

**Independent auditor's report
&
audited financial statements
of
Bank Alfalah Limited
- Bangladesh Operations**

As at & for the year ended 31 December 2019

**Independent auditor's report
to the Management of Bank Alfalah Limited - Bangladesh Operations****Report on the audit of financial statements****Opinion**

We have audited the financial statements of Bank Alfalah Limited - Bangladesh Operations ("the Bank"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account, cash flow statement, statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the balance sheet of the Bank as at 31 December 2019, and of its profit and loss account, its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 and comply with the Banking Companies Act, 1991 (as amended up to date), rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements and internal controls

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

In accordance with the Banking Companies Act, 1991 (as amended up to date) and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the 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 notes 37 and 38 of 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.
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;

- (iv) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (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 advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,000 person hours for the audit of the books and account of the Bank; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
23 June 2020


A. Qasem & Co.
Chartered Accountants
AQC


Bank Alfalah Limited
Bangladesh Operations
Balance sheet
As at 31 December 2019

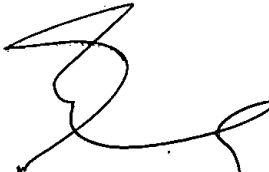
	Note	2019 Amounts in BDT	2018 Amounts in BDT
PROPERTY AND ASSETS			
Cash	4	1,719,461,357	1,408,064,704
Cash in hand (Including foreign currencies)		200,664,417	205,644,522
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)		1,518,796,940	1,202,420,182
Balance with other banks and financial institutions	5	2,673,980,369	3,391,132,601
In Bangladesh		2,491,116,348	3,284,390,088
Outside Bangladesh		182,864,021	106,742,513
Money at call and on short notice	6	250,000,000	730,000,000.00
Investments	7	5,540,899,003	4,724,695,407
Government		5,540,899,003	4,724,695,407
Others		-	-
Loans and Advances/Investments	8	11,435,015,482	10,304,402,741
Loans, Cash credit, Overdrafts etc./Investments		11,192,682,764	9,991,677,692
Bills purchased and discounted		242,332,718	312,725,049
Fixed assets including premises, furniture and fixtures	9	224,422,812	41,018,082
Other assets	10	1,344,369,570	1,159,030,584
Non-banking assets		-	-
Total Assets		23,188,148,593	21,758,344,119
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	10,508,584	359,102,561
Deposits and other accounts	12	15,280,528,094	13,968,238,828
Current Accounts and other Accounts		1,870,897,121	1,943,689,097
Bills Payable		116,951,735	98,251,433
Savings Bank Deposits		5,942,644,011	5,756,359,894
Fixed Deposits		7,350,035,227	6,169,938,404
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
Other liabilities	13	2,302,858,098	1,875,445,357
Total Liabilities		17,593,894,776	16,202,786,746
Capital/Shareholders' Equity			
Head Office Fund	14	4,450,205,090	4,445,949,318
Other Reserves	15	9,889,147	24,687,658
Surplus in Profit and Loss Account	16	1,134,159,580	1,084,920,397
Total Shareholders' Equity		5,594,253,817	5,555,557,373
Total Liabilities and Shareholders' Equity		23,188,148,593	21,758,344,119




	Note	2019 Amounts in BDT	2018 Amounts in BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities		4,432,298,893	3,448,811,784
Acceptances & Endorsements		1,547,235,689	1,424,891,315
Letters of Guarantee	17	483,763,749	406,194,507
Irrevocable Letters of Credit	18	854,289,672	942,152,540
Bills for Collection		1,230,559,783	304,623,422
Other Contingent Liabilities (Bangladesh Sanchaypatra)		316,450,000	370,950,000
Other commitments		594,300,000	555,025,052
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		594,300,000	555,025,052
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		5,026,598,893	4,003,836,836

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

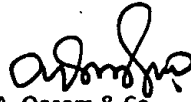

 Abu Noyem Md. Khasru
 Head of Finance & Admin.


 Muhammad Ehsan Ul Haq Qureshi
 Country Operations Head


 Adil Islam.
 Country Head

Signed as per our annexed report of same date.

Dated, Dhaka
 21 June 2020


 A. Qasem & Co.
 Chartered Accountants





Bank Alfalah Limited
Bangladesh Operations
Profit and loss account
For the year ended 31 December 2019

	Note	2019 Amounts in BDT	2018 Amounts in BDT
Interest income/profit on investments	20	1,150,312,548	1,071,605,296
Interest paid/profit shared on deposits and borrowings etc.	21	(615,287,165)	(541,981,710)
Net interest income/net profit on investments		535,025,383	529,623,586
Investment income	22	405,050,714	315,987,520
Commission, exchange and brokerage	23	162,306,189	156,014,157
Other operating income	24	30,671,408	30,963,013
		598,028,311	502,964,690
Total operating income		1,133,053,694	1,032,588,276
Salaries and allowances	25	309,823,657	273,455,793
Rent, taxes, insurance, electricity etc.	26	49,157,600	146,063,753
Legal expenses	27	3,555,323	1,682,779
Postage, stamp, telecommunication etc.	28	18,159,542	10,624,065
Stationery, Printing, Advertisements etc.	29	8,952,767	10,296,656
Country Head's salary and allowances	30	19,519,428	23,341,235
Auditors' fees		557,750	575,000
Depreciation and repair of bank's assets	31	129,853,615	32,879,472
Other expenses	32	46,056,727	37,064,642
Total operating expenses		585,636,410	535,983,395
Profit before provision		547,417,284	496,604,881
Provision for loans and advances/investments	33	27,838,864	13,251,698
General provision		12,617,696	(12,306,216)
Specific provision		15,221,168	25,557,914
Provision for off-balance sheet items released		19,603,403	(91,504)
Provision for diminution in value of investments			
Other provisions	34	24,700,000	3,109,028
Total provision		72,142,267	16,269,222
Total (loss)/profit before tax		475,275,017	480,335,659
Provision for taxation	35	237,800,846	186,329,616
Current tax		238,000,000	188,229,000
Deferred tax		(199,154)	(1,899,384)
Net (loss)/profit after tax		237,474,171	294,006,043

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



Abu Noyem Md. Khasru
Head of Finance & Admin.


Muhammad Ehsan Ul Haq Qureshi
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of same date.

Dated, Dhaka
21 June 2020



A. Qasem & Co.
Chartered Accountants




Bank Alfalah Limited
Bangladesh Operations
Cash flow statement
For the year ended 31 December 2019

	Note	2019 Amounts in BDT	2018 Amounts in BDT
Cash flows from operating activities			
Interest receipts in cash	36	1,163,316,512	1,074,508,961
Interest payments	37	(592,651,084)	(494,625,383)
Dividends receipts		-	-
Fees and commission receipts in cash	38	26,238,501	33,648,688
Recoveries on loans previously written off		-	-
Cash payments to employees	39	(321,022,050)	(257,850,069)
Cash payments to suppliers	40	(72,130,490)	(183,606,277)
Income taxes paid	41	(232,680,979)	(164,153,441)
Receipts from other operating activities	42	571,789,810	469,267,402
Payments for other operating activities	43	(66,899,963)	(75,844,131)
Operating (loss)/profit before changes in operating assets and liabilities		475,960,257	401,345,750
Increase/decrease in operating assets and liabilities			
Loans and advances to customers	44	(1,130,612,741)	(235,638,718)
Other assets	45	(301,462,564)	(227,453,403)
Deposits from other banks	46	(593,520,608)	(29,127,021)
Deposits from customers	47	1,905,809,874	564,497,948
Other liabilities	48	396,524,168	226,904,740
Net cash (used to)/from operating activities		752,698,386	700,529,296
Cash flows from investing activities			
Proceeds from sale/redemption of securities	49	-	-
Payments for purchase of securities	50	419,246,955	(457,805,697)
Purchase of property, plant & equipment		(299,400,366)	(17,539,912)
Sale of property, plant & equipment	51	9,723,190	959,500
Net cash from investing activities		129,569,779	(474,386,109)
Cash flows from financing activities (Profit remitted to head office)		(188,234,988)	(317,741,176)
Net (decrease)/increase in cash and cash equivalents		694,033,177	(91,597,989)
Cash and cash equivalents at beginning of the year		6,599,658,654	6,686,149,716
Effects of exchange rate fluctuations on cash and cash equivalents held		4,255,772	5,106,927
Cash and cash equivalents at end of the year		7,297,947,603	6,599,658,654
Cash and cash equivalents at end of the year represent			
Cash in hand (including foreign currencies)		200,664,417	205,644,522
Call borrowing		(10,508,584)	(359,102,561)
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		1,518,796,940	1,202,420,182
Balance with other banks and financial institutions		2,673,980,369	3,391,132,601
Money at call and on short-notice		250,000,000	730,000,000
Treasury bills		2,664,816,161	1,429,467,510
Bangladesh Bank bill		-	-
Prize bond		198,300	96,400
		7,297,947,603	6,599,658,654

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


Abu Noyem Md. Khasru
Head of Finance & Admin.



Muhammad Ehsan Ul Haq Qureshi
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of same date.

Dated, Dhaka
21 June 2020




A. Qasem & Co.
Chartered Accountants

Bank Alfalah Limited
Bangladesh Operations
Statement of changes in equity
For the year ended 31 December 2019

Particulars	Amounts in BDT			
	Fund deposited with Bangladesh Bank	Other Reserves	Profit and Loss	Total
Balance as at 01 January 2019	4,445,949,318	24,687,658	1,084,920,397	5,555,557,373
Changes in accounting policy	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	(14,798,511)	-	(14,798,511)
Currency translation difference	4,255,772	-	-	4,255,772
Net gains and losses not recognized in the income statement	-	-	-	-
Net profit for the period	-	-	237,474,171	237,474,171
Profit transfer to Head Office	-	-	(188,234,988)	(188,234,988)
Balance as at 31 December 2019	<u>4,450,205,090</u>	<u>9,889,147</u>	<u>1,134,159,580</u>	<u>5,594,253,817</u>

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



Abu Noyem Md. Khasru
Head of Finance & Admin.



Muhammad Ensan Ul Haq Qureshi
Country Operations Head



Adil Islam
Country Head

Dated, Dhaka
21 June 2020


A. Qasem & Co.
Chartered Accountants


Bank Alfalah Limited - Bangladesh Operations
Notes to the financial statements
As at and for the year ended 31 December 2019

1 Reporting entity

Bank Alfalah Limited, Bangladesh Operations (the "Bank") are branches of Bank Alfalah Limited (the parent company) incorporated in Pakistan. The Bank is domiciled in Bangladesh. The address of the Bank's country office is 168 Gulshan Avenue, Dhaka-1212.

The Bank started its operation in Bangladesh on 15 May 2005 by acquiring Shamil Bank of Bahrain's Dhaka Branch Operations as a branch of the parent company. The Bank has 7 branches as on 31 December 2019. Except 1 Islamic Banking Branch, the rest of the branches run on conventional commercial Banking business basis.

1.1 Principal activities of the Bank

The Bank primarily is involved in providing all kinds of commercial Banking services to the customers. The Bank offers services for all commercial Banking needs of the customers, which includes deposit Banking, loans and advances, export import financing, etc.

2 Basis of preparation of financial statements

The financial statements of the Bank are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Banking Companies Act, 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994. In case any requirement of the Banking Companies Act, 1991, and provisions & circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Banking Companies Act, 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

2.1 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed. The Bank Companies Act 1991 has been amended to require Banks to prepare their financial statements under such financial reporting standards. The FRC is yet to issue financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of IFRS are as follows:

i) Investment in shares and Securities

IFRS: As per requirement of IFRS 9: Financial Instruments, where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: As per Banking Regulation and Policy Department (BRPD) of Bangladesh Bank, 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.



ii) Revaluation gain/loss on Government securities

IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate 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. 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 year end and gains or losses on amortisation are recognised in other reserve as part of equity.

iii) Provision on loans and advances

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses.

Bangladesh Bank: As per BRPD circular no 15 (27 September 2017), BRPD circular no 16 (18 November 2014), BRPD circular no 14 (23 September 2012), BRPD circular no 19 (27 December 2012), BRPD circular no 05 (29 May 2013) and BRPD circular no 1 (20 February 2018) 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 5%, 20%, 50% and 100% respectively for loans and advances depending on time past due. 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 IFRS 9.

iv) Other comprehensive income

IFRS: As per IAS 1: Presentation of financial statements, other comprehensive income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

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

v) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7: Financial Instruments – Disclosures and IAS 32: Financial Instruments: Presentation cannot be made in the financial statements.



vi) Repo transactions

IFRS: As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per Department of Off-Site Supervision (DOS) Circular letter no 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book.

However, as per Debt Management Department (DMD) circular letter no 07 dated 29 July 2012, non-primary dealer Banks are eligible to participate in the assured liquidity support (ALS) programme, whereby such Banks may carry out collateralised repo arrangements with Bangladesh Bank. Here the selling Bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

vii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15: Revenue from contracts with customers. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular 14, dated 25 June 2003, financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

viii) Cash and cash equivalent

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

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call and on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh Bank bills and prize bond are shown under investment in the balance sheet.

ix) Non-Banking asset

IFRS: No indication of non-Banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD circular 14, dated 25 June 2003 there is a separate balance sheet item named non-Banking asset existed in the standard format.



x) Cash flow statement

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

Bangladesh Bank: As per BRPD circular 14, dated 25 June 2003, the cash flow statement is a mixture of both the direct and the indirect methods.

xi) Balance with Bangladesh Bank

IFRS: Cash reserve requirement (CRR) maintained with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

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

xii) Presentation of intangible asset

IFRS: Intangible asset must be identified, recognised and the disclosed in line with IAS 38: Intangible assets.

Bangladesh Bank: There is no regulation for intangible assets in BRPD circular 14, dated 25 June 2003.

xiii) Off-balance sheet items

IFRS: As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular 14, dated 25 June 2003, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular 14, dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xv) Loans and advances net of provision

IFRS: Loans and advances/investments should be presented net of provision.

Bangladesh Bank: As per BRPD circular 14, dated 25 June 2003, provision on loans and advances/investments are presented separately as a liability and cannot be netted off against loans and advances.

xvi) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14, dated 23 September 2012, once a loan is classified as impaired, 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 a liability in the balance sheet.



2.2 Basis of measurement

The financial statements of the Bank have been prepared on the historical cost basis except for the following:

- Government treasury bills and bonds designated as Held for Trading (HFT) at present value using marking to market concept with gain crediting revaluation reserve;
- Government treasury bills and bonds designated as Held to Maturity (HTM) at present value using amortization concept;
- Investment in shares of listed companies;
- Investment in unquoted shares.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in BDT has been rounded to the nearest integer.

2.4 Use of estimates and judgments

The preparation of these financial statements in conformity with Bangladesh Bank circulars and IFRSs 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.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in notes 3.8.3 and 3.17.

2.5 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2019.

2.6 Cash flow Statement

Cash flow statement has been prepared in accordance with the BRPD Circular no 14, dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.7 Statement of Changes in Equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.8 Liquidity Statements

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term which has been given in the Statement.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.



3.1 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Bank at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Income on investments is recognized on accrual basis. Investment income includes coupon profit on treasury bonds.

3.2 Fees and commission income

The Bank earns fees and commissions from diverse range of services provided to its customers. Commission on letter of guarantee is recognized on accrual basis. Other fees and commission income is recognized on a realization basis.

3.3 Dividends

Dividend income is recognized when the right to receive income is established. Usually this is the ex dividend date for equity securities. Dividends are presented in investment income.

3.4 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

3.4.1 Current tax

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates as prescribed in the Income Tax Ordinance (ITO) 1984 and relevant Statutory Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. Currently the income tax rate applicable for Banks is 40% (if not publicly listed) and 37.50% (if publicly listed and those which got approval from the Government in 2013).

The estimation of current tax provision involves making judgments regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

3.4.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.



Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax relating to unrealized surplus on revaluation of held to maturity (HTM) and held for trade (HFT) securities are recognized directly in other reserve as a part of equity and is subsequently recognized in profit and loss account on maturity or disposal of the security.

3.4.3 Tax exposures

In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.5 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and its agent Bank, balance with other Banks and financial institutions, money at call and on short notice, investment in treasury bills, borrowing from other Banks, Bangladesh Bank bills and prize bonds.

3.6 Investments

All investment in securities are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discounts are accredited.

Held to Maturity

Investments which have, 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'.

Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

Revaluation

As per the DOS circular letter no 5, dated 26 May 2008, HFT securities are revaluated each week using marked to market concept and HTM securities are amortized once a year according to Bangladesh Bank guidelines. Value of investments has been shown as under:

Government Treasury Bills and Bonds (HFT)	At present value (marked to market)
Government Treasury Bills and Bonds (HTM)	At present value (amortized cost)
Bangladesh Bank Bills (HFT)	At present value (marked to market)
Prize Bond	At cost
Senior secured bond	At cost less redemption

Details are shown in note 7.



3.7 Loans, Advances/Investments and provisions

(a) loans and advances of conventional Banking/Investments of Islamic Banking branches are stated in the Balance Sheet on gross value.

(b) Provision for investments is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank BRPD circular No. 14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) and BRPD circular No. 15 (27 December 2017).

3.8 Fixed assets and depreciation

3.8.1 Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

When parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognized in other income/other expenses in profit or loss.

3.8.2 Subsequent costs

The cost of replacing a component of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

3.8.3 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of fixed assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which they are disposed of. Asset category-wise depreciation rates for the current and comparative years are as follows:

<u>Category of Assets</u>	<u>Rate of depreciation</u>
Furniture, fixture and fittings	10%
Leasehold improvement	20%
Office equipments	20%
Staff equipments	20%
Computer and related equipments	25%
Motor vehicles	25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted, if appropriate.



3.9 Intangible assets - Software

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. In case of acquisition of software, amortization is charged from the month of acquisition, whereas amortization on disposed off software is charged up to the month prior to the disposal. The estimated useful life of software is five years as such amortization is charged at the rate of 20% per annum.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.10 Leases

The Bank has applied IFRS 16 Leases for the first time with the date of initial application of 01 January 2019. As IFRS 16 supersedes IAS 17 Lease, the Bank has made recognition, measurement and disclosure in the financial statements-2019 both as Lessee and Lessor as per IFRS 16.

Bank as lessee:

The Bank assesses at initiation of a contract whether the contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration, then the Bank consider the contract as a lease contract.

The Bank as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases, or, and lease of low value of assets. The Bank recognises lease liabilities to make lease payment and right-of-use assets representing the right to use the underlying assets.

If tenor of a lease contract does not exceed twelve months from the date of initiation/application, the Bank considers the lease period as short term in line with the recognition threshold of ROU assets as per Fixed Asset Policy of the

Right-of-use assets (RoU):

The Bank recognises the right-of-use assets (RoU) at the commencement date of the lease (i.e. the date the underlying asset is available for use). RoU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted for any measurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payment made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the lease term, or remaining period of the lease term.

The Bank assessed all lease contracts live in 2019 and recognised as RoU of assets of all leases, except short term and low value of assets as per IAS 16 and IFRS 16. As leases under IFRS 16 has been first time adopted by the Bank, the Bank has followed modified retrospective approach of adoption with the date of initial application of 01 January 2019. Therefore, the Bank considered a cut-off date beginning of the year 2019 and reassessed unadjusted advance payment and remaining lease period of each contract, and recognised those in the financial statements for the year ended 31 December 2019 without giving retrospective impact in earlier presentation. The RoU assets are presented in the note 9.0 of these financial statements.



Lease Liabilities (Bank as a lessee):

At the commencement of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the Bank and payment of penalties for terminating the lease. The lease payment has been discounted using the Bank's implicit borrowing rate.

In 2019, the Bank reassessed all lease payment of existing contracts for remaining period considering a cut-off date i.e. 01 January 2019. The lease liabilities are presented in the note 13.00 of these financial statements.

3.11 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in Note 12.

3.12 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, profit payable, interest suspense, profit suspense, accrued expenses. Other liabilities are recognized in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance 1984 and internal policy of the Bank. Details are shown in Note 13.

3.13 Head office fund

This represents amounts deposited with Bangladesh Bank in foreign currency as a part of minimum capital requirements. According to subsection 3 of Section 13 of the Bank Companies Act, 1991 as amended by BRPD Circular no. 11 dated 14 August 2008 and BRPD Circular no. 18 dated December 21, 2014, all Banks are required to deposit with Bangladesh Bank the higher of Tk. 4,000 million and minimum capital requirement calculated as 10% of risk weighted assets. Details are shown in Note 14.

3.14 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or a present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

3.15 Interest paid on borrowing and other deposits (Conventional Banking)

Interest paid and other expenses are recognized on accrual basis.

3.16 Profit shared on deposits (Islamic Banking)

Profit shared to mudaraba deposits is recognized on accrual basis as per provisional rate.



3.17 Employee benefits

3.17.1 Provident Fund

Each eligible employee contributed @ 10% of the basic salary to the Provident Fund Account while the Bank contributed an equal amount, which is kept in a savings/term deposit account. The fund is registered with National Board of Revenue.

3.17.2 Gratuity Fund

The Bank operates an approved funded gratuity scheme covering eligible employees whose period of employment with the Bank is five years or more. Gratuity is payable to staff on completion of the prescribed qualifying period of service under the scheme. The Banks liability on this account stands as on 31st December 2019 was fully provided in accounts considering the staffs accumulated gratuity entitlements for their service with the Bank. The Gratuity Fund had been approved by the National Board of Revenue in February 2011.

3.17.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.18 Provisions and accrued expenses

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

3.19 Provision for Off-Balance Sheet Exposures

In compliance with Bangladesh Bank guidelines Off-Balance Sheet items are disclosed under contingent liabilities. As per BRPD circular No.14 (23 September 2012) requires a general provision for off balance sheet exposures to be calculated at 1% on all off- balance sheet exposures. Details are shown in note 13.2.

3.20 Provision for Nostro Accounts

Provisions for unsettled transactions on nostro accounts made are reviewed semi-annually by management and certified by our external auditors in accordance with Bangladesh Bank Foreign Exchange Policy Department (FEPD) circular No. 677 (13 September 2005).

3.21 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.



For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.22 Reconciliation of inter-Bank/inter-branch account

Books of accounts with regard to inter-Bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries in case of inter-branch transactions as at the reporting date are not material.

3.23 Core Risk Management

According to BRPD Circular No. 17 (7 October 2003) and BRPD Circular No.4 (5 March 2007) banks require to put in place an effective risk management system. Bangladesh Bank monitors the progress of implementation of these guidelines through its on-site inspection teams through routine inspection. The risk management systems of the bank are discussed below:

Risk management

The Bank has in place an approved integrated Risk Management framework for managing Credit Risk, Market Risk, Liquidity Risk, and Operational Risk as evidenced by its Board approved "Risk Management Policy", "Market & Liquidity Risk Policy" and "Interest Risk Rate Policy". As per policy, reporting line of the risk management function has been kept completely independent of the business divisions. Following is the governance structure and important policies on Risk Management of the Bank:

- The Board of Directors through its sub-committee called 'Board Risk Management Committee (BRMC)' oversees overall risk of the Bank.

- RMD is the organizational arm performing the functions of identifying, measuring, monitoring and controlling the various risks and assists the Apex level committee and the various sub-committees in conversion of policies into action.

- As part of its mandate, the Central Management Committee (CMC) is entrusted with overseeing the operational risk of the bank.

- Bank has an established Risk Management Division (RMD) for Bangladesh Operations in line with the similar set up of RMD in Head Office. It has a direct report to the RMD at Head Office with administrative reporting line to the Chief Risk Officer/Country Credit Head of Bangladesh Operations. As part of RMD, Treasury Middle Office (TMO) monitors day-to-day trading activities of the dealing room. TMO focuses on Market Risk in the portfolio where RMD at Head Office has been actively engaged in off-site review of the TMO for Bangladesh Operations and has been extending full support in addressing risk related issues. MIS has been developed for addressing Market/Liquidity/Credit/Operational Risk Management, while as per requirement stipulated in guidelines, all sorts of treasury dealing i.e., Dealer/Counterparty/MM & FX Gaps/Foreign Exchange Exposure Limit etc. are provided to RMD on a daily basis.



- An independent risk review function exists within the Bank in the form of Internal Audit Group, which reports directly to the Board Audit Committee.

- After conducting the quantitative impact studies, Bank had implemented Basel III under the purview of Bangladesh Bank guidelines and had complied with the capital adequacy requirement under Pillar-I of Basel III accord. Moreover, in light of Bangladesh Bank Circulars and Guidelines, liquidity standards under Basel III had also been implemented. The Bank has been pursuing Standardized Approach (SA) for calculating Credit & Market Risk, while Basic Indicator Approach (BIA) in gauging Operational Risk

- RMD prepares "Monthly Risk Management Report (MRMR)" on a monthly basis and "Comprehensive Risk Management Report (CRMR)" on a half-yearly basis as part of regulatory requirement, which is also discussed in the 'Executive Risk Management Committee (ERMC)' meetings on monthly basis. These risk reports are prepared after receiving data/information from various departments/units, which are then compiled/refined while taking care of its validation & accuracy through cross matching of data with the statement of affairs, where applicable.

- Stress Test exercise is being conducted by RMD covering credit/liquidity/Forex/Capital Adequacy areas in order to gauge shock absorbing capacity of the bank. Shocks are applied at minor, moderate and major levels as to ascertain whether the bank would be able to sustain under these three stress situations.

3.23.1 Credit risk

An integrated credit risk management system is already in place to ensure risk minimization and maintain asset quality. Bank maintains separate teams for marketing of new loans and risk assessment in order to ensure that no conflict of interest exists during the approval process. A comprehensive due diligence is mandatory before recommendation/approval of each credit proposals.

All loan proposals are initiated through the corporate team, which are subsequently elevated to the Credit Risk Management (CRM) Department. Upon receipt of the proposal, due diligence is conducted by CRM and Country Credit Head and subsequently same is placed to Country Credit Committee of Bangladesh (CCCB) with a credit memo for its consideration. CCCB, in line with its discretionary powers, approves, declines or recommends the proposals for next level approval. While conducting the due diligence, CRM ensures compliance of all local regulations as well as bank's internal policy.

Once credit facility(is) of a customer is approved, a formal sanction advice is communicated to the corporate team/branch office and Credit Administration Department (CAD) for further processing. In case of approval, upon completion of security/charge documentation and compliance of other terms & conditions as per the sanction, a Disbursement Authorization Certificate (DAC) is issued by CAD for allowing credit facilities to the clients. The function of CAD has also been kept separate and independent to ensure due diligence on documentation, operation, monitoring & reporting.

The credit risk assessment process, policies and manuals are reviewed with regular intervals, where improvements are made in line with changes in business dynamics, policies, macro-economic factors, technology and overall operational environment. A credit plan is formulated and finalized before starting of a new year and an appropriate targets are set in line with the bank's overall strategy, risk acceptance criteria, economic outlook of the country and policies of regulatory bodies. Subsequently, quarterly analysis against actual achievements viz-a-viz allocated targets is also carried out where appropriate strategy with remedial measures are also taken to improve the shortfalls.



With a view to strengthening the credit risk framework, Bank has developed a unique internal rating and electronic credit line proposal module named Credit Initiation & Internal Rating System (CIIRS) to assess borrower's health both on objective and subjective grounds before sanctioning any loan. This CIIRS score along with Bangladesh Bank prescribed Credit Risk Grading (CRG) score are evaluated for rating of a potential borrower before granting any loan approval. Moreover, in line with guidelines issued by Bangladesh Bank (BB) regarding Environmental and Social Risk Management (ESRM), Bank has already incorporated the environmental risk rating checklist for each proposal in order to ensure meticulous compliance. In addition to BB ESRM guidelines, an in-house comprehensive Environmental and Social Risk Management guidelines have also been formulated and environmental risk rating is also being conducted for each proposal. Appropriate terms, conditions and covenants are also made part of the sanction for better monitoring and to maintain a sound portfolio of the Bank under sustainable financing objectives.

On the other side, an active recovery unit (RU) is already in place for regular monitoring of overdue loans, watch list, classified, written off, rescheduled/ restructured accounts. RU of the bank is headed by the Country Credit Head (CCH) and comprised of members from Credit Risk Management (CRM), Credit Administration Department (CAD) and Corporate & Investment Banking Group (CIBG). RU regularly monitors the entire portfolio based on periodic MIS, where CCH collaborates with all the team members for any necessary action as and when required. An appropriate watch list parameters and early alert system is also in place for better monitoring of the weak accounts. A quarterly report on default and written off accounts is also submitted to MANCOM by RU to review the portfolio and to reconcile the action plans against each account.

3.23.2 Asset Liability Management

The significance of ALM to the financial sector is highlighted due to the dramatic changes in global economic environment, when closely regulated markets are giving way to market-driven economies. Managing Assets and Liabilities to foster a sustainable growth is one of the key issues of banking industry. After the GFC (Global Financial Crisis), managing the Liquidity and Market risk of banks attracts much more attention of the regulators and supervisors globally. The outcome of this concern was well reflected in the activities of the Basel Committee for Banking Supervision while formulating the Basel 2.5 and Basel III documents. The Liquidity (LCR and NSFR) and leverage ratios are primarily meant to address the above risks. Bangladesh Bank declared the Roadmap for the implementation of Basel III in the banking sector and issued ALM Policy guideline through BRPD Circular No. 2, dated March 7, 2016.

Asset-Liability Management function primarily focuses on strategic positioning of the balance sheet of the bank and is also considered as Balanced Liquidity Management. Liquidity Management has its two wings- Asset Management and Liability Management. Rising of excess assets like Investment & Advances in order to maximize profit may sometimes encounter liquidity crisis, which may lead to run on the bank and ultimate collapse. On the other hand keeping or excess liquidity may hamper the bank's growth by reducing its return/profit. So in both Asset Management & Liability Management is the main factor.

Asset Liability Management Policy of Bank Alfalah Limited aims to balance various important issues like profitability, risk, growth in asset & liability and stability as well as sustainability of earnings in a coherent manner by laying down a transparent framework for governance of the ALM function. Broadly, this policy aims to achieve the following objectives:

- Provide guidelines for appropriate diversification and selection of desirable investments to take advantage of arising opportunities in approved investment avenues;
- Provide parameters and criteria for investment in domestic market for the purpose of efficient utilization of resources, optimization of profit and regulatory compliance;
- Ensure that liquidity risk is effectively and proactively managed by the bank by maintaining desirable level of liquidity;



- Re-pricing of assets & liabilities with a view to profit maximization depending on market situation.
- Propel bank's strategic planning process for the benefit of the organization.
- Maintain different ratios and positions of balance sheet within regulatory and controllable limits.
- Control Liquidity Management by ensuring that the demand for funds is supported by cash and liquid assets in various alternative scenarios.
- Maximize net interest margins and manage Interest Rate risk.

The ALCO's primary function/responsibility is to ensure the ALM management in line with ALM guidelines provided by Bangladesh Bank as well as Bank's own ALM Guidelines for the strategic management of asset and liabilities. ALCO regularly reviews Bank's asset-liability position, overall economic condition, capital adequacy, balance sheet risk and take necessary steps to maximize return. Besides these all regulatory requirements like CRR, SLR, RWA, LCR, NFSR are reviewed by asset liability committee.

3.23.3 Foreign Exchange Risk

Foreign exchange risk arises from the fluctuation in the value of financial instruments consequent to the changes in foreign exchange rates. The Bank manages this risk by setting and monitoring dealer-wise, currency-wise and counter-party limits for on and off-balance sheet financial transactions and instruments.

The currency risk is regulated and monitored against the regulatory/statutory limits enforced by Bangladesh Bank (central Bank). The foreign exchange exposure, i.e., net open position limits in respective currencies are managed against the prescribed limits allowed by central Bank and also internal limits imposed group office.

3.23.4 Internal Control & Compliance

This financial statement is presented in compliance of effective internal control, corporate governance, transparency & accountability, which has altogether become significant for the assurance of the smooth performance of the Bank. As such, effective internal control has been deemed as the foundation of safe and sound Banking at Bank Alfalah. In this regard the Bank has prepared and implemented appropriate control structures in line with the Bangladesh Bank Prudential Regulations on "Internal Control & Compliance".

Furthermore, the primary objective of internal control at the Bank is to at-least enable it to perform better through the efficient use of resources. While, the internal control system of the Bank ensures compliance along with laid down procedures that identifies weaknesses to take appropriate mitigation measures in a timely fashion.

Primarily, the Bank has adopted an effective organizational structure to exercise and imbibe a strong control & compliance culture through all levels of operations by implementing Bangladesh Bank's Guidelines, and, as well, the Bank's policies continue to strengthen internal control dynamically over time. In addition, country Compliance Team is independent of business and reports directly to CCO in Group Head Office.

The reporting of major lapses and ensuring subsequent corrective measures on a timely fashion.

Furthermore, it is ensured that regular and continued monitoring has been carried through-out the financial year for quality assurance and effectiveness of all control policies & procedures, and more-so to evaluate the application of Internal Control & Audit Policies for refurbishment and reviews. Additionally, Internal Control ensures the Management & Mitigation of Financial Risk, including reviews of existing rules & regulations, both internal and external, and that of other obligations from Controlling Authority; not limited to disclosures & processes imbibing the Financial Statements of the Bank. Additionally, Internal Control ensures the Management & Mitigation of Financial Risk, including reviews of existing rules & regulations, both internal and external, and that of other obligations from Controlling Authority; not limited to disclosures & processes imbibing the Financial Statements of the Bank.



Additionally Planning, Organizing & Supervising business performance metrics and the Audit & Inspection of Branches, including the monitoring of risk based business transactions have all been duly performed by the different divisions of the Bank in Bangladesh. Additionally Planning, Organizing & Supervising business performance metrics and the Audit & Inspection of Branches, including the monitoring of risk based business transactions have all been duly performed by the different divisions of the Bank in Bangladesh.

Notable that Audit & Inspection Division of the Bank's Head Office carries out Internal Audits to ensure compliance of regulatory directives as well as the synchronization and adherence to laid-out Policies & Procedures. In addition to the group led Audit, the Bank also has an internal Audit team in country to carry on periodic checks. This internal Audit reports directly to AIG and is independent from Country Management.

3.23.5 Money Laundering Risk

To implement Bangladesh Bank's Guidelines for managing core risks, the Bank has long established the Anti Money Laundering Division (AMLDD) that is centralized at the Country Office under direct Supervision of the CAMLCO. Additionally, the AMLDD is continuously taking necessary steps to make the Bank compliant with Anti Money Laundering (AML) issues including the continued Combating of Terrorist Financing (CTF) as per the legislations, guidelines and that of the compliance of circulars relating the same.

In line with AML the Bank ensures that business at branches is conducted in conformity along with the high ethical standards expected of them and that Banking laws and regulations of Regulatory Authorities: that of the Government of Bangladesh and that of any other authority/agency assigned by the Central Bank or the Ministry of Finance or that of any assigned agent, especially regarding anti-money laundering and the related "Know Your Customer," are being strictly adhered to. In this regard, Branches do not offer services or provide assistance in transactions, which in their opinions could possibly be associated with money being derived from suspect illegal/criminal activities.

Especially, the Bank has adopted a stringent policy to monitor and mitigate the risks of suspicious accounts that are suspect of being used for money laundering. Furthermore, Bank has adopted another stringent policy to monitor and mitigate the risks of Money Laundering and Terrorist Financing, as under:

Arrangement of a AML & CFT training sessions in 2019 covering all eligible employees comprising of existing and new employees. A broad based schedule of branch inspection is in place to ensure sound business practices and the related compliance of AML and CTF regulations on a continuous basis. In addition, we have also initiated launching of automated systems for transaction monitoring.

Anti Money Laundering (AML)

The six core risks have been given due importance and meticulous monitoring of the risks had been embedded in the day to day operations of the Bank for effective control of the same. Bangladesh Bank recommendations on AML and ICT were fully implemented which resulted in good ratings for AML and ICT during the year 2019.

3.23.6 Information and Communication Technology IT Security Cyber risks:

The banking sector is one of the industries that are most at risk, given the nature of the data that Banks hold. This means that banks have had to dedicate significant funds on developing their digital infrastructure to strengthen their cyber security. The banking world has long been seen as a very profitable industry and for many banks that still remains to be true. Investment banking experts demonstrate that the banking sector can still be a very effective way of making money. It is therefore vital that banks are protected from cyber-attacks.



Spending more on software to reduce the chances of an attack, companies now spend more on resources dedicated to preventing cyber-attacks. This means that extra IT personnel are required, extra training for all staff and more resources allocated to analysing their cyber security and performing risk assessments. It also means that more robust policies and processes must be introduced. This can vary from developing and delivering online training for staff to raise awareness about the risks of cyber security, to employing a whole team of experts to audit the processes. It is certainly becoming a very costly affair.

Cyber attacks not only cost businesses from the initial financial sting, they are also impacted by the reputational damage that the attacks can cause for years to come. If somebody feels that their money isn't safe with a bank, then they are likely to close their account and go to another one that they feel will protect their money better.

Cyber Security Personnel: Bank Alfalah- Bangladesh has CISA and CSSP certified staffs for assessing the security needs and implement / take necessary measures to prevent the Banks network from external as well as internal threats.

State of art Data Centre: Bank has Tier II standard modern data centre also the DR Site is in process of upgradation to ensure continuity of Banking Operations in case of any adverse situation.

Temenos T24 Core Banking System: Bank Alfalah Bangladesh has successfully migrated to world class Temenos T24 Banking application system. The Temenos Banking system is used in more than 60 countries in the world and in Bangladesh 8 banks are using Temenos CBS. The new CBS has most advanced features also it has high standard of data encryption/ protections. All Bank Alfalah Branches have access to Temenos banking application system. Branches are interconnected via high speed VPN (Virtual Private Network) links through firewall to provide on-line banking services to its customers. Through the on-line banking customers can withdraw/deposits money from any branch also able to transfer funds to any other accounts seamlessly.

BACH II Implementation: Bank Alfalah Bangladesh has successfully implemented the BACH II of Bangladesh Bank Automated Clearing and Electronic file Transfer system.

PCI-DSS Compliant: All major Cards Based applications are reviewed by the QSA and Gap Analysis already done. Remediation process has started targeted by July 2020 PCI-DSS certifications will be done.

Office 365 Cloud Based Mailing System: The Bank Alfalah Bangladesh has moved from old Q-mail system to Cloud Based Microsoft office 365 mailing system which is a state of mailing system can be accessed from anywhere (through mobile/ laptop/Tabs) etc. It has many features which makes it very convenient for users to use without worrying about its storage and accessing from any particular device.

ADS (Active Directory Services): Bank Alfalah has implemented the active directory services in all branches in Bangladesh. All users are now under ADS Network which has improved the security and access to applications is controlled through the ADS.

BEFTN (Bangladesh Electronic Fund Transfer Network): The BEFTN (Bangladesh Electronic Fund Transfer Network) is widely used for bulk payments i.e. Dividend warrants, Staffs salary and as well single transactions. The Bank is in the process of launching of Remittance Products very soon to facilitate migrants' workers specially in the middle east for smooth remittance of their hard earn money in Bangladesh. Through the BEFTN the funds can be transferred on the same day at any bank branches across the country.

CIB on-line Project: The Bank has successfully developed an interface application through its in-house expertise and timely implemented the CIB project with the guidance of Bangladesh Bank CIB Team. The CIB reporting is become live with the new system, which has additional features

Connectivity with NPS Network: To provide 24/7 round the clock banking services to its customers, Bank Alfalah Bangladesh has successfully launched E-banking Project in Bangladesh. The Banks ATM Switch is now connected to NPSB Switch of Bangladesh Bank, which has enabled to do transactions from any ATM's across the country with the nominal transactions charges. In NPSB Network approximately 4000 ATMs are connected all over the Bangladesh.



Launch of Retail Banking Products: The Bank has launched number of retail deposit products to facilitate low cost deposit mobilization.

Launch of Deposit products: Bank Alfalah has successfully launched number of deposits products to mobilize low cost deposits.

24/7 Call Centre Service for Customer Support: To provide support for it's Debit cards and in future credit cards and to ATM's customers. The Bank has launched it's 24/7 state of art call centre services in Bangladesh. Bank Alfalah is the first Bank in Bangladesh to introduce on-line ATM PIN generation i.e. customer can generate the ATM PIN through the on-line Call Centre through there registered telephone number. Also, clients can get various products information's from Call Centre Agents.

SMS Alert Services: Bank's IT Team have developed an application for SMS Alert services for any debit / credit transactions takes place in clients account. The SMS services are available for the register customers on 24 hours basis. To register for SMS Alert, one has to fill-up the registration form with valid Banks Account Number and Mobile Number.

E-statements: Banks has successfully launched the e-statement services to its customer. e-statements are mailed to customer registered email address. E-statements are password protected and password is sent to the clients registered mobile number. With the launch of e-statement have increased client's satisfaction with timely delivery of statements also saves printing and stationery costs for the Bank.

RTGS Project Implementation: Bank Alfalah has successfully implemented the Real Time Gross Settlement Project with the help of Bangladesh Bank PSD(Payment System Department) help. Through RTGS the payments are settled with shortest possible time. The RTGS is widely used by Treasury department of the Banks also it is expected that high value transactions will rise in due course.

Internet Banking : The Bank has implemented Internet Banking System. Through the comfort of home or office customers can do the transactions, funds transfer to other account, balance enquiry, generate statements etc. In future mobile top-up and utility bill payments will be added.

The IT- Team : The Bank Alfalah Information Technology Team is comprised of talented and dedicated staffs having experience in Information Technology for more than 25 years. The Security Staffs are CISA Certified, IT staffs are attending training / seminars on various programs on cyber security , IT Governance etc. The IT Head has worked in a reputed international bank in Bangladesh with wide knowledge of IT Governance and Security and problem-solving capabilities. He has also attended number of IT training/ seminars / workshops both home and abroad.

3.23.7 Internal Audit

The Board of Directors have instituted an effective Internal Audit Division which not only monitors compliance with the Bank's policies, procedures and controls and report significantly deviations regularly to the Board Audit Committee but also regularly reviews the adequacy of the Internal Control System. The observations and weaknesses are addressed promptly and necessary steps are taken by the management to eliminate weaknesses.

3.23.8 Fraud & Forgeries

Bank has an effective mechanism in place to deal with any fraud & forgery. It has Fraud & Investigation Unit and Audit & Inspection Group at Head Office that reports to the Board through the Board's Audit Committee. Any instance of fraud/forgery/misappropriation/embezzlement/negligence etc. (with or without malafide intention) occurring during the normal course of business is reported & to safeguard's Bank's interest, process of disciplinary action is taken. Bank has defined process to timely process disciplinary action case by conducting domestic inquiries for any of the offences listed in the policy.

During the period no fraud was identified by the Bank.



3.24 Corporate Social Responsibility

Bank Alfalah, over the years, had engaged pro-actively on different CSR endeavours addressing the socio-economic development requirements of the country's struggling and financially disadvantaged segment of the society with a primary focus on identified thrust sectors such as education, health, community and environmental development etc. The Bank, ever since its inception, has also been moderately taking part in promoting various initiatives and sponsored numerous social initiatives like the National Children's Immunization Program, post Hurricane donation to relief fund, Educational and Extracurricular endeavours, Promotion of Culture & Heritage, support for Women Entrepreneurs, Promoting sports among young generation through sponsorship, patronizing career planning workshop for young graduates and Metropolis Beautification initiatives etc. These continuous efforts in CSR by the bank portray its positive image and core belief to inspire and empower people to do things differently and shape their own path in life and business.

Bank Alfalah continued on sponsoring their sole scholarship program in 2019, which started from 2010 in collaboration with SMDF which provides scholarship to 50 poor and needy students of urban slum and without which they were in high risk to drop out from school to contribute to their families' economic health. During the year, Bank entered into a yearlong agreement with Gulshan Literacy Program (GLP) Foundation, which provides free quality education to poor street children through two schools. The bank sponsored nutritious diet to them in the form of milk throughout the period addressing their need for nutrition support. In addition, Bank sponsored daily meals to the underprivileged children taking day care services from Social and Economic Enhancement Programme (SEEP), an organization which provides free day care services to the children of pavement dwellers living in streets through three centers. A total of 105 children received daily meals three times a day throughout the period. The bank had also sponsored the safe water project for the people of Sundarbans in collaboration with MRDI. Marginalized families living in Sundarbans area received 100 water tanks which will help them to harvest rainwater, one of the best sources of safe drinking water. In total, 570 people of 100 families benefitted from this project. Furthermore, four Support staff of the bank received donation for medical treatment for themselves and their families.

3.25 Green Banking

Bangladesh is considered as one those countries that will be seriously affected by the unavoidably obvious adverse effects of worldwide global warming impact to the likes of climate change, increased soil salinity, rising sea level etc. and few of which is gradually revealing as evident in imminent future. The Banking industry of the country, while remaining actively engaged in a pivotal role to constitute and catalyse effective development / strengthening the financial backbone of nation should also act responsibly to address the problem and thus adopted the practice of Green Banking under strong patronage of its regulatory body Bangladesh Bank.

Green Banking refers to the efforts of the Banking sector to keep the environment green and minimize greenhouse effects through rationalizing their strategies, policy, decisions and actions pertaining to Banking service, business and internal operational activities as well as to educate and motivate their clientele to adopt green practices through offering financially beneficial Banking services and preferential patronization. Green Banking thus may be considered as the initiatives from the Banks end as part of the nation's collective initiatives to save environment. Green Banks or environmentally responsible Banks not only just develop and establish their own principles but also exerts socially responsible behavior towards other businesses. In accordance with the globally acceptable standard and regulatory frame work in vogue for green Banking, Bank Alfalah is actively involved in the following green activities:

- Gradually moving towards green financing and had incorporated Environmental Risk Grading in our Credit Approval process.
- Operating one ATM Booth with renewable solar power (fully) and planning to convert all our ATM Booths to green ATMs.
- Launched electronic Banking products and transaction services like Debit Cards, Internet Banking, E-statement, SMS Alert, BEFTN & RTGS services to reduce the usage of printing papers and stationeries.



- Launched electronic Banking products and transaction services like Debit Cards, Internet Banking, E-statement, SMS Alert, BEFTN & RTGS services to reduce the usage of printing papers and stationeries.
- Replaced conventional electronic equipments with energy efficient and green equipments.
- Replaced conventional electronic equipments with energy efficient and green equipments.
- Launched "Video Conferencing" through "IP Phone" to initiate meeting in lieu of physical travel which would help saving cost and energy.
- Personal Identification Number (PIN) delivery for cards has in the past been a costly and inconvenient paper-based process. Customers wait for delivery of paper PIN that can be delayed due to a variety of reasons. To address the issue, Retail Banking team explored alternate mediums for PIN delivery and developed a new PIN setting via phone Banking solution i.e. customer selects their own PIN upfront via the phone. It's convenient, near instantaneous, secure and paperless.
- Gradually replaced all Bank maintained transports with fuel efficient alternatives.
- Gradually replaced all Bank maintained transports with fuel efficient alternatives.

3.26 Compliance of International Financial Reporting Standards (IFRSs)

Name of the standards	Reference	Status
First-time adoption of international financial reporting standards	IFRS 1	Not applicable
Share based payment	IFRS 2	Not applicable
Business combinations	IFRS 3	Not applicable
Insurance contracts	IFRS 4	Not applicable
Non-current assets held for sale and discontinued operations	IFRS 5	Not applicable
Exploration for and evaluation of mineral resources	IFRS 6	Not applicable
Financial instruments: disclosures	IFRS 7	Applied
Operating segments	IFRS 8	Applied
Consolidated financial statements	IFRS 10	Not applicable
Joint arrangements	IFRS 11	Not applicable
Disclosure of interests in other entities	IFRS 12	Not applicable
Fair value measurement	IFRS 13	Applied
Revenue from contracts with customers	IFRS 15	Not applicable
Leases	IFRS 16	Applied
Presentation of financial statements	IAS 1	Applied
Inventories	IAS 2	Not applicable
Statement of cash flows	IAS 7	Applied
Accounting policies, changes in accounting estimates and errors	IAS 8	Applied
Events after the reporting period	IAS 10	Applied
Construction contracts	IAS 11	Not applicable
Income taxes	IAS 12	Applied
Property, plant and equipment	IAS 16	Applied
Leases	IAS 17	Applied
Revenue	IAS 18	Applied
Employee benefits	IAS 19	Applied
Accounting for government grants and disclosure of government assistance	IAS 20	Not applicable
The effects of changes in foreign exchange rates	IAS 21	Applied
Borrowing costs	IAS 23	Applied
Related party disclosures	IAS 24	Applied
Accounting and reporting by retirement benefit plans	IAS 26	Not applicable



Consolidated and separate financial statements	IAS 27	Not applicable
Investments in associates	IAS 28	Not applicable
Financial reporting in hyperinflationary economies	IAS 29	Not applicable
Interest in joint ventures	IAS 31	Not applicable
Financial instruments: presentation	IAS 32	Applied
Earnings per share	IAS 33	Not applicable
Interim financial reporting	IAS 34	Applied
Impairments of assets	IAS 36	Applied
Provisions, contingent liabilities and contingent assets	IAS 37	Applied
Intangible assets	IAS 38	Applied
Financial instruments: recognition and measurement	IAS 39	Applied
Investment property	IAS 40	Not applicable
Agriculture	IAS 41	Not applicable

3.27 Credit Rating of the Bank

As per the BRPD instruction circular No.6 dated 5 July 2006, the Bank has done its credit rating by Alpha Credit Rating Limited based on the financial statements dated 31 December 2018.

Particulars	Date of Rating	Long Term	Short Term	Valid Till
Entity Rating	06-Jun-19	AA	ST - 2	05 June 2020

Alpha Credit Rating Limited has retained the long-term rating AA (pronounced as 'double A') and Short-term rating ST-2 of Bank Alfalah Limited (Bangladesh operations) based on audited financials for the year ended 31 December 2018 and other relevant quantitative as well as qualitative information

The long-term rating reflects the stability of financial performance along with satisfactory liquidity position, strong asset quality, increase in deposits & total assets, management quality and efficient fund management by the bank. Commercial Banks rated AA have strong credit quality and subject to very low credit risk. Short term rating of ST-2 represents bank's strong capacity for timely repayment of its obligations. Alpha Credit Rating observed bank's high quality corporate governance, satisfactory CSR activities over the years and sound environmental risk management policy

3.28 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Bank has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

3.29 Operating segments

The Bank has no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per IFRS 8.



3.30 Board Audit Committee (BAC)

Name	Designation
Mr. Shehzad Naqvi	Chairman
Mr. Abdulla Khalil Al Mutawa	Member
Mr. Khalid Mana Saeed Al Odaiba	Member
Mr. Eventrations Georgios Analogous	Member
Rd. Ayesha Khan	Member
Mr. Tahir Khurshid	Secretary

3.31 Date of Authorization

The financial statements were authorized for issue by the senior management of the Bank, Bangladesh Operations on 21 June 2020.

3.32 Workers profit participation fund (WPPF)

As per Bangladesh Labour Act 2006 (the Act) and amendments thereof, an employer is required to pay 5% of its net profit to the 1) Workers Participatory Fund, 2) Workers Welfare Fund and 3) Workers Welfare Foundation Fund for further appropriate disbursement of the funds to all members (i.e. Beneficiaries, as defined under the Act) as prescribed under the Act. However, on February 14, 2017, Ministry of Finance (Bank & Financial Institution Division) issued a letter to the Secretary, Ministry of Labour and copied to the Governor, Bangladesh Bank and Chairman of the Association of Bankers, Bangladesh Limited (ABB) and instructs the Ministry of Labour & Manpower to take necessary action not to apply Section 55 of the Bangladesh Labour Act on Banks and financial institutions. Hence, no provision is required for WPPF payments.

3.33 General

Figures of previous year have been rearranged, whenever necessary, to conform the current year's presentation.



	2019 Amounts in BDT	2018 Amounts in BDT
4 Cash		
Cash in hand		
Local currency	198,540,049	200,277,271
Foreign currency	2,124,368	5,367,251
	<u>200,664,417</u>	<u>205,644,522</u>
Balance with Bangladesh Bank and its agent Bank		
Local currency	867,540,964	753,940,886
Foreign currency	651,255,976	448,479,296
	<u>1,518,796,940</u>	<u>1,202,420,182</u>
	<u>1,719,461,357</u>	<u>1,408,064,704</u>

- 4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act 1991, MPD Circular nos.4 & 5, dated 1 December 2010, MPD circular no. 2, dated- 10 December 2013 and MPD Circular no. 1, dated- 23 June 2014, DOS Circular no. 1, dated 19 January 2014.

The Cash Reserve Requirement on the Bank's time and demand liabilities fixed at the rate of 5.5% for both conventional and Islamic banking has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Requirement for conventional and 5.5% on Islamic banking on the same liabilities has also been maintained as per directives of Bangladesh bank. Both reserves maintained by the Bank are in excess of the statutory requirement.

- 4.2 i) Cash Reserve Requirement (CRR) for Conventional Banking
5.5% of average Demand and Time Liabilities

Required reserve	488,733,370	444,448,313
Actual reserve held	629,972,246	544,656,648
Surplus	<u>141,238,876</u>	<u>100,208,335</u>

- ii) Cash Reserve Requirement (CRR) for Islamic Banking

5.5% of average Demand and Time Liabilities

Required reserve	224,690,751	227,214,142
Actual reserve held	251,289,877	241,841,877
Surplus	<u>26,599,126</u>	<u>14,627,735</u>

- 4.3 i) Statutory Liquidity Requirement (SLR) for Conventional Banking
13% of required Average Demand and Time Liabilities

Required reserve	1,155,187,964	1,050,514,194
Actual reserve held	5,832,342,845	4,972,818,444
Surplus	<u>4,677,154,881</u>	<u>3,922,304,250</u>

Held for Statutory Liquidity Requirement

Cash in hand	150,403,266	147,997,841
Excess of daily reserve	141,238,876	100,208,335
Un-encumbered securities(HTM)	5,027,666,056	4,528,115,701
Un-encumbered securities(HFT)	513,034,647	196,483,306
Balance with Sonali Bank Ltd	-	13,261
	<u>5,832,342,845</u>	<u>4,972,818,444</u>

- ii) Statutory Liquidity Requirement (SLR) for Islamic Banking
5.5% of required Average Demand and Time Liabilities

Required reserve	224,690,751	211,275,499
Actual reserve held	224,690,752	216,690,857
Surplus	<u>1</u>	<u>5,415,358</u>

Held for Statutory Liquidity Requirement:

Cash in hand	50,261,151	57,646,681
Excess of daily reserve	26,599,126	14,627,735
Foreign currency used in BDT	147,830,475	144,416,441
	<u>224,690,752</u>	<u>216,690,857</u>



	2019 Amounts in BDT	2018 Amounts in BDT
5 Balance with other banks and financial institutions		
In Bangladesh (Note 5.1)	2,491,116,348	3,284,390,088
Outside Bangladesh (Note 5.2)	182,864,021	106,742,513
	2,673,980,369	3,391,132,601
5.1 Inside Bangladesh		
Current account		
Islami Bank Bangladesh Limited	23,566	24,716
Sonali Bank Limited	-	13,261
Standard Chartered Bank	7,301,624	3,744,804
	7,325,190	3,782,781
Savings Account		
The Trust Bank Limited	35,505	10,046,619
Janata Bank Limited - Foreign Exchange Branch	-	3,040
Dhaka Bank Limited	35,076	34,194
Prime Bank Limited	9,020,577	747,623,454
	9,091,158	757,707,307
Mudaraba Term deposit		
Social Islami Bank Limited	-	-
Export Import Bank of Bangladesh Ltd.	320,000,000	-
Shahjalal Islami Bank Ltd.	-	-
The City Bank Limited	-	-
	320,000,000	-
Term deposit		
National Bank Limited	200,000,000	-
National Bank of Pakistan	950,000,000	700,000,000
Mutual Trust Bank Limited	-	500,000,000
Jamuna Bank Limited	-	400,000,000
BRAC Bank Limited	254,700,000	-
IFIC Bank Limited	750,000,000	-
Eastern Bank Limited	-	419,500,000
The City Bank Limited	-	503,400,000
Commercial Bank of Ceylon, Dhaka	-	-
NCC Bank Limited	-	-
AB Bank Limited	-	-
	2,154,700,000	2,522,900,000
	2,491,116,348	3,284,390,088
5.2 Outside Bangladesh		
Current account		
Standard Chartered Bank, New York	155,882,306	94,682,767
Standard Chartered Bank, Kolkata	24,750,174	8,776,553
Bank Alfalah Limited, Karachi	769,820	760,752
National Bank of Pakistan, New York	230,753	135,086
Standard Chartered Bank, London	219,225	458,510
Standard Chartered Bank, Frankfurt	925,924	1,915,463
National Bank of Pakistan, Frankfurt	-	-
Standard Chartered Bank, Tokyo	85,819	13,382
	182,864,021	106,742,513
Details are shown in Annexure-C		
Term deposit		
Bank Alfalah Limited, Bahrain	-	-
	182,864,021	106,742,513



	2019 Amounts in BDT	2018 Amounts in BDT
5.3 Maturity-wise groupings of balance with other banks and financial		
On demand	16,416,348	761,490,088
Not more than 3 months	2,657,564,021	2,629,642,513
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	2,673,980,369	3,391,132,601
6 Money at call and on short notice	250,000,000	730,000,000
	250,000,000	730,000,000
7 Investments		
Government securities		
Bangladesh Bank bills	-	-
Treasury bills HFT	497,012,559	-
Treasury bills HTM	2,167,803,602	1,429,467,510
Treasury bonds HFT	16,022,088	196,483,306
Treasury bonds HTM	2,859,862,454	3,098,648,191
Prize bonds	198,300	96,400
	5,540,899,003	4,724,695,407
Others (Note-7.1.3)	-	-
	5,540,899,003	4,724,695,407
7.1 Investments classified as per Bangladesh Bank Circular		
Held-for-trading (HFT) securities (Note-7.1.1)	513,232,947	196,579,706
Held-to-maturity (HTM) securities (Note-7.1.2)	5,027,666,056	4,528,115,701
Others (Note-7.1.3)	-	-
	5,540,899,003	4,724,695,407
7.1.1 Held-for-trading (HFT) securities		
Treasury bills	497,012,559	-
Treasury bonds	16,022,088	196,483,306
Prize bonds	198,300	96,400
	513,232,947	196,579,706
7.1.2 Held-to-maturity (HTM) securities		
Bangladesh Bank bill	-	-
Treasury bills	2,167,803,602	1,429,467,510
Treasury bonds	2,859,862,454	3,098,648,191
	5,027,666,056	4,528,115,701
Except one treasury bond amounting Taka 795,683,356 the above HTM securities are lien with Bangladesh Bank for capital purpose.		
7.1.3 Others		
Commercial Paper - KSRM-Steel Plant Ltd.	-	-
Commercial Paper - BSRM-Steel Ltd	-	-
	-	-
7.2 Maturity wise groupings of investment		
Repayable On demand	198,300	96,400
Not more than 3 months	1,837,885,002	577,651,000
More than 3 months but not more than 1 year	3,068,689,345	1,648,025,990
More than 1 year but not more than 5 years	413,933,864	1,473,247,009
More than 5 years	220,192,492	1,025,675,008
	5,540,899,003	4,724,695,407



	2019 Amounts in BDT	2018 Amounts in BDT
8 Loans and advances/investments		
Loans, cash credit, overdrafts etc./Investments (Note 8.1)	11,192,682,764	9,991,677,692
Bills purchased and discounted (Note 8.10)	242,332,718	312,725,049
	11,435,015,482	10,304,402,741
Also refer to notes 8.2 to 8.9 and 8.11 for further analysis, classification and provision for loans and advances/ investments, maturity wise grouping, etc.		
8.1 Loans, cash credit, overdrafts etc./Investments		
In Bangladesh		
Conventional Banking		
Current finance	3,489,155,582	3,344,890,883
Term finance	4,084,184,350	2,910,732,504
Finance Against Foreign Bill		
Staff loan	67,665,086	67,126,981
Finance Against EDF		108,783,681
Loan against trust receipts	90,777,663	122,669,976
	7,731,782,681	6,554,204,025
Islamic Banking		
Moribana (LPO)	2,426,776,521	3,165,767,940
Trust receipts	174,531,629	232,267,446
Finance Against Foreign Bill	27,910,093	35,489,952
Moribana manual		3,948,329
Advance against Murabaha	84,872,282	
Diminishing Musharkah	189,679,561	
Finance Against EDF	10,529,997	
Spot morabaha	546,600,000	
	3,460,900,083	3,437,473,667
	11,192,682,764	9,991,677,692
Outside Bangladesh		
	11,192,682,764	9,991,677,692
8.2 Maturity-wise grouping of loans and advances/investments		
Repayable On demand	3,289,352,736	3,344,708,195
Not more than 3 months	7,441,167,523	5,061,982,931
More than 3 months but not more than 1 year	378,100,684	1,167,832,512
More than 1 year but not more than 5 years	284,425,674	691,049,947
More Than 5 years	41,968,865	38,829,156
	11,435,015,482	10,304,402,741
8.3 Loans and advances on the basis of significant concentration		
Advances to Chief executive, other Senior executives and other Officers	67,665,086	67,126,981
Industrial loans and advances	11,367,350,396	10,237,275,760
	11,435,015,482	10,304,402,741
8.4 Loans and advances allowed to each customer exceeding-10% of Bank's total capital		
Total outstanding amount to such customers at end of the year (01 Customer)	718,031,250	694,828,125
Amount of classified loans and advances therein	Nil	Nil
Measures taken for recovery	Not Applicable	Not Applicable



8.5 Industry-wise classification of loans and advances/investments

	2019		2018	
	% of Total Loan	BDT	% of Total Loan	BDT
Agri Business	4.29%	490,107,211	3.24%	370,666,121
Automobile dealers	1.14%	130,086,608	1.06%	120,645,971
Cement	6.19%	708,287,715	7.70%	880,323,248
Chemicals	0.98%	112,026,532	0.26%	29,890,983
Financial Institutions & MFIs	13.39%	1,531,462,174	12.15%	1,388,849,936
Food & Personal Care Products	7.53%	861,247,773	7.27%	831,113,187
Glass & Ceramics	0.28%	31,526,833	0.29%	33,524,701
Leather & Tanneries	1.78%	203,034,692	1.80%	205,517,349
Manufacturing & sale of Domestic Appliances	6.16%	703,837,482	3.78%	432,495,587
Metal & Allied	13.28%	1,518,924,072	12.14%	1,388,029,783
Oil & Gas Marketing Companies	2.75%	314,816,898	2.83%	324,180,502
Others/Miscellaneous	2.67%	305,447,746	3.58%	408,829,900
Paper & Board	2.18%	249,573,921	0.45%	51,425,538
Pharmaceuticals	3.93%	449,259,247	2.88%	329,667,315
Power Generation & Distribution- Non GoP	7.40%	846,460,000	3.54%	405,104,167
Printing & Publishing	0.76%	86,465,253	0.86%	98,838,075
Real Estate/Construction	0.15%	17,320,994	0.47%	53,867,222
Refinery	0.25%	28,553,918	0.25%	28,553,573
Services	6.64%	759,262,028	7.42%	848,262,046
Textile Composite / Garments Manufacturing	4.31%	492,761,672	3.58%	409,698,699
Textile Spinning	5.91%	675,553,951	8.03%	918,320,408
Textile Weaving	1.24%	142,067,607	0.00%	-
Tobacco	0.00%	-	0.00%	-
Trading	1.91%	218,823,146	1.56%	178,619,681
Transport	0.12%	13,158,876	0.19%	22,020,449
Vanaspati & Allied Industries	4.77%	544,949,133	4.77%	545,958,300
	100.00%	11,435,015,482	100.00%	10,304,402,741

8.6 Geographical location-wise loans and advances/investments

	2019		2018	
	% of Total Loan	BDT	% of Total Loan	BDT
Dhaka Division	80.11%	9,160,478,280	80.55%	8,300,519,636
Chittagong Division	18.31%	2,093,256,717	17.68%	1,821,729,702
Sylhet Division	1.59%	181,280,485	1.77%	182,153,403
	100%	11,435,015,482	100%	10,304,402,741

8.7 Grouping of loans and advances as per classification rules of Bangladesh Bank

	2019		2018	
	% of Total Loan	BDT	% of Total Loan	BDT
Status				
Unclassified:				
Standard including staff loan	97.01%	11,092,832,976	96.68%	9,962,120,252
Special Mention Account (SMA)	0.00%	-	0.00%	-
	97.01%	11,092,832,976	96.68%	9,962,120,252
Classified:				
Substandard	0.00%	-	0.28%	28,372,508
Doubtful	0.00%	-	0.68%	69,769,165
Bad or loss	2.99%	342,182,506	2.37%	244,140,816
	2.99%	342,182,506	3.32%	342,282,489
	100.00%	11,435,015,482	100.00%	10,304,402,741



8.8 Particulars of required provision for loans and advances/investments

	2019		2018	
	Base for Provision	Required Provision	Base for Provision	Required Provision
Unclassified				
All unclassified loans (other than SME loan ,	10,127,675,170	101,276,752	8,389,754,030	83,897,540
Agricultural finance	212,989,463	2,129,895	817,098,217	8,170,982
SME finance	752,168,344	1,880,421	755,268,005	1,888,170
Special Mention Account (SMA)	-	-	-	-
	11,092,832,977	105,287,068	9,962,120,252	93,956,692
Classified				
Substandard	-	-	10,645,997	2,129,199
Doubtful	-	-	26,158,592	13,079,296
Bad or loss	165,819,283	165,819,283	134,457,577	134,457,577
	165,819,283	165,819,283	171,262,166	149,666,072
	11,258,652,260	271,106,351	10,133,382,418	243,622,764
Total provision maintained		341,083,602		313,244,738
Surplus provision		69,977,251		69,621,974

8.9 Particulars of loans and advances/investments

i) Loans considered good in respect of which the banking company is fully secured;	11,435,015,482	10,304,402,741
ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	-	-
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor;	-	-
iv) Loans adversely classified; provision not maintained there against;	-	-
	11,435,015,482	10,304,402,741
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other person.	67,665,086	67,126,981
vi) Loans due from 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;	-	-
vii) Maximum total amount of Advances including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	67,665,086	67,126,981
viii) Maximum total amount of advances, including temporary advances 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	-	-
ix) Due from Banking Companies;	-	-
x) Amount of Classified loan/Investment on which Interest/Profit has not been charged:	342,182,506	342,282,489
(a) Movement of Classified loans and advances		
Opening balance	342,282,489	254,281,153
Increase/(decrease) during the year	(99,983)	88,001,336
Closing balance	342,182,506	342,282,489
(b) Provision kept against loan classified as bad/loss on the date of balance sheet	234,509,213	189,079,549
(c) Amount of interest/profit charged in suspense account	55,029,336	51,784,655
xi) Loans written off	54,842,182	54,842,182
- Current Year	-	-
- Cumulative to-date	54,842,182	54,842,182
- Amount of written off loans for which lawsuit was filed	54,842,182	54,842,182

8.10 Bills purchased and discounted

Bills purchased and discounted excluding treasury bills:		
Payable in Bangladesh	242,332,718	312,725,049
Payable outside Bangladesh	-	-
	242,332,718	312,725,049



8.11 Maturity grouping of bills discounted and purchased

	2019 Amounts in BDT	2018 Amounts in BDT
Payable within 1 month	28,580,768	117,586,351
Over 1 month but less than 3 months	138,971,214	157,750,257
Over 3 months but less than 6 months	74,780,736	37,388,441
6 months or more	-	-
	<u>242,332,718</u>	<u>312,725,049</u>

9 Fixed assets including premises, furniture and fixtures

Cost:

Furniture, fixture and fittings	47,260,110	47,260,110
Office equipments	66,421,901	59,624,646
Staff equipments	13,500	13,500
Computer and related equipments	143,832,794	132,865,083
Motor vehicles	28,046,855	32,702,690
Leasehold improvement	83,480,616	74,737,699
Right of use assets	-	-
	<u>369,055,776</u>	<u>347,203,728</u>

Less: Accumulated depreciation

Furniture, fixture and fittings	43,272,266	42,212,257
Office equipments	55,027,080	51,605,442
Staff equipments	13,500	13,500
Computer and related equipments	121,037,659	113,464,414
Motor vehicles	20,869,112	27,507,622
Leasehold improvement	73,836,511	71,382,411
Right of use assets	-	-
	<u>314,056,128</u>	<u>306,185,646</u>
	<u>54,999,648</u>	<u>41,018,082</u>

Written Down Value

Details are shown in Annexure - D.



	2019 Amounts in BDT	2018 Amounts in BDT
10 Other assets	1,344,369,570	1,159,030,584
10 Others Assets	1,344,369,570	1,159,030,584
10.1 Classification of other assets		
Income generating other assets	-	-
Non-income generating other assets		
Investment in shares of subsidiary companies:		
- In Bangladesh	-	-
- Outside Bangladesh	-	-
Stationery, stamps, printing materials in stock etc.	3,776,703	2,249,869
Advance rent and advertisement	320,000	83,414,996
Interest accrued on investment but not collected, commission and	93,128,102	106,132,066
Security deposits	1,769,115	1,171,115
Preliminary, formation and organizational expenses, renovation,	10,983,024	17,520,005
Branch adjustment Account (Note 10.3)	-	-
Suspense account	-	-
Silver	-	-
Deferred Tax Assets (Note-13.6)	10,372,394	10,173,240
Others (Note 10.4)	1,224,020,232	938,369,293
	1,344,369,570	1,159,030,584
	1,344,369,570	1,159,030,584
10.2 Income/profit receivables		
On Treasury bill, bonds, preference shares, etc.	71,254,341	76,945,932
Deposit with financial institution	21,873,761	26,431,948
Mark up receivables on bill purchased and discounted	-	2,754,186
	93,128,102	106,132,066
10.3 Branch adjustment Account	(25,447)	(11,020,230)
All inter branch reconciliation have been made up to December 31, 2018. There were no significant un responded items outstanding for more than 3 months.		
10.4 Others		
Compensation receivable	-	-
Short term receivable - account maintenance fees	-	3,084,987
Intangible asset - Software (Note 10.4.1)	2,032,238	3,368,018
Advance income tax (Note 10.4.2)	1,087,622,261	854,941,282
Receivable from Head office (POS Fund)	-	-
Receivable from Bangladesh Bank	133,307,942	73,738,798
Miscellaneous	1,057,791	3,236,208
	1,224,020,232	938,369,293
10.4.1 Intangible asset - Software		
Cost		
Balance at 1 January	33,852,198	33,852,198
Acquisitions	-	-
Balance at 31 December	33,852,198	33,852,198
Amortization and impairment losses		
Balance at 1 January	30,484,180	29,148,400
Amortization for the year	1,335,780	1,335,780
Balance at 31 December	31,819,960	30,484,180
Carrying amounts		
Balance at 31 December	2,032,238	3,368,018



	2019 Amounts in BDT	2018 Amounts in BDT
10.4.2 Advance income tax		
Advance tax		
Balance as at 1 January	854,941,282	690,787,841
Add: Paid during the year	232,680,979	164,153,441
	1,087,622,261	854,941,282
Less: Adjustments made during the year	-	-
Balance as at 31 December	1,087,622,261	854,941,282
11 Borrowings from other banks, financial institutions and agents		
In Bangladesh (Note-11.1)	10,508,584	359,102,561
Outside Bangladesh	-	-
	10,508,584	359,102,561
11.1 In Bangladesh		
Call borrowing (Note-11.2)	-	-
Term borrowing (Note-11.3)	10,508,584	359,102,561
	10,508,584	359,102,561
11.2 Call borrowing		
Mutual Trust Bank Limited	-	-
IFIC Bank Limited	-	-
Commercial Bank of Ceylon, Dhaka	-	-
Sonali Bank Limited	-	-
	-	-
11.3 Term borrowing		
Commercial Bank of Ceylon, Dhaka	-	251,700,000
Bangladesh Bank - EDF Financing	10,508,584	107,402,561
Eastern Bank Limited	-	-
	10,508,584	359,102,561
11.4 Secured and Unsecured Borrowings from other banks, financial institutions and agents		
Secured Borrowing	-	-
Unsecured Borrowing	10,508,584	359,102,561
	10,508,584	359,102,561
11.5 Maturity grouping of Borrowings from other banks, financial institutions and agents		
Repayable on demand	-	-
Repayable within 1 month	-	251,700,000
Over 1 month but within 6 months	10,508,584	107,402,561
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
10 years or more	-	-
	10,508,584	359,102,561
12 Deposits and Other Accounts		
Current/Al-wadeeah current accounts and other accounts	1,870,897,121	1,943,689,097
Bills payable	116,951,735	98,251,433
Savings bank/Mudaraba savings bank deposits	5,942,644,011	5,756,359,894
Fixed deposits/Mudaraba fixed deposits	7,350,035,227	6,169,938,404
	15,280,528,094	13,968,238,828



	2019 Amounts in BDT	2018 Amounts in BDT
12.1 Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current deposits	1,134,087,059	1,097,969,219
Alfalsh Uduog Current Account	310,317,350	393,687,777
Foreign currency deposits	291,176,872	289,929,795
Sundry deposits (Note 12.5)	135,315,840	162,102,306
	<u>1,870,897,121</u>	<u>1,943,689,097</u>
12.2 Bills payable		
Payment order - Inside Bangladesh	115,599,826	91,670,648
Demand draft payable - Inside Bangladesh	261,169	6,256,208
Unclaimed DD/TT/PO - Inside Bangladesh	1,071,493	64,406
Unclaimed DD/TT/PO - Inside Bangladesh	19,247	260,171
	<u>116,951,735</u>	<u>98,251,433</u>
12.3 Savings bank/Mudaraba savings bank deposits		
Savings deposits	1,705,502,762	1,191,429,892
Alfalsh Savings Plan (ASP)	141,322,258	148,456,511
Special Notice Deposits (SND)	528,972,631	875,688,645
Alfalsh Salary Account (ASA)	44,162,720	37,317,238
Alfalsh Rising Star (ARS)	15,729,033	15,853,361
Alfalsh premium Plus (APP)	1,111,676,423	1,316,592,855
Monthly Premium Deposit	2,395,278,184	2,171,021,392
	<u>5,942,644,011</u>	<u>5,756,359,894</u>
12.4 Fixed deposits/Mudaraba fixed deposits		
Fixed Deposit (FDR)	4,929,694,895	3,687,983,660
Mudaraba Term Deposit (MTDR)	2,420,340,332	2,481,954,744
	<u>7,350,035,227</u>	<u>6,169,938,404</u>
12.5 Sundry deposits		
Margin Accounts - Local Currency	107,418,921	108,037,481
Margin Accounts - Foreign Currency	27,837,607	54,064,825
Others	59,312	-
	<u>135,315,840</u>	<u>162,102,306</u>
12.6 Bearer Certificates of Deposit		
	<u>-</u>	<u>-</u>
12.7 Other Deposits		
	<u>-</u>	<u>-</u>
12.8 Deposits from banks and others		
Inter-bank deposits (Note 12.8.1)	319,743,749	913,264,357
Other deposits	14,960,784,345	13,054,974,471
	<u>15,280,528,094</u>	<u>13,968,238,828</u>
12.8.1 Inter-bank deposits		
Jamuna Bank Limited	24,596	26,070
Pubali Bank Limited	1,200,037	1,181,760
AB Bank Limited	17,014	19,839
Prime Bank Limited	12,341,792	757,647,036
Islami Bank Bangladesh Limited	30,879,581	30,512,386
Shahjalal Islami Bank Limited	14,025	3,083,455
Al-Arafah Islami Bank Limited	203,437,469	3,436,429
The City Bank Limited	2,080,643	2,081,137
Bank Asia Limited	12,324	2,015,035
BankIslami Pakistan Limited	30,008,641	12,485,207
Bank Alfalah Ltd, Karachi (Conventional)	6,323,241	36,805,869
Bank Alfalah Ltd, Karachi (Islamic)	33,404,386	63,970,134
	<u>319,743,749</u>	<u>913,264,357</u>



	2019 Amounts in BDT	2018 Amounts in BDT
12.9 Maturity grouping of deposits		
Repayable On demand	1,136,643,834	2,333,816,002
Repayable within 1 month	1,316,847,687	2,052,342,035
Over 1 month but within 6 months	3,934,975,071	3,756,686,086
Over 6 months but within 1 year	6,044,121,130	693,499,369
Over 1 year but within 5 years	2,847,940,372	5,131,895,336
Over 5 years but within 10 years	-	-
10 years or more	-	-
	<u>15,280,528,094</u>	<u>13,968,238,828</u>
13 Other liabilities		
Provision for loans and advances/investments (Note 13.1)	341,083,602	313,244,738
Provision for off-balance sheet exposures (Note 13.2)	59,641,771	40,038,368
Interest suspense account (Note 13.3)	55,029,336	51,784,845
Provision for taxation (13.4)	1,307,074,173	1,069,074,173
Accrued expenses	11,388,763	2,958,021
Interest payable on deposit & borrowings (Note 13.5)	139,836,180	117,200,099
Unearned profit on Moribana	74,568,185	93,226,838
Deferred tax liability (Note 13.6)	-	-
Accounts payable - (Locker Security Deposit)	638,000	580,000
Withholding tax on interest on deposits	5,692,801	4,825,302
Withholding tax	43,453,008	54,808,851
Withholding VAT	3,328,395	2,863,959
Provision for audit and consultancy fees	2,742,750	2,979,000
Provision for Salaries & leave fare allowance	3,660,302	930,070
Payable to Shamil Bank's Head Office	79,052,645	79,052,645
Excise duty	502,763	353,920
SLR Charges payable to Bangladesh Bank	-	646,346
Advance commission on Letter of Guarantee (L/G)	499,453	1,596,336
Charity fund account	1,165,189	565,925
Provision for Rebate on Good Borrowers	47,700,000	23,000,000
Misc. Provision against receivable	-	3,109,028
Branch adjustment Account (Note 10.3)	25,447	11,020,230
Lease liabilities*	125,183,545	-
Miscellaneous	591,790	1,586,663
	<u>2,302,858,098</u>	<u>1,875,445,357</u>

*The bank recognised lease liabilities which is present value of lease payments to be made over the lease term from the date of commencement or 01 January 2019 (date of initial application). The lease payments include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the bank and payment of penalties for terminating the lease.

13.1 Provision for loans and advances/investments

General Provision		
Balance as at 1 January	93,956,693	106,262,909
Add: Provision made during the year		
On general loans and advances/investments etc.	12,617,696	-
On Special Mention Account (SMA)	-	-
	<u>12,617,696</u>	<u>-</u>
Less: Provision no longer required	-	12,306,216
Balance as at 31 December	<u>106,574,389</u>	<u>93,956,693</u>
Specific Provision		
Provision held beginning of the year	219,288,045	193,730,131
Less: Fully provided debt written off	-	-
Add: Recoveries of amounts previously written off	-	-
Add: Specific provision for the year	20,863,352	36,758,890
Less: Recoveries and Provisions no longer required	5,642,184	11,200,976
Net Charge to Profit and Loss Account	<u>15,221,168</u>	<u>25,557,914</u>
Balance as at 31 December	<u>234,509,213</u>	<u>219,288,045</u>
Total provision on loans and advances/investments	<u>341,083,602</u>	<u>313,244,738</u>



	2019 Amounts in BDT	2018 Amounts in BDT
13.2 Provision for off-balance sheet exposures		
Balance at the beginning of the year	40,038,368	40,129,872
Add: Provision made during the year	19,603,403	-
	59,641,771	40,129,872
Less: Adjustments made during the year	-	91,504
Balance at the end of the year	59,641,771	40,038,368
13.3 Interest suspense account		
Balance at the beginning of the year	51,784,845	38,199,202
Add: Amount transferred to Interest Suspense Account during the year	3,692,001	14,469,005
Less: Amount recovered in Interest Suspense Account during the year	447,510	883,362
Less: Amount written off during the year	-	-
Balance at the end of the year	55,029,336	51,784,845
13.3.1 Interest/profit suspense and compensation suspense		
Interest/profit suspense	55,029,336	51,784,845
Compensation suspense	-	-
	55,029,336	51,784,845
13.4 Provision for Taxation		
Balance as at January 01, 2019	1,069,074,173	880,845,173
Add: Provision made during the year (Note 35)	238,000,000	188,229,000
	1,307,074,173	1,069,074,173
Less: Adjustments made during the year	-	-
Balance as at December 31, 2019	1,307,074,173	1,069,074,173
Provision for current tax of Taka 238,000,000 has been made @ 40.00% of adjusted net profit for the year 2019 as prescribed by Finance Act 2019.		
13.5 Profit/interest payable on deposit		
Profit/interest payable on		
Savings Deposit	10,842,517	21,456
Borrowings from FI	13,919	1,469,372
	10,856,436	1,490,828
Interest payable on		
30 days term deposit	258,303	312,034
90 days term deposit	6,303,158	15,309,161
180 days term deposit	4,969,530	9,047,161
360 days term deposit	27,816,671	20,042,331
Broken Period term deposit	88,866,790	70,410,579
2 years term deposit	237,893	371,041
3 years term deposit	527,399	216,964
	128,979,744	115,709,271
	139,836,180	117,200,099



13.6 Deferred tax assets and liabilities

13.6.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2019			2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Fixed assets	(10,372,394)	-	(10,372,394)	(10,173,240)	-	(10,173,240)
Unrealized gain on HTM Securities (Treasury Bill)	-	-	-	-	-	-
Unrealized gain on HTM Securities (Treasury Bond)	-	-	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bond)	-	-	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bill)	-	-	-	-	-	-
	<u>(10,372,394)</u>	<u>-</u>	<u>(10,372,394)</u>	<u>(10,173,240)</u>	<u>-</u>	<u>(10,173,240)</u>

13.6.2 Movement in deferred tax balances during the year

	Balance at January 01	Recognized in Profit and Loss	Recognized in equity	Balance at December 31
2019				
Fixed assets	(10,173,240)	(199,154)	-	(10,372,394)
Unrealized gain on HTM Securities (Treasury Bill)	-	-	-	-
Unrealized gain on HTM Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bill)	-	-	-	-
	<u>(10,173,240)</u>	<u>(199,154)</u>	<u>-</u>	<u>(10,372,394)</u>
2018				
Fixed assets	(8,273,856)	(1,899,384)	-	(10,173,240)
Unrealized gain on HTM Securities (Treasury Bill)	-	-	-	-
Unrealized gain on HTM Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bill)	-	-	-	-
	<u>(8,273,856)</u>	<u>(1,899,384)</u>	<u>-</u>	<u>(10,173,240)</u>



14 Head Office Fund

Fund received from Head Office and kept with the Bangladesh Bank

2019 Amounts in BDT	2018 Amounts in BDT
4,450,205,090	4,445,949,318

14.1 Capital to Risk-weighted Asset Ratio (CRAR) of the Bank

The calculation of CRAR has been done as per Basel-III guideline December 2014 vide BRPD Circular no. 18 dated December 21, 2014.

Common Equity Tier 1 Capital:

Head Office Fund	4,450,205,090	4,445,949,318
Accumulated Profit (Loss)	1,134,159,580	1,084,920,397
Less: Regulatory Adjustment (Deferred Tax Asset)	10,372,394	10,173,240
Less: Goodwill and All other Intangible Assets	2,032,238	3,368,018
	<u>5,571,960,038</u>	<u>5,517,328,457</u>

Additional Tier 1 Capital:

-	-
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A) Total Tier 1 Capital

5,571,960,038	5,517,328,457
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Tier 2 Capital:

General Provision	166,216,160	133,995,061
Revaluation reserve of Government securities (with 20% phase-in deductions)	-	7,015,154
	<u>166,216,160</u>	<u>141,010,215</u>
B) Total capital	<u>5,738,176,198</u>	<u>5,658,338,672</u>

C) Risk weighted assets (RWA)

Credit Risk		
On-Balance Sheet	5,886,241,608	6,232,575,316
Off-Balance Sheet	716,165,785	860,272,969
	6,602,407,393	7,092,848,285
Market Risk	182,346,057	384,412,641
Operational Risk	1,578,642,223	1,558,744,206
Total RWA	<u>8,363,395,673</u>	<u>9,036,005,132</u>

D) Required Minimum Common Equity Tier-1 Capital Ratio
(4.5% of the total RWA)

376,352,805	406,620,231
-------------	-------------

E) Required Capital Conservation Buffer (2.5% of the total RWA)

209,084,892	169,425,096
-------------	-------------

F) Required Minimum Common Equity Tier-1 Capital Ratio plus Capital Conservation

585,437,697	576,045,327
-------------	-------------

G) Required Tier 1 Capital (6.0% of RWA)

501,803,740	542,160,308
-------------	-------------

H) Required total capital (10% of RWA)

836,339,567	903,600,513
-------------	-------------

I) Required total capital plus Capital Conservation Buffer (12.5% of RWA)

1,045,424,459	1,073,025,609
---------------	---------------

J) Minimum capital requirement

4,000,000,000	4,000,000,000
---------------	---------------

Required capital (higher of I & J)

4,000,000,000	4,000,000,000
---------------	---------------

Surplus (B-J)

1,738,176,198	1,658,338,672
---------------	---------------

Capital to Risk-Weighted Assets Ratio:

On Common Equity Tier 1 Capital against standard of minimum 4.5%	66.62%	61.06%
On Tier 1 Capital - against standard of minimum 6.0%	66.62%	61.06%
On Tier 2 Capital	1.99%	1.56%
On total capital - against standard of minimum 10%	68.61%	62.62%



2019 Amounts in BDT	2018 Amounts in BDT
------------------------	------------------------

15 Other reserve

Other reserve arises from the revaluation of Treasury bills and bonds (HFT & HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010. The tax effects on revaluation gain are measured and recognized in the financial statements as per IAS 12: Income Taxes.

Movement in Other Reserve during the year

	Balance at January 01	(Adjustment)/ Transferred	Balance at December 31	Deferred tax liabilities	Net Balance at December 31
2019					
Treasury bills - HTM	14,158,160	(14,479,319)	(321,159)	-	(321,159)
Treasury bonds - HTM	-	-	-	-	-
Treasury bonds - HFT	10,529,498	(319,192)	10,210,306	-	10,210,306
Treasury bill - HFT	-	-	-	-	-
	24,687,658	(14,798,511)	9,889,147	-	9,889,147
2018					
Treasury bills - HTM	11,098,231	3,059,929	14,158,160	-	14,158,160
Treasury bonds - HTM	-	-	-	-	-
Treasury bonds - HFT	8,430,432	2,099,066	10,529,498	-	10,529,498
Treasury bill - HFT	1,524,224	(1,524,224)	-	-	-
	21,052,887	3,634,771	24,687,658	-	24,687,658

16 Surplus in Profit and Loss Account

Balance as at January 01	1,084,920,397	1,108,655,530
Profit Transfer to Head Office	(188,234,988)	(317,741,176)
Adjustment of Receivable from H.O.	-	-
Prior Year adjustment	-	-
Net/(loss)/profit for the year	237,474,171	294,006,043
Balance as at December 31	1,134,159,580	1,084,920,397

17 Letters of guarantees

Claims lodged with the Bank company not recognized as loan	-	-
Money for which the Bank is contingently liable in respect of guarantees issued favouring:		
Directors	-	-
Government	283,030,558	293,400,074
Banks and other financial institutions	19,608,086	22,386,890
Others	181,125,105	90,407,543
	483,763,749	406,194,507

18 Irrevocable letters of credit

Usance	275,103,059	329,582,502
Sight	579,186,613	612,570,038
	854,289,672	942,152,540

19 Income statement

Income		
Interest, discount and similar income	1,555,289,863	1,387,592,816
Fee, commission and brokerage	26,238,501	33,648,688
Gains less Losses arising from dealing securities	-	-
Gains less Losses arising from investment securities	73,399	-
Gains less Losses arising from dealing in foreign currencies	136,067,688	122,365,469
Income from non-banking assets	-	-
Other operating income	30,671,408	30,963,013
Profit less Losses on interest rate changes	-	-
	1,748,340,859	1,574,569,986
Expenses		
Interest, fee and commission	615,287,165	541,981,710
Losses on loans and advances	-	-
Administrative expenses	423,584,048	479,218,122
Other operating expenses	46,056,727	37,064,642
Depreciation on banking assets	115,995,634	19,700,631
	1,200,923,575	1,077,965,105
Income over expenditure	547,417,284	496,604,881



	2019 Amounts in BDT	2018 Amounts in BDT
20 Interest income/profit on investments		
Interest on loans and advances		
Current finance	312,178,992	276,499,626
Term finance	257,585,881	243,256,425
Trust receipt	18,274,687	23,014,242
Staff Financing	3,393,776	3,100,113
Finance against EDF	1,457,875	5,070,338
Finance against Foreign Bill (FAFB)	-	115,902
Foreign Bill Discount	97,207	-
Local bill discounted	367,317	10,636,150
	<u>593,355,735</u>	<u>561,692,796</u>
Share of profit from financing and discounting		
Profit on Diminishing Musharakah	28,041,818	-
Moribana Financing - LPO	240,458,076	253,319,533
Profit on bill discounted	11,445,914	3,860,451
Profit against EDF	128,834	-
Moribana income trust receipt	16,884,463	22,141,142
	<u>296,959,105</u>	<u>279,321,126</u>
Interest/profit on Placements with Banks		
Interest from call money	228,260,623	171,538,106
Interest/profit from deposits with banks	31,737,085	59,053,268
	<u>259,997,708</u>	<u>230,591,374</u>
	<u>1,150,312,548</u>	<u>1,071,605,296</u>
21 Interest paid/profit shared on deposits and borrowings etc.		
Interest on deposits		
Savings account	85,511,124	83,645,086
Royal profit deposit	74,855,146	43,916,760
Term deposit	226,839,453	204,841,410
	<u>387,205,723</u>	<u>332,403,256</u>
Profit shared on Modaraba Deposit		
Modaraba Savings Deposit	45,427,888	23,563,260
Modaraba royal profit deposit	14,091,214	28,068,120
Modaraba term deposit	153,885,332	146,071,380
	<u>213,404,434</u>	<u>197,702,760</u>
Interest on borrowings		
Interest paid on borrowings	6,761,322	11,875,694
Interest paid on Repo	-	-
Interest on lease liabilities	7,915,686	-
	<u>14,677,008</u>	<u>11,875,694</u>
	<u>615,287,165</u>	<u>541,981,710</u>
22 Investment income		
Mark-up on Bangladesh Bank Bill	-	11,283,340
Discount on treasury bill	134,980,826	34,635,039
Mark-up on treasury bonds	281,091,636	316,963,839
Mark-up on Commercial Paper	-	-
Trading gain on treasury bills	77,740	-
Trading gain on Bangladesh Govt. Treasury Bonds	(4,341)	-
Loss on revaluation of T. Bond HFT	(1,942,927)	(2,238,713)
Profit/(Loss) on revaluation of T-bill HFT	(12,573)	-
Capital gain on treasury bills and Bangladesh Govt. Treasury Bonds	451,160	6,199
Interest and Amortization on Securities	(9,590,807)	(44,662,184)
	<u>405,050,714</u>	<u>315,987,520</u>
23 Commission, exchange and brokerage		
Brokerage	-	-
Fees, commission etc.	26,238,501	33,648,688
Exchange earnings	136,067,688	122,365,469
	<u>162,306,189</u>	<u>156,014,157</u>



	2019 Amounts in BDT	2018 Amounts in BDT
24 Other operating income		
Service charges recovered	6,207,993	5,512,924
L/C amendment	35,023	-
Locker rent	2,260,300	1,805,305
Charges recovered	3,114,626	1,210,885
Courier charges recovered	289,558	1,726,272
Cheque book charges recovered	682,033	674,401
Gain from sale of fixed assets	972,319	48,600
UPAS LC Interest Income	8,962,667	4,795,264
Others (Nostro A/C Int, SWIFT Recovered etc.)	8,146,889	15,189,362
	30,671,408	30,963,013
25 Salaries and allowances		
Salaries & Allowances	181,602,649	149,559,426
Housing allowance	44,610,117	39,725,980
Conveyance allowance	10,301,741	9,058,440
Other allowances	1,095,900	10,676,207
Car allowance - Self liquidating car loan	9,852,291	9,873,753
Festival bonus	27,151,206	23,031,122
Performance bonus	16,440,233	13,263,173
The Bank's contribution to provident fund	10,448,485	9,746,738
Gratuity	8,321,035	8,520,954
	309,823,657	273,455,793
26 Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	16,277,828	117,095,773
Insurance	13,065,884	10,308,407
Cleaning and maintenance	7,183,088	5,570,039
Electricity and Utilities	12,630,800	13,089,534
	49,157,600	146,063,753
27 Legal expenses		
Legal fees and charges	225,323	741,779
Consultancy fees	3,330,000	941,000
	3,555,323	1,682,779
28 Postage, stamp, telecommunication etc.		
Postage and couriers	3,711,794	2,508,647
Electronic mail and on-line connectivity	12,605,970	5,611,060
Telegram, fax, telex, SWIFT and internet charge	847,527	1,269,121
Telephone charges	994,251	1,235,237
	18,159,542	10,624,065
29 Stationery, printing, advertisements etc.		
Table stationery	1,597,181	1,786,451
Books and periodicals		62,078
Printing stationery	3,326,778	3,361,470
Computer stationery	608,169	656,992
Donation for CSR	1,850,000	750,000
Publicity and advertisement	1,570,639	3,679,665
	8,952,767	10,296,656
30 Country Head's salary and allowances		
Salaries & Allowances	14,038,700	15,662,934
Festival bonus	2,509,682	2,409,682
Performance bonus	2,000,000	2,200,000
The Bank's contribution to provident fund	36,046	1,117,428
Car allowance-Self liquidating car loan	935,000	1,020,000
Gratuity		931,191
	19,519,428	23,341,235



	2019 Amounts in BDT	2018 Amounts in BDT
31 Depreciation and repair of Bank's assets		
Depreciation of Bank's Assets		
Furniture, fixture and fittings	1,060,009	1,259,256
Office equipments	3,421,638	4,367,957
Computer and related equipments	7,629,744	6,086,531
Motor vehicles	3,028,180	4,949,209
Leasehold improvement	2,454,100	3,037,678
Right of use asset	98,401,963	-
	115,995,634	19,700,631
Repair & Maintenance of Bank's Assets		
Furniture, fixture and fittings	187,903	298,955
Rented premises	47,297	364,906
Office equipments	3,289,778	3,828,125
Computer maintenance	9,423,565	7,542,660
Motor vehicles	909,438	1,144,195
	13,857,981	13,178,841
	129,853,615	32,879,472
32 Other expenses		
Bank charges, brokerage and commission	1,876,096	817,956
Charges for Cheque and Documents Archiving	2,427,821	2,184,945
Subscription & Periodicals	3,649,505	2,464,876
Entertainment	6,218,425	4,382,637
Security	10,673,142	11,179,892
Traveling and conveyance	8,333,852	5,161,689
Car fuel expenses	6,130,418	5,906,965
Card centre charges	2,582,746	2,186,004
Amortization of software	1,335,780	1,335,780
Other Expenses	2,828,942	1,443,898
	46,056,727	37,064,642
33 Provision for loans and advances/investments charged during the year		
General provision		
Provision made during the year		
On general loans and advances/investments etc.	12,617,696	-
On Special Mention Account (SMA)	-	-
	12,617,696	-
Less: Provision no longer required	-	12,306,216
	12,617,696	(12,306,216)
Specific Provision		
Specific provision made during the year	20,863,352	36,758,890
Recoveries and Provisions no longer required	5,642,184	11,200,976
	15,221,168	25,557,914
Total Provision on loans and advances/investments	27,838,864	13,251,698
34 Other provisions		
Provision for Rebate of Good Borrowers	24,700,000	-
Provision for Profit Receivable	-	3,109,028
	24,700,000	3,109,028



	2019 Amounts in BDT	2018 Amounts in BDT
35 Tax expenses		
Current tax expenses	238,000,000	188,229,000
Deferred tax (credit)	(199,154)	(1,899,384)
	<u>237,800,846</u>	<u>186,329,616</u>
36 Interest receipts		
Interest/profit receivable as at 1 January	106,132,066	109,035,731
Interest/profit accrued during the year:	1,150,312,548	1,071,605,296
Interest on loans and advances	593,355,735	561,692,796
Share of profit from financing and discount	296,959,105	279,321,126
Interest on placements with banks	259,997,708	230,591,374
Interest/profit receivable as at 31 December	(93,128,102)	(106,132,066)
	<u>1,163,316,512</u>	<u>1,074,508,961</u>
37 Interest payments		
Interest/profit payable as at 1 January	117,200,099	69,843,772
Interest/profit charged during the year:	615,287,165	541,981,710
Interest on deposit	387,205,723	332,403,256
Profit shared on Modaraba Deposits	213,404,434	197,702,760
Interest on borrowings	14,677,008	11,875,694
Interest/profit payable as at 31 December	(139,836,180)	(117,200,099)
	<u>592,651,084</u>	<u>494,625,383</u>
38 Fees and commission receipts	<u>26,238,501</u>	<u>33,648,688</u>
39 Payment to employees		
Country Head's salaries and allowances	19,519,428	23,341,235
Salaries and allowances	309,823,657	243,960,979
Gratuity:		
Country Head		(931,191)
Employees	(8,321,035)	(8,520,954)
	<u>321,022,050</u>	<u>257,850,069</u>
40 Payments to suppliers		
Balance as at 1 January		
Accrued expenses	2,958,021	5,149,014
Accounts payable - others	580,000	526,000
Provision for audit and consultancy fees	2,979,000	3,195,500
	<u>6,517,021</u>	<u>8,870,514</u>
Charged during the year		
Stationery, printing, advertisements etc.	8,952,767	10,296,656
Rent, taxes, insurance, electricity etc.	49,157,600	158,074,284
Postage, stamp, telecommunication etc.	18,159,542	10,624,065
Legal expenses	3,555,323	1,682,779
Auditors' fees	557,750	575,000
	<u>80,382,982</u>	<u>181,252,784</u>
Balance as at 31 December		
Accrued expenses	(11,388,763)	(2,958,021)
Accounts payable - others	(638,000)	(580,000)
Provision for audit and consultancy fees	(2,742,750)	(2,979,000)
	<u>(14,769,513)</u>	<u>(6,517,021)</u>
	<u>72,130,490</u>	<u>183,606,277</u>



	2019 Amounts in BDT	2018 Amounts in BDT
41 Income tax paid	232,680,979	164,153,441
42 Receipts from other operating activities		
Other operating income	29,699,089	30,963,013
Exchange earnings	136,067,688	122,365,469
Investment income	405,050,714	315,987,520
Gain on disposal of fixed assets	972,319	(48,600)
Gain on sale of securities/shares	-	-
	571,789,810	469,267,402
43 Payments for other operating activities		
Repairs of Bank's assets	13,857,981	13,178,841
Other expenses	46,056,727	54,548,925
Gratuity:		
Country Head	-	931,191
Employees	8,321,035	8,520,954
Adjustment for amortization of software	(1,335,780)	(1,335,780)
	66,899,963	75,844,131
44 Movement of loans and advances/investments to customers		
Balance as at 31 December	11,435,015,482	10,304,402,741
Balance as at 1 January	(10,304,402,741)	(10,068,764,023)
	1,130,612,741	235,638,718
45 Movement of other assets		
(Increase)/decrease in other assets which are not considered elsewhere		
- Stationery, stamps, printing materials, etc.	(1,526,834)	509,937
- Advance rent and advertisement	83,094,996	22,299,216
- Security deposits	(598,000)	-
- Preliminary, formation and organizational expenses, renovation, development and prepaid	6,536,981	(4,908,423)
- Branch adjustment	-	(8,071,471)
- Others	(388,770,553)	(238,286,943)
Adjustments for-		
- Deferred tax assets	(199,154)	(1,899,384)
- Advance income tax - net of provision for tax	-	2,903,665
- Intangible asset (Computer Software)	-	(227,453,403)
	(301,462,564)	(227,453,403)
46 Movement of deposits and other accounts from banks		
Balance as at 31 December	319,743,749	913,264,357
Balance as at 1 January	(913,264,357)	(942,391,378)
	(593,520,608)	(29,127,021)
47 Movement of deposits and other accounts from customers		
Balance as at 31 December	14,960,784,345	13,054,974,471
Balance as at 1 January	(13,054,974,471)	(12,490,476,523)
Increase/(Decrease)	1,905,809,874	564,497,948



	2019 Amounts in BDT	2018 Amounts in BDT
48 Movement of other liabilities		
Increase/(decrease) in other liabilities which are not considered elsewhere		
- Interest suspense account	3,244,491	13,585,643
- Deferred tax liability (Note 13.6)		
- Withholding tax on interest on deposits	867,499	23,579
- Withholding tax	(11,355,843)	50,280,245
- Withholding VAT	464,436	399,752
- Provision for leave fare allowance	2,730,232	(5,313,495)
- Provision for audit and consultancy fees		(216,500)
- Excise duty	148,843	(181,520)
- SLR Charges payable to Bangladesh Bank	(646,346)	338,339
- Advance commission on Letter of Guarantee (L/G)	(1,096,883)	(247,146)
- Charity Fund Account	599,264	42,666
- Net of profit on Moribana	(18,658,653)	(14,093,042)
- Branch adjustment	(10,994,783)	8,071,471
- Lease liabilities	125,183,545	-
- Miscellaneous	306,038,366	174,214,748
	<u>396,524,168</u>	<u>226,904,740</u>
49 Proceeds from sale/redemption of securities		
Proceeds from sale of securities	-	-
Commercial Paper - KSRM-Steel Plant Ltd.	-	-
	<u>-</u>	<u>-</u>
50 Payment for purchase of securities		
Held-for-trading securities (Treasury Bond)	180,461,218	(178,059,453)
Held-to-maturity securities (Treasury Bond)	238,785,737	(279,746,244)
	<u>419,246,955</u>	<u>(457,805,697)</u>
51 Sale of fixed assets		
Sale of fixed assets	9,723,190	959,500
	<u>9,723,190</u>	<u>959,500</u>
52 General		
52.1 Related parties		
Transactions with key management personnel		
Key management personnel have transacted with the Bank during the year as follows:		
House finance	4,039,619	3,363,529
Car finance	5,978,269	5,729,627
	<u>10,017,888</u>	<u>9,093,156</u>
Key management personnel compensation for the year comprised:		
Short-term employee benefits	198,472,238	186,584,319
Provident fund	7,210,894	8,104,011
Gratuity	5,649,938	6,180,696
	<u>211,333,070</u>	<u>200,869,026</u>
Other related party transactions		
There were no transactions with related party during the reporting period.		



2019
Amounts in BDT

2018
Amounts in BDT

52.2 Number of employees

The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of Taka 36,000 or above were 188 (2018:174).

52.3 Highlights on the overall activities

Highlights on the overall activities of the Bank have been furnished in Annexure - A.

52.4 Employee related fraud

There was no fraud occurred/reported to Bangladesh Bank during the year 2019.

52.5 Events after the reporting period

None.



Abu Noyem Md. Khasru
Head of Finance & Admin.



Muhammad Ehsan Ul Haq Qureshi
Country Operations Head



Adil Islam
Country Head



Annexure - A

Bank Alfalah Limited
Bangladesh Operations
Highlights on the overall activities
As at and for the year ended 31 December 2019

			Amounts in BDT	
Sl. No.	Particulars		2019	2018
1	Paid-up capital	BDT	4,450,205,090	4,445,949,318
2	Total capital	BDT	5,738,176,198	5,658,338,672
3	Capital surplus	BDT	1,738,176,198	1,658,338,672
4	Total assets	BDT	23,188,148,593	21,758,344,119
5	Total deposits	BDT	15,280,528,094	13,968,238,828
6	Total loans and advances/investments	BDT	11,435,015,482	10,304,402,741
7	Total contingent liabilities and commitments	BDT	5,026,598,893	4,003,836,836
8	Credit/investment deposit ratio		74.53%	73.77%
9	Percentage of classified loans/investments against total loans and advances/investments		2.99%	3.32%
10	Operating Profit/Profit before provision	BDT	547,417,284	496,604,881
11	(Loss)/profit after tax and provision	BDT	237,474,171	294,006,043
12	Amount of classified loans/investments	BDT	342,182,506	342,282,489
13	Provisions kept against classified loans/investments	BDT	234,509,213	219,288,045
14	Provision surplus/(deficit) against classified loans/investments	BDT	68,689,930	69,621,973
15	Cost of fund		4.41%	4.12%
16	Interest earning assets	BDT	20,208,770,024	19,256,331,156
17	Non-interest earning assets	BDT	2,979,378,569	2,502,012,963
18	Return on investment (ROI)		7.27%	8.48%
19	Return on assets (ROA) [PAT/ Average assets]		1.02%	1.34%
20	Income from investment	BDT	405,050,714	315,987,520
21	Earnings per share	BDT	Not applicable	Not applicable
22	Net income per share	BDT	Not applicable	Not applicable
23	Price earning ratio	Times	Not applicable	Not applicable



Annexure - B

**Bank Alfalah Limited
Bangladesh Operations
Liquidity Statement
(Analysis of maturity of assets and liabilities)
As at 31 December 2019**

Particulars	Amounts in BDT					
	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets						
Cash	355,205,357	-	-	-	1,364,256,000	1,719,461,357
Balance with other banks and financial institutions	16,416,348	2,657,564,021	-	-	-	2,673,980,369
Money at call and on short notice	250,000,000	-	-	-	-	250,000,000
Investments	198,300	1,837,885,002	3,068,689,345	413,933,864	220,192,492	5,540,899,003
Loans and advances / investments	3,289,352,736	7,441,167,523	378,100,684	284,425,674	41,968,865.00	11,435,015,482
Fixed assets including premises, furniture and fixtures	-	-	-	51,011,804	3,987,844	54,999,648
Other assets	21,873,761	10,983,024	221,858,286	1,089,654,499	-	1,344,369,570
Non banking assets	-	-	-	-	-	-
Total assets	3,933,046,502	11,947,599,570	3,668,648,315	1,839,025,841	1,630,405,201	23,018,725,429
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	10,508,584	-	-	10,508,584
Deposits	2,453,491,521	3,934,975,071	6,044,121,130	2,847,940,372	-	15,280,528,094
Provision and other liabilities	52,474,204	207,495,400	-	534,807,354	1,508,081,140	2,302,858,098
Total liabilities	2,505,965,725	4,142,470,471	6,054,629,714	3,382,747,726	1,508,081,140	17,593,894,776
Net liquidity gap	1,427,080,777	7,805,129,099	(2,385,981,399)	(1,543,721,885)	122,324,061	5,424,830,653



Annexure - C

Bank Alfalah Limited
Bangladesh Operations
Balance with other banks - Outside Bangladesh (Nostro Accounts)
As at 31 December 2019

Name of the Bank	Currency Type	2019			2018		
		FC Amount	Exchange Rate	Equivalent BDT	FC Amount	Exchange Rate	Equivalent BDT
Standard Chartered Bank, New York	USD	1,836,069.56	84.9000	155,882,306	1,128,519.27	83.90	94,682,767
Standard Chartered Bank, Kolkata	ACUD	291,521.48	84.9000	24,750,174	104,607.31	83.90	8,776,553
Bank Alfalah Limited, Karachi	ACUD	9,067.37	84.9000	769,820	9,067.37	83.90	760,752
National Bank of Pakistan, New York	USD	2,717.94	84.9000	230,753	1,610.08	83.90	135,086
Standard Chartered Bank, London	GBP	1,974.50	111.0280	219,225	4,325.57	106.00	458,510
Standard Chartered Bank, Frankfurt	EURO	9,758.02	94.8885	925,924	20,109.85	95.25	1,915,463
National Bank of Pakistan, Frankfurt	EURO	-	94.8885	-	-	95.25	-
Standard Chartered Bank, Tokyo	JPY	110,606.00	0.7759	85,819	17,842.00	0.75	13,382
		<u>182,864,021</u>			<u>106,742,513.00</u>		



Annexure - D

Bank Alfalah Limited
 Bangladesh Operations
 Schedule of fixed assets including premises, furniture and fixtures
 As at 31 December 2019

Particulars	Cost				Rate of Dep. (%)	Depreciation				Written Down Value as at 31 December 2019
	Balance as at 01 January 2019	Additions during the year	Disposal during the year	Balance as at 31 December 2019		Balance as at 01 January 2019	Charged during the year	Adjustment for the disposal during the year	Balance as at 31 December 2019	
Furniture, fixture and fittings	47,260,110	-		47,260,110	10	42,212,257	1,060,009		43,272,266	3,987,844
Office equipments	59,624,646	6,797,255	-	66,421,901	20	51,605,442	3,421,638	-	55,027,080	11,394,821
Staff equipments	13,500	-		13,500	20	13,500	-		13,500	-
Computer and related equipments	132,865,083	11,024,211	(56,500)	143,832,794	25	113,464,414	7,629,744	(56,499)	121,037,659	22,795,135
Motor vehicles	32,702,690	5,010,855	(9,666,690)	28,046,855	25	27,507,622	3,028,180	(9,666,690)	20,869,112	7,177,743
Leasehold improvement	74,737,699	8,742,917		83,480,616	20	71,382,411	2,454,100		73,836,511	9,644,105
Right of use assets	-	267,825,128	-	267,825,128		-	98,401,963	-	98,401,963	169,423,164
	347,203,728	299,400,366	(9,723,190)	636,880,904		306,185,646	115,995,634	(9,723,189)	412,458,091	224,422,812

Particulars	Cost				Rate of Dep. (%)	Depreciation				Written Down Value as at 31 December 2018
	Balance as at 01 January 2018	Additions during the year	Disposal during the year	Balance as at 31 December 2018		Balance as at 01 January 2018	Charged during the year	Adjustment for the disposal during the year	Balance as at 31 December 2018	
Furniture, fixture and fittings	46,744,122	515,988		47,260,110	10	40,953,001	1,259,256		42,212,257	5,047,853
Office equipments	55,870,789	3,753,857	-	59,624,646	20	47,237,485	4,367,957	-	51,605,442	8,019,204
Staff equipments	13,500	-		13,500	20	13,500	-		13,500	-
Computer and related equipmen	121,277,866	12,546,717	(959,500)	132,865,083	25	108,337,383	6,086,531	(959,500)	113,464,414	19,400,669
Motor vehicles	32,702,690	-	-	32,702,690	25	22,558,413	4,949,209	-	27,507,622	5,195,068
Leasehold improvement	74,014,349	723,350		74,737,699	20	68,344,733	3,037,678		71,382,411	3,355,288
	330,623,316	17,539,912	(959,500)	347,203,728		287,444,515	19,700,631	(959,500)	306,185,646	41,018,082



Annexure - E

**Bank Alfalah Limited
Bangladesh Operations
Currency Analysis
As at 31 December 2019**

The table below summarizes the currency-wise analysis of assets and liabilities as at 31 December 2019. The Bank's assets and liabilities are included in their carrying amounts in Bangladesh Taka(BDT), broken down by currency.

Particulars	Balance as at 31 December 2019					Total in BDT
	Taka	Equivalent BDT of USD	Equivalent BDT of GBP	Equivalent BDT of EURO	Equivalent BDT of JPY	
ASSETS						
Cash in hand	198,540,049	2,124,368	-	-	-	200,664,417
Balance with Bangladesh Bank and its agent bank	1,228,856,055	289,936,349	3,790	219	527	1,518,796,940
Balance with other banks and financial institutions	2,236,416,349	436,333,052	219,225	925,924	85,819	2,673,980,369
Money at call and short notice	250,000,000	-	-	-	-	250,000,000
Investments	5,540,899,003	-	-	-	-	5,540,899,003
Loans and advances	11,204,671,412	230,344,070	-	-	-	11,435,015,482
Fixed assets	224,422,812	-	-	-	-	224,422,812
Other assets	1,343,787,496	582,074	-	-	-	1,344,369,570
Non-banking assets	-	-	-	-	-	-
Total assets	22,227,593,176	959,319,913	223,015	926,143	86,346	23,188,148,593
LIABILITIES						
Borrowings from other banks, financial Institutions and agents	-	10,508,584	-	-	-	10,508,584
Deposit	14,989,070,806	291,299,184	158,104	-	-	15,280,528,094
Other liabilities	2,275,072,704	27,785,394	-	-	-	2,302,858,098
Total liabilities	17,264,143,510	329,593,162	158,104	-	-	17,593,894,776
Net position	4,963,449,666	629,726,751	64,911	926,143	86,346	5,594,253,817



Bank Alfalah Limited
Bangladesh Operations
Disclosure of tax provision
As at 31 December 2019

Tax files up to Income Year 2008 have been settled. Status of rest of the years are as follows:

Amounts in BDT

Income year	Assessment year	Tax as per return	Tax paid with return and during appeal / deducted at source / minimum tax	Additional tax claimed by DCT as per appeal order	Total tax liability (DCT / tax return)	Total tax liability (as per tax advisor)	Provision held	Status
2009	2010-2011	5,325,000	9,002,702	771,060	1,220,460	5,325,000	5,325,000	Under appeal
2010	2011-2012	4,516,323	16,825,346	47,329,210	53,752,418	29,134,371	29,420,599	Under appeal
2011	2012-2013	4,718,678	18,303,607	50,591,153	59,058,394	48,190,451	48,404,416	Under appeal
2012	2013-2014	6,216,162	12,370,679	37,840,003	50,210,681	50,210,681	50,276,517	Under appeal
2013	2014-2015	71,561,461	73,739,502	43,560,811	115,122,272	104,997,929	105,030,779	Under appeal
2014	2015-2016	178,921,274	178,921,274	-	178,921,274	178,921,274	178,958,000	Tax clearance certificate received
2015	2016-2017	159,037,342	165,817,139	71,963,982	231,001,323	195,019,000	159,064,000	Tax clearance certificate received
2016	2017-2018	123,875,855	123,875,854	-	123,875,855	123,875,855	123,938,862	Tax clearance certificate received
2017	2018-2019	167,593,149	168,711,536	-	167,593,149	167,593,149	167,627,000	Tax clearance certificate received
2018	2019-2020	201,123,624	201,123,624	-	201,123,624	201,123,624	201,029,000	Tax clearance certificate received
2019	2020-2021	237,780,881	113,870,498	-	237,780,881	237,780,881	238,000,000	Return to be submitted within due date
Total		1,160,669,749	1,082,561,761	252,056,219	1,419,660,331	1,342,172,215	1,307,074,173	

Notes: We have own in appeal at High court for the year 2009 & 2010 and BDT 64M tax will be saved. We have received the judgement copy, now waiting for appeal order from tribunal.



Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Balance Sheet
As at 31 December 2019

	Note	2019 Amounts in BDT	2018 Amounts in BDT
PROPERTY AND ASSETS			
Cash	4	301,493,617	278,078,204
In hand (including foreign currencies)		50,261,151	57,646,681
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		251,232,466	220,431,523
Balance with other banks and financial institutions	5	320,000,000	-
In Bangladesh		320,000,000	-
Outside Bangladesh		-	-
Placement with banks and other financial institutions		-	-
Investments in shares and securities		4,900	-
Government (Prize Bond)		4,900	-
Others		-	-
Investments	6	3,651,179,215	3,737,811,459
General investments etc.		3,460,898,102	3,437,473,667
Bills purchased and discounted		190,281,113	300,337,792
Fixed assets including premises, furniture and fixtures	7	1,868,932	2,279,800
Other assets	8	580,001,565	1,298,486,728
Non-banking assets		-	-
Total assets		4,854,548,229	5,316,656,191
LIABILITIES AND CAPITAL			
Liabilities			
Placement from banks and other financial institutions		10,508,584	-
Deposits and other accounts	9	4,704,309,201	5,157,224,940
Al-wadeeah current and other deposit accounts		831,711,518	804,760,867
Bills payable		18,855,173	16,589,771
Mudaraba saving deposits		1,433,402,178	1,853,919,558
Mudaraba term deposits		2,420,340,332	2,481,954,744
Other liabilities	10	139,730,444	159,431,251
Differed tax liabilities/(assets)		-	-
Total liabilities		4,854,548,229	5,316,656,191
Capital/shareholders' equity			
Retained earnings	11	-	-
Total shareholders' equity		-	-
Total liabilities and shareholders' equity		4,854,548,229	5,316,656,191



	Note	2019 Amounts in BDT	2018 Amounts in BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities		1,834,313,233	1,850,866,121
Acceptances and endorsements		248,326,821	442,038,994
Letters of guarantee	12	311,637,040	328,605,376
Irrevocable letters of credit (including back to back bills)	13	429,869,235	516,177,858
Bills for collection		573,680,137	241,843,893
Value of Bangladesh Sanchaypatra		270,800,000	322,200,000
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		1,834,313,233	1,850,866,121
Total off-balance sheet items including contingent liabilities		1,834,313,233	1,850,866,121

Contingent liabilities

Letters of guarantee

Bills for collection

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Forward assets purchased and forward deposits placed

Undrawn formal standby facilities, credit lines and other commitments

Total off-balance sheet items including contingent liabilities

These financial statements should be read in conjunction with the annexed notes.

Abu Noyem Md. Khasru
Head of Finance & Admin.

Muhammad Ehsan Ul Haq Qureshi
Country Operations Head

Adil Islam
Country Head


A. Qasem & Co.
Chartered Accountants

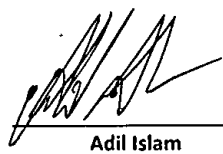
Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Profit and Loss Account
For the year ended 31 December 2019

	Note	2019 Amounts in BDT	2018 Amounts in BDT
Investment income	15	308,961,327	323,787,021
Profit paid on deposits	16	(213,471,471)	(197,702,760)
Net investment income		95,489,856	126,084,261
Income from investment in shares/securities	17	-	-
Commission, exchange and brokerage	18	52,114,753	25,531,917
Other operating income	19	13,343,021	13,207,264
		<u>65,457,774</u>	<u>38,739,181</u>
Total operating income		160,947,630	164,823,442
Salaries and allowances	20	35,224,110	32,506,339
Rent, taxes, insurance, electricity etc.	21	19,484,882	16,196,465
Legal expenses		-	-
Postage, stamps, telecommunication etc.	22	2,524,139	2,011,915
Stationery, printing, advertisement etc.	23	1,702,475	1,861,763
Shariah supervisory committee's fees and expenses		-	-
Auditors' fees		-	-
Depreciation and repair to Bank's assets	24	2,140,293	2,615,513
Zakat expenses		-	-
Other expenses	25	4,152,359	4,723,986
Total operating expenses		65,228,258	59,915,981
Profit before provision		95,719,372	104,907,461
Provision for investments		(3,948,329)	(1,105,587)
General provision	10.1	-	-
Specific provision	10.1	(3,948,329)	(1,105,587)
Provision for off-balance sheet items		-	-
Provision for diminution in value of investments in shares		-	-
Other provisions		-	3,109,028
Total provision		(3,948,329)	2,003,441
Total profit before tax		99,667,701	102,904,020
Provision for taxation		-	-
Current		-	-
Deferred		-	-
Total provision for taxation		-	-
Net profit / (loss) after tax		99,667,701	102,904,020

These financial statements should be read in conjunction with the annexed notes.


Abu Noyem Md. Khasru
Head of Finance & Admin.



Muhammad Ehsan Ul Haq Qureshi
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of same date

Dated, Dhaka
21 June 2020




A. Qasem & Co.
Chartered Accountants


Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Cash Flow Statement
For the year ended 31 December 2019

	2019 Amounts in BDT	2018 Amounts in BDT
Cash flows from operating activities		
Investment income receipts in cash	306,207,142	328,927,887
Profit paid on deposits	(205,121,584)	(169,897,538)
Fees and commission receipts in cash	15,069,006	14,739,245
Recoveries on loans previously written-off	-	-
Cash payments to employees	(35,224,110)	(32,506,339)
Cash payments to suppliers	(23,509,246)	(21,051,119)
Income taxes paid	-	-
Receipts from other operating activities	50,388,768	23,999,936
Payments for other operating activities	(4,954,176)	(5,939,514)
Operating loss before changes in operating assets and liabilities	102,855,800	138,272,558
Increase/decrease in operating assets and liabilities:		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Investments to customers	86,632,244	(483,179,295)
Other assets	616,063,277	(1,166,440,964)
Deposits and other accounts from other banks	(493,520,608)	(129,127,021)
Deposits and other accounts from customers	40,604,869	901,862,895
Other liabilities	(8,292,561)	(11,808,251)
Cash generated from/(used in) operating assets and liabilities	241,487,221	(888,692,636)
Net cash inflow/(outflow) from operating activities	344,343,021	(750,420,078)
Cash flows from investing activities		
Proceeds from sale/redemption of securities	-	-
Payment for purchase of securities	-	-
Purchase of fixed assets	(927,608)	(180,000)
Sale of fixed assets	-	-
Net cash (used in)/from investing activities	(927,608)	(180,000)
Cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	343,415,413	(750,600,078)
Cash and cash equivalents at beginning of the year	278,078,204	1,028,678,282
Cash and cash equivalents at end of the year	621,493,617	278,078,204
Cash in hand (including foreign currencies)	50,261,151	57,646,681
Balance with other banks and financial institutions	320,000,000	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	251,232,466	220,431,523
Placement from banks and other	(10,508,584)	-
	621,493,617	278,078,204

These financial statements should be read in conjunction with the annexed notes.


Abu Noyem Md. Khasru
Head of Finance & Admin.



Muhammad Ghazan Ali Haq Qureshi
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of same date

Dated, Dhaka
21 June 2020





A. Qasem & Co.
Chartered Accountants


Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Statement of Changes in Equity
For the year ended 31 December 2019

Particulars	Fund deposited with Bangladesh Bank	Retained earnings	Amounts in BDT
			Total
Balance as at 01 January 2019			
Net loss for the year	-	99,667,701	99,667,701
Transferred to Bangladesh country office	-	(99,667,701)	(99,667,701)
Balance as at 31 December 2019	-	-	-
Balance as at 01 January 2018	-	-	-
Net loss for the year	-	102,904,020	102,904,020
Transferred to Bangladesh country office	-	(102,904,020)	(102,904,020)
Balance as at 31 December 2018	-	-	-

These financial statements should be read in conjunction with the annexed notes.

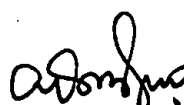

Abu Noyem Md. Khasru
Head of Finance & Admin.


Muhammad Ehsan Ul Haq Qureshi
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of same date

Dated, Dhaka
21 June 2020


A. Qasem & Co.
Chartered Accountants



Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Notes to the Financial Statements
As at and for the year ended 31 December 2019

1 Reporting entity

Bank Alfalah Limited, Bangladesh Operations ("the Bank") are branches of Bank Alfalah Limited (the parent company) incorporated in Pakistan. The Bank is domiciled in Bangladesh. The address of the Bank's country office is 168 Gulshan Avenue, Dhaka-1212.

The Bank started its operation in Bangladesh on 16 May 2005 by acquiring Shamil Bank of Bahrain's Dhaka branch operations as a branch of the parent company. The Bank has 7 branches as on 31 December 2019. Motijheel branch ("the Branch") is the only Islamic banking branch and rest of the branches are conventional banking branches.

1.1 Principal activities of the Bank/Branch

The Bank primarily is involved in providing all kinds of commercial banking services to the customers. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans and advances, export import financing, etc. The Branch provides all kinds of commercial banking services on the basis of Islamic banking principles.

2 Basis of preparation of financial statements

The financial statements of the Bank are prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Banking Companies Act, 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994. In case any requirement of the Banking Companies Act, 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Banking Companies Act, 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

2.1 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of IFRS are as follows:



i) Investment in shares and Securities

IFRS: As per requirements of IFRS 9: Financial instruments where as classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per Banking Regulation and Policy Department (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.

ii) Revaluation gain/loss on Government securities

IFRS: As per requirement of IFRS 9: Financial Instruments where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate 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. 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 year end and gains or losses on amortisation are recognised in other reserve as part of equity.

iii) Provision on loans and advances

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses.

Bangladesh Bank: As per BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013) and BRPD circular No.1 (20 February 2018) 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 5%, 20%, 50% and 100% respectively for loans and advances depending on time past due. 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 IFRS 9.



iv) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

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

v) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vi) Repo transactions

IFRS: As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per Department of Off-Site Supervision (DOS) Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book.

However, as per Debt Management Department (DMD) circular letter no. 07 dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may carry out collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

vii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.



Bangladesh Bank: As per BRPD 14, dated 25 June 2003 financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

viii) Cash and cash equivalent

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

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh bank bills and prize bond are shown under investment in the balance sheet.

ix) Non-banking asset

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

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 there is a separate balance sheet item named Non-banking asset existed in the standard format.

x) Cash flow statement

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

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 the cash flow statement is a mixture of both the direct and the indirect methods.

xi) Balance with Bangladesh Bank: (Cash Reserve Requirement)

IFRS: CRR maintained with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

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

xii) Presentation of intangible asset

IFRS: Intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14.

xiii) Off-balance sheet items

IFRS: As per IFRS, 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 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.



xiv) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 an appropriation of profit should be disclosed in the face of profit and loss account.

xv) Loans and advance/investments net of provision

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

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 provision on loans and advances/investments are presented separately as a liability and cannot be netted off against loans and advances.

xvi) Recognition of interest in suspense:

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified as impaired, 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 a liability in the balance sheet.

2.2 Basis of measurement

The financial statements of the Branch have been prepared on the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT) which is the Branch's functional currency. Except as otherwise indicated, financial information presented in BDT has been rounded to the nearest integer.

2.4 Use of estimates and judgments

The preparation of the these financial statements in conformity with Bangladesh Bank Circulars, IFRSs and other applicable laws and regulations applicable in Bangladesh 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. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in notes 3.7 and 3.11.3.



2.5 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2019.

2.6 Cash flow Statement

Cash flow statement has been prepared in accordance with the BRPD Circular No. 15 dated 9 November 2009 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.7 Statement of Changes in Equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.8 Liquidity Statements

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term which has been given in the Statement.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Branch.

3.1 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Bank at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss.

3.2 Profit on investments

Profit on investments is calculated on daily product basis and accrued at the end of each month, but charged to customers' accounts on quarterly basis. Profit on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments is transferred to profit suspense account instead of income account.

Profit accrued on investments fall under Sub Standards (SS) and Doubtful (DF) category are credited to profit suspense account instead of income account. Profit is not charged on bad and loss loans as per guideline of Bangladesh Bank. Such profit is kept in separate memorandum account. Profit on classified investments are credited to income on a cash receipt basis.



3.3 Investment income

Income on investments is recognized on accrual basis. Investment income includes coupon profit on treasury bonds and profit on fixed deposit with other banks.

3.4 Fees and commission income

The Branch earns fees and commissions from diverse range of services provided to its customers. Commission on Letter of Guarantee is recognized on accrual basis. Other fees and commission income is recognized on a realization basis.

3.5 Dividends

Dividend income is recognized when the right to receive income is established. Usually this is the ex dividend date for equity securities. Dividends are presented in investment income.

3.6 Lease payments

IFRS 16: Leases, issued in January 2016 replaces existing IAS 17: Leases, providing guidelines for accounting for leases and effective for financial year beginning on or after 01 January 2019. As per new IFRS, almost all leases being recognized on the balance sheet, as the distinction between operating and financial leases is removed. Under the new IFRS, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has implement IFRS 16 in 2019.

3.7 Tax

There is no separate tax registration for Motijheel Branch. However, the Bank accrues and pays tax at the country level as its Tax Payer's Identification Number (TIN) was taken in the name of Bank Alfalah Limited, Bangladesh. As such, current tax and deferred tax are calculated in country level rather than at branch level. Therefore current tax and deferred tax are not recognized for the Branch's financial statements.

3.8 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, placement with banks and other financial institutions and prize bond.

3.9 Investments/Investments in shares and securities

All investment securities are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discounts are accredited. Value of investments has been shown as under:

Prize Bond
Unquoted shares

Quoted shares

Details are shown in Note 5.

At cost

At cost or book value of the last audited
balance sheet whichever is lower

At cost or market value whichever is lower
at balance sheet date.



3.10 Investments and provisions

- a) Loans and advances of conventional Banking/Investments of Islamic Banking branches are stated in the Balance Sheet on gross value.
- b) Provision for investments is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank BRPD circular No. 14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) and BRPD circular No. 15 (27 December 2017).

3.11 Fixed assets and depreciation

3.11.1 Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. When parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets. The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognized in other income/other expenses in profit or loss.

3.11.2 Subsequent costs

The cost of replacing a component of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Branch and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

3.11.3 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of fixed assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas depreciation on disposed off fixed assets is charged up to the month prior to the disposal. Asset category-wise depreciation rates for the current and comparative years are as follows:

<u>Category of assets</u>	<u>Rate of depreciation</u>
Furniture, fixture and fittings	10%
Leasehold improvement	20%
Office equipments	20%
Staff equipments	20%
Computer and related equipments	25%
Motor vehicles	25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted, if appropriate.



3.12 Deposits and other accounts

Deposits and other accounts include non profit-bearing al-wadeeah current and other deposit accounts redeemable at call, profit bearing mudaraba term deposits, mudaraba saving deposits and bills payable. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in Note 9.

3.13 Other liabilities

Other liabilities comprise items such as provision for investments, profit payable, profit suspense, accrued expenses. Other liabilities are recognized in the balance sheet according to the guidelines of Bangladesh Bank, and internal policy of the Bank. Details are shown in Note 10.

3.14 Contingent liabilities

A contingent liability is -

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Branch; or

A present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

3.15 Profit shared on deposits

Profit shared to mudaraba deposits is recognized on accrual basis as per provisional rate.

3.16 Employee benefits

3.16.1 Provident Fund

Each eligible employee contributed @ 10% of the basic salary to the Provident Fund Account while the Bank contributed an equal amount, which is kept in a savings/term deposit account. The fund is registered with National Board of Revenue.



3.16.2 Gratuity Fund

The Bank operates an approved funded gratuity scheme covering eligible employees whose period of employment with the Bank is five years or more. Gratuity is payable to staff on completion of the prescribed qualifying period of service under the scheme. The Bank's liability on this account stands as on 31st December 2017 was fully provided in accounts considering the staffs accumulated gratuity entitlements for their service with the bank. The Gratuity Fund has been approved by the National Board of Revenue in February 2011.

3.16.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.17 Provisions and accrued expenses

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

3.18 Provision for Off-Balance Sheet Exposures

In compliance with Bangladesh Bank guidelines Off-Balance Sheet items are disclosed under contingent liabilities. As per BRPD circular No.14 (23 September 2012) requires a general provision for off balance sheet exposures to be calculated at 1% on all off- balance sheet exposures. Provision has been maintained at Country level. Details are shown in note 10.2.

3.19 Impairment of non-financial assets

The carrying amounts of the Branch's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.



Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.20 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries in case of inter-branch transactions as at the reporting date are not material.

3.21 Zakat

The Branch does not deduct/pay zakat on behalf of clients where as charitable compensation is recovered on all overdue facilities.

3.22 Date of Authorization

The financial statements were authorized for issue by the senior management of the Bank, Bangladesh Operations on 21 June 2020.

3.23 General

Figures of previous year have been rearranged, whenever necessary, to conform the current year's presentation.



	2019 Amounts in BDT	2018 Amounts in BDT
4 Cash		
Cash in hand		
Local currency	49,707,433	54,947,450
Foreign currencies	553,718	2,699,231
	<u>50,261,151</u>	<u>57,646,681</u>
Balance with Bangladesh Bank and its agent bank:		
Local currency	251,232,466	220,431,523
Foreign currencies	-	-
	<u>251,232,466</u>	<u>220,431,523</u>
	<u>301,493,617</u>	<u>278,078,204</u>
4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act 1991, MPD Circular nos. 4 and 5 dated 1 December 2010, MPD circular no. 2 dated 10 December 2013 and MPD Circular no. 1 dated 23 June 2014, DOS Circular no. 1 dated 19 January 2014.		
4.2 Cash Reserve Requirement (CRR)		
5.50% of average Demand and Time Liabilities:		
Required reserve	224,690,751	211,275,499
Actual reserve held	251,289,877	220,487,877
Surplus	<u>26,599,126</u>	<u>9,212,378</u>
4.3 Statutory Liquidity Requirement (SLR)		
5.5% of required Average Demand and Time Liabilities:		
Required reserve	224,690,751	211,275,499
Actual reserve held	224,690,752	211,275,500
Surplus	<u>1</u>	<u>1</u>
4.4 Held for Statutory Liquidity Requirement:		
Cash in hand	50,261,151	57,646,681
Excess of daily reserve	26,599,126	9,212,378
Foreign currency used in BDT	147,830,475	144,416,441
	<u>224,690,752</u>	<u>211,275,500</u>
5 Balance with other banks and financial institutions		
In Bangladesh (Note 5.1)	320,000,000	-
Outside Bangladesh	-	-
	<u>320,000,000</u>	<u>-</u>
Also refer to note 5.2 for maturity wise grouping		
5.1 Inside Bangladesh		
Mudaraba Term deposit:		
Social Islami Bank Limited	-	-
Export Import Bank of Bangladesh Ltd.	320,000,000	-
Shahjalal Islami Bank Ltd.	-	-
The City Bank Limited	-	-
	<u>320,000,000</u>	<u>-</u>
5.2 Maturity-wise groupings of balance with other banks and financial institutions		
On demand	-	-
Not more than 3 months	320,000,000	-
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	<u>320,000,000</u>	<u>-</u>



	2019 Amount in BDT	2018 Amount in BDT
6 Investments		
General Investments etc. (Note 6.1)	3,460,898,102	3,437,473,667
Bills purchased and discounted (Note 6.9)	190,281,113	300,337,792
	<u>3,651,179,215</u>	<u>3,737,811,459</u>

Also refer to notes 6.2 to 6.10 for further analysis, classification and provision for investments, maturity wise grouping, etc.

6.1 General Investments etc.

In Bangladesh		
Morabaha (LPO)	2,453,376,521	3,165,767,940
Trust receipts	174,529,647	232,267,446
Diminishing Musharkah	189,679,561	-
Advance against Murabaha	84,872,283	-
Finance Against Foreign Bill	27,910,093	35,489,952
Morabaha manual		3,948,329
Finance Against EDF	10,529,997	-
Spot morabaha	520,000,000	-
	<u>3,460,898,102</u>	<u>3,437,473,667</u>
Outside Bangladesh	-	-
	<u>3,460,898,102</u>	<u>3,437,473,667</u>

6.2 Maturity-wise grouping

Repayable On demand	-	-
Not more than 3 months	1,903,877,025	2,763,832,161
More than 3 months but not more than 1 year	1,591,457,395	606,936,057
More than 1 year but not more than 5 years	155,844,795	367,043,241
More than 5 years	-	-
	<u>3,651,179,215</u>	<u>3,737,811,459</u>

6.3 Investments on the basis of significant concentration

Advances to Chief executive, other Senior executives and other Officers	-	-
Industrial loans and advances	3,651,179,215	3,737,811,459
	<u>3,651,179,215</u>	<u>3,737,811,459</u>



6.4 Industry-wise classification of investments

	2019		2018	
	% of Total Loan	Taka	% of Total Loan	Taka
Agri Business	2.16%	79,039,641	2.80%	104,472,553
Automobile dealers	0.00%	-	0.00%	-
Cement	0.93%	33,834,765	2.47%	92,140,858
Chemicals	3.07%	112,026,532	0.80%	29,890,983
Financial Institutions & MFIs	5.55%	202,485,720	7.25%	270,931,355
Food & Personal Care Products	20.55%	750,281,250	19.29%	721,055,749
Manufacturing & sale of Domestic Appliances	11.29%	412,333,333	4.09%	153,000,000
Metal & Allied	5.78%	211,000,000	7.99%	298,536,118
Others/Miscellaneous	0.13%	4,702,500	0.62%	23,327,333
Printing & Publishing	0.46%	16,675,000	0.00%	-
Real Estate/Construction	0.00%	-	0.42%	15,550,000
Services	11.69%	426,986,281	19.52%	729,694,113
Textile Composite / Garments Manufacturing	9.09%	332,055,097	5.11%	191,065,451
Textile Spinning	11.50%	420,000,000	12.28%	458,828,936
Textile Weaving	3.89%	142,067,607	3.96%	147,951,828
Trading	0.50%	18,124,823	0.31%	11,720,349
Vanaspati & Allied Industries	13.41%	489,566,666	13.10%	489,645,833
	100%	3,651,179,215	100%	3,737,811,459

6.5 Geographical location-wise investments

	2019		2018	
	% of Total Loan	Taka	% of Total Loan	Taka
Dhaka Division	100%	3,651,179,215	100%	3,737,811,459
Chittagong Division	0%	-	0%	-
Sylhet Division	0%	-	0%	-
	100%	3,651,179,215	100%	3,737,811,459

6.6 Grouping of investments as per classification rules of Bangladesh Bank

	2019		2018	
	% of Total Loan	Taka	% of Total Loan	Taka
Unclassified:				
Standard including staff morabaha	99.99%	3,650,706,932	83.26%	3,040,102,324
Special Mention Account (SMA)	0.00%	-	0.00%	-
	99.99%	3,650,706,932	83.26%	3,040,102,324
Classified:				
Substandard	0.00%	-	0.00%	-
Doubtful	0.00%	-	0.00%	-
Bad or loss	0.01%	472,283	0.12%	4,420,611
	0.01%	472,283	0.12%	4,420,611
	100.00%	3,651,179,215	83.38%	3,044,522,935



6.7 Particulars of required provision for investments

	2019		2018	
	Base for Provision Taka	Required provision Taka	Base for Provision Taka	Required provision Taka
Unclassified:				
Standard (Other than SME)	3,432,856,451	34,328,565	3,594,757,264	35,947,573
Standard (SME)	204,910,482	512,276	129,023,582	322,559
Standard (Agri Loan)	12,940,000	129,400	9,610,000	96,100
Special Mention Account (SMA)	-	-	-	-
	3,650,706,933	34,970,241	3,733,390,847	36,366,232
Classified:				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Bad or loss	445,320	445,320	4,393,649	4,393,649
	445,320	445,320	4,393,649	4,393,649
	3,651,152,253	35,415,561	3,737,784,496	40,759,881
Total provision maintained		445,320		4,393,649
(Shortfall)/Surplus provision		(34,970,241)		(36,366,232)

6.8 Particulars of investments

i) Investments considered good in respect of which the banking company is fully secured	3,651,179,215	3,737,811,459
ii) Investments considered good against which the banking company holds no security other than the debtor's personal guarantee;	-	-
iii) Investments considered good and secured by personal undertakings of one or more parties in addition to the personal guarantee of the debtor;	-	-
iv) Investments adversely classified; provision not maintained there against;	-	-
	3,651,179,215	3,737,811,459
v) Investments due by directors or officers of the banking company or any of these either separately or jointly with any other person.	-	-
vi) Investments due by 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	-	-
vii) Maximum total amount of Investments including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other persons.	-	-
viii) Maximum total amount of Investments including temporary advances 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	-	-



	2019 Amount in BDT	2018 Amount in BDT
x) Amount of Classified Investment on which Profit has not been charged	472,283	4,420,611
(a) Movement of Classified Investments:		
Opening balance	4,420,611	5,526,199
Increase/(Decrease) during the year	(3,948,328)	(1,105,588)
Closing balance	<u>472,283</u>	<u>4,420,611</u>
(b) Provision against the Investment classified as bad/loss at the date of balance sheet	445,320	4,393,649
(c) Amount of profit charged in suspense account	69,606	69,606
xi) Investments written off:	-	-
- Current Year	-	-
- Cumulative to-date	54,842,182	54,842,182
- Amount of written off loans for which lawsuit has filed	54,842,182	54,842,182
6.9 Bills purchased and discounted		
Bills purchased and discounted excluding treasury bills:		
In side Bangladesh	190,281,113	300,337,792
Outside Bangladesh	-	-
	<u>190,281,113</u>	<u>300,337,792</u>
6.10 Maturity grouping of bills discounted and purchased		
Payable within one month	25,709,777	105,199,094
Over 1 month but less than 3 months	129,669,879	157,750,257
Over 3 months but less than 6 months	34,901,457	37,388,441
6 months or more	-	-
	<u>190,281,113</u>	<u>300,337,792</u>
7 Fixed assets including premises, furniture and fixtures		
Cost:		
Furniture, fixture and fittings	20,294,987	20,294,987
Office equipments	10,751,244	10,751,244
Staff equipments	13,500	13,500
Computer and related equipments	13,740,155	12,931,205
Motor vehicles	1,890,000	1,890,000
Leasehold improvement	3,212,018	3,041,160
	<u>49,901,904</u>	<u>48,922,096</u>
Less: Accumulated depreciation		
Furniture, fixture and fittings	20,049,327	19,963,746
Office equipments	10,435,014	9,865,095
Staff equipments	13,500	13,500
Computer and related equipments	12,649,461	12,052,586
Motor vehicles	1,889,999	1,889,999
Leasehold improvement	2,995,671	2,857,370
	<u>48,032,972</u>	<u>46,642,296</u>
	<u>1,868,932</u>	<u>2,279,800</u>

Details are shown in Annexure - B.

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.



	2019 Amount in BDT	2018 Amount in BDT
8 Others assets	580,001,565	1,298,486,728
8.1 Classification of other assets		
a) Income generating other assets	-	-
b) Non-income generating other assets		
i) Investment in shares of subsidiary companies:		
- In Bangladesh	-	-
- Outside Bangladesh	-	-
ii) Stationery, stamps, printing materials, etc.	58,250	31,660
iii) Advance rent and advertisement	-	81,000
iv) Profit accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables (Note 8.2)	-	2,754,185
v) Security deposits	-	-
vi) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	-	-
vii) Branch adjustment	447,006,188	1,221,147,897
viii) Suspense account	-	-
ix) Silver	-	-
x) Others (Note 8.3)	132,937,127	74,471,986
	580,001,565	1,298,486,728
	580,001,565	1,298,486,728
8.2 Profit receivables		
Profit Receivable from Placement with Banks	-	-
Mark up receivables on bill purchased and discounted	-	2,754,185
	-	2,754,185
8.3 Others		
Short term receivable-account maintenance fees	-	733,188
Sundry debtors miscellaneous (Receivable from BB)	132,937,127	73,738,798
	132,937,127	74,471,986
9 Deposits and other accounts		
Al-wadeeah current and other deposit accounts		
Al-wadeeah current deposits	461,157,640	404,665,390
Alfalah Udyog Current Account	42,869,556	45,560,385
Foreign currency deposits	243,290,894	239,844,506
Sundry deposits (Note 9.1)	84,393,428	114,690,586
	831,711,518	804,760,867
Payment order - Inside Bangladesh	18,604,839	10,253,762
Demand draft payable - Inside Bangladesh	119,830	6,121,270
Unclaimed DD/TT/PO - Inside Bangladesh	111,257	60,446
Unclaimed DD/TT - Inside Bangladesh	19,247	154,293
	18,855,173	16,589,771
Mudaraba savings deposits		
Special Notice Deposit (SND)	252,579,347	703,214,651
Alfalah Salary Account (ASA)	304,082	9,563
Alfalah Rising Star (ARS)	4,044,707	3,187,079
Alfalah Premium Plus (APP)	222,318,463	208,931,463
Saving Deposits	524,356,790	
Mudaraba Royal Profit deposits	429,798,789	938,576,802
	1,433,402,178	1,853,919,558
Mudaraba term deposits		
Mudaraba Term Deposit (MTDR)	2,420,340,332	2,481,954,744
	4,704,309,201	5,157,224,940



	2019 Amount in BDT	2018 Amount in BDT
9.1 Sundry deposits		
Margin Accounts - Local Currency	57,586,400	75,399,652
Margin Accounts - Foreign Currency	26,807,028	39,290,934
	84,393,428	114,690,586
9.2 Deposits from banks and others		
Inter-bank deposits (Note 9.2.1)	319,743,749	813,264,357
Other deposits	4,384,565,452	4,343,960,583
	4,704,309,201	5,157,224,940
9.2.1 Inter-bank deposits		
Jamuna Bank Limited	24,596	26,070
Pubali Bank Limited	1,200,037	1,181,760
AB Bank Limited	17,014	19,839
Prime Bank Limited	12,341,792	657,647,036
Islami Bank Bangladesh Limited	30,879,581	30,512,386
Shahjalal Islami Bank Limited	14,025	3,083,455
Al-Arafah Islami Bank Limited	203,437,469	3,436,429
The City Bank Limited	2,080,643	2,081,137
Bank Asia Limited	12,324	2,015,035
Bankislami Pakistan Limited	30,008,641	12,485,207
Bank Alfalah Ltd, Karachi (Conventional)	6,323,241	36,805,869
Bank Alfalah Ltd, Karachi (Islamic)	33,404,386	63,970,134
	319,743,749	813,264,357
9.3 Maturity grouping of deposits		
Repayable On demand	1,507,032,732	1,972,055,545
Repayable within 1 month	273,994,415	726,213,064
Over 1 month but within 6 months	1,297,994,013	1,222,091,262
Over 6 months but within 1 year	701,784,043	525,898,842
Over 1 year but within 5 years	923,503,998	710,966,227
Over 5 years but within 10 years	-	-
10 years or more	-	-
	4,704,309,201	5,157,224,940
10 Other Liabilities		
Provision for Investments (Note 10.1)	445,320	4,393,649
Profit suspense account (Note 10.3)	69,606	69,606
Net of profit on Morabaha	74,568,185	93,226,839
Accrued expenses	768,040	565,790
Profit payable on deposit & borrowings (Note 10.5)	58,978,741	50,628,854
Withholding tax on profit on deposits	1,566,117	2,006,354
Withholding tax	2,202,018	3,558,504
Withholding VAT	736,614	610,967
Excise duty	129,150	148,150
Advance commission on Letter of Guarantee (L/G)	-	821,333
Unclaimed ATM/POS	67,631	-
Miscellaneous	199,022	3,401,205
	139,730,444	159,431,251
10.1 Provision for investments		
General Provision		
Balance as at 1 January	-	-
Add: Provision made during the year		
On general investments	-	-
On Special Mention Account (SMA)	-	-
Less: Provision no longer required	-	-
Net of provision (reversed)/made during the year	-	-
Balance as at 31 December	-	-



	2019 Amount in BDT	2018 Amount in BDT
Specific Provision		
Balance as at 1 January	4,393,649	5,499,236
Less: Profit on investment waiver during the year	-	-
Adjustment with prior year	-	-
Provision no longer required	3,948,329	1,105,587
Written off during the year	-	-
	3,948,329	1,105,587
Add: Recoveries of amounts previously written off	-	-
Specific provision made during the year	-	-
	-	-
Balance as at 31 December	445,320	4,393,649
Total provision on investments	445,320	4,393,649
10.2 Provision for off-balance sheet exposures		
Balance as at 1 January	-	-
Add: Provision made during the year	-	-
	-	-
Less: Adjustments made during the year	-	-
Balance as at 31 December	-	-
10.3 Profit suspense account		
Balance as at 1 January	69,606	552,968
Add: Amount transferred during the year	-	-
	69,606	552,968
Less:		
Amount of profit suspense recovered	-	483,362
Amount written off during the year	-	-
Profit on investment waiver during the year	-	-
	-	483,362
Balance as at 31 December	69,606	69,606
10.4 Profit suspense and compensation suspense		
Profit suspense	69,606	69,606
Compensation suspense	-	-
	69,606	69,606
10.5 Profit payable on borrowings		
Profit payable on -		
Profit Payable on Borrowings	13,919	-
Savings Deposit	16,411,278	21,456
30 days mudaraba term deposit	37,673	41,828
90 days mudaraba term deposit	2,446,547	5,945,088
180 days mudaraba term deposit	2,140,765	3,839,038
365 days mudaraba term deposit	11,371,832	6,399,094
Broken days mudaraba term deposit	8,487,316	7,409,601
15 months mudaraba term deposit	1,718,810	2,274,697
7 months mudaraba term deposit	2,205,618	1,515,159
13 months mudaraba term deposit	13,543,557	22,666,036
2 years mudaraba term deposit	237,893	347,424
IFRS: There is no requirement to show appropriation of profit in	363,533	169,433
	58,978,741	50,628,854
11 Retained earnings		
Balance as at 1 January	-	-
Adjustment for loan provision	-	-
Net profit / (loss) for the year	99,667,701	102,904,020
	99,667,701	102,904,020
Transferred to Bangladesh country office	(99,667,701)	(102,904,020)
Balance as at 31 December	-	-



	2019 Amount in BDT	2018 Amount in BDT
12 Letters of guarantees		
a) Claims lodged with the Bank company not recognized as loan	-	-
b) Money for which the Bank is contingently liable in respect of guarantees given favoring:		
Directors or officers	-	-
Government	274,398,384	282,537,900
Banks and other financial institutions	-	-
Others	37,238,656	46,067,476
	311,637,040	328,605,376
13 Irrevocable letters of credit		
Usance	97,365,655	176,842,134
Sight	332,503,580	339,335,724
	429,869,235	516,177,858
14 Income statement		
Income:		
Profit, discount and similar income	308,961,327	323,787,021
Dividend income	-	-
Commission, exchange and brokerage	15,069,006	14,739,245
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies	37,045,747	10,792,672
Income from non-banking assets	-	-
Other operating income	13,343,021	13,207,264
Profit less losses on interest rate changes	-	-
	374,419,101	362,526,202
Expenses:		
Profit paid on deposits	213,471,471	197,702,760
Losses on investments	-	-
Administrative expenses	59,737,423	53,792,010
Other operating expenses	4,152,359	4,723,986
Depreciation on banking assets	1,338,476	1,399,985
	278,699,729	257,618,741
Income over expenditure	95,719,372	104,907,461
15 Investment income		
Share of profit from financing and discounting		
Murabaha-Staff	-	-
Murabaha Financing	240,458,075	253,319,533
Diminishing Musharakah	28,041,818	-
Profit on bill discounted	11,445,914	13,726,704
Finance against EDF	128,834	118,387
Murabaha income trust receipt	16,884,463	22,141,142
	296,959,104	289,305,766
Profit on Placement with Banks		
Profit on Term Placements	12,002,223	34,481,255
Profit on Savings Deposit with Banks	-	-
	12,002,223	34,481,255
	308,961,327	323,787,021
16 Profit paid on deposits		
Profit shared on Modaraba Deposit & Borrowings		
Modaraba Royal Profit Deposit	14,091,214	28,068,120
Savings Deposit	45,416,745	23,562,926
Alfalah Salary Account (ASA)	11,143	334
Modaraba term deposit	153,885,332	146,071,380
Profit paid on Borrowings	67,037	-
	213,471,471	197,702,760



	2019 Amount in BDT	2018 Amount in BDT
17 Income from investment in shares/securities		
Mark-up on zero coupon bonds	-	-
Dividend income on preference share	-	-
	<u>-</u>	<u>-</u>
18 Commission, exchange and brokerage		
Brokerage	-	-
Fees, commission etc.	15,069,006	14,739,245
Exchange earnings	37,045,747	10,792,672
	<u>52,114,753</u>	<u>25,531,917</u>
19 Other operating income		
Service charges recovered	1,475,022	822,752
Charges recovered	1,298,960	1,038,750
Cheque Book charges recovered	187,205	178,972
Charges on documentary credit	3,000	47,000
Courier charges recovered	262,507	677,571
Other Income	5,180,028	7,961,560
UPAS LC Profit Spread	4,936,299	2,480,659
Gain on disposal of fixed asset	-	-
	<u>13,343,021</u>	<u>13,207,264</u>
20 Salaries and allowances		
Salaries & Allowances	20,781,887	17,667,467
Housing allowance	5,408,904	5,175,820
Conveyance allowance	1,355,285	1,293,978
Other allowances	206,956	1,076,215
Festival bonus	3,029,319	3,181,446
Performance bonus	1,555,000	1,164,552
The Bank's contribution to provident fund	1,296,759	1,292,022
Car allowance	1,590,000	1,654,839
Gratuity	-	-
	<u>35,224,110</u>	<u>32,506,339</u>
21 Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	16,258,756	13,059,828
Insurance	9,805	42,926
Cleaning and maintenance	944,051	824,146
Electricity and Utilities	2,272,270	2,269,565
	<u>19,484,882</u>	<u>16,196,465</u>
22 Postage, stamps, telecommunication etc.		
Postage and couriers	1,038,152	882,068
Electronic mail and on-line connectivity	724,345	121,619
Telegram, fax, telex, SWIFT and internet charge	567,598	795,873
Telephone charges	194,044	212,355
	<u>2,524,139</u>	<u>2,011,915</u>
23 Stationery, printing, advertisement etc.		
Table stationery	349,357	583,165
Books and periodicals	-	6,000
Printing stationery	968,298	774,687
Computer stationery	150,300	188,286
Publicity	234,520	309,625
	<u>1,702,475</u>	<u>1,861,763</u>



	2019 Amount in BDT	2018 Amount in BDT
24 Depreciation and repair to bank's assets		
Depreciation of bank's assets		
Furniture, fixture and fittings	85,581	97,420
Office equipments	569,919	691,358
Staff equipments	-	-
Computer and related equipments	544,675	480,345
Motor vehicles	-	-
Leasehold improvement	138,301	130,862
	1,338,476	1,399,985
Repair & Maintenance of bank's assets		
Furniture, fixture and fittings	-	-
Rented premises	6,996	22,781
Office equipments	729,169	450,822
Computer maintenance	65,652	643,535
Motor vehicles	-	98,390
	801,817	1,215,528
	2,140,293	2,615,513
25 Other expenses		
Bank charges, brokerage and commission	-	369,735
Entertainment	675,416	515,523
Security	1,397,395	1,818,035
Traveling and conveyance	98,570	87,740
Car fuel expenses	895,536	910,581
Loss on sale of fixed assets	-	-
Other expenses	1,085,442	1,022,372
	4,152,359	4,723,986
26 Investment income receipts in cash		
Profit receivable as at 1 January	(2,754,185)	(133,462,442)
Profit accrued during the year:		
Share of profit from financing and discount	308,961,327	289,305,766
Profit receivable as at 31 December	-	173,084,563
	306,207,142	328,927,887
27 Profit paid on deposits		
Profit payable as at 1 January	50,628,854	22,823,632
Profit charged during the year		
Profit shared on Modaraba Deposits	213,471,471	197,702,760
Profit payable as at 31 December	(58,978,741)	(50,628,854)
	205,121,584	169,897,538
28 Fees and commission receipts in cash	15,069,006	14,739,245
29 Cash payments to employees		
Salaries and allowances	35,224,110	32,506,339
Gratuity:		
Employees	-	-
	35,224,110	32,506,339
30 Cash payments to suppliers		
Balance as at 1 January		
Accrued expenses	565,790	1,546,766
Charged during the year		
Stationery, printing, advertisements etc.	1,702,475	1,861,763
Rent, taxes, insurance, electricity etc.	19,484,882	16,196,465
Postage, stamp, telecommunication etc.	2,524,139	2,011,915
Legal expenses	-	-
	23,711,496	20,070,143
Balance as at 31 December		
Accrued expenses	(768,040)	(565,790)
	23,509,246	21,051,119



	2019 Amount in BDT	2018 Amount in BDT
31 Receipts from other operating activities		
Other operating income	13,343,021	13,207,264
Exchange earnings	37,045,747	10,792,672
Investment income	-	-
Less: Gain on disposal of fixed asset	-	-
	50,388,768	23,999,936
32 Payments for other operating activities		
Repairs of Bank's assets	801,817	1,215,528
Other expenses	4,152,359	4,723,986
Gratuity: Employees	-	-
	4,954,176	5,939,514
33 Movement of investments to customers		
Balance as at 31 December	3,651,179,215	3,737,811,459
Balance as at 1 January	(3,737,811,459)	(3,254,632,164)
(Decrease)/Increase	(86,632,244)	483,179,295
34 Movement of other assets		
(Increase) / decrease in other assets which are not considered elsewhere		
- Stationery, stamps, printing materials, etc.	(26,590)	48,060
- Advance rent and advertisement	81,000	108,000
- Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	-	-
- Branch adjustment	774,141,709	(991,527,818)
- Others	(58,465,141)	(72,165,186)
Adjustments for-		
- Net of profit on Morabaha	-	-
- Transfer of Fixed assets	-	-
- Transfer of branch profit or loss	(99,667,701)	(102,904,020)
	616,063,277	(1,166,440,964)
35 Movement of deposits and other accounts from other banks		
Balance as at 31 December	319,743,749	813,264,357
Balance as at 1 January	(813,264,357)	(942,391,378)
Increase/(Decrease)	(493,520,608)	(129,127,021)
36 Movement of deposits and other accounts from customers		
Balance as at 31 December	4,384,565,452	4,343,960,583
Balance as at 1 January	(4,343,960,583)	(3,442,097,688)
(Decrease)/Increase	40,604,869	901,862,895
37 Movement of other liabilities		
Increase/(decrease) in other liabilities which are not considered elsewhere		
- Provision for off-balance sheet exposures (Note 10.2)	-	-
- Profit suspense account	-	(483,362)
- Withholding tax on profit on deposits	(440,237)	(7,531)
- Withholding tax	(1,356,486)	2,500,906
- Withholding VAT	125,647	(85,642)
- Net of profit on Morabaha	(18,658,654)	(14,093,041)
- Excise duty	(19,000)	80,800
- Advance commission on Letter of Guarantee (L/G)	(821,333)	(139,390)
- Miscellaneous	12,877,502	419,009
	(8,292,561)	(11,808,251)
38 Proceeds from sale/redemption of securities		
Redemption of preference shares		
STS Holding Limited	-	-
Brac Bank Limited	-	-



2019 Amount in BDT	2018 Amount in BDT
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39 Related parties

Transactions with key management personnel

Key management personnel have transacted with the Branch during the year as follows:

House finance	1,189,730	1,218,972
Car finance	315,950	257,708
	<u>1,505,680</u>	<u>1,476,680</u>

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel at the period end.

Key management personnel compensation for the year comprised:

Short-term employee benefits	16,651,589	19,456,929
Provident fund	733,349	849,827
Gratuity	626,103	740,982
	<u>18,011,041</u>	<u>21,047,738</u>

Other related party transactions

There was no transaction with the related party during the reporting period.

40 Number of employees

The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of BDT 36,000 or above were 23 (2018: 26).

41 Employee related fraud

There was no fraud occurred during the year 2019.

42 Events after the reporting period

None.



Abu Noyem Md. Khasru
Head of Finance & Admin.



Muhammad Ehsan Ul Haq Qureshi
Country Operations Head



Adil Islam
Country Head



Annexure - A

Bank Alfalah Limited
 Bangladesh Operations
 Motijheel Islamic Banking Branch
 Liquidity Statement
 (Analysis of maturity of assets and liabilities)
 As at 31 December 2019

Particulars	Amounts in BDT					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets						
Cash	50,261,151	-	251,232,466	-	-	301,493,617
Balance with other banks and financial institutions	-	320,000,000	-	-	-	320,000,000
Placement with banks and other financial institutions	-	-	-	-	-	-
Investments in shares and securities	4,900	-	-	-	-	4,900
Investments	-	1,903,877,025	1,591,457,395	155,844,795	-	3,651,179,215
Fixed assets including premises, furniture and fixtures	-	-	-	1,868,932	-	1,868,932
Other assets	-	-	-	580,001,565	-	580,001,565
Non banking assets	-	-	-	-	-	-
Total assets	50,266,051	2,223,877,025	1,842,689,861	737,715,292	-	4,854,548,229
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	10,508,584	-	-	10,508,584
Deposits and other accounts	1,781,027,147	1,073,381,534	926,396,522	923,503,998	-	4,704,309,201
Other liabilities	4,633,899	967,062	58,978,741	75,150,742	-	139,730,444
Total liabilities	1,785,661,046	1,074,348,596	995,883,847	998,654,740	-	4,854,548,229
Net liquidity gap	(1,735,394,995)	1,149,528,429	846,806,014	(260,939,448)	-	-



Bank Alfalah Limited
 Bangladesh Operations
 Motijheel Islamic Banking Branch
 Schedule of fixed assets including premises, furniture and fixtures
 As at 31 December 2019

Particulars	Cost				Rate of Dep. (%)	Depreciation				Written Down Value as at 31 December 2019
	Balance as at 01 January 2019	Additions during the year	Disposal/Transferred during the year	Balance as at 31 December 2019		Balance as at 01 January 2019	Charged during the year	Adjustment for disposal/Transferred during the year	Balance as at 31 December 2019	
Furniture, fixture and fittings	20,294,987	-	-	20,294,987	10	19,963,746	85,581	-	20,049,327	245,660
Office equipments	10,751,244	-	-	10,751,244	20	9,865,095	569,919	-	10,435,014	316,230
Staff equipments	13,500	-	-	13,500	20	13,500	-	-	13,500	-
Computer and related equipments	12,931,205	756,750	52,200	13,740,155	25	12,052,586	544,675	52,200	12,649,461	1,090,694
Motor vehicles	1,890,000	-	-	1,890,000	25	1,889,999	-	-	1,889,999	1
Leasehold improvement	3,041,160	170,858	-	3,212,018	20	2,857,370	138,301	-	2,995,671	216,347
	48,922,096	927,608	52,200	49,901,904		46,642,296	1,338,476	52,200	48,032,972	1,868,932

Particulars	Cost				Rate of Dep. (%)	Depreciation				Written Down Value as at 31 December 2018
	Balance as at 01 January 2018	Additions during the year	Disposal during the year	Balance as at 31 December 2018		Balance as at 01 January 2018	Charged during the year	Adjustment for the disposal during the year	Balance as at 31 December 2018	
Furniture, fixture and fittings	20,294,987	-	-	20,294,987	10	19,866,326	97,420	-	19,963,746	331,241
Office equipments	10,751,244	-	-	10,751,244	20	9,173,737	691,358	-	9,865,095	886,149
Staff equipments	13,500	-	-	13,500	20	13,500	-	-	13,500	-
Computer and related equipments	12,751,205	180,000	-	12,931,205	25	11,572,241	480,345	-	12,052,586	878,619
Motor vehicles	1,890,000	-	-	1,890,000	25	1,889,999	-	-	1,889,999	1
Leasehold improvement	3,041,160	-	-	3,041,160	20	2,726,508	130,862	-	2,857,370	183,790
	48,742,096	180,000	-	48,922,096		45,242,311	1,399,985	-	46,642,296	2,279,800

