	1,108,951	8,524,018
	Closing expenses	7,791,400	86,500
	Office Expenses	14,821,220	10,725,390
	Registration expenses	14,271,639	4,610,069
	Closing allowance	1,488,101	1,043,204
	AGM/EGM	715,256	231,216
	Crocarige	517,500	517,500
	Creditrating charge	514,582	387,528
	Tax token expenditure	1,606,311	2,978,977
	Training expenses	16,662,618	12,955,968
	Card expense	74,957,275	49,974,772
	It allowance (Overtime)	4,665,500	3,678,714
	Saturday working allowance (Overtime)	26,975,355	12,532,695
	Charge expenses	2,733,485	-
	Risk expenses	1,950,900	-
	Account opening commision through agent bankinng	3,845,451	-
	Data info service charge	1,049,662	-
	Electronics & fittings item	2,208,928	-
	Honorarium	852,434	442,500
		490,739,481	**374,593,749**

		2017 Taka	2016 Taka
33.A.	**Consolidated Other expenses**		
	Al-Arafah Islami Bank Ltd.	490,739,481	375,403,249
	AIBL Capital Market Services Ltd.	80,946,373	50,405,275
	AIBL Capital Management Ltd.	1,415,466	787,451
	Millennium information solution Ltd.	9,144,613	8,962,389
		582,245,933	**435,558,364**
34.	**Provision against Investments & Off-Balance sheet exposures**		
	On Classified Investment as per Bangladesh Bank Circular	779,846,535	1,142,661,947
	On Un-classified Investment as per Bangladesh Bank Circular	370,212,000	262,562,649
	On Off-balance sheet as per Bangladesh Bank Circular	120,533,000	103,140,000
		1,270,591,535	**1,508,364,596**
34.A.	**Provision against Investments & Off-Balance sheet exposures**		
	Al-Arafah Islami Bank Ltd.	1,270,591,535	1,508,364,596
	AIBL Capital Market Services Ltd.	84,300,000	33,885,335
	AIBL Capital Management Ltd.	-	5,620,200
		1,354,891,535	**1,547,870,131**
35.	**Paid for other operating activities**		
	Directors fees & expenses	10,096,318	11,344,045
	Shariah Supervisory Committee's fees & expenses	560,969	222,456
	Rent, taxes, insurance and lighting etc.	570,174,901	507,626,451
	Postage, telegram, telephone and stamp etc.	77,669,122	74,403,302
	Legal charges	10,481,205	10,694,700
	Auditors' fee	1,337,500	1,245,500
	Repairs to the bank's properties	32,953,910	27,353,779
	Other expenses	490,739,481	375,403,249
		(1,194,013,406)	**(1,008,293,482)**
35.A.	**Paid for other operating Activities**		
	Al-Arafah Islami Bank Ltd.	(1,194,013,406)	(1,008,293,482)
	Inter company Adjustment	(263,016,579)	(76,029,106)
		(1,457,029,985)	**(1,084,322,588)**
36.	**Increase/Decrease of other assets (item-wise)**		
	Balance with BO A/C for share purchase	-	(61,007,164)
	Suspense Account	(17,452,751)	(41,495,275)
	Adjustment a/c debit balance	(1,144,794,151)	(7,300)
	Stock of Stationery	19,840,506	(1,358,184)
	Stamp in hand	1,269,014	1,215,904
	Advance Deposit	359,490	23,520
	Advance Rent	17,400,180	93,319,327
	Capital Work In Progress	278,876,583	280,533,644
	Investment in sibl mudaraba sub-ordinated bond	100,000,000	-
	Advance Income Tax & TDS [Note 11.2]	(1,290,000)	(1,163,000)
	Protested Bills	(22,004,432)	(2,638,756)
	Prepaid Expenditure	4,931,507	(20,000,000)
	Adjustment a/c cost of borrowing	(1,535,406,077)	(83,152,086)
	Accrued Income	(37,375,751)	(4,031,959,913)
	Mfci usd (edf) a/c	(7,306,514)	48,863,884
	Scb mc settlement a/c (local)	-	366
	Stock of ATM Card	-	(29,168,514)
	Branches Adjustment A/C	(86,000)	-
	Parking for nostro sub gl usd	(335,129,092)	351,428,515
	Dividend Receivable	35,297,788	(3,720,000)
		9,042,698,009	**3,500,285,032**

		2017 Taka	2016 Taka
36.A	**Increase/Decrease of other assets (item-wise)**		
	Al-Arafah Islami Bank Ltd.	9,042,698,009	3,500,285,032
	Inter company Adjustment	(778,758,225)	701,657,622
		(8,263,939,784)	**4,201,942,654**
37.	**Increase/Decrease of Trading liabilities (item-wise)**		
	Others provision	-	-
	Branches Adjustment A/C	(1,282,807)	1,282,807
	Hajj foundation	-	-
	Provident fund	(531,256)	409,435
	Social security b. Fund	(40,200)	35,400
	Adjustment a/c credit balance	(63,812,398)	4,442,974
	Clearing adjustment	(1,513,779)	888,893
	Interest income	3,969,366	2,283,537
	Cib collection charge	3,381,580	3,030,164
	Cash waqf (staff)	-	-
	Provission for unclassified investment	-	-
	Provission for classified investment	(270,360,535)	(656,269,479)
	Provision for taxation	(5,944,536,056)	2,213,937,905
	Parking account	-	-
	Provision for off balance sheet item	120,533,000	103,140,000
	Outstanding expense	1,320,021	425,135
	Beftn adjustment	(27,157,131)	(7,747,343)
	Supervision fees (sme)	40,020	34,195
	Provision for diminution in value of investment	(173,799,456)	(115,002,697)
	Vat payable account	-	-
	Electronic govt procurement	(100,786)	2,396,119
	Bangladesh bank usd (edf)	(37,247,020)	(4,007,397,222)
	Profit rent suspense	1,907,916	(20,619,280)
	Compensation receivable	72,409,514	61,363,270
	Atm settlement npsb (issuing)	(48,800,472)	(11,485,976)
	Provision for Gratuity	(30,265,401)	(20,077,018)
	Cmsd clearing adjustment a/c.	-	-
	Depreciation to the Bank's property	-	-
		(6,395,885,881)	**(2,444,929,182)**
37.A	**Increase/Decrease of Trading liabilities (item-wise)**		
	Al-Arafah Islami Bank Ltd.	(6,395,885,881)	(2,444,929,182)
	Inter company Adjustment	(5,644,000,290)	(2,397,712,165)
		(12,039,886,170)	**(4,842,641,347)**
38.	**Cash and Cash Equivalent at the end of the year**		
	Cash in hand	2,096,167,797	2,029,561,090
	Balance with Bangladesh Bank & Sonali Bank Ltd.	37,669,574,111	30,853,508,125
	Balance with Other Banks	11,335,122,824	9,129,836,838
	Bangladesh Government Islamic Investment Bond	8,000,000,000	6,990,000,000
		59,100,864,732	**49,002,906,053**

		2016 Taka	2015 Taka
38.A	**Cash and Cash Equivalent at the end of the year**		
	Al-Arafah Islami Bank Ltd.	59,100,864,732	49,002,906,053
	AIBL Capital Market Services Ltd.	10,202	10,202
	AIBL Capital Management Ltd.	-	-
	Millennium information solution Ltd.	63,761,870	3,922,597
		59,164,636,804	**49,006,838,852**
39.	**Calculation of Earning Per Share (EPS)**		
	The earning per share of the bank has been calculated in accordance with BAS-33 under basic Earning per share method as follows:		
	Earnings Per Share (EPS)		
	Basic earning (net profit after tax) for the year	3,076,677,937	3,040,205,880
	Number of ordiner shares outstanding as of the reportng date	994,306,428	994,306,428
	Earning per Share	**3.09**	**3.06**
39.A	**Consolidated Earnings Per Share (CEPS)**		
	Net profit after tax	3,134,682,251	3,053,388,813
	Number of ordiner shares outstanding as of the reportng date	994,306,428	994,306,428
	Consolidated earnings per share as per share	**3.15**	**3.07**

40. Events after the balance sheet date

The Board of Directors in its 320th meeting held on 09 April, 2018 has approved the audited financial statements for the year ended 31 December 2017.The Board has also recommended 15% cash and 5% Stock dividend for the year ended 31 December 2017 subject to approval of the shareholders at the 23nd Annual General Meeting (AGM).

AMAR STOCK

Consolidated Schedule of Fixed Assets as at December 31, 2017

Annexure - A.I

SL No	Particulars	Cost / Revaluation					Depreciation/Amortization				Written down value as on 31.12.17
		Balance at 1st January 2017	Revalution	Addtion during the year	Transfer/ Disposal during the year	Balance at 31st December 2017	Balance at 1st January 2017	Charge for the year	Tranfer/ Disposal during the year	Balace at 31st December 2017	
A. Fixed Assests											
1	Land	1,453,929,419	-	-	35,000,000	1,418,929,419	-	-	-	-	1,418,929,419
2	Building	744,610,287	-	-	-	744,610,287	51,239,236	18,748,102	-	69,987,338	674,622,949
3	Furniture & Fixture (Wood)	408,456,916	-	82,660,846	15,433,046	475,684,716	123,205,065	37,527,556	11,751,829	148,980,792	326,703,924
4	Furniture & Fixture (Steel)	99,609,918	-	7,550,481	795,854	106,364,545	49,350,772	7,896,775	742,909	56,504,638	49,859,907
5	Computer	212,941,367	-	13,755,224	922,962	225,773,629	167,341,289	19,207,974	879,168	185,670,094	40,103,535
6	Computer Acessories	76,547,021	-	10,214,046	526,815	86,234,252	38,475,324	10,507,733	514,735	48,468,322	37,765,930
7	Motor Car	160,935,886	-	37,968,335	-	198,904,221	94,555,461	23,374,171	-	117,929,632	80,974,588
8	Machine Equipment & Appliance	595,582,941	-	116,097,035	9,442,536	702,237,440	399,577,477	81,948,760	5,990,358	475,535,879	226,701,561
9	Books & Library	9,222,896	-	196,098	3,451	9,415,543	8,620,054	127,630	3,451	8,744,233	671,310
10	Online Hardware	321,945,931	-	18,763,381	28,800	340,680,512	186,819,167	42,269,028	28,800	229,059,395	111,621,117
11	Interior Decoration	181,780,144	-	13,615,260	4,290,911	191,104,493	96,029,527	17,629,955	4,190,392	109,469,091	81,635,402
Sub-Total		**4,265,562,726**	-	**300,820,706**	**66,444,375**	**4,499,939,057**	**1,215,213,372**	**259,237,684**	**24,101,642**	**1,450,349,414**	**3,049,589,643**
B. Intangible Assets											
12	Online Software	306,355,277	-	46,687,160	-	353,042,437	116,518,913	25,736,273	-	142,255,187	210,787,251
Sub-Total		**306,355,277**	-	**46,687,160**	-	**353,042,437**	**116,518,913**	**25,736,273**	**-**	**142,255,187**	**210,787,251**
December 31,. 2017		**4,571,918,003**	-	**347,507,866**	**66,444,375**	**4,852,981,494**	**1,331,732,285**	**284,973,958**	**24,101,642**	**1,592,604,601**	**3,260,376,895**
December 31,. 2016		**3,963,560,258**	-	**404,627,609**	**1,318,948**	**4,366,868,919**	**1,035,227,639**	**259,181,435**	**1,564,414**	**1,292,844,661**	**3,074,024,259**

Schedule of Fixed Assets as at December 31, 2017

Annexure - A

SL No	Particulars	Cost / Revaluation					Depreciation/Amortization				Written down value as on 31.12.17
		Balance at 1st January 2017	Revalution	Addtion during the year	Transfer/ Disposal during the year	Balance at 31st December 2017	Balance at 1st January 2017	Charge for the year	Tranfer/ Disposal during the year	Balace at 31st December 2017	
A. Fixed Assests											
1	Land	1,453,929,419	-	-	35,000,000	1,418,929,419	-	-		-	1,418,929,419
2	Building	744,610,287	-	-		744,610,287	51,239,236	18,748,102	-	69,987,338	674,622,949
3	Furniture & Fixture (Wood)	403,484,682	-	82,536,396	15,431,316	470,589,762	121,313,732	37,049,220	11,751,829	146,611,123	323,978,639
4	Furniture & Fixture (Steel)	99,277,844	-	7,542,981	795,854	106,024,971	49,240,601	7,864,476	742,909	56,362,168	49,662,803
5	Computer	207,740,364	-	12,244,530	898,962	219,085,932	162,641,156	18,588,335	862,862	180,366,629	38,719,303
6	Computer Acessories	70,455,984	-	10,214,046	526,815	80,143,215	34,642,518	10,507,733	514,735	44,635,516	35,507,699
7	Motor Car	129,933,240	-	37,968,335	-	167,901,575	87,191,444	18,590,629	-	105,782,073	62,119,502
8	Machine Equipment & Appliance	582,497,887	-	115,454,206	9,442,536	688,509,557	388,606,605	81,579,395	5,990,358	464,195,642	224,313,915
9	Books & Library	9,154,137	-	196,098	3,451	9,346,784	8,558,564	126,540	3,451	8,681,653	665,131
10	Online Hardware	319,044,697	-	18,717,731	28,800	337,733,628	183,917,933	42,269,028	28,800	226,158,161	111,575,467
11	Interior Decoration	165,344,780	-	10,226,292	4,290,911	171,280,161	90,154,289	16,032,330	4,189,407	101,997,212	69,282,949
Sub-Total		**4,185,473,321**	-	**295,100,615**	**66,418,645**	**4,414,155,291**	**1,177,506,078**	**251,355,788**	**24,084,351**	**1,404,777,515**	**3,009,377,776**
B. Intangible Assets											
12	Online Software	181,395,598	-	39,708,960	-	221,104,558	115,338,583	25,316,099	-	140,654,682	80,449,876
Sub-Total		**181,395,598**	-	**39,708,960**	-	**221,104,558**	**115,338,583**	**25,316,099**	-	**140,654,682**	**80,449,876**
December 31,. 2017		**4,366,868,919**	-	**334,809,575**	**66,418,645**	**4,635,259,849**	**1,292,844,661**	**276,671,887**	**24,084,351**	**1,545,432,197**	**3,089,827,651**
December 31,. 2016		**3,963,560,258**	-	**404,627,609**	**1,318,948**	**4,366,868,919**	**1,035,227,639**	**259,181,435**	**1,564,414**	**1,292,844,661**	**3,074,024,259**

Highlight on the Overall Activities of the Bank for the year 31 December, 2017

SL NO	Particulars	Year 2017	Year 2016
1	Paid -up Capital	9,943,064,280	9,943,064,280
2	Total Capital	25,104,774,656	23,704,169,399
3	Capital Surplus(Deficit)	4,660,021,151	7,257,979,689
4	Total Assets	314,596,972,625	267,334,651,873
5	Total Deposits	245,642,230,752	200,054,197,685
6	Total Investment	232,614,228,723	189,169,392,445
7	Total Contingent Liabilities	57,041,897,944	44,988,642,018
8	Investment Deposit Ratio (%)	88.95%	88.50%
9	Ratio of Classified Investment to Total investment (%)	4.10%	4.54%
10	Profit after Tax & Provision	3,076,677,937	3,040,205,881
11	Amount of Classified Investment during the year	9,921,513,000	8,994,985,000
12	Provision kept against Classified Investment	3,096,155,000	2,578,869,000
13	Provision Surplus / (Deficit)	-	-
14	Cost of fund (%)	7.50%	7.92%
15	Profit earning Assets	256,369,943,671	209,537,390,271
16	Profit Non-earning Assets	58,227,028,954	57,797,261,602
17	Return on Investment (ROI)	9.47%	10.41%
18	Return on Assets After Tax (ROA)	0.98%	1.14%
19	Income from Investment in Shares	391,135,221	658,693,471
20	Earning per Share (Taka)	3.09	3.06
21	Net Income per share (Taka)	3.09	3.06
22	Price Earning Ratio (Times)	8.01	5.20

AMAR STOCK

Off-shore Banking Unit (OBU) Balance Sheet as at December 31, 2017

	Notes	2017		2016	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash in hand					
Cash in hand (including foreign currencies)		-	-	-	-
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)		-	-	-	-
		-	-	-	-
Balance with other Banks and Financial Institutions					
In Bangladesh		560,836	46,381,153	316,702	24,927,949
Outside Bangladesh		-	-	-	-
		560,836	**46,381,153**	**316,702**	**24,927,949**
Placement with Banks & Other Financial institutions	4	**13,503,064**	**1,116,703,403**	**-**	**-**
Investment in Share & Securities					
Government		-	-	-	-
Others				-	-
				-	**-**
Investments					
General Investments etc.		-	-	-	-
Bills purchased and discounted		107,194,026	8,864,945,987	62,981,405	4,957,335,636
		107,194,026	**8,864,945,987**	**62,981,405**	**4,957,335,636**
Fixed assets including Premises		-	-	-	-
Other Assets		-	-	-	-
Non-Banking Assets		-	-	-	-
Total Assets		**121,257,927**	**10,028,030,543**	**63,298,106**	**4,982,263,586**
LIABILITIES AND CAPITAL					
Liabilities					
Placement from Banks & Other Financial institutions	5	**120,697,346**	**9,981,670,480**	**62,982,529**	**4,957,424,139**
Deposits and other Accounts					
Mudaraba Savings Deposits		-	-	-	-
Mudaraba Term Deposits		-	-	-	-
Other Mudaraba Deposits		-	-	-	-
Al-Wadia Current Accounts and Others Accounts etc.		-	-	-	-
Bills Payable		-	-	-	-
		-	-	-	-
Other Liabilities		-	-	-	-
Deferred tax Liabilities/ (Assets)		-	-	-	-
Total Liabilities		**120,697,346**	**9,981,670,480**	**62,982,529**	**4,957,424,139**
Capital/Share Holders Equity					
Paid up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Foreign Currency Transaction gain/(Loss)					
Other Reserve		-	-	-	-
Retained Earnings		560,581	46,360,054	315,577	24,839,447
Total Share holders equity		**560,581**	**46,360,054**	**315,577**	**24,839,447**
Total Liability and Share holders equity		**121,257,927**	**10,028,030,543**	**63,298,106**	**4,982,263,586**

AMARSTOCK

Off-shore Banking Unit (OBU) Balance Sheet as at December 31, 2017

	2017		2016	
	USD	Taka	USD	Taka
OFF BALANCE SHEET ITEMS				
Contingent Liabilities				
Acceptance and endorsement	-	-	-	-
Letters of Guarantee	-	-	-	-
Letters of Credit	-	-	-	-
Bills for Collection	-	-	-	-
Other Contingent Liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**
Other Commitments :				
Documentary Credits and other short term trade related transactions	-	-	-	-
Forward Assets Purchased and forward Deposit placed	-	-	-	-
Undraw note issuance and Revolving underwriting Facilities	-	-	-	-
Undraw Formal standing Facilities, Credit lines and others commitments	-	-	-	-
Total off Balance sheet items including Contingent liabilities	**-**	**-**	**-**	**-**

AMAR STOCK

Off-shore Banking Unit (OBU) Profit & Loss Accounts as at December 31, 2017

	Notes	2017		2016	
		USD	Taka	USD	Taka
Investment Income		5,081,681	420,255,043	2,876,388	226,403,670
Profit paid on deposits & Borrowing	7	(4,517,100)	(373,564,188)	(2,556,811)	(201,249,379)
Net Investment Income		**564,581**	**46,690,854**	**319,577**	**25,154,291**
Income from Investment in Shares /Securities		-	-	-	-
Commission, Exchange and Brokerage		-	-	-	-
Other Operating Income		-	-	-	-
		-	-	-	-
Total operating income		**564,581**	**46,690,854**	**319,577**	**25,154,291**
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	330,800	4,000	314,844
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**	**330,800**	**4,000**	**314,844**
Profit/(Loss) before Tax & provision		**560,581**	**46,360,054**	**315,577**	**24,839,447**
Provision against Investments & Contingent Liabilities		-	-	- -	
Provision for diminution in value of invevtment		-	-	-	-
Other Provision		-	-	-	-
Total provision		**-**	**-**	**-**	**-**
Profit/(Loss) before Tax		**560,581**	**46,360,054**	**315,577**	**24,839,447**
Current tax		-	-	-	-
Deferred tax		-	-	-	-
Provision for Taxation		**-**	**-**	**-**	**-**
Net Profit/(Loss) after tax		**560,581**	**46,360,054**	**315,577**	**24,839,447**
Appropriation					
Statutory Reserve		-	-	-	-
General Reserve		-	-	-	-
		-	-	-	-
Retained Earnings		**560,581**	**46,360,054**	**315,577**	**24,839,447**
Earning per Ordinary share (EPS)					

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Off-shore Banking Unit (OBU) Cash Flow Statement
for the year ended December 31, 2017

	Notes	2017		2016	
		USD	Taka	USD	Taka
Investment income receipt in Cash		5,081,681	420,255,043	2,876,388	226,403,670
Profit paid on deposits		(4,517,100)	(373,564,188)	(2,556,811)	(201,249,379)
Dividend recieved		-	-	-	-
Fees & Commission received in cash		-	-	-	-
Recoveries from write off investments		-	-	-	-
Cash payments to employees		-	-	-	-
Cash payments to suppliers		-	-	-	-
Received from other operating activities (item-wise)		-	-	-	-
Paid for other operating activities (item-wise)		(4,000)	(330,800)	(4,000)	(314,844)
Advance income tax paid		-	-	-	-
Operating profit before changes in operating assets and liabilities		**560,581**	**46,360,054**	**315,577**	**24,839,447**
Changing in Operating assets & liabilities					
Increase/Decrease of trading securities		-	-	-	-
Increase/Decrease of investment and advances to other banks		120,697,346	9,981,670,480	62,982,529	4,957,424,139
Increase/Decrease of Investment and advances to customers (other than Banks)		(120,697,091)	(8,864,945,987)	(62,981,405)	(4,957,335,636)
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		**255**	**1,116,724,493**	**1,124**	**88,503**
A. Net Cash from operating activities		**560,836**	**1,163,084,555**	**316,702**	**24,927,950**
Cash flows from investing activities:					
Proceeds from sale of securites		-	-	-	-
Payments for purchases of securities		-	-	-	-
Purchase of property, plant and equipment		-	-	-	-
Sales proceeds of Fixed assets		-	-	-	-
Purchase-sale of subsidiary		-	-	-	-
B. Net cash flows from investing activities		**-**	**-**	**-**	**-**
Cash flows from financing activities					
Increase in Exchange Equalization Account		-	-	-	-
Increase in Share Capital		-	-	-	-
Dividend paid		-	-	-	-
C. Net cash flows from financing activities		**-**	**-**	**-**	**-**
D. Net increase in cash and cash equivalent (A+B+C)		**560,836**	**1,163,084,555**	**316,702**	**24,927,950**
E.Effects of exchange rate changes on cash and cash-equivalents		**-**	**-**	**-**	**-**
F.Net increase in cash and cash equivalent (D+E)		**560,836**	**1,163,084,555**	**316,702**	**24,927,950**
G.Cash & Cash Equivalents at the beginning of the year		**-**	**-**	**-**	**-**
H.Cash & Cash Equivalents at the end of the year		**560,836**	**1,163,084,555**	**316,702**	**24,927,950**

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Off-shore Banking Unit (OBU) Notes to the Financial Statements
For the year ended 31 December 2017

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 82.70 closing rate as at 31 December 2017.

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 2017

		2017		2016	
NAME OF THE BANK	NAME OF THE AD BRANCH	USD	TAKA	USD	TAKA
AL-ARAFAH ISLAMI BANK LTD.	MOTIJHEEL BRANCH	3,851,714.75	318536727.00	3694672.62	290811746.00
AL-ARAFAH ISLAMI BANK LTD.	DILKUSHA BRANCH	6,614,833 .20	547046706.00	1950067.30	153491942.00
AL-ARAFAH ISLAMI BANK LTD.	WEST JATRABARI BRANCH	701,356 .60	58002109.00	2298096.26	180885685.00
AL-ARAFAH ISLAMI BANK LTD.	GULSHAN BRANCH.	2,335,162 .56	193117861.00	62688.60	4934289.00
		13,503,064.12	**116703403.00**	**8005524.78**	**630123662.00**

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.

	2017		2016	
NAME OF THE BANK	USD	TAKA	USD	TAKA
IN BANGLADESH				
AL-ARAFAH ISLAMI BANK LTD.	**43,701,872.59**	**3,614,144,863.19**	**34,901,407.50**	**2,747,128,175.87**
OUTSIDE BANGLADESH	**76,995,473.00**	**6,367,525,617.10**	**28,081,121.51**	**2,210,295,963.28**

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

	2017		2016	
	USD	TAKA	USD	TAKA
AIBL TREASURY DIVISION	3952519	326873334	2237234	176095088
AIBL AD BRANCHES	564581	46690854	319577	25154291
	4517100	**373654188**	**2556811**	**201249379**

8. Principles of Shariah

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

9. Cash flow statement

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

10. General

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

11. Reporting period

The financial statements cover from 1st January 2017 to December 31, 2017.

Off-shore Banking Unit (OBU) Notes to the Financial Statements
For the year ended 31 December 2017

		2017		2016	
		USD	Taka	USD	Taka
Cash					
a)	Cash in hand				
	In local currency	-	-	-	-
	In Foreign currency	-	-	-	-
b)	Balance with Bangladesh Bank				
	In local currency				
	In Foreign currency	-	-	-	-
		-	-	-	-
c)	Balance with Sonali Bank Ltd.	-	-	-	-
	In local currency				
	In Foreign currency	-	-	-	-
		-	-	-	-
Balance with other Banks and Financial Institutions					
	In Bangladesh:	560,836	46,381,153	316,702	24,927,950
	Outside Bangladesh				
		560,836	**46,381,153**	**316,702**	**24,927,950**
	Placement with Banks & Other Financial institutions	**13,503,064**	**1,116,703,403**		
	Investments in Share & Securities				
	Government Securities				
	Bangladesh Govt. Islami Bond Fund				
	Investment In Islamic Refinance Fund	-	-	-	-
	In shares (quoted and unquoted)	-	-	-	-
	Quoted	-	-	-	-
	Private (8.b)	-	-	-	-
	Unquoted	-	-	-	-
	Investments				
a)	**General Investment**				
i.	in Bangladesh				
	Murabaha Investment	-	-	-	-
	Bai-Muazzal Investment	-	-	-	-
	Hire Purchase Investment	-	-	-	-
	Quard	-	-	-	-
	Other Investment	-	-	-	-
		-	-	-	-
ii.	Out side Bangladesh				
b)	Bill Purchased & Discounted				
	Payable in Bangladesh				
	Payable out side Bangladesh	107,194,026	8,864,945,987	62,981,405	4,957,335,636
		107,194,026	**8,864,945,987**	**62,981,405**	**4,957,335,636**
	Fixed Assets				
	Tangiable Assets				
	Land	-	-	-	-
	Building	-	-	-	-
	Furniture (Wood)	-	-	-	-
	Furniture (Steel)	-	-	-	-
	Computer	-	-	-	-
	Computer (Accossories)	-	-	-	-
	Motor Car	-	-	-	-
	Machine equipment & appliance	-	-	-	-
	Online Hardware	-	-	-	-
	Interior Decoration	-	-	-	-
	Books & Library	-	-	-	-

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Off-shore Banking Unit (OBU) Notes to the Financial Statements
For the year ended 31 December 2017

	2017		2016	
	USD	Taka	USD	Taka
Intangiable Assets				
Online Software				
Total	-	-	-	-
Less Accumulated Depreciation				
	-	-	-	-
Other Assets				
Placement from Banks & Other financial Institutions				
Parent Bank	43,701,873	3,614,144,863	34,901,408	2,747,128,176
Out Side Bangladesh	76,995,473	6,367,525,617	28,081,122	2,210,295,963
	120,697,346	**9,981,670,480**	**62,982,529**	**4,957,424,139**
Deposit and Other Accounts				
Mudaraba Savings Deposits	-	-	-	-
Mudaraba Term Deposits	-	-	-	-
Other Mudaraba Deposits	-	-	-	-
Al-Wadia Current Accounts and Others Accounts etc	-	-	-	-
Bills Payable	-	-	-	-
Other Liabilities				
a) Authorised Capital				
The Authorized Capital of the Bank is Ordinary Share of Tk. 10 each.				
b) Issued, Subscribed and Fully Paid - up Capital				
Issued for Cash				
Issued for other than Cash (Bonus Share)				
Statutory Reserve				
Opening balance beginning of the year				
Add. Reserve @ 20% (on pre-tax profit)				
Balance at the end of the year.				
Other Reserve				
Asset revaluation Reserve				
Retained Earnings				
Opening balance beginning of the year	315,577	24,839,447	146,671	11,513,634
Less : transfer to Parent bank	(315,577)	(24,839,447)	(146,671)	(11,513,634)
Add: Profit during the year	560,581	46,360,054	315,577	24,839,447
Less : transfer to Parent bank				
	560,581	**46,360,054**	**315,577**	**24,839,447**
Investment Income	**5,081,681.29**	**420,255,042.68**	**2,876,388.08**	**226,403,669.80**
Profit paid on Deposits & Borrowing	**(4,517,100.22)**	**(373,564,188.19)**	**(2,556,810.65)**	**(201,249,378.75)**
Income from Investment in Share /Securities				
Commission, Exchange & Brokerage Income				
Commission				
Exchange				
Brokerage commision				
Other Operating Income				
Salaries, Allowances & Contribution to P.F				
Director & Sharia Council Fees & Expenses				
i. Directors fees for attending Board/executive Committee/other committee meeting				
ii. TA/DA/ Hotel fare & Foreign Directors				
iii. Others				
Sharia Supervisory Committee's Fees & Expenses				
i. Sharia fees for attending meeting				
ii. TA/DA/ Hotel fare & Foreign Directors				
iii. Others				

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Off-shore Banking Unit (OBU) Notes to the Financial Statements
For the year ended 31 December 2017

	2017		2016	
	USD	Taka	USD	Taka
Rent,Taxes,Insurance & Lighting				
Rent Office				
Lighting & Electricity				
Insurance				
Postage,Telegram,Telephone & Stamp				
Stamp and Catridge paper				
Postage				
Fax Charges				
Telephone (Office)				
Telephone (Residence)				
Telephone (Mobile)				
SWIFT Charge	4,000	330,800	4,000	314,844
Internet Charges				
Online Charge				
	4,000	**330,800**	**4,000**	**314,844**
Depreciation Repairs to the Bank's property				
Repairs to the Bank's property				
R.R. Furniture & Fixture (Wooden)				
R.R. Furniture & Fixture (Steel)				
R.R. Computer				
Maint. of Motor Car and other Vahicle				
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				
Depreciationto the Bank's property				
Depr. Furniture (Wood)				
Depr. Furniture (Steel)				
Depr. Computer				
Depr. Motor Car				
Depr. Machine equip & Appliance				
Depr. Books & Library				
Depr. Land & Building				
Depr. Online Hardware				
Depr. Online Software				
Depr. Computer Accessories				
Depr. Interior Decoration				
Stationary,Printing & Advertisement				
Printing & Stationerty				
Paper & Table Stationery				
Advertisement & Publicity Expenses				
Other expenses				
Cash and Cash Equivalent at the end of the year				
Cash in hand				
Balance with Bangladesh Bank & Sonali Bank Ltd.	560,836	46,381,153	316,702	24,927,949
Balance with Parent Banks				
Bangladesh Government Islamic Investment Bond				
	560,836	**46,381,153**	**316,702**	**24,927,949**

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

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

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

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

Related Party Disclosure

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

Sl	Name and Address	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/interest in the concerned	Remarks
1	2	3	4	5	6
1	**Alhajj Abdus Samad** S.Alam Bhaban, 2119, Asadgonj, Chittagong.	**Chairman**	**Director:**		
			a. AIBL Capital Market Services Ltd.	0.50%	
			Proprietor:		
			b. Samad Trading Agency	100%	
2	**Alhajj Abdus Salam** Mir Ahmed Building 234, Khatungong, Chittagong.	**Vice Chairman**	**Managing Director**		
			a. Mir Banaspati Ltd.	100%	
			b. Mir CNG & Filling Station	40%	
			c. Mir Pulp & Paper Industries Ltd.	25%	
			d. Mir Filling Station Ltd.	100%	
			Director:		
			e. Karnafully Filling Station Ltd.	15%	
			f. AIBL Capital Market Services Ltd.	1.50%	
			CEO:		
			g. M/S. Hajee Mir Ahmed Sowdagar	30%	
			Proprietor:		
			h. M/S M.A. Salam & Co.	100%	
3	**Hafez Alhajj Md. Enayet Ullah** 2, Mukim Katra, Moulvi Bazar, Dhaka.	**Director**	**Active Owner:**		
			a. M/S Hadyet & Brothers	100%	
4	**Alhajj Salim Rahman** 255, Nasirabad I/A, Chittagong.	**Director**	Chairman		
			a. KYCR Coil Ind. Ltd.	13.82%	
			b. KDS Textile Mills Ltd.	0.67%	
			c. SKYS Securities Ltd.	3.61%	
			Managing Director		
			d. KDS Accessories Ltd.	16.16%	
			e. KDS Garments Ind. Ltd.	49.85%	
			f. KDS Apparels Ltd.	50.12%	
			g. KDS Fashions Ltd.	1.71%	
			h. KDS IDR Ltd.	45.00%	
			i. KDS Cotton Poly Thread Ind. Ltd.	7.92%	
			j. KDS Poly Ind. Ltd.	21.00%	
			k. KDS Steel Accessories Ltd	50.00%	
			l. KDS Logistics Ltd.	0.07%	
			Shareholders		
			m. Eastern Bank Ltd.	0.33%	
			n. Pragati Insurance Ltd.	1.12%	
			o. Pragati Life Insurance Ltd.	2.13%	
5	**Alhajj Mohammed Emadur Rahman** Kazi Castle, Islampur, Shaporan Sylhet.	**Director**	**Director**		
			a. Al Haramain Perfumes (Pvt) Ltd.	40%	
			b. Al Haramain Hospital	40%	
			Managing Director:		
			c. Rich & Ruitz Perfumes Trading L.L.C.	49%	
			d. Al Halal Perfumes Industry	24%	
			e. Hamidia Tea Company Limited	34%	
			CEO:		
			f. 4 Corners Distribution UK Limited	50%	
			Deputy Managing Director:		
			g. Al Haramain Perfumes Mgf. & Oudh Processing Ind.	--	
			Partner:		
			h. Al Haramain Trading L.L.C	10%	
			Shareholder:		
			i. AIBL Capital Market Services Ltd.	0.75%	

Sl	Name and Address	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/interest in the concerned	Remarks
7	**Alhajj Abdul Malek Mollah** House-12-14, Road-6, Block-E, Niketon, Gulshan-1, Dhaka	**Director**	**Managing Director :**		
			a. The Mollah Trading Ltd.	15%	
			Shareholder:		
			b. AIBL Capital Market Services Ltd.	0.50%	
8	**Alhajj Md. Harun-ar-Rashid Khan** House-19/A, Road-18,Banani, Dhaka	**Director**	**Director:**		
			a. AIBL Capital Market services ltd.	0.62%	
			b. Canadian Trillinium School (Ltd)	--	
9	**Alhajj Md. Anowar Hossain** House # 6, Road # 1, Dhanmondi, Dhaka-1205.	**Director**	**Managing Director**		
			a. Tania Textiles Ltd.	62.50%	
			b. A.G. Textile Mills Ltd.	54.00%	
			c. Dubai Bangla L P Gas Ltd	40.00%	
			d. Ashik Shipping Lines Ltd.	60.00%	
			e. Dubai Bangladesh Cement Mills Ltd.	18.00%	
			f. Dubai Bangladesh Bag Factory Ltd.	80.00%	
			Director		
			g. Islami Commercial Insurance Co. Ltd.	10%	
			h. Southeast University	--	
			i. Anowar Hossain Secondary School	--	
			j. Sultan Hossain Memorial Hospital	--	
10	**Alhajj Badiur Rahman** Priya Prangon, Building No. -A, Flat No: 0506, 2 Paribagh, DHaka	**Director**	**Proprietor:**		
			a. M/S Oceanlink Services	100%	
			Director :		
			b. Central Hospital Ltd.	2.45%	
			c. Human Resources Dev Co. Ltd.	2%	
			Chairman/Director :		
			d. AIBL Capital Market services ltd.	0.62%	
			e. Bridene Pvt. Ltd.	16.16%	
			f. Ocean Trade Ltd.	15.00%	
			CEO/Director		
			g. Ariel Maritime PTE Ltd.	100%	
11	**AlHajj Engr. Kh. Mesbahuddin Ahmed** House # 2-E, Road # 8, Sector # 7, Uttara Model Town, Dhaka.	**Director**	**Managing Director**		
			a. M/S Aqua Consultant and Association Ltd.	47%	
			Director :		
			b. Takaful Islami Insurance Ltd.	3.20%	
			c. Human Resources Development Co. Ltd (HURDCO)	5%	
			d. Central Hospital Ltd.	4.88%	
			e. AIBL Capital Market services ltd.	1.75%	
12	**Alhajj Ahamedul Hoque** M/s. A.H. Syndicate 16/1, Amir Market, Khatungonj, Chittagong.	**Director**	**Proprietor:**		
			a. M/S. A.H. Syndicate	100%	
			Shareholder:		
			b. AIBL Capital Market Services Ltd.	0.25%	
13	**Alhajj Abu Naser Mohammad yeahea** 232-234, Tejgoan Industrial Area,Dhaka-1208.	**Director**	**Managing Director:**		
			a. Purbachal Steel Mills Ltd.	99.82%	
			b. Purbachal Exclusive Ltd.	99.50%	
			c. Purbachal Drillers Ltd.	50%	
			d. Beco Feed Ltd.	42.50%	
			Director:		
			e. AIBL Capital Market Services Ltd.	4.50%	
			Proprietor:		
			f. Purbachal Gas Filling	100%	
			g. Beco Electronics	100%	

Sl	Name and Address	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/interest in the concerned	Remarks
14	**Alhajj Niaz Ahmed** House # 24,Road # 1, Block # i, Chairman Bari,Banani, Dhaka.	**Director**	**Managing Director:**		
			a. Golden Oil Mills Ltd.	70%	
			b. Savoy Ice Cream Factory Ltd.	77%	
			Director:		
			c. AIBL Capital Market Services Ltd.	0.75%	
			d. Islami Commercial Insurance Co. Ltd.	5%	
			e. South East University		
			f. Bangla Tel Limited	10%	
			g. BD Link Communication Limited	5%	
			h. Jibondhara Solution Limited	10%	
			Proprietor:		
			i. Broadway Marketing Co.	100%	
			j. Golden Trading Co.	100%	
			k. Khaja Corporation	100%	
15	**Alhajj Md. Liakat Ali Chowdhury** As-Salam Tower (9th Floor), 57, Agrabad C/A, Chittagong	**Director**	**Managing Partner:**		
			a. Asadi steel Enterprise	90%	
			b. Jamuna Ship Breakers	5/6th Portion	
			Managing Director:		
			c. Bangladesh Ship Breaking Ltd.	90%	
			d. L & M Builders (Pvt) Ltd.	25%	
			Proprietor		
			e. Regal Oxygen	100%	
			Director:		
			f. AIBL Capital Market Services Ltd.	0.25%	
16	**Alhajj Badsha Meah** 1025/C, Housing Society, Nasirabad, Chittagong.	**Director**	**Shareholder:**		
			a. AIBL Capital Market Services Ltd.	1.75%	
17	**Alhajj Mohammed Haroon** 1025/B, Housing Society, Nasirabad, Chittagong. **Alternative Director:** Jb. Anwar Hossain	**Director**	**Owner:**		
			a. Rising Star Trading Est (U.A.E.)	100%	
			Shareholder:		
			b. AIBL Capital Market Services Ltd.	1.00%	
18	**Jb. Khalid Rahim FCA** House No. 53 (Old: 276), Road No. 16 (Old:27), Dhanmondi R/A, Dhaka	**Independent Director**	Nil	N/A	
19	**Jb. Md. Amir Uddin PPMA** 11 Nasreen Villa, 08 Baily Road, Dhaka	**Independent Director**	Nil	N/A	
20	**Jb. Faruq Ahmad Siddiqi** Siddiqi House' 296, Elephant Road, Dhaka-1205.	**Independent Director**	**Independent Director**		
			a. Apex Tanneries Ltd. (Listed Company)	--	
			b. Runner Automobiles Ltd. (Listed Company)	--	
			c. Summit Power (un-listed Company)	--	
21	**Jb. Md. Habibur Rahman**	**Ex-Officio**	Nil	–	

b.

Name of the Party	Relationship	Nature of Transaction	Amount
AIBL capital Market Services Ltd.	Subsidiary Company	Investment	340,00,00,000

Name of the Directors and their shareholdings in the year- 2017

Sl.	Name of Directors	Status	Ending position on 31/12/2017	Opening position on 01/01/2017	Remarks
1.	Al-Hajj Abdus Samad	Chairman	22376392 shares of Tk. 10/- each Tk 22,37,63,920/-	22376392 shares of Tk. 10/- each Tk 22,37,63,920/-	
2.	Al-Hajj Mohammed Abdus Salam	Vice-Chairman	20166568 shares of Tk. 10/- each Tk 20,16,65,680/-	20166568 shares of Tk. 10/- each Tk 20,16,65,680/-	
3.	Al-Hajj Badiur Rahman	Sponsor Director	27735057 shares of Tk. 10/- each Tk 27,73,50,570/-	27735057 shares of Tk. 10/- each Tk 27,73,50,570/-	
4.	Al-Hajj Md.Harun-Ar-Rashhid Khan	Sponsor Director	19886609 shares of Tk. 10/- each Tk 19,88,66,090/-	19886609 shares of Tk. 10/- each Tk 19,88,66,090/-	
5.	Al-Hajj Abdul Malek Mollah	Sponsor Director	19941603 shares of Tk. 10/- each Tk 19,94,16,030/-	19941603 shares of Tk. 10/- each Tk 19,94,16,030/-	
6.	Hafez Al-Hajj Md. Enayetullah	Sponsor Director	19891573 shares of Tk. 10/- each Tk 19,89,15,730/-	19891573 shares of Tk. 10/- each Tk 19,89,15,730/-	
7.	Al-Hajj Md. Liakat Ali Chowdhury	Director	19892484 shares of Tk. 10/- each Tk 19,89,24,840/-	19892484 shares of Tk. 10/- each Tk 19,89,24,840/-	
8.	Al-Hajj Nazmul Ahsan Khaled	Sponsor Director	20719699 shares of Tk. 10/- each Tk 20,71,96,990/-	20719699 shares of Tk. 10/- each Tk 20,71,96,990/-	
9.	Al-Hajj Ahamedul Haque	Director	19886507 shares of Tk. 10/- each Tk. 19,88,65,070/-	19886507 shares of Tk. 10/- each Tk. 19,88,65,070/-	
10.	Al-Hajj Kh. Mesbah Uddin Ahmed	Director	19887271 shares of Tk. 10/- each Tk. 19,88,72,710/-	19887271 shares of Tk. 10/- each Tk. 19,88,72,710/-	

Name of the Directors and their shareholdings in the year- 2017

Sl.	Name of Directors	Status	Ending position on 31/12/2017	Opening position on 01/01/2017	Remarks
11.	Al-Hajj Abu Naser Mohammad Yeahea	Director	24557236 shares of Tk. 10/- each Tk. 24,55,72,360/-	24557236 shares of Tk. 10/- each Tk. 24,55,72,360/-	
12.	Alhajj Md. Anowar Hossain	Sponsor Director	22015623 shares of Tk. 10/- each Tk. 22,01,56,230/-	22015623 shares of Tk. 10/- each Tk. 22,01,56,230/-	
13.	Al-Hajj Niaz Ahmed	Director	19988724 shares of Tk. 10/- each Tk. 19,98,87,240/-	19988724 shares of Tk. 10/- each Tk. 19,98,87,240/-	
14.	Al-Hajj Salim Rahman	Director	19887005 shares of Tk. 10/- each Tk. 19,88,70,050/-	19887005 shares of Tk. 10/- each Tk. 19,88,70,050/-	
15.	Al-Hajj Mohammed Haroon	Sponsor Director	20002078 shares of Tk. 10/- each Tk. 20,00,20,780/-	20002078 shares of Tk. 10/- each Tk. 20,00,20,780/-	
16.	Al-Hajj Mohammed Emadur Rahman	Director	19910659 shares of Tk. 10/- each Tk. 19,91,06,590/-	19910659 shares of Tk. 10/- each Tk. 19,91,06,590/-	
17.	Al-Hajj Badsha Meah	Sponsor Director	19886651 shares of Tk. 10/- each Tk. 19,88,66,510/-	19886651 shares of Tk. 10/- each Tk. 19,88,66,510/-	
18.	Jb. Khalid Rahim FCA	Independent Director	Nil	Nil	
19.	Jb. Faruq Ahmed Siddiqi	Independent Director	Nil	Nil	
20.	Jb. Md. Amir Uddin PPM	Independent Director			
21.	Jb. Md. Habibur Rahman Managing Director	Ex-Officio Director	187 shares of Tk. 10/- each Tk. 1,870/-	187 shares of Tk. 10/- each Tk. 1,870/-	

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 January2015.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 vides BRPD Circular No: 18 Dated: 21December, 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, 2015 are presented below:

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

1. Scope of application:

a.Qualitative Disclosures	
The name of the top corporate entity to which this framework applies	Al-ArafahIslami Bank Limited
An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated; (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted)	Consolidated financial statements are the financial statements of a group (parent and subsidiaries) presented into one. This offers the benefit of viewing the whole group's combined financial information together to see how all companies are doing jointly. The bank has an approved disclosure policy to observe the disclosure requirements set out by the Bangladesh Bank and International Financial Reporting Standard (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accounts of Bangladesh (ICAB) into Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) where relevant to the bank A group consists of a parent entity and all its subsidiaries. The control exercised by the parent entity is the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from its activities. Consolidated financial statements represent combination of the financials of all subsidiaries of the parent entity. This consolidation is required when a parent owns 50 percent or more shares in the subsidiaries with controlling authority. **Procedures** In preparing consolidated financial statements, an entity combines the financial statements of the parent entity and its subsidiaries and the items covered are mainly assets, liabilities, equity, income and expenses. However intra group balances, transactions, income and expenses are eliminated in full. The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements are of the same date. Consolidated financial statements are prepared using uniform accounting policies for both the parent entity and the subsidiaries. Minority interest is presented in the consolidated statement of financial position within equity segment but separately from the equity of the owners of the parent entity. **Consolidation for regulatory purposes** Banks having subsidiaries have been advised to consolidate their financial statements following accounting standards as set by the regulators to assess capital adequacy. As such the bank has prepared capital adequacy report on Solo basis as well as on consolidated basis. If subsidiaries financials are not consolidated with that of the Bank, investments in subsidiaries by the bank will be deducted at 50% from Tier 1 and 50% from Tier 2 capital of the bank. The assets representing the investments in subsidiaries whose capital had been deducted from that of the parent would not be included in total assets for the purposes of computing CAR. **Off-Shore Banking Unit (OBU)** The Bank obtained the Off-shore Banking Unit ("the Unit") License on 17 February'14 vide letter # BRPD (P-3)744(121)/2014-934 from Bangladesh Bank. The Bank commenced operation of this unit from 22 may 2014. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. Its office is located at AIBL Motijheel Branch, 161,Motijheel Commercial Area , Dhaka 1000. **Al-ArafahIslami Bank Limited has 4 (Four) subsidiaries viz.** a. AIBL Capital Market Services Ltd. b. AIBL Capital Management Ltd. c. AIBL Asset Management Co. Ltd.

	d. Millennium Information Solution Limited (MISL). Al-ArafahIslami Bank holds 60.50%, 98%,98% and 51% of AIBL Capital Market Services Ltd. AIBL Capital Management Ltd. AIBL Asset Management Co. Ltd. Millennium Information Solution Limited (MISL) respectively. A brief description of the Bank and its subsidiary are given below: **a. AIBL Capital Market Services Limited** AIBL Capital Market Services Limited was incorporated as subsidiary company of Al-ArafahIslami Bank Limited with an authorized capital of Tk. 10 billion and paid-up capital of Tk. 4 billion of which AIBL holding is 60.50%. The main objectives of the company are to carry out the business of Stock Broker and Dealer in the Capital Market. **b. AIBL Capital Management Limited** AIBL Capital Management Limited, a subsidiary company of Al-ArafahIslami Bank Limited, was incorporated with an authorized capital of Tk. 2 billion and paid-up capital of Tk. 500 million. The main objectives of the company are to carry out the business of Merchant Banking in all its aspects including Issue Management (IPO, Right Share Issue, Bond Issue etc.), Portfolio Management, Underwriting, Corporate Advisory Services, Pre-IPO Placement, Investment Analysis and Research etc. **c) AIBL Asset Management Co. Ltd.** Another subsidiary company in the name of AIBL Asset Management Co. Ltd. has already been incorporated with Authorized Capital of Tk. 500 million and Paid up Capital of Tk. 100 million to carry out the business of Asset Management, Portfolio Management, Capital Market Operation and other financial services. The shareholding ratio of AIBL and its another subsidiary AIBL Capital Market Services Limited is 9:1. We hope that the company will start its functioning very soon. **d) Millennium Information Solution Limited (MISL)** Al-ArafahIslami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-ArafahIslami Bank Limited. Millennium Information Solution Limited, a private limited Company was incorporated in Bangladesh under the Companies Act 1994 on February 11, 2001. The main objective of company is to carry on activities relating to developing software products and providing maintenance and support services both the domestic and international clients. Over the years, MILS has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah.

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

2) Capital structure:

1. Qualitative Disclosures:

a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2	For the purpose of calculating capital under capital adequacy framework, the capital of banks shall be classified into two tiers. The total regulatory capital will consist of sum of the following categories: 1) Tier 1 Capital (going-concern capital): a) Common Equity Tier 1 b) Additional Tier 1 2) Tier 2 Capital (gone-concern capital)
	Common Equity Tier 1 Capital: It is called 'Core Capital' comprises of highest quality of capital elements consists of – I. Fully Paid-up Capital II. Statutory Reserve III. Non-Repayable Share Premium Account IV. General Reserve V. Retained Earnings VI. Minority Interest in Subsidiaries VII. Dividend Equalization Account VIII. Less: Regulatory adjustments applicable on CET1
	Additional Tier 1: i) Non-cumulative irredeemable preference share ii) Instruments issued by the banks that meet the qualifying criteria for AT1 iii) Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (For Consolidated Reporting) Less:Regulatory adjustments applicable on AT1
	Tier-2 Capital : It is called 'gone-concern capital' represents other elements which fall short of some of the characteristics of the core capital consists of- i) General Provision ii) All other preference shares iii) Subordinated debt iv) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties (For Consolidated reporting only) v) Revaluation Reserves as on 31st December, 2017 (50% of Fixed Assets and Securities and 10% of equities) vi) Other (if any item approved by Bangladesh Bank) Less: Regulatory adjustments applicable on Tier-2 capital

Compliance status of AIBLas per condition for maintaining regulatory capital:

1	Common Equity Tier 1 of at least 4.5% of the Total RWA	Complied
2	Tier 1 will be at least 6.00 % of the Total RWA	Complied
3	Minimum CRRA will be 10.00 % of the Total RWA	Complied
4	Additional Tier 1 Capital can be admitted maximum up to 1.5% of the Total RWA or 33.33% of CEFI whichever higher	Complied
5	Tier 2 Capital can be admitted maximum up to 4% of the Total RWA or 88.89% of CEFI whichever higher	Complied
6	Addition to Minimum CRRA, Capital Conservation Buffer (CCB) of 2.50% of the Total RWA is being introduced which will be maintain in the form of CETI.	Complied

2. Quantitative Disclosures:

The amount of Regulatory Capital 2017 as follows: (Figure In million)

1.Common Equity Tier-1(Going Concern Capital):	**Solo Basis**	**Consolidated Basis**
Fully Paid-up Capital	9,943.06	9,943.06
Statutory Reserve	7,576.58	7,576.58
Retained Earnings	2,176.62	2,259.16
Non Controlling Interest	-	1,761.50
Less: Deferred Tax Assets (DTA)	-	-
	19,696.26	21,540.30
Good will and other Insensible assets	(80.45)	(80.45)
Total Common Equity Tier-1 Capital	**19,615.81**	**21,459.85**
2. Tier-2 Capital :		-
General Provision	2,293.46	2,293.46
Subordinated debt	3000.00	3,000.00
Revaluation Reserves for Securities up to 50%	488.77	488.77
Less: 60%of Revaluation Reserves for Fixed Assets, Securities & Equity Securities.60%	(293.26)	(293.26)
Total Admissible Tier-2 Capital	**5,488.99**	**5,488.95**
Total eligible capital	**25,104.80**	**26,948.80**

3) Capital Adequacy:

Qualitative Disclosures:	
a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities	The Bank is subject to the Capital adequacy norms as per Master Circular on Basel-III Capital regulations issued by the Bangladesh Bank. The Basel III capital regulation is being implemented from 2015. In line with the guidelines of the Bangladesh Bank, the Bank has adopted the following approaches for computing the capital charge. For Credit Risk – Standardized Approach For Market Risk – Standardized Approach Operational Risk – Basic Indicator Approach The Bank has a policy on Internal Capital Adequacy Assessment Process (ICAAP) as stipulated by Bangladesh Bank. The ICAAP also details the Risk Appetite of the Bank, assessment of material risks, the process for capital adequacy assessment to support business projections, adequacy of risk control framework, capital raising plans and Bank-wide stress testing. The periodic assessment of bank's performance against the Risk Appetite defined under ICAAP and results of stress testing are reported to the Board of Directors for their review. CRAR has been computed based on the Basel III guidelines and it is well above the regulatory minimum level of 10%.

(Figure In million)

Quantitative Disclosures :		
Capital requirement under following Risk:	**Solo Basis**	**Consolidated Basis**
a) Capital requirement for Credit Risk	18,751.96	18,797.89
b) Capital requirement for Market Risk	104.86	108.96
c) Capital requirement for Operational Risk	1,587.93	1,717.85
d)Total Capital Requirement (b+c+d)	20,444.75	20,624.70
e) Capital to Risk –weighted Asset Ratio:	**12.28%**	**13.06%**
1.Common Equity Tier 1 (CET 1) Ratio	9.59%	10.40%
Tier 1 Capital Adequacy Ratio	9.59%	10.40%
Tier-2 Capital Adequacy Ratio	2.69%	2.66%
Capital to Risk-weighted Asset Ratio (CRAR)	12.28%	13.06%
f) Capital Conservation Buffer	1.03%	1.82%
Available Capital under Pillar 2 Requirement	**4662.42**	**6326.50**
Minimum Capital Requirement (MCR)	**20,444.75**	**20,624.70**

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:

a) Funded:	
General Investment	
Murabaha Investment	48,754.96
Bai-Muazzal Investment	88,080.02
Hire Purchase Investment	63,373.69
Quard	841.72
Other Investment	21665.98
Sub Total	222,716.38
Outside Bangladesh	-
Sub Total	**222,716.38**
Less: Unearned profit on Investment	**9,347.55**
Total	**213,368.82**
Bill Purchased & Discounted	
Payable in Bangladesh	17,716.86
Payable outside Bangladesh	1,528.54
Sub Total	**19,245.41**
Total Funded:	**232,614.23**
b) Total Non- Funded:	**57,041.89**
c) Geographical distribution of exposures	
Region Based	
Dhaka Region	187,742.50
Chittagong Region	29,623.80
Sylhet Region	1,569.67
Rajshahi Region	8,368.30
Khulna Region	7,215.35
Rangpur Region	4,397.60

(Figure In million)

Barisal Region	3,044.56
Total	**241,961.78**
d) Country based funded	
Domestic	241,961.78
Overseas	-
e) Country based Non-funded	
Domestic	57,041.89
Overseas	-
f) Major Industry wise distribution of exposures	
Agriculture, Fishing and Forestry	2,800.01
Industry	112,386.00
Construction	11,823.00
Water works & Sanitary Service	391.00
Transport & communication	9,048.00
Storage	1,182.00
Trade Finance	64,701.22
Miscellaneous	39,630.55
Total	241,961.78
Less Unearned Profit on Investment	9,347.55
Total	232,614.23
g) Distribution of risk exposure by claims	-
a) Claims on sovereigns and central banks	36,465.13
b) Claims on PSE -	-
c) Claims on banks and securities firms	14953.80
d) Claims on corporate	84915.10
e) Claims included in the retail portfolio & small enterprises	123101.20
f) Claims secured by residential property	10137.20
g) Claims secured by commercial real estate	11649.40
h) Consumer Investment	**470.60**
i) Off-balance sheet items	15252.14
h) Credit risk mitigation	
Claims secured by financial collateral	2249.60
Net exposure after the application of haircuts	597.60
Claims secured by eligible guarantee	6446.60
g) Residual contractual maturity breakdown of the whole portfolio	
Repayable on demand	-
Up to 1 month	25,538.10
More than 1 month but less than 3 months	52,398.70
More than 3 months but less than 1 year	94,270.40
More than 1 year to less than 5 year	47,135.20
More than 5 year	13,271.83
Total	**232,614.23**
Gross Non Performing Assets- (NPAs)	
Non-performing assets to outstanding Investment (loans and advances)	9,921.51
Movement of Non Performing Assets (NPAs)	
Opening balance	8,994.98
Additions	4,703.63
Less Cash Recovery	(2,027.06)
Less RSDL from CL	(680.04)
Less Written Off	(1070.00)
Closing balance	9,921.51
Movement of specific provisions for NPAs	
Provision held at the begining of the year	2,586.67
Fully provision debt written off	(754.13)
Recoveries of amount previously written off	309.97
Specific provision for the year	3,247.09
Closing balance	**5,389.60**

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:

Name of the Scrip	value
Central Depository Bangladesh Ltd	3.14
Total	**3.14**

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

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, 2017

(Figure In million)

Particulars	Up to 1 month	1 to 3 month	3 to 12 month	I to 5 years	Above 5 years	Total
Asset						
Cash in hand	19,087.84	4,400.00	-	-	16,277.90	39,765.74
Balance with other banks & Financial Institute	1,044.00	2,150.00	2,050.00	6,091.12	-	11,335.12
Placement with other banks & Financial Institute	-	4,400.00	-	-	-	4,400.00
Investment in Shares & Securities (only HTM)	-	-	-	8,020.59	-	8,020.59
Investment (Loans and Advances)	25,538.10	52,398.70	94,270.40	47,135.20	13,271.83	232,614.23
Fixed Assets	-	-	-	-	3,089.83	3,089.83
Other Assets	1,536.00	41.00	1,366.20	-	12,428.26	15,371.46
Total	47,205.94	63,389.70	97,686.60	61,246.91	45,067.82	314,596.97
Liabilities						
Placement from other banks & Financial Institute	8,934.75	21,969.30	-	-	-	30,904.05
Deposits and Other accounts	34,258.23	32,192.70	68,526.00	69,778.70	40,886.60	245,642.23
Provision and other liabilities	250.50	1,386.10	413.40	-	12,223.11	14,273.11
Deferred Tax Liabilities/Assets	-	-	-	-	100.95	100.95
AIBL Subordinate Bond	-	-	-	3,000.00	-	3,000.00
Total	**43,443.48**	**55,548.10**	**68,939.40**	**72,778.70**	**53,210.66**	**293,920.34**
GAP	**3,762.46**	**7,841.60**	**28,747.20**	**(11,531.79)**	**(8,142.84)**	**20,676.63**
Cumulative GAP	**3,762.46**	**11,604.06**	**40,351.26**	**28,819.47**	**20,676.63**	**-**

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	3,762.46	3,762.46	3,762.46
Impact on NII (Net Interest Income)	3.14	6.27	9.41
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Net Interest Income	1.25	2.51	3.76
Period		**1 to 3 month**	
GAP	7,841.60	7,841.60	7,841.60
Impact on NII(Net Interest Income)	13.07	26.14	39.21
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Net Interest Income	5.23	10.46	15.68
Period		**3 to 12 month**	
GAP	28,747.20	28,747.20	28,747.20
Impact on NII(Net Interest Income)	215.60	431.21	646.81
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Net Interest Income	86.24	172.48	258.72

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	3,762.46	3,762.46	3,762.46
Impact on NII (Net Interest Income)	(3.14)	(6.27)	(9.41)
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on Net Interest Income	(1.25)	(2.51)	(3.76)
Period		**1 to 3 month**	
GAP	7,841.60	7,841.60	7,841.60
Impact on NII (Net Interest Income)	(13.07)	(26.14)	(39.21)
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on NII	(5.23)	(10.46)	(15.68)
Period		**3 to 12 month**	
GAP	28,747.20	28,747.20	28,747.20
Impact on NII(Net Interest Income)	(215.60)	(431.21)	(646.81)
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on NII	(86.24)	(172.48)	(258.72)

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	40,351.26	40,351.26	40,351.26
Period(Year)		1 Year	
Impact on NII (Net Interest Income)	403.51	807.03	1,210.54
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on NII	161.41	322.81	484.22

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	40,351.26	40,351.26	40,351.26
Period(Year)		1 Year	
Impact on NII (Net Interest Income)	(403.51)	(807.03)	(1,210.54)
Applicable tax rate	40.00%	40.00%	40.00%
Tax adjusted impact on NII	(161.41)	(322.81)	(484.22)

7) Market Risk:

a) Qualitative Disclosures:

Views of BOD on trading/ investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transactions. Trading book consists of positions in financial instruments held with trading intent or in order to hedge other elements of the Trading Book. The portfolio of investment includes Government Treasury Bills and Bonds, Prize Bonds, Shares of listed Public Limited Companies etc. Bank always desires to invest in high yield areas and also has ensured maintenance or Statutory Liquidity Requirements (SLR) as fixed by Bangladesh Bank.
Methods used to measure Market Risk.	Market risk is the possibility of losing assets in the balance sheet and off- balance sheet positions due to volatility in the market variables viz. interest rate, foreign exchange rate, reinvestment and price. The bank measures impact on profitability and impact on asset prices under market risk through Maturity GAP Analysis, Sensitivity Analysis, VAR, and Mark to Market and has adopted Standardized Measurement approach for measuring Market Risks under Basel-III. Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows: 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	1.60	5.70
Foreign exchange risk	103.26	103.26
Commodity risk	-	-
Total	104.86	108.96

8) Operational risk:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The way operational risk is managed has the potential to positively or negatively impact a bank's customers,its financial performance and reputation. The Bank has put in place Board approved governance and organizational structure with clearly defined roles and responsibilities to mitigate operational risk arising out of the Bank's business and operations.
ii) Performance gap of executives and staffs	The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop corporate culture where employees can exert their highest involvement and commitment to work and organization with high ethical standards in order to build a congenial atmosphere. The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.
iii) Potential external events	No potential external events are expected to expose the Bank to significant operational risk
iv) Policies and Processes for mitigating operational risk:	The Bank has adopted policies which deal with managing different Operational Risk. Bank strongly follows KYC norms for its customer dealings and other banking operations. The Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh Bank and External Auditors conduct inspection of different branches and divisions at Head Office of the Bank and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. In 2015 ICC Division conducted following No. of audit:
	Nature of Audit: No of Frequencies Compressive & Risk based Internal Audit Annually: 140 branches i.e 100% as per Audit Plan Compressive & Risk based Internal Audit Quarterly: 4 times i.e 100% as per Audit Plan Head Office Audit & Inspection: 20 Wing/Division/Zonal Head i.e 100% as per Audit Plan Surprise Inspection: 28branches i.e 100% as per Audit Plan
v) Approach for calculating capital charge for operational risk	The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December 2014 Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by α(alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula: K = [(GI 1 + GI2 + GI3) α]/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-2017	11,790.47		
December-2016	10,751.43		
December-2015	9,216.78		
Total GI	**31,758.68**	**10,586.23**	**1,587.93**

9. Liquidity Ratio:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce liquidity Risk	The Bank manages liquidity risk in accordance with its ALM Policy. This policy is framed as per regulatory guidelines and is approved by the Board of Directors. The ALM Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. The ALCO of the Bank formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the ALM Policy.
ii) Methods used to measure Liquidity risk	1) Liquidity risk is measured and monitored through two approaches-1) Time Bucket Analysis: Time Bucket Analysis involves comprehensive tracking of cash flow mismatches and is done through preparation of Structural liquidity statement on a regular basis. Appropriate tolerance levels/prudential limits have been stipulated for mismatches in different time buckets. 2) Ratio Analysis: Under Ratio Analysis various balance sheet ratios are prescribed with appropriate limits. The compliance of ratios to the prescribed limits ensures that the Bank has managed its liquidity through appropriate diversification and kept it within the sustainable limit. The Bank also assess its short-term liquidity mismatches and reports the same in the short term dynamic liquidity report which represents the cash flow plans of various asset and liability generating units and seasonal variation of cash flow patterns of assets and liabilities of the bank over a period of 1-90 days. 3) Liquidity Risk Management System : A liquidity risk management involves not only analyzing banks on and off balance sheet positions to forecast future cash flows but also how the funding requirement would be met. The later involves identifying the funding market the bank has access, understanding the nature of those markets, evaluating banks current and future use of the market and monitor signs of confidence erosion. Al-ArafahIslami Bank Limited has well organized liquidity risk management system as enumerated in ALM Policy which is approved by the Board. The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of Balance Sheet Management, Treasury Front Office, Budget and Planning etc.
iii) Liquidity Risk Management System	A liquidity risk management involves not only analyzing banks on and off balance sheet positions to forecast future cash flows but also how the funding requirement would be met. The later involves identifying the funding market the bank has access, Understanding the nature of those markets, evaluating banks current and future use of the market and monitor signs of confidence erosion. Al-ArafahIslami Bank Limited has well organized liquidity risk management system as enumerated in ALM Policy which is approved by the Board. The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of Balance Sheet Management, Treasury Front Office, Budget and Planning etc.
iv) Policies and Processes for mitigating Liquidity risk	An effective liquidity risk management process should include systems to identify measure, monitor and control its liquidity exposures. To mitigate the liquidity risk, Management of our bank identifies and quantifies the primary sources of a bank's following risk in a timely manner. By proper identify of the sources, management understand both existing as well as future risk that the bank can be exposed to. Our Management always alert for new sources of liquidity risk at both the transaction and portfolio levels. Key elements of an effective risk management process include an efficient MIS to measure, monitor and control existing as well as future liquidity risks and reporting them to senior management and the board of directors.

b) Quantitative Disclosures:

(Figure In million)

Liquidity Coverage Ratio	107.13%
Net Stable Funding Ratio (NSFR)	101.21%
Stock of High quality liquid assets	46,573.50
Total net cash outflows over the next 30 calendar days	43,473.80
Available amount of stable funding	252,057.60
Required amount of stable funding	249,044.20

10. Leverage Ratio:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce excessive leverage	Excessive leverage by banks is widely believed to have contributed to the global financial crisis. Thus Basel III rules have introduced leverage ratio as a non-risk-based backstop measure, to supplement risk-based capital requirements. Board of Directors of our Bank continuously is monitoring the exposure limit of lending, capital strength of our Bank in order to avoid building-up excessive on- and off-balance sheet leverage.
ii) Policies and processes for managing excessive on and off balance sheet leverage	Many regulators are considering raising the leverage ratio. This means that banks will have to keep more capital reserves. To increase capital reserves in order to meet higher leverage ratios requires selling assets to get cash or reducing lending. Higher leverage ratio can decrease the profitability of banks because it means banks can do less - profitable lending. However, increasing the leverage ratio means that banks have more capital reserves and can more easily survive a financial crisis. In view of the impact of leverage into the business, our bank management takes decision about future investment. Considering the financial strength, Bank also make Capital planning and business budget to go on a right way.
iii) Approach for calculating exposure	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 = ---------- Total Exposure (after related deductions)

b) Quantitative Disclosures:

(Fig In Million)

	Solo	Consolidated
Leverage Ratio	5.99%	6.46%
On Balance Sheet Exposure	311,707.24	316,389.65
Off- Balance Sheet Exposure	15,758.23	15,758.23
Total Exposure	**327,385.02**	**332,067.43**

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, 2015.

a) Qualitative Disclosures:

	a) Information relating to the bodies that oversee remuneration: Managing Director, MANCOM & Head of Human Resources division governs the remuneration related policies and practices in alignment of the banks' short & long term objectives. They plays an independent role, operating as an overseer; and if required, makes recommendation to the Board of Directors of the Bank for its consideration and final approval for any remuneration related policy. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of senior Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance based compensation by ensuring effective remuneration policy, procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to all branches. A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group. Risk Takers are senior employees who can take, or influence the taking of, material risk for Al-ArafahIslami Bank or for a material business unit: Managing Director : 01 Deputy Managing Director : 05 Executive Vice President : 11 Senior Vice President : 35
	b) Information relating to the design and structure of remuneration processes: Key features of remuneration policy: We target a fair human resources management by using a performance based system. Our salary policy is the same in all branches and service points for the beginner level. In addition, to drive further development of individual skill sets and competencies, speaking foreign languages is compensated. There is no incident of discrimination has been occurred in terms of remuneration provided to male and female employees. Al-ArafahIslami Bank compensation program focuses on individual short-term goals vis-a-vis long-term success and overall profitability of the Bank. Both our short-term annual incentive and long-term compensation plans promote our pay-for-performance philosophy, as well as our goal of having a meaningful amount of pay at-risk, and we believe both plans provide us a competitive advantage in talent acquiring and retaining. **Objectives of remuneration policy:** The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits. Performance is judged, not only on what is achieved, but also on how it is achieved as well as alignment to the Bank's values. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made: The remuneration committee reviewed the firm's remuneration on 2014 and revised the remuneration by conducting a survey considering the following facts:

	a. Oversee Banks remuneration position and revise the structure according to the Competitive market. b. Align compensation strategy with business strategy c. Determine the percentage of increment at each job grade d. Get acquaint with the economy inflation. Based on the survey, Bank changes the remuneration on COMPA-Ratio based of its existing employees. **A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee :** Control function of internal control and compliance directly respond of Audit Committee of the Board and dotted report to the President and Managing Director. Credit Risk Officer report to President and Managing Director directly.
	c) Description of the ways in which current and future risks are taken into account in the remuneration processes. The Bank's remuneration practices are carefully managed takes into account the following key risks when implementing remuneration measures: • Financial Risks • Compliance Risks Risk and compliance requirements represent a gateway to whether an incentive bonus payment is made and the size of the payment. Despite, if the individual does not me et or only partially meets compliance requirements, no award or a reduced award may be made.
	d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration: Employees' performance is appraised annually in line with the achieved objectives, which have a positive and direct impact in their pay package. So, individual's remuneration may vary according to their performance. The payment is dependent on the Board's discretion, taking into account the recent performance of the Bank.
	e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance: The Bank's remuneration system is designed to reward long-term as well as short-term performance, encourage retention and recognize special performance in the organization. The Bank provides reasonable remuneration for short-term performance besides for long-term performance the bank has some deferred payment options (i.e. incentive bonus, gratuity, superannuation etc.).In case of following situation remuneration can be adjusted before vesting: • Disciplinary Action (at the discretion of Enquiry committee) • Resignation of the employee prior to the payment date. At the same time previously paid or already vested variable pay can also be recovered under the case of disciplinary action.
	f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms: A summary of Short-term and Long-term compensation plan are as follows: Total Compensation = Fixed Pay (Salary)+Variable Pay (Bonus)+Variable Pay (Long term incentive) Form of variable remuneration offered by Al-ArafahIslami Bank:
	Cash Form: Short-Term Incentives / Rewards 1. Yearly Increment 2. Yearly fixed and incentive bonus 3. Car, fuel and car maintenance allowance for executives 4. Accelerated promotion/Special increment for especial assignments/ accomplishment;

	5. Cash Risk allowance for cashier; 6. Charge allowance for Head of Branches 7. Leave Encashment. **Long-Term Incentives / Rewards** 1. Provident fund; 2. Gratuity; 3. Social Security& Benevolent(SSBF) fund 4. Staff House building Investment Scheme(SHBIS) reduce profit rate 5. Provident fund Quard(Investment) with zero profit rate 6. 6. Yearly professional membership fees for professional certificates holder **Non-Cash Form:** Short-Term Incentives / Rewards 1. Accelerate promotion for top talents; 2. Study leave. **Long-Term Incentives / Rewards** 1. Foreign training award;

b) Quantitative Disclosures:

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

Auditor's Report

on the Financial Statements of

AIBL Capital Market Services Ltd.

For the Period ended December 31, 2017



AUDITOR'S REPORT

To The Shareholders of
AIBL Capital Market Services Limited

Introduction

We have audited the accompanying Financial Statements of AIBL Capital Market Services Limited which comprise of the Statement of Financial Position as at 31 December 2017 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 a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRSs), give a true and fair view of the state of the company's affairs as at 31 December 2017 and of the results of its operations for the yearthen ended comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof ;

b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books ;

c) the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with by the report are in agreement with the books of account ; and

d) the expenditure incurred was for the purposes of the company's business.

Dated: Dhaka
February 15, 2018

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

Statement of Financial Position as at December 31, 2017

Particulars	Notes	Amount (In Taka) 31.12.2017	Amount (In Taka) 31.12.2016
ASSETS:			
Non - Current Assets:		**18,713,240**	**20,362,532**
Property, Plant & Equipment	4	18,713,240	20,362,532
Current Assets:		**11,621,076,177**	**12,985,571,886**
Account Receivable	5	409,861,191	53,598,056
Investment	6	8,199,054,467	10,008,800,560
Investment in Share (DSE & CSE)	7	700,000,000	700,000,000
Advance, Deposits & Prepayment	8	7,735,476	9,229,248
Advance Income Tax	9	2,096,930,307	1,680,493,862
Cash and Cash equivalent	10	207,494,736	533,450,160
Total Assets:		**11,639,789,417**	**13,005,934,418**
EQUITY AND LIABILITIES:			
Capital and Reserve:		**4,130,208,335**	**4,055,863,955**
Paid -up Capital	11	4,000,000,000	4,000,000,000
Retained Earning		130,208,335	55,863,955
Current Liabilities:		**7,509,581,082**	**8,950,070,463**
Borrowing from Bank	12	4,690,423,901	2,918,092,979
Accounts Payable	13	363,320,041	3,731,024,964
Provision for Investments	14	428,009,835	343,709,835
Provision for taxation	15	2,027,827,305	1,957,242,685
Total Equity and Liabilities:		**11,639,789,417**	**13,005,934,418**

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

Director Director Managing Director

Signed subject to our seperate report of even date.

Dated : Dhaka
February 15, 2018

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

AMAR STOCK

Statement of Profit or Loss and Other Comprehensive Income For the Year ended 31 December, 2017

Particulars	Notes	Amount (In Taka) 2017	Amount (In Taka) 2016
Investment Income	16	480,236,262	1,220,161,707
Profit paid on Borrowing	17	(514,566,486)	(231,913,177)
Net Investment Income		**(34,330,224)**	**988,248,530**
Income from Commission, Exchange & Others:			
Brokerage Commission	18	382,481,895	265,307,550
Documentation & Maintenance Fess	19	5,108,000	4,888,000
Other Operating Income	20	45,279,831	21,480,206
		432,869,726	**291,675,756**
Total operating Income (A)		**398,539,502**	**1,279,924,286**
Hawla,Laga & CDBL Charges	21	42,426,549	31,830,185
Salary allowances& Contribution to P.F	22	59,949,037	44,775,054
Rents, Taxes, Insurance, Lighting etc.	23	11,530,435	11,060,624
Honorarium & Meetting Expense	24	7,143,200	4,451,000
Law Charges		77,434	211,730
Postage, Telegram, Telephone & Stamps etc	25	698,344	510,808
Depreciation, Amortization & Repairs to Properties	26	7,193,974	6,607,067
Stationary, Printing, Advertisement etc.		1,671,705	1,691,107
Other Expenses	27	38,619,824	18,725,090
Total operating expenses (B)		**169,310,502**	**119,862,665**
Profit/(loss) before provision and Tax C = (A - B)		**229,229,000**	**1,160,061,621**
Provision for Taxation	28	70,584,620	402,177,294
Provision for Investment		84,300,000	33,885,335
Net Profit after Tax		**74,344,380**	**723,998,992**
Retained Earning Brought forward		55,863,955	51,864,963
		130,208,335	**775,863,955**
Interim Dividend Paid		-	720,000,000
Retained earning Carried forward		**130,208,335**	**55,863,955**
Earning per Share (EPS)		**0.19**	**1.81**

The annexed notes form an integral part of these financial statements

Director Director Managing Director

Signed subject to our seperate report of even date.

Dated : Dhaka
February 15, 2018

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

Statement of Changes in Equity for the Year Ended 31 December, 2017

Particulars	Share Capital	Retained Earning	Total
Balance as on 1st January, 2017	4,000,000,000	55,863,955	4,055,863,955
Net profit for the Period	-	74,344,380	74,344,380
Interim Dividend Paid	-	-	-
Balance as at December 31, 2017	**4,000,000,000**	**130,208,335**	**4,130,208,335**

Director Director Managing Director

Statement of Changes in Equity As at 31 December, 2016

Particulars	Share Capital	Retained Earning	Total
Balance as on 1st January, 2016	4,000,000,000	51,864,963	4,051,864,963
Net profit for the Period	-	723,998,992	723,998,992
Interim Dividend		(720,000,000)	(720,000,000)
Balance as at December 31, 2016	**4,000,000,000**	**55,863,955**	**4,055,863,955**

Director Director Managing Director

AMAR STOCK

Statement of Cash Flows For the Year ended December 31, 2017

Particulars	Amount (In Taka) 2017	Amount (In Taka) 2016
Cash flows from operating activities		
Investment income receipt in Cash	480,236,262	1,220,161,707
Profit paid on deposits and borrowing	(514,566,486)	(231,913,177)
Commission received in cash	382,481,895	265,307,550
Cash payments to employees	(59,949,037)	(44,775,054)
Cash payments to suppliers	(1,671,705)	(1,691,107)
Received from other operating activities (item-wise)	50,387,831	26,368,206
Paid for other operating activities (item-wise)	(102,261,450)	(68,061,638)
Advance income tax paid	(416,436,445)	(344,049,863)
Operating profit before changes in operating assets and liabilities	**(181,779,135)**	**821,346,624**
Changing in Operating assets & liabilities		
Increase/Decrease Investment	1,809,746,093	(1,303,555,746)
Increase/Decrease of Accounts receivable	(356,263,135)	5,636,145
Increase/Decrease of Borrowing	1,772,330,922	516,097,697
Increase/Decrease of Accounts payable	(3,367,704,923)	895,135,554
Increase/Decrease of other assets (item-wise)	1,493,772	(2,184,905)
Increase/Decrease of other liabilities (item-wise)	-	-
Cash receipt from operating activities	**(140,397,271)**	**111,128,745**
A. Net Cash from operating activities	**(322,176,406)**	**932,475,369**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,779,018)	(13,984,521)
B. Net cash flows from investing activities	**(3,779,018)**	**(13,984,521)**
Cash flows from financing activities		
Increase in Share Capital	-	-
Interim Dividend Paid	-	(720,000,000)
C. Net cash flows from financing activities	**-**	**(720,000,000)**
D. Net increase in cash and cash equivalent (A+B+C)	**(325,955,424)**	**198,490,848**
E.Effects of exchange rate changes on cash and cash-equivalents	**-**	**-**
F.Net increase in cash and cash equivalent D+E	**(325,955,424)**	**198,490,848**
G.Cash & Cash Equivalents at the beginning of the period	**533,450,160**	**334,959,312**
H.Cash & Cash Equivalents at the end of the period	**207,494,736**	**533,450,160**

Director Director Managing Director

AIBL CAPITAL MARKET SERVICES LIMITED
Notes to the Financial Statement
For the year ended 31st December, 2017

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIALS INFORMATION:

a) Legal Form of the Enterprise:

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

b) Address of Registered Office and Principal Place of Business:

The principal place of business is the Registered Office at Peoples Insurance Bhaban (7th floor), 36 Dilkusha C/A, Dhaka-1000.

c) Nature of Business Activities:

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

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS:

a) Statement of Compliance:

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

b) Measurement bases used in preparing the Financial Statements:

The elements of financial statements have been measured on "Historical Cost" convention, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standards Board (IASB).

c) Going Concern:

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

d) Components of financial statements:

According to International Accounting Standards (IAS)-1, as adopted by ICAB as BAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components;

i. Statement of Financial Position
ii. Statement of Comprehensive Income
iii. Statement of Changes in Equity
iv. Statement of Cash Flows
v. Notes, comprising a summary of significant accounting policies and other explanatory information.
vi. Comparative Figures.

3. PRINCIPAL ACCOUNTING POLICIES:

a) Statement of Cash Flows:

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

b) Investment in security:

Investment in security are classified broadly in two categories and accounted under as follows:

I) Investment in listed securities:

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

II) Margin Investment:

AIBL Capital Market Service Limited extended margin loan to the portfolio investors at an agreed ratio (between

investor deposit and loan amount) of purchases securities against the respective investor account. The investors are to maintain the margin as per set rules and regulation. The margin is monitored on daily basis as it changes due to change in market price of share.

If the margin falls below the minimum requirement, the investor are required to deposit additional fund to maintain the margin as per rules or otherwise the securities be sold to bring the margin to the required level but it was not possible to maintain under present capital market scenario.

c) Revenue Recognition:

I) Income from margin loan:

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance respective parties. Income is recognized on monthly rest.

II) Income from gain on sale of securities:

Capital gain or loss on disposal of security listed in the stock exchange is recorded on realized basis i.e. only when the securities are sold in the market. Unrealized capital gain or losses are not accounted for in the Statement of Comprehensive Income.

d) Event after balance sheet dated: BAS-10:

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

e) Cash & Cash equivalent :

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

f) Provision of TAX:

Provision for income tax has been calculated on the total business income though company's trading income is subject to deduction of tax at source which is treated as final discharge from tax liability under Income Tax Ordinance 1984.

g) Provision on expenses:

Provision for expenses is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligations and reliable estimate of the amount can be measured.

h) Fixed assets and depreciation:

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on the cost of fixed assets in order to write off such amounts over the estimated useful lives, using the straight-line method in accordance with BAS-16. Depreciation for full month is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal and addition during the year. The rates of depreciation used to write off the amount of assets are as follows:

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

i) Reporting Currency and Level of Precision:

The figures in the financial statements represent Bangladesh Currency (Taka), which have been rounded-off to the nearest Taka.

j) Comparative figures of financial statements:

The comparative figures of Statement of Financial Position for the period ended 31st December, 2017 have been compared with the unaudited financial statements of 31st December, 2016.

		Amount (In Taka) 2017	Amount (In Taka) 2016
4.00	**Property, Plant & Equipment**		
	a) Tangible Asset		
	Interior Decoration	8,387,595	6,186,782
	Computer accessories	-	-
	Online Hardware	45,650	-
	Motor Car	8,316,503	11,929,091
	Furniture & fixture - steel	177,246	200,679
	Office equipment	48,900	-
	Computer	318,500	-
	Furniture & fixture - wood	1,124,897	1,425,412
		18,419,291	**19,741,964**
b)	**Intangible Assets**		
	Online Software	293,949	620,568
		293,949	620,568
	Total (a+b)	**18,713,240**	**20,362,532**
	Details have been shown in Annexure-"A"		
5.00	**Accounts Receivable:**		
	Receivable from DSE	15,400,077	52,758,056
	profit charged but not realised	394,461,114	
	Dividend Receivable	-	840,000
		409,861,191	**53,598,056**
6.00	**Investments:**		
	Margin Investment	8,186,981,984	9,783,753,077
	Investment in Dealer A/C	2,072,483	215,047,483
	Investment In AIBL Capital Management Ltd.	10,000,000	10,000,000
		8,199,054,467	**10,008,800,560**
7.00	**Investment in Share (DSE & CSE):**		
	Investment in Share (DSE)	525,000,000	525,000,000
	Investment in Share (CSE)	175,000,000	175,000,000
		700,000,000	**700,000,000**

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 vale of which was Tk. 2,000 (Two thousand) and Tk. 300,000 (Three lac) per share respectively. After Demutualization, DSE alloted 7,215,106 number of ordinary shares (of which 4,329,064 shares blocked with DSE Demutualization Blocked Account) and CSE also alloted 4,287,330 number of ordinary shares (of which 2,572,398 shares are blocked with CSE) at face value of Tk. 10/-each.

AMARSTOCK

			Amount (In Taka) 2017	Amount (In Taka) 2016
8.00	**Advance, Deposit & Prepayments:**			
	Advance against for Office Space at Nikunja, Dhaka.		100,000	100,000
	Advance against for Office Space Gulshan(old).		574,080	624,080
	Advance against for Office Space at Amborkhana		54,450	319,050
	Advance rent Gulshan Br.(New)		550,000	766,000
	Advance Rent Dhanmondi		-	224,000
	Advance Rent Store		40,000	-
	Advance Rent Uttara Br.		2,281,572	2,395,260
	Advance Rent Barisal Br.		1,342,673	1,646,669
	Advance Rent B. Baria		698,850	866,574
	Advance Rent Khatungonj		1,012,522	1,218,466
	Advance Against Petty Cash		1,081,329	1,069,149
			7,735,476	**9,229,248**
9.00	**Advance Income Tax:**			
	Tax deducted at source DSE		49,027,519	33,656,935
	Tax deducted at source CSE		1,109,533	1,956,407
	TDS against Dividend		2,734,939	2,533,898
	Tax deducted at source Bank		1,314,020	1,515,566
	Tax paid 2017 through Chalan & Source		26,250,000	-
	Tax paid 2016 through Chalan & Source		414,413,240	78,750,000
	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	289,791,671
	Tax paid 2012 through challan & Source		299,436,990	299,436,990
	Tax paid 2011 through challan		260,386,748	230,386,748
	Tax paid 2010 through chalan		20,146,476	20,146,476
			2,096,930,307	**1,680,493,862**
10.00	**Cash and Cash equivalent:**			
	Al-Arafah Islami Bank Limited	**Note-10.01**	207,485,684	533,439,958
	Shajalal Islami Bank Limited		9,052	10,202
			207,494,736	**533,450,160**
10.01	**Balance at Bank:**			
	Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (2693)		16,472	15,288
	AIBL Capital Market Services Limited Cons.cust. (2927)		203,453,501	493,254,555
	AIBL Capital Market Services Limited. (2936)		2,829,614	6,909,693
	AIBL Capital Market Services Ltd. Dividend A/C ()		443,648	9,321,106
	Al-Arafah Islami Bank Limited, Gulshan		-	43,000
	Al-Arafah Islami Bank Limited, Khatungonj Br.		-	756,000
	AIBL Capital Market Services Ltd. Public Issue Application A/C		510,644	19,903,214
	AIBL Capital Market Services Limited Uttara		200,000	220,000
	AIBL Capital Market Services Limited SIBL		305	2,102
	AIBL Capital Market Services Limited Khulna		31,500	3,015,000
			207,485,684	**533,439,958**
11.00	**Share Capital:**			
11.01	**Authorised Capital:**			
	The authorised Capital of the Company is 100,00,00,000 Ordinary Share of TK. 10 each.		**10,000,000,000**	**10,000,000,000**

	Amount (In Taka) 2017	Amount (In Taka) 2016
11.02 Issued, Subscribed and fully Paid-up Capital:		
Issued, Subscribed and fully Paid-up Capital is 40,00,00,000 share of TK. 10 each.	**4,000,000,000**	**4,000,000,000**

11.03 Share Holding Position: As at 31,December 2017

Name of the Share Holder	% of Share holdings	No. of Shares	Amount (In Taka)
Al-Arafah Islami Bank Limited	60.50%	242,000,000	2,420,000,000
Badiur Rahman	0.63%	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 Breaking Yeard	0.50%	2,000,000	20,000,000
AI- haj Md. Harun-ar-Rashid Khan	0.63%	2,500,000	25,000,000
Alhaj Nazmul Ahsan Khaled	0.50%	2,000,000	20,000,000
KDS Garment industries Ltd.	5.00%	20,000,000	200,000,000
Alhaj Abdus Samad	0.50%	2,000,000	20,000,000
Alhaj Abu Naser Mohammad Yeahea	4.50%	18,000,000	180,000,000
Alhaj Abus Salam	1.50%	6,000,000	60,000,000
Niaz Ahmed	0.75%	3,000,000	30,000,000
Badshah Meah	1.75%	7,000,000	70,000,000
Alhaj Kazi Md. Mofizur Rahman	2.00%	8,000,000	80,000,000
Alhaj Eng. Kh. Mesbahuddin Ahmed	1.75%	7,000,000	70,000,000
Md. Ashik Hossain	0.50%	2,000,000	20,000,000
Farid Ahmed	0.50%	2,000,000	20,000,000
Mohammed Mahtabur Rahman	1.50%	6,000,000	60,000,000
Md. Liakat Ali Chowdhury	0.25%	1,000,000	10,000,000
Mohammed Haroon	1.00%	4,000,000	40,000,000
A S M Mainuddin Monem	0.50%	2,000,000	20,000,000
Ahmedul Haque	0.25%	1,000,000	10,000,000
Sarker Mohammad Shameem Iqbal	0.25%	1,000,000	10,000,000
Mohammed Emadur Rahman	0.75%	3,000,000	30,000,000
Kazi Abu Kauser	0.50%	2,000,000	20,000,000
Master Abul Kashem	0.25%	1,000,000	10,000,000
Naba knit Composite Limited	0.25%	1,000,000	10,000,000
Jainul Abedin Jamal	0.25%	1,000,000	10,000,000
Kamal Uddin	0.25%	1,000,000	10,000,000
N.Nasir Uddin	0.25%	1,000,000	10,000,000
Majbura Begum	0.25%	1,000,000	10,000,000
Asma Begum	0.25%	1,000,000	10,000,000
Afroza Sultana	0.25%	1,000,000	10,000,000
Shajjad Mustafa	0.25%	1,000,000	10,000,000
Azad Mustafa	0.25%	1,000,000	10,000,000
Farhana Irin	0.25%	1,000,000	10,000,000
Tanveer Nawaz	0.25%	1,000,000	10,000,000
Sk. Md. Samiul Islam	0.25%	1,000,000	10,000,000
Mohammad Jahangir	0.25%	1,000,000	10,000,000
Mollah Mahmood Malek	0.50%	2,000,000	20,000,000
Mollah Mazharul Malek	0.25%	1,000,000	10,000,000
Norrish Poultry and Hatchery ltd.	1.00%	4,000,000	40,000,000
Galco Steel Bangladesh ltd.	0.50%	2,000,000	20,000,000
Mohammed Oheidul Alam	0.25%	1,000,000	10,000,000
Sahana Ferdous	0.25%	1,000,000	10,000,000
Islamic Commercial Insurance Co. Ltd.	1.25%	5,000,000	50,000,000

Name of the Share Holder	% of Share holdings	Amount (In Taka) 2017 No. of Shares	Amount (In Taka) 2016 Amount (In Taka)
Faisal Ahmed	0.50%	2,000,000	20,000,000
Mohammed Oliur Rahman	0.75%	3,000,000	30,000,000
Md.Nurul Hoque	0.25%	1,000,000	10,000,000
Kh Sakib Ahmed	0.50%	2,000,000	20,000,000
Mrs. Shamsun Nahar Begum	0.25%	1,000,000	10,000,000
Md. Rafiqul Islam	0.25%	1,000,000	10,000,000
P & I International Limited	1.00%	4,000,000	40,000,000
Mohammad Fazlur Rahman	0.25%	1,000,000	10,000,000
Anower Hossain	0.25%	1,000,000	10,000,000
Akram Hussain	0.25%	1,000,000	10,000,000
Miss Ruksana Mumtaz Hussain	0.25%	1,000,000	10,000,000
Akhter HUssain	0.25%	1,000,000	10,000,000
Akbar Hossain	0.25%	1,000,000	10,000,000
TOTAL	**100.00%**	**400,000,000**	**4,000,000,000**

12.00	**Borrowing from Bank:**		
	Borrowing from Al-Arafah Islami Bank Limited Motijheel	2,000,000,000	1,100,000,000
	Borrowing from AIBL Capital Management Limited	1,358,923,901	1,309,400,000
	Borrowing from ICB Pronodona scheme	-	8,692,979
	Borrowing from Union Bank ltd.	800,000,000	-
	Borrowing from SIBL	431,500,000	500,000,000
	Borrowing from HaJJ Finance	100,000,000	-
		4,690,423,901	**2,918,092,979**
13.00	**Accounts Payable :**		
	Al - Arafah Islami Bank Limited	-	1,163,815,014
	Profit Payable for CML	82651065	1,417,252,685
	Profit Payable for SIBL	4,857,790	-
	Profit Payable for AIBL Motijheel Br.	37,296,123	-
	Profit Payable for UNION Bank	20,400,000	-
	Profit Payable for HAJJ Finance	1,741,667	-
	VAT, Salary Tax & AIT Payable	703,369	151,362
	Payable toCSE	524,397	53,027,116
	Payable to clients	191,120,383	348,758,520
	Bonus & Incentive& Accrued exp	141,310	91,310
	Employees gratuity fund	15,999,025	-
	Audit Fees	50,000	50,000
	Dividend payable	7,520,000	724,640,000
	Dividend adjustment clients	26,387	5,335,017
	Security Money	278,525	101,814
	IPO Application Process Account	10,000	17,802,126
		363,320,041	**3,731,024,964**
14.00	**Provision for Investment:**		
	Openig Balance	343,709,835	309,824,500
	Add : Provision for Investment	84,300,000	33,885,335
	Closing Balance	**428,009,835**	**343,709,835**
15.00	**Provision for taxation :**		
	Openig Balance	1,957,242,685	1,555,065,391
	Add: Income tax provision during the year	70,584,620	402,177,294
	Closing Balance	**2,027,827,305**	**1,957,242,685**
16.00	**Investment Income :**		
	Margin Profit income	467,095,625	1,205,000,432
	Profit on MSND	13,140,637	15,161,275
		480,236,262	**1,220,161,707**

		Amount (In Taka) 2017	Amount (In Taka) 2016
17.00	**Profit paid on Borrowing :**		
	Borrowing from Al-Arafah Islami Bank limited	-	64,979,167
	ICB Pronodona	143,676	2,078,121
	SIBL	51,202,229	14,086,111
	Borrowing from AIBLCML	319,477,803	130,703,111
	Union Bank ltd	20,400,000	-
	AIBL Motijheel Branch	121,601,111	20,066,667
	HaJJ Finance	1,741,667	-
		514,566,486	**231,913,177**
18.00	**Brokerage commission**		
	DSE	374,014,895	251,077,835
	CSE	8,467,000	14,229,715
		382,481,895	**265,307,550**
19.00	**Documentation & Maintenance Fess :**		
	BO Documentation fees	4,982,000	400,500
	BO Maintenance fees	-	4,392,500
	Margin documentation fees	126,000	95,000
		5,108,000	**4,888,000**
20.00	**Other Operating Income:**		
	CDBL Income	1,085,365	1,150,936
	Cheque dishonour Charge	153,000	136,885
	Dividend income	12,834,697	13,509,489
	IPO Process Income	145,370	67,970
	BO Close charge	-	500
	Realized Capital gain	30,881,300	6,599,402
	Others	180,099	15,024
		45,279,831	**21,480,206**
21.00	**Hawla, Laga & CDBL Charges :**		
	Hawla charge	40,758	64,786
	Laga charge	24,897,280	17,521,754
	CDBL Charges	17,488,511	14,243,645
		42,426,549	**31,830,185**
22.00	**Salary allowances& Contribution to P.F:**		
	Salary allowances& Contribution to P.F	57,479,002	42,071,748
	Wages	1,968,399	2,331,429
	Security Services	501,636	371,877
		59,949,037	**44,775,054**
23.00	**Rents, Taxes, Insurance, Lighting etc.:**		
	Rent	8,766,121	8,568,445
	Insurance	387,333	45,860
	Lighting& electricity bill	2,376,981	2,446,319
		11,530,435	**11,060,624**
24.00	**Honorarium & Meeting Expense:**		
	Meeting & Honorariam	7,143,200	4,451,000
		7,143,200	**4,451,000**
25.00	**Postage, Telegram, Telephone & Stamps etc:**		
	Postage, Telegram, Telephone & Mobole	650,410	497,733
	Stamps	41,671	13,075
	Photocopy	6,263	-
		698,344	**510,808**
26.00	**Depreciation & Repairs to Properties:**		
	Depreciation	5,428,310	5,334,864
	Repair & Maintenance	1,765,664	1,272,203
		7,193,974	**6,607,067**

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			Amount (In Taka) 2017	Amount (In Taka) 2016
27.00	**Other Expenses:**			
	Computer Charge		276,823	235,950
	Bank Charge		286,478	75,538
	Petroleum Oil, Lubricant & WASA/ Gas.		803,476	701,127
	Entertainment		2,305,262	1,786,195
	Bonus & Incentive		10,926,405	8,381,459
	Emplyees Gratuity fund		15,999,025	-
	Leave encashment		2,079,050	2,891,365
	Travelling, Local conveyance & Saturday Allowance		584,136	182,002
	Internet & Online Charge		2,242,931	2,237,510
	Registration Expenses		659,500	631,688
	Training Expenses		249,075	4,500
	crocarige		12,350	-
	Audit Fees		100,000	150,000
	Utilities bill		225,700	204,337
	Vat		43,889	15,000
	Other Expenses	**Note-27.01**	1,825,724	1,228,419
			38,619,824	**18,725,090**
27.01	**Break up of Other Expenses:**			
	Subscription Renewal		858,807	727,511
	Newspaper		54,570	49,782
	Mandatory Leave		221,825	48,300
	IPO Perticipation Fees		3,000	-
	Upkeep, wasing & cleaning		98,500	41,871
	Miscellanous		40,877	33,353
	Investors Protection		108,151	80,602
	AR License		-	2,000
	Closing Allowances		55,000	15,000
	EID Garcia		39,994	-
	Bank Guarantee		345,000	230,000
			1,825,724	**1,228,419**
28.00	**Provision for Current Tax:**			
	Operating Income Before tax		229,229,000	1,160,061,621
	Total Business Income		**229,229,000**	**1,160,061,621**
	Less: Capital Gain		30,881,300	6,599,402
	Less: Dividend Income		12,834,697	13,509,489
	Taxable Income		**185,513,003**	**1,139,952,730**
	Income Tax @ 35 % on estimated Taxable Income		**64,929,551**	**398,983,456**
	Add: TDS Dividend @ 20%		2,566,939	2,533,898
	Add: Capital Gain @10%		3,088,130	659,940
			70,584,620	**402,177,294**

AMAR STOCK

AIBL Capital Market Services Ltd.
Fixed Assets Schedule As at December 31, 2017

Annexure-A

Particular	Cost				Rate %	Depreciation				Written Down Value as on December 31, 2017
	Balance as on Jan 01, 2017	Addition during the Year	Dispopsal/ Adjustment	Balance as on December 31, 2016		Balance as on January 1, 2017	Charge during the Year	Adjustment	Balance as on December 31, 2017	
Tangible Asset										
Interior Decoration	11,576,554	3,358,468	-	14,935,022	10%	5,389,772	1,157,655.0	-	6,547,427	8,387,595
Computer Accessories	1,203,374	-	-	1,203,374	20%	1,203,374	-	-	1,203,374	-
Online Hardware	2,901,234	45,650	-	2,946,884	20%	2,901,234	-	-	2,901,234	45,650
Motor Car	18,062,939	-	-	18,062,939	20%	6,133,848	3,612,588.0	-	9,746,436	8,316,503
Furniture & Fixture - Steel	309,332	7,500	-	316,832	10%	108,653	30,933.0	-	139,586	177,246
Office Equipment	9,874,276	48,900	-	9,923,176	20%	9,874,276	-	-	9,874,276	48,900
Computer	4,101,595	318,500	-	4,420,095	20%	4,101,595	-	-	4,101,595	318,500
Furniture & Fixture - Wood	3,005,154	-	-	3,005,154	10%	1,579,742	300,515.0	-	1,880,257	1,124,897
	51,034,458	**3,779,018**	-	**54,813,476**		**31,292,494**	**5,101,691.0**	-	**36,394,185**	**18,419,291**
Intangible Assets			-							
Online Software	1,633,093	-	-	1,633,093	20%	1,012,525	326,619.0	-	1,339,144	293,949
	1,633,093	-	-	1,633,093		1,012,525	326,619.0		1,339,144	293,949
Total	**52,667,551**	**3,779,018**	-	**56,446,569**		**32,305,019**	**5,428,310**	-	**37,733,329**	**18,713,240**

Auditor's Report

on the Financial Statements

of

AIBL Capital Management Ltd.

For the Period ended December 31, 2017



AMARSTOCK

AUDITOR'S REPORT

We have audited the accompanying Financial Statements of AIBL Capital Management Ltd. which comprise the Statement of Financial Position as at 31st December, 2017 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 a summary of significant accounting policies and other explanatory information.

Managements' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of AIBL Capital Management Ltd. as at 31st December, 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Company Act , 1994 and other applicable rules and regulations.

We also report that:

1. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
2. in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
3. 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 returns; and
4. the expenditure incurred during the year were for the purposes of the company's business.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Dhaka: February 08, 2018

Statement of Financial Position As at December 31 , 2017

Particulars	Notes	Amount In Taka 2017	Amount In Taka 2016
ASSETS			
Non - Current Assets			
Property, Plant & Equipment	**4.00**	763,998	535,729
Current Assets			
Cash and Bank Balance	**5.00**	10,374,878	29,421,771
Account Recivable	**6.00**	90,403,208	417,297,690
Investment	**7.00**	1,389,701,441	1,919,773,140
Advance Income Tax	**8.00**	12,086,806	10,998,405
Balance with AIBL CMSL		617,368,944	42,613,802
Total Assets		**2,120,699,275**	**2,420,640,537**
EQUITY AND LIABILITIES			
Capital and Reserve			
Paid Up Capital	**9.02**	500,000,000	500,000,000
Retained Earning	**10.00**	(27,901,592)	(33,948,191)
Total Equity		**472,098,408**	**466,051,809**
Current Liabilities			
Borrowing from Bank (AIBL)		1,533,122,500	1,394,932,437
Accounts Payable	**11.00**	53,798,535	502,991,470
Provision for Taxation	**19.00**	19,656,412	14,641,401
Provision for Investment		42,023,421	42,023,421
Total Liabilities		**1,648,600,868**	**1,954,588,729**
Total Equity and Liabilities		**2,120,699,275**	**2,420,640,537**
NAV		**9.44**	**9.32**

The annexed notes form an integral part of these financial statements

Director Director CEO

Signed to our seperate report of even date.

Place : Dhaka
Date: February 08, 2018

KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Statement of Profit or Loss and Others Comprehensive Income
For the year ended 31 December, 2017

Particulars	Notes	Amount In Taka 2017	Amount In Taka 2016
Investment Income	12.00	320,713,282	132,001,970
Profit paid on Borrowings	13.00	(329,918,790)	(131,182,607)
Net Investment Income		**(9,205,508)**	**819,364**
Operating Income	14.00	33,655,730	26,841,126
		33,655,730	**26,841,126**
Total operating Income (A)		**24,450,222**	**27,660,489**
Salary allowances & Contribution to P.F	15.00	10,168,047	11,370,525
Board Meetting Expense		244,800	133,300
Rents, Taxes, Insurance, Lighting etc.		1,089,878	694,077
Postage, Telegram, Telephone & Stamps etc	16.00	62,400	79,500
Audit fees		25,000	25,000
Stationery, Printing, Advertisement etc.	17.00	200,557	203,518
Depreciation, Amortization & Repairs to Properties	4.00	182,464	182,464
Other Expenses	18.00	1,415,467	787,452
Total operating expenses (B)		**13,388,613**	**13,475,836**
Profit/(loss) before provision and Tax C = (A - B)		**11,061,610**	**14,184,654**
Provision for Taxation	19.00	5,015,011	4,989,327
Provision for Investment		-	5,620,200
Net Profit after Tax & Provision		**6,046,599**	**3,575,127**
		(33,948,191)	**(37,523,318)**
Retained earning Carried forward		**(27,901,592)**	**(33,948,191)**
Earning per Share (EPS) (Tk. 10 per share)		**0.1209**	**0.0715**

The annexed notes form an integral part of these financial statements

Director Director CEO

Signed to our seperate report of even date.

Place : Dhaka
Date: February 08, 2018

KHAN WAHAB SHAFIQUE RAHMAN & CO.
Chartered Accountants

Statement of Changes in Equity For the year ended 31 December, 2017

Particulars	Share Capital	Retained Earning	Total
Balance as at 01 January, 2017	500,000,000	(33,948,191)	466,051,809
Net Profit for the year	-	6,046,599	6,046,599
Balance as at 31 December , 2017	**500,000,000**	**(27,901,592)**	**472,098,408**

For the year ended 31 December, 2016

Particulars	Share Capital	Retained Earning	Total
Balance as at 01 January, 2016	500,000,000	(37,523,318)	462,476,682
Net Profit for the year	-	3,575,127	3,575,127
Balance as at 31 December , 2016	**500,000,000**	**(33,948,191)**	**466,051,809**

Director Director CEO

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Statement of Cash flows For the year ended 31 December,2017

Particulars	Amount In Taka 2017	Amount In Taka 2016
Cash flows from operating activities		
Investment income receipt in Cash	320,713,282	132,001,970
Profit paid on deposits and borrowing	(329,918,790)	(131,182,607)
Cash payments to employees	(10,168,047)	(11,370,525)
Received from other operating activities (item-wise)	33,655,730	26,841,126
Paid for other operating activities (item-wise)	(3,038,102)	(1,922,847)
Advance income tax paid	(1,088,401)	(4,724,097)
Operating profit before changes in operating assets and liabilities	**10,155,673**	**9,643,020**
Changing in Operating assets & liabilities		
Increase/Decrease Investment	530,071,699	75,198,373
Increase/Decrease of Accounts receivable	326,894,481	(132,020,983)
Increase/Decrease of Borrowing	138,190,063	(53,753,475)
Increase/Decrease of Accounts payable	(449,192,935)	131,217,226
Increase/Decrease of other assets (item-wise)	(574,755,142)	(31,719,615)
Cash receipt from operating activities	**(28,791,834)**	**(11,078,474)**
A. Net Cash from operating activities	**(18,636,161)**	**(1,435,454)**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(410,733)	(250,565)
B. Net cash flows from investing activities	**(410,733)**	**(250,565)**
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)	**(19,046,894)**	**(1,686,019)**
E. Effects of exchange rate changes on cash and cash-equivalents	**-**	**-**
F. Net increase in cash and cash equivalent (D+E)	**(19,046,894)**	**(1,686,019)**
G. Cash & Cash Equivalents at the beginning of the year	**29,421,771**	**31,107,790**
H. Cash & Cash Equivalents at the end of the year	**10,374,878**	**29,421,771**
Net Operating Cash Flow per Share	**(0.373)**	**(0.029)**

Director Director CEO

AIBL Capital Management Limited
Notes to the financial statements
As at and for the year ended 31 December, 2017

1.00 Significant Accounting Policies and other materials information

1.01 Legal Form of the Enterprise:

The Company has been incorporated under the Companies Act (Act XVIII) of 1994 as a private limited company namely AIBL Capital Management Limited on 25th October2011. The Company was issued Certificate of Commencement of Business on 25th October, 2011. The Company is a subsidiary company of Al- Arafah Islami Bank Limited.

1.02 Address of Registered Office and Principal Place of Business:

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

1.03 Nature of Business Activities:

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

2.0 Basis for preparation of financial statements:

2.01 Statement of Compliance:

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

2.02 Measurement bases used in preparing the Financial Statements :

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

2.03 Going Concern:

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

2.04 Fixed assets and depreciation:

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on the cost of fixed assets in order to write off such amounts over the estimated useful lives, using the straight-line method in accordance with BAS-16. Depreciation for full month is charged on additions irrespective of date when the related assets are put into use and no depreciations is charged for the month of disposal. The rates of depreciation used to write off the amount of assets are as follows:

Office Equipment	20%
Computer	20%
Online Software	20%

2.05 Components of financial statements:

According to International Accounting Standard (IAS) - 1, Para-10, 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 as at 31st December, 2017

ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December, 2017

iii) Statement of Changes in Equity for the year ended 31st December, 2017

iv) Statement of Cash Flows for the year ended 31st December, 2017

v) Notes, comprising a summary of significant accounting policies and other explanatory information

3.00 Principal Accounting Policies:

3.01 Cash flow Statement:

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

3.02 Revenue Recognition:

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

3.03 Event after balance sheet dated: BAS 10:

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

3.04 Cash & Cash Equivalent :

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

3.05 Provision on expenses:

Provision for expenses is recognized when the company has a present obligation as a result of a Past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligations and reliable estimate of the amount can be measured.

3.06 General:

a) The financial statements are presented in Bangladeshi Taka (BDT) Currency, which is the company's functional currency.

b) Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

c) Figures relating to previous year have been rearranged wherever considered necessary to conform with current year's presentation.

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			Amount In Taka 2017	Amount In Taka 2016
4.00	**Property,Plant & Equipment**			
	Opening balance		912,318	661,753
	Add: Additions		410,734	250,565
	Closing balance (A)		**1,323,052**	**912,318**
	Depreciation :			
	Opening balance		376,590	194,126
	Add: Charge for the year		182,464	182,464
	Closing balance (B)		559,054	376,590
	Written down value (A-B)		**763,998**	**535,729**
	Details have been shown in Schedule-A			
5.00	**Cash at Bank**			
	AIBL Capital Management Ltd. (corporate A/C)		4,530,511	1,946,542
	AIBL Capital Management Ltd. Customers Portfolio A/C		5,844,367	27,475,229
			10,374,878	**29,421,771**
6.00	**Accounts Recivable**			
	Profit on Bi-Muazzel with AIBL CMSL		82,651,065	408,594,913
	Recivable from Panel Broker		224,994	9,954
	Dividend Receivable		7,527,149	8,692,823
			90,403,208	**417,297,690**
7.00	**Investment**			
	Margin Investment		2,414,667	5,527,306
	Investment in Shares & Securities		17,829,822	569,857,834
	Investment in Placement Share		9,988,000	14,988,000
	Investment in AIBL CMSL		-	20,000,000
	IPO FPM Bidding and Subscription		545,050	-
	Investment in AIBL CMSL (Bi-Muazzel)		1,358,923,901	1,309,400,000
			1,389,701,441	**1,919,773,140**
8.00	**Advance Tax**			
	Advance Tax 2012		**2,410,027**	**1,156,941**
	Tax Paid 2013 through challan		4,843,893	4,045,367
	Tax Paid 2015-2016 through challan		429,416	429,416
	Tax Paid 2017-2018 through challan		331,663	-
	Tax on Dividend Income		3,056,003	5,360,921
	Tax on Underwriting com. Income		-	-
	Tax deducted for Exp.		1,015,804	5,760
			12,086,806	**10,998,405**
9.00	**Share Capital**			
9.01	**Authorised Capital**			
	The authorised Capital of the Company is 20,00,00,000 Ordinary Share of TK. 10 each.		2,000,000,000	2,000,000,000
9.02	**Issued, Subscribed and fully Paid-up Capital**			
	Issued, Subscribed and fully Paid-up Capital is 5,00,00,000 share of TK. 10 each.		500,000,000	500,000,000
			500,000,000	**500,000,000**
	Name of the Share Holder			
	Al-Arafah Islami Bank Limited	98.00%	490,000,000	490,000,000
	AIBL Capital Market sevices Limited	2.00%	10,000,000	10,000,000
	TOTAL	**100.00%**	**500,000,000**	**500,000,000**

		Amount In Taka 2017	Amount In Taka 2016
10.00	**Retained Earnings**		
	Opening balance	(33,948,191)	(37,523,318)
	Add: Net profit for the year	6,046,599	3,575,127
	Closing balance	**(27,901,592)**	**(33,948,191)**
11.00	**Accounts Payable**		
	Vat Payable	-	6,000
	Payble to Panel Broker	-	15,000
	Profit on Borrowings	53,092,052	502,646,951
	Paid to Central Depository Bangladesh Ltd. CDS bill for the month of November-2017.	3,228.00	-
	Paid to Mr. Md. Shakil for IPO MEBPOY Prospectus Preparation Chittagong tour.	10,376.00	-
	Paid to Mr. Md. Rukonul Islam for IPO MEBPOY Prospectus Preparation Chittagong tour.	10,376.00	-
	Debited to Peoples Insurance Co. Ltd. for Utility Bill, Month of November-2017.	44,671.00	-
	Debited to Peoples Insurance Co. Ltd. for Office Rent, Month of December-2017.	171,000.00	-
	Arthosuchak for Online newspaper Arthosuchak advertisement month of Nov 2017.	8,100.00	-
	Paid to RNF Enterprise for visiting card printing	692.00	-
	Paid to Shama printing & packaging for visiting card printing (560*3%)	472.00	-
	Debited for Mobile Bill Allowances for the month of Dec-2017	5,200.00	-
	Debited for Yearly Closing Allowances	5,000.00	-
	Paid to Sterling Interiors for Civil, Interior Decoration and Electric Line Establish	367,054.00	-
	Vat Paid for Civil, Interior Decoration and Electric Line Establish	56,761.00	-
	Ait Paid for Civil, Interior Decoration and Electric Line Establish	11,353.00	-
	Paid to Md Abu Taher for Excess amount of 34th Board Meeting Expenditure.	700.00	-
	Paid to Md. Abu Taher for Excess amount of 35th Board Meeting Expenditure.	2,700.00	-
	Paid to Md Abu Taher for Excess amount of 36th Board Meeting Expenditure.	800.00	-
	Paid to Md. Abu Taher for Excess amount of 37th Board Meeting Expenditure.	800.00	-
	Vat Paid for 37th Board Meeting Expenses.	7,200.00	-
	Paid to CDBL for CDS bill November,2016	-	25,468.00
	Debited for Donation of Mr. Zubraz Khan Death.	-	18,496.00
	Debited to Al-Arafah Islami Bank Ltd. for Leave Encasement 2016.	-	270,355.00
	Debited for Closing Allowances 2016.	-	4,000.00
	Debited for Mobile Allowanes for the month of Dec-2016.		5,200.00
		53,798,535	**502,991,470**
12.00	**Investment Income**		
	Profit from Cash at Bank	402,318	107,064
	Less: Tax Deducted at source	(40,232)	(10,706)
	Margin Profit Income	618,784	807,432
	Service Charge Income	254,609	395,069
	Profit Bai-Muazzel with AIBL CMSL	319,477,803	130,703,111
		320,713,282	**132,001,970**
13.00	**Profit paid on Bai-Muazzel with AIBL**	**329,918,790**	**131,182,607**
		329,918,790	**131,182,607**
14.00	**Operating Income**		
	Capital Gain	16,505,032	3,528,769
	Dividend Income	16,822,542	23,182,250
	IPO income	235	645
	Income from dishonour cheque charge	-	3,000.00

		Amount In Taka 2017	Amount In Taka 2016
	Issue Manager Commission	-	-
	Underwriting Commission	314,063	78,750
	BO Documentation	2,500	4,585
	CDBL for yearly Rebet & Charge Income	6,115	38,143
	BO Maintanance, Renewal Fee	5,243	4,983
		33,655,730	**26,841,126**
15.00	**Salary Allowances & Contribution to P.F. & B.F.**		
	Salary and Allowance	8,250,638	9,213,663
	Leave Encashment	239,015	544,615
	Incentive & Festval Bonus	1,678,394	1,477,247
		10,168,047	11,235,525
16.00	**Postage, Telegram, Telephone, Mobile & Stamps etc.**		
	Mobile Bill	62,400	79,500
		62,400	**79,500**
17.00	**Stationary, Printing, Advertisement etc.**		
	Advertisement Exp.	97,320	98,430
	Printing & Stationary	103,237	105,088
		200,557	**203,518**
18.00	**Other Expenses**		
	BMBA Membership & Annual fees Fees	100,000	100,000
	Registration fees of DSE Book Bidding Process	10,000	25,000
	Subscription, Renewal Fees	100,000	50,000
	BSEC BINIYOG SHIKSHA TAHOBIL Donation.	50,000	
	Entertainment	50,000	20,000
	Saturday Allowance	9,000	4,000
	Training Exp.	-	13,500
	Travelling Allowance	41,552	10,516
	Ttrade licence renewal Fees	18,726	36,095
	Bank Charges & Fees	25,102	1,528
	Car Registration and 1st year Car Insurance.	137,703	-
	Petty Cash Exp.	78,477	106,170
	Vat Exp.	228,260	22,200
	Wages	199,125	135,000
	Internet and CDBL wan connectivity charges	189,200	223,200
	CDBL Charge	64,322	95,469
	Law Charge	-	75,774
	IPO Bidding fee.	6,000	
	Company secretariat Honorarium	100,000	-
	Closing Allowance	8,000	4,000
		1,415,467	**922,452**
19.00	**Provision for Tax**		
	Opening Balance	14,641,401	9,652,074
	Add: Income tax povision during the year	5,015,011	4,989,327
	Closing Balance	**19,656,412**	**14,641,401**

AMARSTOCK

		Amount In Taka 2017	Amount In Taka 2016
19.01	**Provision for Current Tax :**		
	Operationg income	9,127,365	14,184,654
	Less: Gain on Sale of Securities	16,505,032	3,528,769
	Less: Divident Income	16,822,542	23,182,250
	Total Business Income	(24,200,209)	(12,526,365)
	Income Tax of @ 37.50% on estimated Business Income	-	-
	Add: Gain on Sale of Securities (10%)	1,650,503	352,877
	Add: Divident Income (20%)	3,364,508	4,636,450
		5,015,011	**4,989,327**
20.00	Provision for Investment		
	Opening Balance	42,023,421	36,403,221
	Add: Povision during the year	-	5,620,200
	Closing Balance	**42,023,421**	**42,023,421**

There is not necessary to keep provision for investment during the year 2017, for the shortfall amount of Tk. 8,921,140.00 because it is lower then the previous year kept provision of Tk. 42,023,421.00

AMAR STOCK

AIBL Capital Management Limited
Schedule of Property, Plant & Equipment as at 31 December, 2017

Schedule-A

Particulars	Cost				Rate	Depreciation					Written Down Value as at 31.12.2016
	Opening Balance 01.01.2017	Addition during the year	Disposal during the year	Balance as at 31 .12.2017		Opening Balance 01.01.2017	Charged for the year	Adjustment during the year	Balance as at 31.12.2017	Written Down Value as at 31.12.2017	
Office Equipment	142,495	367,054	-	509,549	20%	62,161	28,499	-	90,660	418,889	80,335
Computer	302,048	43,680	-	345,728	20%	146,624	60,410	-	207,034	138,694	155,424
MB Operationg Software	467,775	-		467,775	20%	167,805	93,555		261,360	206,415	299,970
Total	**912,318**	**410,734**	**-**	**1,323,052**		**376,590**	**182,464**	**-**	**559,054**	**763,998**	**535,729**

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Investment in Shares & Securities
Stock at hand as on 31 December , 2017

Annexure- B

SL . No.	Name of Company	No. of Shares	Amount (at cost)	Market Rate	Market Amount
1	ABB1STMF	74	514.97	6.60	488.40
2	OIMEX	14,257	129,610.00	65.20	929,556.40
3	BBSCABLES	3,318	28,860.00	105.70	350,712.60
4	YPL	525,000	4,616,506.30	21.00	11,025,000.00
5	NAHEEACP	6,847	62,246.45	73.40	502,569.80
6	ICBAMCLC1U	1,303,050	12,992,084.50	10.70	13,942,635.00
			17,829,822.22		**26,750,962.20**

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Auditor's Report

on the Financial Statements of

Millenniun Information Solution Ltd.

For the Period ended December 31, 2017



REPORT OF THE AUDITORS'

We have audited the accompanying financial statements of **MILLENNIUM INFORMATION SOLUTION LIMITED,** which comprise the Statement of Financial Position as at December 31, 2017 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Arditors'Responsibility

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

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

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

Opinion:

In our opinion, the financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of the state of the Company's affairs as at December 31, 2017 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;

c) the Statement of Financial Position and the Statement of Comprehensive Income dealt with the report are in agreement with the books of accounts.

Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Dated: Dhaka
February 26, 2018

Statement of Financial Position As at December 31, 2017

	Particulars		Notes & Schedule	Amount in Taka 2017	Amount in Taka 2016
	ASSETS:				
A.	**Non Current Assets (i+ii)**			**151,072,006**	**145,263,200**
i.	**Property, plant & Equipment**			**21,234,995**	**22,404,389**
	Assets at cost less Accumulated depreciation	**SCH-A**	**4.00**	21,234,995	22,404,389
ii.	**Intangible assets**			**129,837,011**	**122,858,811**
	Deferred expenses		**5.00**	2,184,840	2,958,601
	Software development		**6.00**	127,652,171	119,900,210
B.	**Current assets**			**175,894,819**	**155,072,127**
	Advance, Deposit & Pre-payments		**7.00**	2,608,924	3,224,893
	Accounts receivable	**SCH-B**	**8.00**	60,640,672	41,633,924
	Investments		**9.00**	112,405,346	105,813,423
	Cash & Cash equivalent		**10.00**	239,878	4,399,887
	TOTAL ASSETS [A+B]			**326,966,825**	**300,335,327**
	SHARE HOLDERS EQUITY & LIABILITIES				
C.	**Authorized capital**				
	20,000,000 Ordinary shares @ Tk. 10 each			200,000,000	200,000,000
D.	**Issued, subscribed & paid up capital**				
	18,371,261 Ordinary shares @ Tk. 10 each		**11.00**	183,712,610	183,712,610
E.	**Reserve & surpluses**			**114,523,830**	**103,658,441**
	General Reserve			-	-
	Share Premium			56,306,570	56,306,570
	Retained Earnings			58,217,260	47,351,871
F.	**Current liabilities**			**28,730,385**	**12,964,276**
	Accounts Payable	**SCH-C**	**12.00**	15,274,056	10,357,096
	Advance against revenue		**13.00**	100,000	100,000
	Loan/Quard from Bank		**14.00**	9,700,000	-
	Provision for Income Tax		**15.00**	3,656,329	2,507,180
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES [D+E+F] :			**326,966,825**	**300,335,327**
	Number of Shares			18,371,261	18,371,261
	Net Assets Value per share			**16.23**	**15.64**

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

Director | Director | Managing Director

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

Place : Dhaka
Date : February 26, 2018

Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Statement of Comprehensive Income For the year ended December 31, 2017

Particulars	Notes & Schedule	Amount in Taka 2017	Amount in Taka 2016
Revenue	**16.00**	73,395,745	61,548,489
Less : Production expenses	**17.00**	42,465,305	33,175,920
Gross Profit		**30,930,440**	**28,372,570**
Less : Operating expenses		**24,541,964**	**23,256,661**
Direct, administration and general expenses	**18.00**	16,890,588	14,359,279
Sales and market development expenses	**19.00**	7,651,376	8,897,382
Operating Profit		**6,388,476**	**5,115,909**
Add: Non-Operational Income	**20.00**	6,063,451	12,170,964
Net Income before Financial Expenses		**12,451,926**	**17,286,872**
Less : Financial expenses	**21.00**	37,388	65,007
Net Income before Tax		12,414,538	17,221,865
Less: Income Tax	**15.01**	1,549,149	2,507,180
Net Income after Tax		**10,865,389**	**14,714,685**
Number of Shares		18,371,261	18,371,261
Earning Per Share (EPS)		**0.59**	**0.80**

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

Director | Director | Managing Director

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

Place : Dhaka
Date : February 26, 2018

Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Statement of Changes in Equity For the period ended December 31, 2017

Particulars	Share capital	"Retained Earnings"	"Share Premium"	"General Reserve"	Total equity
	Taka	Taka	Taka	Taka	Taka
Balance at January 01, 2016	183,712,610	33,298,562	56,306,570	-	273,317,742
Changes in accounting policy	-	-	-	-	-
Prior year Adjustment	-	(661,376)	-	-	(661,376)
Restated balance	183,712,610	32,637,186	56,306,570	-	272,656,366
Changes in equity for the year 2016:					
Issue of shares	-	-	-	-	-
Dividends	-	-	-	-	-
Income for the period	-	14,714,685	-	-	14,714,685
General Reserve	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Balance as at December 31, 2016	183,712,610	47,351,871	56,306,570	-	287,371,051
Changes in accounting policy	-	-	-	-	-
Prior year Adjustment	-	-	-	-	-
Restated balance at January 01, 2017	183,712,610	47,351,871	56,306,570	-	287,371,051
Changes in equity for the period ended December 31, 2017:					
Issue of shares	-	-	-	-	-
Dividends	-	-	-	-	-
Income for the period	-	10,865,389	-	-	10,865,389
General Reserve	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Balance as at December 31, 2017	**183,712,610**	**58,217,260**	**56,306,570**	**-**	**298,236,440**

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

Director | Director | Managing Director

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

Place : Dhaka
Date : February 26, 2018

Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Statement of Cash Flows For the period ended December 31, 2017

	Particulars	Amount in Taka 2017	Amount in Taka 2016
A.	**Cash flows from operating activities**		
	Net Income	10,865,389	14,714,685
	Adjustments to reconcile Net Income to cash provided by operating activities:		
	Depreciation expense	2,691,295	2,648,634
	Amortization expense	12,888,282	6,469,299
	Loss or gain on disposal of fixed assets	4,939	16,174
	Increase in Advance, Deposit & Pre-payments	615,969	(60,973)
	Increase in Accounts Receivable	(19,006,748)	(10,367,469)
	Increase in Accounts Payable	4,916,960	1,125,204
	Increase in Advance against revenue	-	-
	Prior period adjustment	-	(661,376)
	Increase in Income Tax Payable	1,149,149	1,096,366
	Net Cash provided by operating activities	**14,125,235**	**14,980,544**
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(1,530,339)	(16,535,349)
	Sales of old assets	3,500	1,249,033
	Investment in MTDR	(1,260,913)	28,413,618
	Investment in Share Market	(5,331,010)	(3,955,387)
	Investment in Software development	(19,741,982)	(19,757,433)
	Deferred expenses	(124,500)	(2,507,625)
	Net Cash used by investing activities	**(27,985,244)**	**(13,093,143)**
C.	**Cash flow from financing activities**		
	Loan from directors	-	-
	Bank Loan	9,700,000	-
	Dividend payable	-	-
	Proceeds from Issue of equity shares	-	-
	Cash provided by financing activities	**9,700,000**	**-**
D.	**Cash generated for the year (A + B + C)**	**(4,160,009)**	**1,887,400**
E.	Cash and cash equivalent at the beginning of the year	4,399,887	2,512,487
F.	**Cash and cash equivalent at the end of the year (D+E)**	**239,878**	**4,399,887**

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

Director Director Managing Director

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

Place : Dhaka
Date : February 26, 2018

Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

Millennium Information Solution Limited
Accounting policies and notes to the Financial Statements
For the year ended December 31, 2016

1.00 Background of the company and nature of business:

Millennium Information Solution Ltd. was incorporated as a private limited company on February 11, 2001 under The Companies Act 1994.

The main objective of the Company is to carry on activities relating to developing software products and providing maintenance, support and cyber security services both to domestic and international dients. Over the years, MISL has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah. On May 28, 2015 the company has become a subsidiary company of Al-Arafah Islami Bank Ltd.

2.00 Accounting policies & estimates:

a. Basis of Accounting

The accounts of the Company is being maintained at accrual basis on historical cost convention following the International Financial Reporting Standards (IFRS's) as adopted by the Institute of Chartered Accountants of Bangladesh.

b. Reporting period

As the Company is a subsidiary company of a financial institute named Al-Arafah Islami Bank Limited; therefore income covers a financial period from January 01, 2017 to December 31, 2017 according to the section 2 (35) of "Income Tax Ordinance 1984".

c. Going Concern:

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

3.00 Significant Accounting Policies:

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

3.01 Property, Plant and Equipment and their depreciation:

Depreciation on the property, plant and equipment has been charged at full on their opening written down value. The values of the property, plant and equipment have been shown at written down value and depreciation has been charged at rates varying from 10-15%.

3.02 Valuation of software development:

This represents the cost allocated for Customized Software Ababil and Sylvia developing by the Company through various Programmers engaged on regular employment basis and related expenditure as per IAS-38 Para 24.4.5 (Intangible Assets). During the reporting period the Company has incurred total Tk. 19,741,982.00 for software development.

30.3 Amortization of non-current assets

During the year amortization has been made on software development @10% and deferred expense @25% & 33.33%.

3.O4 Income Tax:

The income of the Company is tax exempted up to June 30, 2024 as per sixth schedule Part-A, Para 33 of Income Tax Ordinance 1984. Company's Tax Identification Number (E-TIN) is 477932327703.

3.05 Reporting currency and recognition of foreign currency income:

AI the transactions are shown in Bangladesh Taka currency. The foreign currency transactions have been converted into Taka at the time of recognition/transaction. Foreign currency gains/losses were recognized at the time of receipt/payment of money.

3.06 Comparatives:

Where essential, prior period's figures have been rearranged to ensure ready comparability with the current periods presentation. All fraction amounts have been rounded off to the nearest Taka.

3.07 Financial Assets:

i. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the Company without any restriction.

ii. Accounts Receivable

Accounts Receivable represent the amounts due from customers for delivering products or rendering services. Accounts Receivable are initially recognized at cost which is the fair value of the consideration given in return.

3.08 Financial Liabilities:

i. Accounts Payables

The Company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

3.09 Revenue recognition

Revenue is recognized when service provided or invoice is raised against the service/product to the client in accordance with the contractual agreement or work order.

3.10 Financial income and expense

Financial income comprises on MTDR's and savings accounts profit. Income is recognized as it accrues, using the effective method.

Financial expenses comprise bank commission and charges.

3.11 Statement of Cash flows

Statement of Cash flows have been prepared and presented under indirect method in accordance with the requirements of IAS 7: Statement of Cash flows.

3.12 Events after reporting period

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

i. Approval of the financial statements

Financial statements were approved by the 66th meeting of the Board of Directors held on March 01, 2018. Board has also approved the audited financial statements for the year ended December 31, 2017.

ii. Dividend

Board has recommended 5% cash dividend for the year ended December 31, 2017 by the 66th meeting of the Board of Directors subject to approval of the shareholders at 17th Annual General Meeting.

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Particulars		Amount In Taka 2017	Amount In Taka 2016
4.00 Property, Plant & Equipment			
This is arrived at as under:			
Balance as on January 01, 2017		**28,610,404**	**14,508,553**
Add: Addition during the year		1,530,339	16,535,349
		30,140,743	**31,043,902**
Less: Adjustment during the year		25,730	2,433,498
		30,115,013	**28,610,404**
Less: Accumulated Depreciation		8,880,018	6,206,015
Balance as on December 31, 2017		**21,234,995**	**22,404,389**
[Fixed Assets Details Shown in Schedule - A]			
5.00 Deferred expenses			
This balance consists of as follows :			
Website Development and Renovation	[Note: 5.01]	78,375	-
Marketing & Promoting Exp-Ababil	[Note: 5.02]	1,948,457	2,721,601
ISO Certificate	[Note: 5.03]	158,008	237,000
		2,184,840	**2,958,601**
5.01 Website Development and Renovation			
This balance consists of as follows :			
Balance as on January 01, 2017		-	-
Add : Addition during the year		104,500	-
		104,500	-
Less : Amortization during the year @25%		26,125	-
Balance as on December 31, 2017		**78,375**	**-**
5.02 Marketing & Promoting Exp-Ababil			
This balance consists of as follows :			
Balance as on January 01, 2017		**2,721,601**	**1,648,852**
Add : Addition during the year		20,000	2,270,625
		2,741,601	3,919,477
Less : Amortization during the year: 25%		793,144	1,197,876
Balance as on December 31, 2017		**1,948,457**	**2,721,601**
5.03 ISO Certificate			
This balance consists of as follows :			
Balance as on January 01, 2017		237,000	**-**
Add : Addition during the year		-	237,000
		237,000	237,000
Less : Amortization during the year 33.33%		78,992	-
Balance as on December 31, 2017		**158,008**	**237,000**
6.00 Software development			
This balance consists of as follows :			
Ababil (Online Islamic Banking)	[Note: 6.01]	117,810,388	110,607,388
Mobile Banking Solution	[Note: 6.02]	5,059,211	5,563,504
Sylvia HRM Solution	[Note: 6.03]	4,782,572	3,729,318
		127,652,171	**119,900,210**

Particulars		Amount In Taka 2017	Amount In Taka 2016
6.01	**Ababil-Online Islamic CBS with other Modules RBIAS**		
	This balance consists of as follows :		
	Balance as on January 01, 2017	110,607,388	97,221,088
	*Add : Addition during the year	18,315,796	18,247,355
		128,923,184	**115,468,443**
	Less: Amortization during the year @10 % on opening balance	11,060,739	4,861,055
	Balance as on December 31, 2017	**117,862,445**	**110,607,388**
	***Cost incurred for Development:**		
	Registration & other exp. of Mobile Application	52,057	-
	ABABIL Layout & Theme	8,145	-
	Salaries and Allowances for Ababil Development	18,255,594	18,247,355
		18,315,796	**18,247,355**
6.02	**Ababil-Mobile Banking Solution**		
	This balance consists of as follows :		
	Balance as on January 01, 2017	5,563,504	5,856,320
	Add : Addition during the year	-	-
		5,563,504	**5,856,320**
	Less: Amortization during the year @ 10 % on opening balance	556,350	292,816
	Balance as on December 31, 2017	**5,007,154**	**5,563,504**
6.03	**Sylvia-HRM Solution**		
	This balance consists of as follows :		
	Sylvia HRM Solution		
	Balance as on January 01, 2017	3,729,318	2,336,042
	*Add : Addition during the year	1,426,186	1,510,078
		5,155,504	**3,846,120**
	Less: Amortization during the year @ 10 % on opening balance	372,932	116,802
	Balance as on December 31, 2017	**4,782,572**	**3,729,318**
	***Cost incurred for Development:**		
	Add : Salary & Allowance for HRMS Sylvia Development	1,426,186	1,510,078
		1,426,186	**1,510,078**
7.00	**Advance, Deposit & Pre-payments**		
	This balance consists of as follows :		
	Balance as on January 01, 2017	3,224,893	3,143,920
	Add : Addition during the year	802,625	9,489,633
		4,027,518	**12,633,553**
	Less: Adjustment during the year	1,418,594	9,408,660
	Balance as on December 31, 2017	**2,608,924**	**3,224,893**
	Break-up of Advance, Deposit & Pre-payments		
	Advance Income Tax Paid at sources	75,107	61,231
	Advance Income Tax Paid at Source-MTDR/FDR	821,782	470,576
	Advance Income Tax Paid at Source-on AIBL SND AC#5406	8,774	7,283
	Advance Income Tax paid for Car	220,000	110,000

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Particulars		Amount In Taka 2017	Amount In Taka 2016
Advance Income Tax paid for Share Dividend		345,673	219,622
Advance to High Tech Park for Office Rent		540,000	1,396,734
Advance to DCASTALIA		-	80,000
Advance to BD Com Online LTD		-	1,035
Security deposit to DGDP for enlistment		-	50,000
Security deposit to DGDP against BAF works		-	84,500
Security deposit to Spectrum Eng. (For CID)		5,000	5,000
Security Deposit for BG/PG/APG (From AIBL)		144,750	461,075
Deposit for International Roaming for CEO Mobile		20,000	20,000
Short Term Loan to BVC & ATCPIL		197,838	197,838
Loan Paid to Mr. Shahin		30,000	60,000
Loan paid to Abu Sayed		70,000	-
Loan paid to Kaysar Ahmed		40,000	-
Loan paid to Muhammad Gulam Rabbani Khan		40,000	-
Loan paid to Md. Mojidul Islam		50,000	-
		2,608,924	**3,224,893**
8.00 Accounts receivable			
This balance consists of as follows :			
Balance as on January 01, 2017		41,633,924	31,266,455
Add: Addition during the year		61,206,331	52,257,114
		102,840,255	**83,523,569**
Less: Adjustment during the year		42,199,582	41,889,645
Balance as on December 31, 2017		**60,640,672**	**41,633,924**
[Accounts receivable Details Shown in Schedule - B]			
9.00 Investments :			
This balance consists of as follows :			
Investment in FDR/MTDR Tk.	[Note: 9.01]	64,260,913	63,000,000
Investment in shares	[Note: 9.02]	48,144,433	42,813,423
Balance as on December 31, 2017		**112,405,346**	**105,813,423**
9.01 Investment in FDR/MTDR			
This balance consists of as follows :			
Balance as on January 01, 2017		63,000,000	91,413,619
Add: Investment during the year		-	63,000,000
Add: Net Profit (Gross Profit less Excise Duty)		3,494,063	4,668,259
		66,494,063	**159,081,878**
Less: Income Tax deduct at source		351,206	470,576
Less: Encashment		1,881,944	95,611,302
Balance as on December 31, 2017		**64,260,912.7**	**63,000,000**
9.02 Investment in shares			
This balance consists of as follows :			
Balance as on January 01, 2017		42,813,423	38,858,036
Add: New share purchased during the year		44,096,419	35,647,773
Add: Capital Gain		1,894,080	6,331,764
		88,803,922	**80,837,573**
Less: Sales during the year		40,659,489	38,024,150
Balance as on December 31, 2017		**48,144,433**	**42,813,423**

Particulars		Amount In Taka 2017	Amount In Taka 2016
DESCO		17,899,661	7,165,650
BXPHARMA		-	11,340,054
PREMIERCEM		24,729,001	18,381,457
AMANFEED		-	5,926,263
TITASGAS		5,323,012	-
MITHUNKNIT		4,422	-
PDL		188,337	-
		48,144,433	**42,813,423**
10.00 Cash & bank balance			
This balance consists of as follows :			
Cash in hand	[Note: 10.01]	65,794	354,569
Cash at bank & other accounts	[Note: 10.02]	174,084	4,045,318
		239,878	**4,399,887**
10.01 Cash in hand			
Local currency with petty cash A/C in BDT		60,548	349,323
Foreign Currency (Converted into BDT)		5,246	5,246
		65,794	**354,569**
10.02 Cash at bank and other institute			
Bank Name & Branch	A/C No.		
Al-Arafah Islami Bank Ltd, Motijheel Br.	SND-0021220005406	78,876	477,291
Dutch Bangla Bank Ltd, Motijheel Foreign Ex Br.	105-110-18205	6,887	8,608
Social Islami Bank Ltd. Motijheel Foreign Ex Br.	018.133.11673	1,733	35,400
AIBL Capital Market Services Ltd.	BOID: 1204290059327175	86,588	3,524,019
		174,084	**4,045,318**
11.00 Issued, subscribed & paid up capital			
This balance is made up as follows :			
Mr. Mahmud Hossain		16,203,410	15,190,700
Mr. Fokhruz Zaman		15,190,700	15,190,700
Mr. Md. Iftear Zahid		12,609,870	10,127,160
Mr. Didarul Islam Chowdhury		5,063,580	5,063,580
Mr. Saiful Alam		1,568,160	5,063,580
Mr. Syed Azmal Hossain		8,439,380	8,439,380
Mr. Anir Chowdhury		8,439,380	8,439,380
Bengal Venture Capitals		20,004,700	20,004,700
Asian Tiger Capital Partners Investments Ltd		2,500,000	2,500,000
Al-Arafah Islami Bank Limited		93,693,430	93,693,430
		183,712,610	**183,712,610**
12.00 Accounts Payable & Provisions			
This balance consists of as follows :			
Balance as on January 01, 2017		10,357,096	9,231,892
Add : Addition during the year		68,122,263	62,622,669
		78,479,359	**71,854,561**
Less : Adjustment during the year		63,205,303	61,497,465
Balance as on December 31, 2017		**15,274,056**	**10,357,096**
[Schedule-C for details]			

Particulars		Amount In Taka 2017	Amount In Taka 2016
13.00	**Advance against Revenue**		
	This balance consists of as follows :		
	Balance as on January 01, 2017	100,000	100,000
	Add : Addition during the year	12,152,686	9,723,780
		12,252,686	**9,823,780**
	Less : Adjustment during the year	12,152,686	9,723,780
	Balance as on December 31, 2017	**100,000**	**100,000**
	The break up is as follows :		
	Advance from BHEET IT	100,000	100,000
		100,000	**100,000**
14.00	**Loan/Quard from Bank**		
	This balance consists of as follows :		
	Balance as on January 01, 2017	-	-
	Add. Received during the period	9,700,000	1,500,000
		9,700,000	**1,500,000**
	Less: Loan refund	-	1,500,000
	Balance as on December 31, 2017	**9,700,000**	-
15.00	**Provision for Income Tax**		
	This balance consists of as follows :		
	Balance as on January 01, 2017	2,507,180	1,410,814
	Add : Provission made during the period	1,549,149	2,507,180
		4,056,329	**3,917,994**
	Less: Advance Income Tax adjusted	-	426,876
	Less : Income Tax paid during the year	400,000	983,938
	Balance as on December 31, 2017	**3,656,329**	**2,507,180**
15.01	**Income Tax**		
	This balance consists of as follows :		
	Tax on SND Account's Income 35%	15,767	25,491
	Tax on MTDR Profit 35%	1,222,922	1,633,891
	Tax on other income	-	-
	Tax on Capital Gain from Share Trading 10%	189,408	633,176
	Tax on Dividend Income (Considering Exempted Tk. 25,000.00) 20%	121,052	214,622
		1,549,149	**2,507,180**
16.00	**Revenue**		
	This balance consists of as follows :		
	Domestic software sales	41,101,517	35,550,326
	Domestic software support	32,294,228	25,998,163
	Total Income:	**73,395,745**	**61,548,489**
16.01	**Income from Software Development**		
	This balance consists of as follows :		
	Al-Arafah Islami Bank Ltd	17,961,706	14,407,486
	Social Islami Bank Ltd	5,651,000	7,049,500
	Agrani Bank Limited	1,278,000	-
	The City Bank Ltd.	135,000	925,165
	EXIM Bank Limited	-	90,000

Particulars		Amount In Taka 2017	Amount In Taka 2016
	Union Bank Limited	2,387,498	7,006,113
	Islamic Finance and Investment Limited (IFIL)	150,000	600,000
	ICB Islamic Bank	834,313	274,312
	IFIC Bank Ltd	-	697,750
	Dhaka Bank	-	200,000
	United Commercial Bank Ltd.(UCBL)	1,880,000	1,500,000
	Uttara Bank Ltd	1,176,000	-
	National Bank Ltd	1,248,000	-
	Flora Limited	8,200,000	-
	BURO Bangladesh	-	2,800,000
	Uddipon	200,000	-
		41,101,517	**35,550,326**
16.02	**Income from Software Support & Maintnance**		
	This balance consists of as follows :		
	Al-Arafah Islami Bank Ltd	12,865,577	9,223,349
	Social Islami Bank Ltd	6,606,553	6,557,444
	Union Bank Ltd	4,263,045	3,276,360
	The City Bank Ltd.	2,135,250	2,199,000
	Lafarge Surma Cement Ltd	1,672,605	1,846,524
	AB Bank Ltd.	1,435,404	1,435,404
	Agrani Bank Ltd	480,000	480,000
	Hajj Finance Co.	762,300	693,000
	Dhaka Bank	574,164	287,082
	EXIM Bank Ltd	818,180	-
	IFIC Bank Ltd	418,650	-
	ICB Islamic Bank Ltd	262,500	-
		32,294,228	**25,998,163**
17.00	**Production expenses**		
	This balance consists of as follows :		
	Directors' Remuneration and allowance	2,353,333	1,453,334
	Salaries and Allowances to Production Officers	25,686,311	22,896,915
	Wages for Part Time Work	-	-
	Oracle Software Expense	112	237,138
	Travelling & Daily Allowance	27,055	35,460
	Offday & Overtime Allowance	27,500	19,000
	Leave Encashment Allowances	-	232,807
	Stationery	-	6,700
	Computer Accessories	-	14,500
	Conveyance Production	142,259	106,321
	Entertainment-Production	-	-
	Lunch Expense	388,596	424,730
	Training Expenses	-	83,870
	Production Staff Refreshment	156,542	198,830
	Mobile Allowance	193,935	118,960
	VAT deduction on Software Development	15,281	679,112
	VAT deduction on Software Support	234,280	8,483
	Internet Expense	176,807	174,792

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Particulars		Amount In Taka 2017	Amount In Taka 2016
	Overseas Travelling Expenses	7,250	322,817
	Amortization of Software Development Exp	11,990,021	5,270,673
	Depreciation Exp.	897,098	882,878
		42,465,305	**33,175,920**
18.00	**Direct, administration and general expenses**		
	This balance consists of as follows :		
	Directors' Remuneration and allowance	1,453,334	1,453,333
	Salaries and Allowances Admin	5,201,703	4,691,743
	Leave Encashment	-	20,900
	Contribution to Provident Fund	2,112,825	1,793,517
	Offday & Overtime Allowance	2,580	38,333
	Stationeries & Photocopy	113,091	161,812
	Printing	50,590	209,822
	Computer Accessories	-	-
	Conveyance	30,818	33,951
	Lunch Expense	20,100	30,294
	Entertainment	179,317	81,191
	Business Promotion Expense	215,988	830,847
	Office Staff Refreshment	349,677	270,648
	Telephone, Mobile, Telex & Fax Expenses	58,400	91,434
	Electricity Bill	180,417	497,984
	Internet Expenses	12,420	12,420
	Vehicle Maintenance (Fuel, Mobil, Parking, Renewal etc)	1,622,190	1,514,400
	Postage & Courier Expenses	5,370	11,180
	Audit, Consultancy & Legal Expenses	140,000	81,375
	Fees, Forms, Registration & Renewals	307,023	312,509
	Medicine as First AID	-	4,510
	Advertisement Expense	15,300	2,550
	Cleaning & Washing Expense	116,461	74,999
	Office Rent	2,160,000	155,100
	Service Charge on Office Rent	360,000	-
	Office Maintenance Expenses	492,610	322,103
	Repair & Maintenance Office Equipments	19,000	-
	Newspaper & Periodical	10,395	15,562
	Stamp & Notary expense	9,885	8,730
	Meeting/Conference and Seminar Expenses	379,920	324,614
	Miscellaneous Expenses	179,109	184,366
	Bed debts Expenses	84,500	230,000
	Discount allowed to customer	411	-
	Accidental & other Losses	-	-
	Loss on disposal of fixed assets	4,939	16,174
	Amortization Expense	105,117	-
	Depreciation exp	897,098	882,878
		16,890,588	**14,359,279**

Particulars		Amount In Taka 2017	Amount In Taka 2016
19.00	**Sales and market development expenses**		
	This balance consists of as follows :		
	Directors' Remuneration and allowance	1,453,333	1,453,333
	Salaries and Allowances to Marketing Executives	3,329,780	3,840,048
	Conveyance-Marketing	76,004	8,310
	Lunch Expense	4,244	3,415
	Travelling & Daily Allowance	729,536	1,395,025
	Courier Expenses	3,450	1,152
	Advertisement Expense	49,500	87,250
	Bid Document Purchase Expenses	9,800	27,345
	Marketing commission	305,487	-
	Depreciation Exp.	897,098	882,878
	Amortization of Marketing and Promoting Exp	793,144	1,198,626
		7,651,376	**8,897,382**
20.00	**Income from other sources**		
	This balance consists of as follows :		
	Income (Profit) From SND Account	45,050	72,832
	Income (Profit) From MTDR	3,494,063	4,668,259
	Gain on sale of old Scrap	-	-
	Capital Gain from Share Trading	1,894,080	6,331,764
	Dividend Income	630,258	1,098,109
		6,063,451	**12,170,964**
21.00	**Financial Expenses**		
	This balance consists of as follows :		
	Credit Cards Charge	-	28,849
	Bank Charges	36,888	34,968
	BO Account Charges	500	1,190
		37,388	**65,007**

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Property, Plant & Equipment As at December 31, 2017

Schedule -A

Particulars	Cost				Rate of Dep. (%)	Depreciation				Written down Value as on 31.12.2017
	Balance as on 01.01.2016	Addition	"Disposal/ Adjustment"	Balance as on 31.12.2017		Balance as on 01.01.2017	Addition	Adjustment	Balance as on 31.12.2017	
Power supply & electric equipment	965,652	39,800	-	1,005,452	15%	328,647	101,521	-	430,168	575,284
Access Control System	125,950	-	-	125,950	15%	18,893	16,059	-	34,951	90,999
Motor vehicle	12,939,707	-	-	12,939,707	10%	1,230,169	1,170,954	-	2,401,123	10,538,584
Computer & accessories	5,685,023	1,148,514	24,000	6,809,537	15%	3,081,346	559,229	16,306.00	3,624,269	3,185,268
Furniture & Fixture	1,967,080	124,450	1,730	2,089,800	10%	311,591	177,821	985.00	488,427	1,601,373
Office decoration, partitions	4,858,810	30,500	-	4,889,310	10%	489,615	439,970	-	929,585	3,959,726
Office Equipments	1,976,681	187,075	-	2,163,756	15%	675,183	223,286	-	898,469	1,265,287
Cookers and cutlery	22,742	-	-	22,742	10%	9,081	1,366	-	10,447	12,295
Books & periodicals	68,759	-	-	68,759	15%	61,490	1,090	-	62,580	6,179
Total	**28,610,404**	**1,530,339**	**25,730**	**30,115,013**		**6,206,015**	**2,691,295**	**17,291**	**8,880,018**	**21,234,995**

Note:

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

Allocation of depreciation

Production department	897,098
Administration department	897,098
Marketing department	897,098
	2,691,295

Total Depreciation expenses have been allotted to Production, Administration and Sales & Marketing department equally.

ALMPSTOCK

Statement of Accounts Receivable As at December 31, 2017

Schedule-B

Sl. No.	Particulars	Opening	Addition	"Adjustment/Received"	Cl. Balance
		Taka	Taka	Taka	Taka
A.	**Software Development:**				
1	The City Bank Ltd.	665,519	-	-	665,519
2	The City Bank Ltd.-RTGS	-	131,395	131,395	-
3	Al-Arafah Islami Bank-Ababil	1,182,597	10,754,206	7,390,062	4,546,741
4	Al-Arafah Islami Bank-Ababil Offshore Banking	289,700	-	289,700	-
5	Al-Arafah Islami Bank-HRMS Sylvia	390,000	-	390,000	-
6	Al-Arafah Islami Bank-Ababil Agent Banking	1,500,000	750,000	2,250,000	-
7	Al-Arafah Islami Bank-Ababil RTGS	210,000	-	210,000	-
8	Al-Arafah Islami Bank-Ababil Treasury	2,000,000	-	-	2,000,000
9	Al-Arafah Islami Bank-Ababil Audit Automation	-	6,210,000.00	-	6,210,000
10	Agrani Bank Ltd Ababil	-	1,278,000.00	708,721.00	569,279
11	AB Bank Limited-Ababil	1,209,013	-	701,250.00	507,763
12	Social Islami Bank Limited-Ababil	1,559,996	4,301,000.00	1,107,996.00	4,753,000
13	Social Islami Bank Limited-Ababil Agent Banking	2,800,000	-	2,100,000	700,000
14	Social Islami Bank Limited-Mobile App	-	1,350,000	1,350,000	-
15	Uddipan HRMS	300,000	200,000	300,000	200,000
16	Union Bank _ Ababil	7,180,000	2,387,498.00	4,887,498.00	4,680,000
17	Sonali Polaris-Rupali Bank_ABABIL-Sales	13,240,642	-	-	13,240,642
18	Islamic Finance and Investment Limited (IFIL)	600,000	150,000.00	450,000.00	300,000
19	BURO Bangladesh_Sylvia_Sales	1,400,000	-	-	1,400,000
20	Dhaka Bank_ABABIL_Internet Banking-Sales	104,762	-	104,762	-
21	ICB Islami Bank_Ababil	-	560,000	-	560,000
22	IFIC Bank Ababil_RTGS	-	-	-	-
23	FLORA LIMITED	-	8,200,000.00	-	8,200,000
24	United Commercial Bank Ltd.	1,125,000	1,880,000.00	750,000.00	2,255,000
25	Uttara Bank Ltd-ABABIL	-	1,176,000.00	-	1,176,000
26	National Bank Ltd-ABABIL	-	1,248,000.00	-	1,248,000
B.	**IT Support & Software Maintenance**				
27	The City Bank Ltd.Support	49,500	99,000.00	99,000.00	49,500
28	The City Bank Ltd. RTGS Support		236,250.00	101,250.00	135,000
29	Lafarge Surma Cement Ltd._Support	128,666	1,927,014.00	1,798,347.97	257,332
30	Al-Arafah Islami Bank-Ababil -Support	-	1,607,321.25	1,607,321.25	-
31	AIBL_Ababil_BACPS_Support	351,112	66,665.00	417,777.00	-
32	AIBL_Ababil_GoAML_Support	202,469	32,392.00	234,861.00	-
33	AIBL_Ababil_CBS & ATMS Support	295,988	42,844.00	338,832.00	-
34	AIBL_Ababil_Agent Banking_Support	-	326,120.00	326,120.00	-
35	AIBL_Ababil_OBUS_Support	-	213,380.25	213,380.25	-
36	AIBL_Ababil_RTGS	-	224,169.00	224,169.00	-
37	AB Bank Ltd._Support	128,590	1,435,404.00	1,426,431.00	137,563
38	Agrani Bank Ltd._Support	166,800	480,000.00	459,330.00	187,470
39	EXIM Ababil Offshore Support	-	818,180.00	654,544.00	163,636
40	Hajj Finance Co. Ltd_Support	60,500	762,300.00	756,250.00	66,550
41	Social Islami Bank Litd. Ababil_Support	1,594,405	6,215,500.00	6,120,850.00	1,689,055
42	Social Islami Bank Litd. Offshore Ababil_Support	550,277	392,000	-	942,277
43	Social Islami Bank Litd.Tran_API for WSDL Support	566,667	233,333	-	800,000
44	Union Bank Ltd_ Ababil_Support	1,638,180	3,913,920.00	3,325,140.00	2,226,960
45	Union Bank Ltd_ Ababil_RTGS_Support	-	349,125.00	299,250.00	49,875
46	IFIC Bank_Ababil_RTGS_Support	-	418,650.00	-	418,650
47	Dhaka Bank_Internet Banking_Support	143,541	574,164.00	478,470.00	239,235
48	ICB Islamic Bank_Ababil_RTGS_AMC	-	262,500.00	196,875.00	65,625
	TOTAL:	**41,633,924**	**61,206,331**	**42,199,582**	**60,640,672**

Statement of Accounts Payable & Provision As at December 31, 2017

Sl. No.	Particulars	Opening	Addition	"Adjustment/Payment"	Cl. Balance
1	Directors' Remuneration	-	3,610,000.00	3,342,500.00	267,500
2	Salaries & Allowances	1,684,168	50,170,245.00	46,396,778.00	5,457,635
3	Provident Fund	-	4,225,650.00	3,868,228.00	357,422
4	Project Bonus for Mustang Project Team	37,197	-	37,197	-
5	Accrued telephone, telex & fax expenses	10,580	42,959.00	53,539.00	-
6	Payable to Project Development Consultants	-	1,000,000	850,000	150,000
7	Per- diem payable	1,030	-	1,030	-
8	Car Maintenance Expanse	88,000	902,000.00	902,000.00	88,000
9	Desire Design	6,000	-	-	6,000
10	The Daily Financial Express	-	34,500.00	17,250.00	17,250
11	STARgate Communications Ltd[Internet]	-	9,125.00	7,142.00	1,983
12	Hi-Tech Park Authority for Office Rent	5,403,240	2,520,000.00	4,741,734.00	3,181,506
13	Ahsan Zamir & Co	40,000	40,000	40,000	40,000
14	Ranks ITT(Office-Internet)	-	120,000	117,826	2,174
15	Payable to Oracle	237,138	112	237,250	-
16	United Certification Services Ltd.	144,250	-	144,250	-
17	Payable to Inspire Computer & Technology.	38,300	-	38,300	-
18	Electric Bill	497,984	441,537.00	678,401.00	261,120
19	Marketing and Promoting cost payable for 'Ababil'	1,393,750	-	-	1,393,750
20	Provision for Expenses	-	3,088,125.00		3,088,125
21	Income Tax DAS from Office Rent	-	108,000	-	108,000
22	Income Tax DAS from Consultants Payment	5,000	-	-	5,000
23	Income Tax DAS from Remuneration	142,791	510,000.00	467,500.00	185,291
24	Income Tax DAS from Salaries and allowances	560,661	1,300,010.00	1,205,808.00	654,863
25	VAT payable	67,007	-	58,570.00	8,437
	TOTAL:	**10,357,096**	**68,122,263**	**63,205,303**	**15,274,056**

BRANCHES OF AIBL

DHAKA DIVISION

Head Office Corporate Branch
Al-Arafah Towar (1st & 2nd Floor), 63, Purana Paltan
(Daynik Bangla Mor), Dhaka-1000.
02-44 85 00 01(D)

Banani Branch (AD)
16, Kamal Ataturk Avn, Banani, Dhaka
9822250, Fax- 9822357, 01819255587

Motijheel Corporate Branch (AD)
125, Motijheel C/A, Dhaka-1000
9563884, 01760-100500

Dhanmondi Branch (AD)
H#54/1, R#4/A, Dhanmondi, Dhaka
58610913, 01811-483199

Dilkusha Branch (AD)
63, Dilkusha C/A, Dhaka-1000
01766677411

Islampur Branch
29-31, Islampur Road, Dhaka-1100
57393800, 57393754, 01715-619789

Jatrabari Branch (AD)
6 S.F. Sharak, West Jatrabari, Dhaka-1204
7554510, 7554477, 01847054693

Joydebpur Chowrasta Branch
Chandona Chowrasta, Joydebpur, Gazipur-1700
49263958

Kapasia Branch
Kapasia Bazar, Kapasia, Gazipur
029209393

Konapara Branch
958, Konapara Bazar, Demra, Dhaka
01811-409592

Motijheel Branch (AD)
161, Motijheel C/A, Dhaka-1000
9569350 (D), 01940-986464

Moulvibazar Branch (AD)
130, Chawk Mogoltuly, Moulvibazar, Dhaka-1211
57311989, 01819-211828

Mirpur Branch
3/A, Darus-Salam Road, Mirpur-1, Dhaka-1216
9008123, 9010623, 01811-449493

Mouchak Branch
76 D.I.T. Road, Malibagh, Dhaka-1217
9339006

Mohammadpur Krishi Market Branch
32/8(Ka),T.M. Road, Mohammadpur, Dhaka-1207
9142732, 01937777077

Madhabdi Branch
691-694 Madhabdi Bazar, Narshingdi
9446005, 01711-613484

Nawabpur Road Branch (AD)
85/87, Nawabpur Road, Dhaka-1100
01787-697347

North South Road Branch (AD)
96, Nazrul Islam Sharoni, Bongshal, Dhaka-1100
9580875

New Elephant Road Branch (AD)
91, New Elephant Road, Dhaka-1205
9665323-4

Narayangonj Branch
71, B.B. Road, Narayangonj, 7645821

Pagla Branch
Alhajj Afser Karim Bhaban, Pagla, Narayangonj
47696133, 01819-253591

Progati Sharani Branch (AD)
Ga-133/3 Progati Sharani, Dhaka
9863317, 01713-204935

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

Gulshan Branch (AD)
Hosna Center, 106 Gulshan Avenue, Dhaka-1212
9863236, 01790346400

Hazaribagh Branch
149, Hazaribagh bazar, Dhaka-1209
9611758-9, 01819-255297

Keranigonj Branch
Haridia Shopping Complex, Kadamtoli, Keranigonj,
Dhaka-1310, 7763100, 7763099

Manda Branch
152 South Manda, Dhaka-1214
7277772, 7277388, 01811-458743

Nandipara Branch
Akkel Ali Shopping Complex, Nandipara Bazar, Dhaka.
7811053

Bhairab Branch
Munshi Bhaban, Kolapatty Mor, Bhairab, Kishorgonj
9471178, 01817-032726

Gazipur Branch
Holding # K-280 , BIDC Road, Gazipur
4926-1102, 4926-1140, 01811-448051

AMARSTOCK

BRANCHES OF AIBL

Hemayetpur Branch
Asha Plaza (1st Floor), Hemayetpur Bus Stand, Hemayetpur, Savar, Dhaka, 01811-448052

Kamrangirchar Branch
Hazi Kamal Super Market, Kamrangirchar, Dhaka-1211
55160200, Fax – 55160202

Khilkhet Branch
B-34/Ka, Khilkhet Super Market, Khilkhet, Dhaka-1229
58950051, 01819157536

Mirpur-10 Golchattar Branch
27 Dewan Mansion, Mirpur-10, Dhaka-1216
9011766, 01811-448055

South Jatrabari Branch
314-A/4 South Jatrabari, Dhaka-1204
7545161, 7544840

Abdullahpur SME Branch
Minnat Plaza, Abdullahpur Bazar, Abdullahpur, Keranigonj, Dhaka-1311, 01713-810082

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

Panchdona SME Branch
Hira Plaza, Panchdona Chowrasta, Narshingdi
029446452-3

Ati Bazar Branch
Manik Plaza, Ati Bazar , Keranigonj, Dhaka-1312
01833-330274

Daxminkhan Branch
L.K. Plaza, Daxminkhan Bazar, Daxminkhan, Dhaka-1230
8999042

Natun Bazar Baridhara Branch
1209 Madani Avenue, Natun Bazar
Dhaka, 01911711950

Panthapath Branch
F R Tower, 8/C Shukrabad, Panthapath, Dhaka-1207
9138682, 01819-238220

Kalatia SME Branch
Kabir Bazar, Kalatia Bazar, Keranigonj, Dhaka
7769157, 01760-938299

Shyamoli Branch
13/1 Ring Road, Shyamoli, Dhaka-1207
9136517

Bhelanagar Branch
R. I. Shopping Complex (1st floor), Bhelanagar, Narshingdi;
9452295, 01811-487868

Kathgora Bazar Branch
Sarkar Plaza, Kathgora Bazar, Ashulia, Dhaka-1341
7792573

Nayapur Branch
Nayapur Shopping Center, Nayapur Bazar
Narayangonj, 01811-487867

Rampal Branch
Mujibur Rahman Super Market (1st floor)
Shipahipara, Rampal, Munshigonj;
7611855, 7610066

Ruhitpur Branch
Sun Plaza Market, Ruhitpur Bazar, Keranigonj
Dhaka; 7766882-3, 01920-997483

Sonargaon Janapath Road Branch
Plot#30, Sector#11, Sonargaon Janapath road,
Uttara, Dhaka-1230; 01793 59 29 94

Barmi Branch
Shahjahan Fakir Bhaban, Barmi Bazar,
Sreepur, Gazipur; 018-47054694

Bhagyakul Branch
A Rashid Tower, Balasur Chowrasta,Sreenagar, Munshigonj
01817-072556

Fulbaria Branch
Haji Joynal Abedin Sarker Plaza, Fulbaria,Kaliakoir, Gazipur
01847-054692

Rampura Branch
5/1, Pashchim Chowdhury Para, D.I.T. Road, Rampura
Dhaka-1219; 9361356, 01712635225

Tangail Branch
77-78, Victoria Road, Tangail,
092161435, 01819-556372

Faridpur Branch
15/75, Mujib Sarak, Niltuli, Faridpur
0631-65366, 01864554466

Kawranbazar Branch
Dhaka Trade Centre, 99, Kazi Nazrul Islam Avenue,
Kawran Bazar, Tejgaon, Dhaka-1215
9135309, 9135345, 01766677618

Kazirhat Branch
Mosjid Market, Kazirhat, Jajira
Shariatpur-8010; 01783-510066.

Mohakhali Branch
Arzed Chember, 13 Mohakhali C/A, Dhaka-1212
985 22 43, 985 22 59, 017 32 20 10 03

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

Kaliakoir Branch
College Road, Kaliakoir Bazar, Kaliakoir
Gazipur; 01755505468

AMARSTOCK

BRANCHES OF AIBL

Pallabi Branch
Plot # 81, Block # A, Section # 12, Pallabi, Mirpur
Dhaka; 9023611, 9023511, 01811410689

Kaligonj Branch
Twin Tower Market, Aganagar, Kaligonj, Keranigonj
Dhaka; 01710858944

Azampur Branch
272 Shah Kabir Majar Road, Azampur, Chalaban,
Daxminkhan, Dhaka; 48954592-3, 01712-190054

Amin Bazar Branch
MA Hossain Tower, Amin Bazar, Savar, Dhaka - 1348,
903 44 11-2

Bashundhara Branch
H # 262-263, Block - B, Bashundhara R/A, Dhaka.
018 41 22 66 60

Gawsia Branch
Bhai Bhai Complex, Rupgonj, Narayangonj
017 11 90 90 72

Louhajang Branch
Dowlat Khan Complex, Louhajang, Munshiganj
01711733734

MYMENSINGH DIVISION

Mymensingh Branch
70, Choto Bazar, Mymensingh
091-66714

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

CHATTOGRAM DIVISION

Agrabad Branch (AD)
96, Agrabad C/A, Chattogram
031-713372-3

Hathazari Branch
Salamatullah Bhaban, Kachari Road, Hathazari Bazar
Chattogram, 031-2601679, 01811-408492

Jubilee Road Branch (AD)
221, Jubilee Road, Chattogram
031-637680, 01819-315480

Khatungonj Branch (AD)
146, Khatungonj, Chattogram
031-617103, 01819-315481

O.R. Nizam Road Branch
943, O.R. Nizam Road, Nasirabad, Panchlaish
Chattogram; 031-656567-8, 01819-345030

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

Cox's Bazar Branch
902, Saiket Tower, East Bazarghata, Cox's Bazar
0341-51081-2, 01819-320289

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

Feni Branch
33-34 S.S.K Road, Feni
0331-63548-9, 01811-418216

Cumilla Branch
257,240, Monoharpur, Kotwali, Cumilla-3500
081-64546, 01711-431174

Companigonj Branch
Companigonj Bazar, Muradnagor, Cumilla-3542
08026-59076, 01712235569

Gallai Branch
Abeda Noor Foundation Complex, Gallai
Chandina, Cumilla; 01715-290209

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

Akhaura SME Branch
S. R. Complex (1st floor) Sarak Bazar, Akhaura , B.Baria
08522-56155, 01740-619012

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

Tantarbazar SME Branch
Haji Lal Mia Market, Tantar Bazar
Akhaura, Brahmanbaria; 01743-244344

Station Road Branch
108, Station Road, Chattogram
031-632812-3

Hajigonj Branch
Hajigonj Tower, 762 Hajigonj, Chandpur
0842-475145-6

Kutibazar Branch
Eastern Firoz Plaza, Kutibazar, Kasba
B.Baria, 01768722151

Halishahar Branch
Holding: 1655, Port Connecting Road,
Halishahar, Chattogram, 031-715662-3, 01833-149150

Rahimanagar Branch
Rahimanagar Bazar, Kachua, Chandpur
01811-487870

Teknaf Branch
Al-Jamia Market, Teknaf, Cox's Bazar
034-2675120, 034-2675121, 01833-112924

AMARSTOCK

BRANCHES OF AIBL

Barura Branch
Madina Market, Hospital Road, Barura, Cumilla
0802752305-6, 01847-054695

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

Padua Bazar Branch
Seven Star Shopping Complex, Padua Bazar,
Lohagara, Chattogram, 01833-175500

Gouripur Branch
Maa Complex (1st Floor) Gouripur Bazar,
Daudkandi, Cumilla. 01811418206, 01791575766

Kadamtoli Branch
376, D. T. Road, Kadamtali, Chattogram.
031-2522835, 031-2522861-2, 01847114430

Nangalkot Branch
H – 50, College Road, Nangalkot, Cumilla
01712796757, 0803366471-2

Shiberhat Branch
Idris Complex (1st Floor) Shiberhat, Sandwip, Chattogram.
01847114428, 01796399377

Ashugonj Branch
Jalal Khar Building, Ashugonj Bazar, Brahmanbaria;
01747296951

Azadi Bazar Branch
Jamey Masjid Market, Azadi Bazar, Fatikchhari, Chattogram
016 29 40 89 98

Aman Bazar Branch
Amanat Sha Palza (1st Floor), Hathazari Road, Chattogram.
031-2580870-1, 01792253088

Chawkbazar Branch
Shajada Market (1st Floor), 178/182 College Road,
Chawkbazar, Chattogram. 031-2853784-5, 01811458741

Lakshmipur Branch
Akota Super Market, 1310-12 Bazar Main Road, Lakshmipur
Sadar, Lakshmipur. 0381-62290, 01718357947

Anwara Branch
Chaturi Bazar, Anwara, Chattogram
018 19 89 37 10

Teribazar Branch
Islam Super Market, 618/739 Teribazar, Chattogram.
031 63 02 79-80

Bandartila Branch
2638, Airport Road, Ba. Naw. Ja. Isha khan, EPZ,
Chattogram, 031 74 03 83

Bhatiary Branch
Bhatiary Station, Sitakunda, Chattogram
018 19 37 37 62

Eidgoan Branch
Eidgaon Bazar, Cox's Bazar Sadar, Cox's Bazar,
018 17 70 51 56

SYLHET DIVISION

Amborkhana Branch
4877, 4874 Amborkhana, Sylhet-3100
01777-767929

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

Laldighirpar Branch (AD)
Reasot Tower, 1795 Laldighirpar, Sylhet-3100
0821-710809, 01819-550426

Moulvibazar Branch
99-100 M. Saifur Rahaman Road, Moulvibazar-3200
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

Madhabpur SME Branch
H-0006-000 Kalibari Road, W-07, Madhabpur
Hobigonj; 0832-756352, 01926-697968

KHULNA DIVISION

Khulna Branch (AD)
4, Sir Iqbal Road, Khulna
041-721249, 01765-063340

Benapole Branch
283, 284, Benapole Bazar, Jashore
04228-75686, 01711-431176

Jashore Branch
27, M.K. Road, Jashore
0421-68571, 01711-431060

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

Chuknagar Branch
Chuknagar Bazar, Dumoria, Khulna,
01750-024499

Mongla Branch
19/A, Mongla Port I/A, Mongla, Bagerhat
04662-75105-6, 01738-933588

BRANCHES OF AIBL

Gallamari Branch
219/1, Sher-E-Bangla Road, Gallamari, Khulna
041-2832181

Kushtia Branch
147, N. S. Road, Harun Market (Infront of Sadar Thana), Kushtia. 07172262, 01799368224, 01712962933

Jhaudanga Branch
Zaman Market, Jhaudanga Bazar, Satkhira
016 70 29 58 01

Chuadanga Branch
Molla Tower-2, Hotel Royal Blue (1st Floor), Shahid Alaul Islam Khokon Sarak (VJ School Road), Chuadanga.
0761-81146-7, 01718503698

Magura Branch
S.M Plaza (1st Floor), 177, M.R Road, (College Road), Magura, 0488-510 70

Monirampur Branch
G. N. Super Market, H. # 03-005-0134, Monirampur Bazar Main Road, Monirampur, Jashore. 04227-783 60

BARISHAL DIVISION

Barishal Branch
442 K. B. Hemayetuddin Road, Barishal
0431-64476, 01727379119

Jhalakathi Branch
68, Monoharipatti Road, Jhalakathi
0498-62808, 01754-015565, Fax : 0498-62807

Bhola Branch
Jahangir Plaza, Sadar Road, Bhola
0491-61244-5, Fax - 0491-61244

Mathbaria Branch
407 Kapuriapatty, Mathbaria, Pirojpur
04625-75374, Fax - 04625-75373

Bhandaria Branch
Salah Al-Zubayer Market (1st Floor), Kapuriapatty Bhandaria, Pirojpur; 0462-356469, 01726-265060

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

Mostafapur Branch
Saim Super Market, Mostafapur Bus Stand
Madaripur; 0661-61206-7, 01730466564

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

RAJSHAHI DIVISION

Rajshahi Branch (AD)
239,248 Shaheb Bazar, Boalia, Rajshahi
0721-775171, 01727-179771

Bogura Branch (AD)
Talukder Mansion, H # 60/70 Barogola Bogura-5800
051-69994-5, 01713-203754

Mohadevpur Branch
Plot No. 245, Mohadevpur, Noagaon
07426-75136, 01711-425675

Shahjadpur Branch
Chowdhury Plaza, Dariapur Bazar Shahjadpur, Sirajgonj
07527-64052, 07527-64053,01762-331990, 01557-718828

Pabna Branch
Plot#355, Sonapotti, Pabna
0731-62047, 01765700080

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

Sherpur Branch
Dhunat More, Sherpur, Bogura.
0502977185-6, 017283303 31

Natore Branch
Holding #0363-01, Kanaikhali, Natore Sadar, Natore.
0771-61533-4, 01713924930

RANGPUR DIVISION

Saidpur Branch (AD)
Shahed Dr. Zikrul Haque Road, Saidpur, Nilphamari
05526-72804, 01716-236334

Dinajpur Branch
333, Nimtola, Dinajpur
0531-61865-7, 01715-139798

Badargonj SME Branch
Upazila Road, Badargonj, Rangpur
05222-56573-4, 01761-730189

Rangpur Branch
15, Central Road, Payrachattar, Rangpur
0521-55830, 01773-268000

Palashbari Branch
Rabbi Super Market (1st Floor), Bogura-Rangpur Highway, Palashbari, Gaibandha. 0542-456136, 01740015795

FINMASTOCK

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

Head Office : 63, Purana Paltan, Dhaka-1000

PROXY FORM

I/We ..... of (address) .....

..... being shareholder(s) of Al-Arafah Islami Bank Limited hereby appoint Mr./Mrs. .....

of (address) .....

as my PROXY, to attend and vote for me on my behalf at the 23rd Annual General Meeting (AGM) of the Company to be held on Thursday the 24th May 2018, at 11.30 a.m. at **"Own Premises, 63/1, Purana Paltan (Beside of Al-Arafah Tower), Dhaka-1000"** and at any adjournment thereof.

Signed this in my/our presence on.....day of .....2018.

Revenue Stamp of Tk. 20/-

Signature of the Proxy

Signature of the Shareholder

Folio No. .....

BO A/C. No.

No. of shares held . .....

Notes :

1. This form of proxy, duly completed with a revenue stamp of Tk. 20/- only, must be deposited at least 48 hours before the meeting at the Company's Share Department (Level-04), 63, Purana Paltan, Dhaka-1000, proxy will be invalid if not signed and stamped as shown above.
2. Signature of the Shareholder should agree with the specimen signature registered with the Company.

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

Head Office : 63, Purana Paltan, Dhaka-1000

ATTENDANCE SLIP

I do hereby record my attendance of the 23rd Annual General Meeting (AGM) of the Company to be held on Thursday the 24th May 2018, at 11.30 a.m. at **"Own Premises, 63/1, Purana Paltan (Beside of Al-Arafah Tower), Dhaka-1000"**

Name of the Shareholder/Proxy .....

Folio No. ..... BO A/C. No.

No. of shares held . .....

Signature of the Shareholder/ proxy

Dated : .....

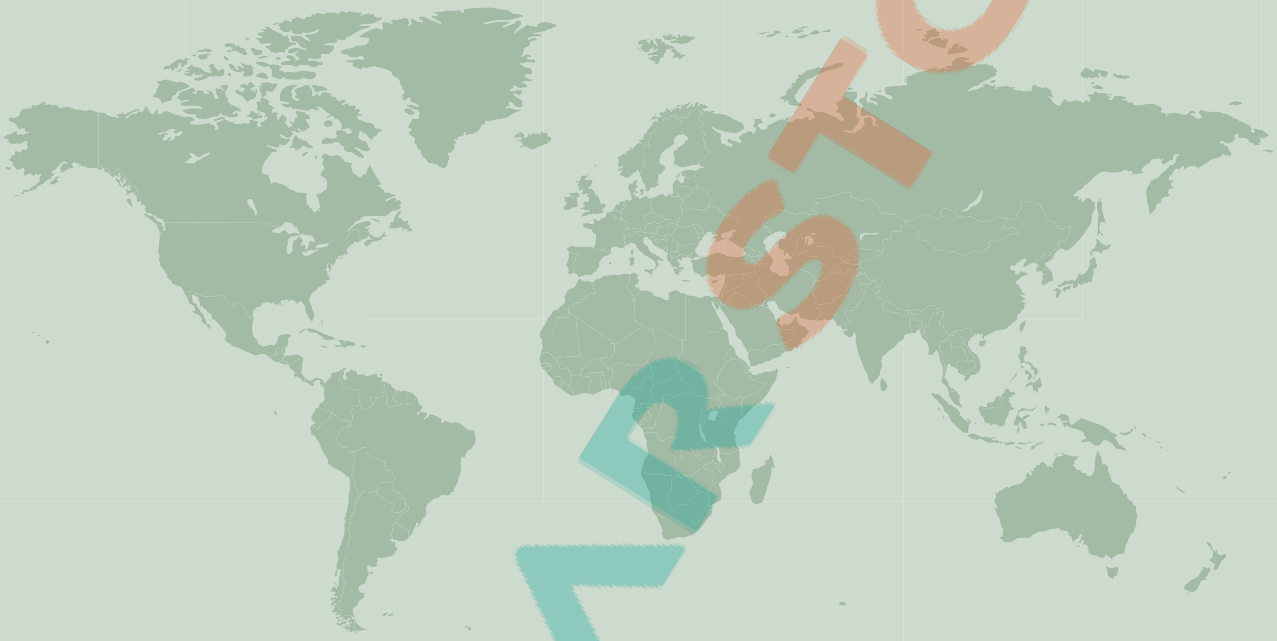
Note : Shareholders attending the meeting in person or by proxy are requested to deposit the attendance slip duly filled in at the entrance of the meeting Hall. Seats in the Auditorium are reserved only for the Shareholders/Proxies.

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

AMARSTOCK

- আল্লাহ্ সুদকে ধ্বংস করে দেন এবং সাদাকাকে বর্ধিত করেন। আর আল্লাহ্ কোনো অবিশ্বাসী পাপীদের ভালবাসেন না। (সূরা আল-বাকারা - আয়াত ২৭৬)

- সাহাবী হযরত জাবির বিন আব্দুল্লাহ (রাঃ) বর্ণনা করেছেন, "রাসূলুল্লাহ (সাঃ) সুদ গ্রহীতা, সুদ দাতা, সুদের চুক্তিপত্র সম্পাদনকারী, সাক্ষী- সকলের উপর অভিশাপ (লানত) দিয়েছেন এবং বলেছেন তারা সকলে সমান অপরাধী।" (মুসলিম)।



হ্যালো ক্যাশ
আল-আরাফাহ্ ইসলামী ব্যাংক মোবাইল ব্যাংকিং

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড
এজেন্ট ব্যাংকিং
আপনার নিকটে

আল-আরাফাহ্
ইসলামী ব্যাংক লিমিটেড
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