

Bank Alfalah Limited
Bangladesh Operations

Independent Auditors' Report and Financial Statements
as at and for the year ended December 31, 2015

Submitted by
Howladar Yunus & Co.
Chartered Accountants

March 30, 2016

Table of Contents

1	Independent Auditors' Report
2	Balance Sheet
3	Profit and Loss Account
4	Cash Flow Statement
5	Statement of Changes in Equity
6	Notes to the Financial Statements
7	Highlights on the Overall Activities (Annexure-A)
8	Liquidity Statement (Annexure-B)
9	Balance with Other Banks- Outside Bangladesh (Nostro Accounts) (Annexure-C)
10	Schedule of Fixed Assets including Premises, Furniture and Fixtures (Annexure-D)
11	Currency Analysis (Annexure-E)
12	Disclosure of Tax Position (Annexure-F)
13	Financial Statements of Islamic Banking Branch (Motijheel Branch)

**Independent Auditors' Report
To the Management of Bank Alfalah Limited, Bangladesh Operations**

Report on the Financial Statements

We have audited the accompanying financial statements of Bank Alfalah Limited, Bangladesh Operations ("the Bank"), which comprise the balance sheet as at December 31, 2015, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991 as amended and the Bangladesh Bank regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the Bank.

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



Howladar Yunus & Co.

Opinion

In our opinion, the financial statements of the bank give a true and fair view of the financial position of the Bank as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bank Companies Act, 1991 as amended and the rules and regulations issued by Bangladesh Bank, we also report the following:

- a. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to the Bangladesh Bank on anti fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - i. internal audit, internal control and risk management arrangements of the Bank as disclosed in note 3.25 of the financial Statements appeared to be adequate;
 - ii. nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities and also disclosed in note 3.25.8;
- c. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- d. the balance sheet and profit and loss account dealt with by the report are in agreement with the books of account;
- e. the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by the Bangladesh Bank
- f. adequate provisions have been made for advances, which are, in our opinion, doubtful of recovery ;
- g. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- h. the information and explanation required by us have been received and found satisfactory; and
- i. We have reviewed over 80% of the risk weighted assets of the Bank and have spent around 1150 person hours for the audit of the books and accounts of the Bank.


Chartered Accountants

Dated: Dhaka
March 30, 2016

Bank Alfalah Limited
Bangladesh Operations
Balance Sheet
as at December 31, 2015

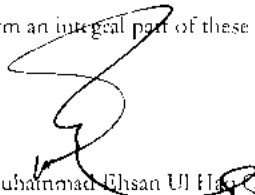
	Note	2015 Taka	2014 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	4	1,400,593,633	1,210,652,961
Cash in hand (Including foreign currencies)		117,441,540	161,664,079
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)		1,283,152,093	1,048,988,882
Balance with other banks and financial institutions	5	1,540,200,941	1,108,106,810
In Bangladesh		1,498,937,433	1,065,060,672
Outside Bangladesh		41,263,508	43,046,138
Money at call on short notice	6		
Investments	7	6,954,943,745	6,135,257,577
Government		6,754,943,745	6,135,257,577
Others		200,000,000	
Loans and Advances/Investments	8	7,758,425,232	7,508,280,374
Loans, Cash credit, Overdrafts etc./Investments		7,413,818,028	7,045,142,560
Bills purchased and discounted		344,607,204	463,137,814
Fixed assets including premises, furniture and fixtures	9	53,243,814	57,667,569
Other assets	10	665,639,162	534,003,748
Non-banking assets		-	-
Total Assets		<u>18,373,046,527</u>	<u>16,553,969,039</u>
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	460,000,000	800,000,000
Deposits and other accounts	12	11,434,411,999	9,752,030,617
Current Accounts and other Accounts		1,488,093,260	1,030,282,816
Bills Payable		195,269,417	97,361,235
Savings Bank Deposits		3,448,700,785	3,027,360,139
Fixed Deposits		6,392,348,537	5,596,526,427
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
Other liabilities	13	1,293,821,677	1,329,236,089
Total Liabilities		<u>13,188,233,676</u>	<u>11,881,266,706</u>
Capital/Shareholders' Equity			
Head Office Fund	14	4,423,010,704	4,420,627,471
Other Reserves	15	258,036,936	70,151,540
Surplus in Profit and Loss Account	16	503,765,211	181,923,322
Total Shareholders' Equity		<u>5,184,812,851</u>	<u>4,672,702,333</u>
Total Liabilities and Shareholders' Equity		<u>18,373,046,527</u>	<u>16,553,969,039</u>

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	Note	2015 Taka	2014 Taka
<u>OFF-BALANCE SHEET ITEMS</u>			
Contingent liabilities		2,665,675,790	2,283,233,495
Acceptances & Endorsements		1,249,537,213	628,935,983
Letters of Guarantee	17	321,415,471	585,085,744
Irrevocable Letters of Credit	18	680,512,906	643,555,160
Bills for Collection		293,885,200	352,381,608
Other Contingent Liabilities (Bangladesh Sanchaypatra)		120,325,000	73,275,000
Other commitments		395,522,200	547,822,900
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		395,522,200	547,822,900
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		3,061,197,990	2,831,056,395

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


S.A.A. Masrur
Country Head

As per our annexed report of even date



Chartered Accountants

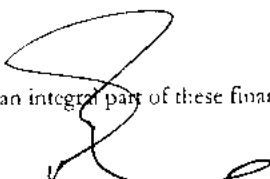
Dated: Dhaka
March 30, 2016

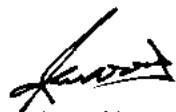
Bank Alfalah Limited
Bangladesh Operations
Profit and Loss Account
for the year ended December 31, 2015

	Note	2015 Taka	2014 Taka
Interest income/profit on investments	20	799,892,924	826,527,926
Interest paid/profit shared on deposits and borrowings etc.	21	(612,119,499)	(726,173,503)
Net interest/(expenses)/net profit on investments		187,773,425	100,354,423
Investment income	22	697,923,815	688,601,053
Commission, exchange and brokerage	23	122,173,673	120,255,690
Other operating income	24	31,843,895	20,910,949
		851,941,385	838,767,692
Total operating income		1,039,714,810	939,122,115
Salaries and allowances	25	211,304,373	193,290,927
Rent, taxes, insurance, electricity etc.	26	132,418,255	118,305,739
Legal expenses	27	3,062,981	1,547,182
Postage, stamp, telecommunication etc.	28	10,338,637	9,866,798
Stationery, Printing, Advertisements etc.	29	13,938,111	11,128,922
Country Head's salary and allowances	30	20,590,270	18,783,770
Auditors' fees		553,150	553,150
Depreciation and repair of bank's assets	31	32,090,356	31,124,462
Other expenses	32	53,630,257	47,697,478
Total operating expenses		477,926,390	432,298,428
Profit before provision		561,788,420	506,823,687
Provision for loans and advances/investments	33	(35,916,894)	60,400,258
General provision		3,193,433	13,124,501
Specific provision		(39,107,327)	47,275,757
Provision for off-balance sheet items released		2,301,415	5,807,163
Provision for diminution in value of investments		-	-
Other provisions (Provision for Rebate of Good Borrowers)		20,000,000	-
Total provision		(13,615,479)	66,207,421
Total (loss)/profit before tax		575,403,899	440,616,266
Provision for taxation	34	206,771,900	213,897,831
Current		248,072,614	205,787,754
Deferred		(41,300,714)	8,110,077
Net (loss)/profit after tax		368,631,999	226,718,435

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


S. A. Masur
Country Head

As per our annexed report of even date


Chartered Accountants

Dated: Dhaka
March 30, 2016

Bank Alfalah Limited
Bangladesh Operations
Statement of Changes in Equity
for the year ended December 31, 2015

	<u>Head Office Fund</u> Taka	<u>Other Reserve</u> Taka	<u>Profit and Loss</u> Taka	<u>Total</u> Taka
Balance as at January 01, 2015	4,420,627,471	70,151,540	181,923,322	4,672,702,333
Changes in accounting policy				
Profit transfer to Head Office	-		(46,799,110)	(46,799,110)
Surplus/deficit on account of revaluation of investments		187,885,706		187,885,706
Currency translation difference	2,383,233			2,383,233
Net gains and losses not recognized in the income statement				
Net profit for the period			168,631,999	168,631,999
Balance as at December 31, 2015	<u>4,423,010,704</u>	<u>258,036,936</u>	<u>503,755,211</u>	<u>5,184,812,851</u>
Balance as at January 01, 2014	4,423,756,326	27,617,387.00	(44,795,113)	4,406,578,600
Changes in accounting policy				
Restated balance				
Surplus/deficit on account of revaluation of investments		42,534,153		42,534,153
Currency translation difference	(3,128,855)			(3,128,855)
Net gains and losses not recognized in the income statement				
Net profit for the period			226,718,435	226,718,435
Balance as at December 31, 2014	<u>4,420,627,471</u>	<u>70,151,540</u>	<u>181,923,322</u>	<u>4,672,702,333</u>



Bank Alfalah Limited
Bangladesh Operations
Cash Flow Statement
for the year ended December 31, 2015

	<u>Note</u>	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
Cash flows from operating activities			
Interest receipts	35	712,518,657	858,724,186
Interest payments	36	(616,198,108)	(765,482,144)
Dividends receipts		-	-
Fees and commission receipts	37	35,082,741	28,408,056
Recoveries on loans previously written off		-	-
Payments to employees	38	(226,610,573)	(209,782,779)
Payments to suppliers	39	(158,613,932)	(141,147,966)
Income taxes paid	40	(225,454,907)	(126,885,934)
Receipts from other operating activities	41	811,960,441	774,749,435
Payments for other operating activities	42	(68,742,303)	(56,053,877)
Operating (loss)/profit before changes in operating assets and liabilities		263,942,016	359,528,977
Increase/decrease in operating assets and liabilities			
Loans and advances to customers	43	(250,141,858)	(927,442,502)
Other assets	44	3,308,025	(22,496,097)
Deposits from other banks	45	372,033,369	448,996,973
Deposits from customers	46	1,310,348,013	888,305,678
Other liabilities	47	(52,997,864)	12,823,327
		1,382,546,685	400,187,379
Net cash (used to)/from operating activities		1,646,488,701	759,716,356
Cash flows from investing activities			
Proceeds from sale/redemption of securities	48	(11,949,926)	159,546,967
Payments for purchase of securities	49	(1,746,946,411)	(3,205,452,148)
Purchase of property, plant & equipment		(13,783,119)	28,820,865
Sale of property, plant & equipment	50	5,372,192	-
Net cash from investing activities		(1,767,307,264)	(3,074,726,046)
Cash flows from financing activities			
		(46,790,110)	-
Net (decrease)/increase in cash and cash equivalents		(167,608,673)	(2,315,009,690)
Cash and cash equivalents at beginning of the year		2,646,109,314	4,964,247,859
Effects of exchange rate fluctuations on cash and cash equivalents held		2,383,233	(5,128,851)
Cash and cash equivalents at end of the year		2,480,883,874	2,646,109,314
Cash and cash equivalents at end of the year represent			
Cash in hand (including foreign currencies)		117,441,540	161,664,079
Call borrowing		(460,000,000)	(800,000,000)
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		1,283,152,093	1,048,988,882
Balance with other banks and financial institutions		1,540,200,941	1,108,106,810
Money at call and on short notice		-	-
Treasury bills		-	1,127,339,343
Bangladesh Bank bill		-	-
Prize bond		89,300	10,200
		2,480,883,874	2,646,109,314



Bank Alfalah Limited
Bangladesh Operations
Notes to the Financial Statements
as at and for the year ended December 31, 2015

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 May 16, 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 December 31, 2015. Except 1 Islamic Banking Branch, the rest 6 branches run on commercial conventional 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

2.1 Statement of compliance

The financial statements of the Bank are prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, 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 BFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:

i) Investment in shares and Securities

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

Bangladesh Bank: As per BRPD circular no. 14, dated June 25, 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 recognized at costs.

ii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39 where T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit and loss account.

Securities designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit & 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 recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

iii) Provision on loans and advances

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

MTC

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

iv) **Other comprehensive income**

BFRS: As per BAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) 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 include in a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

v) **Financial instruments – presentation and disclosure**

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

vi) **Repo transactions**

BFRS: 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 or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per DOS Circular No. 6 dated 15 July 2010, 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 transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

vii) **Financial guarantees**

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

Bangladesh Bank: As per BRPD 14, financial guarantees such as L/C, T/C will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin.

viii) **Cash and cash equivalent**

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

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

HYE

- ix) **Non-banking asset**
BFRS: No indication of Non-banking asset is found in any BFRS.
Bangladesh Bank: As per BRPD 14, there must exist a face item named Non-banking asset.
- x) **Cash flow statement**
BFRS: Cash flow statement can be prepared either in direct method or in 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, cash flow is the mixture of direct and indirect method.
- xi) **Balance with Bangladesh Bank: (Cash Reserve Requirement)**
BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.
Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.
- xii) **Presentation of intangible asset**
BFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.
Bangladesh Bank: There is no regulation for intangible assets in BRPD 14.
- xiii) **Off-balance sheet items**
BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement of disclosure of off-balance sheet items.
Bangladesh Bank: As per BRPD 14, off balance sheet items (e.g. L/C, I/C, etc.) must be disclosed separately in face of balance sheet.
- xiv) **Disclosure of appropriation of profit**
BFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.
Bangladesh Bank: As per BRPD 14, an appropriation of profit should be disclosed in the face of profit and loss account.
- xv) **Loans and advances net of provision**
BFRS: Loans and advances should be presented net of provisions.
Bangladesh Bank: As per BRPD 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.
- xvi) **Recognition of interest in suspense**
BFRS: Loans and advances to customers are generally classified as "loans and receivables" as per BAS 30 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.
Bangladesh Bank: As per BRPD circular no.14 dated September 23, 2012, once a loan is classified (other than bad loss), interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

2.2 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 (HTF)' 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 (Taka) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Taka 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 BFRSs 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, 3.11.3 and 3.12.

2.5 Reporting period

These financial statements cover one calendar year from 1 January to December 31, 2015.

2.6 Cash flow Statement

Cash flow statement has been prepared in accordance with the BRPD Circular No. 14, dated June 25, 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.

Foreign currency differences arising on translation are recognized in profit or loss except for exchange differences on "Head office fund", which is recognized directly in equity.



3.2 Interest income/profit on investments

Interest on loans and advances/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. Interest on loans and advances/profit on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments is transferred to interest/profit suspense account instead of income account.

Interest accrued on loans and advances/profit accrued on investments fall under Sub Standards 'SS' and Doubtful (DF) category are credited to interest suspense/profit suspense account instead of income account. Interest/profit is not charged on bad and loss loans as per guideline of Bangladesh Bank. Such interest/profit is kept in separate memorandum account.

Interest/profit on classified loans and advances/investments are credited to income on a cash receipt basis.

Interest/profit on fixed deposit with other banks are credited to income on accrual basis.

3.3 Investment Income

Income on investments is recognized on accrual basis. Investment income includes coupon profit on treasury bonds.

3.4 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.

3.5 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

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

3.7 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.

3.7.1 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 Special Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. Currently the income tax rate applicable for banks is 42.5%; additionally, banks have to pay excess profit tax at 15% on so much of their profits as exceeds 50% of the aggregate of their capital and reserves as defined in section 160 of the Income Tax Ordinance (ITO) 1984.

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.

3.7.2 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.

3.7.3 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.

3.8 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, money at call and on short notice, investment in treasury bills, Borrowing from other banks, Bangladesh Bank bill and prize bond.

3.9 Investments

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

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 Mar. 26, 2008, HFT securities are revaluated each week using Marking 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 (using marking to market concept)
Government Treasury Bills and Bonds (HTM)	At present value (using amortization concept)
Bangladesh Bank Bills (HFT)	At present value (using marking to market concept)
Prize Bond	At cost
Senior secured bond	At cost less redemption

Details are shown in Note- 7.

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3.10 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 loans and advances is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank BRPD circular No.14 (September 23, 2012), BRPD circular No. 19 (December 27, 2012) and BRPD circular No. 05 (29 May 2013). The rates of provision for different classifications are given below:

<u>Particulars</u>	<u>Rate</u>
General provision on	
All unclassified loans and advances/investments except following:	1%
Small and medium enterprise financing	0.25%
Consumer financing	5%
Housing finance and loans for professionals to set up business under consumer financing scheme	2%
Loan to BFFs/MBs/SDs against shares	2%
Unclassified agricultural loans	5%
Special mention account (other than SME loan)	5%
Special mention account (for SME loan)	0.25%
Specific provision on	
Substandard loans and advances/investments	20%
Doubtful loans and advances/investments	50%
Bad/loss loans and advances/investments	100%

- c) Amounts receivable on credit cards are included in advances to customers at the amounts expected to be recovered.

Details are shown in Note 8

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 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.

3.11.3 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. 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

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3.16 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.

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

3.17 Interest paid on borrowing and other deposits (Conventional banking)

Interest paid and other expenses are recognized on accrual basis.

3.18 Profit shared on deposits (Islamic Banking)

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

3.19 Employee benefits

3.19.1 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.

3.19.2 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 2015 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.

3.19.3 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.

3.20 Provisions and accrued expenses

In compliance with BAS-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.

3.21 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.

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3.22 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).

3.23 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.

3.24 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.

3.25 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

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" and "Market & Liquidity Risk Management 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.

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- 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 reports to the Chief Risk Officer/Credit Head with dotted reporting to RMD at Head Office. 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 Risk Management, Credit Risk Management, and Operational Risk Management, while as per requirement stipulated in guidelines, treasury deals, counterparty risk limits 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 has pursued the implementation of Basel III under the purview of Central Bank guidelines and has 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 have also been implemented. The Bank has been pursuing Standardized Approach (SA) for calculating Credit & Market Risk and Basic Indicator Approach (BIA) to determine Operational Risk. However, bank has a plan to shift from BIA to 'The Standardized Approach (ISA)' with prior approval from the Central Bank to define capital charge for operational risk by mapping its business lines.
- RMD prepares a Risk Management Paper (RMP), every month as part of regulatory requirement, which is also discussed by 'Risk Management Committee (RMC)' on monthly basis. RMPs are prepared after receiving data/information from various units, which are then compiled/refined with taking care of its validation & accuracy through cross matching of data with the statement of affairs.
- Stress Test exercise is being conducted by RMD covering all core risk areas in order to gauge shock absorbing capacity of the bank. Shocks are applied at minor, moderate and major levels as to ascertain that whether bank could sustain under these three stress situations or not.

3.25.1 Credit risk

Credit Risk is most simply defined as the potential loss which may arise when a bank's borrower or counter party fails to meet its obligations in accordance with agreed terms. Bank Atfalab Limited has standards, policies and procedures dedicated to controlling and monitoring risk from all such activities. The goal of credit risk management is to maximize the bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The standardized approach is applied for risk weighted exposure as per directive of Bangladesh Bank.

Credit Risk Management process encompasses identification, assessment, measurement, monitoring and control of the credit exposures. From Bank's perspective, a key to effective credit risk management is a well thought out business strategy. Bank's focus over the coming years will be to further enhance risk models, processes and system infrastructure, in line with its ambitions to bring maximum sophistication to risk management function.

The Bank, in line with Bangladesh Bank Guidelines, had migrated to Basel II framework in 2009 with the standardized approach, while implementation of Basel III has also been 'kicked off' from January 2015. The bank has designed Credit Risk Management activities by addressing major risk areas. Credit Risk is one of the major risks, which can be assumed as potential loss arising from the failure of a counter party to perform contractual responsibility. The processes have been set for fine-tuning of systems & procedures, Information Technology capabilities, and Risk Governance Structure to meet the requirements of the Advanced Approaches as well.

The Credit Risk Management comprises of the Credit Risk Department that looks after all the aspects of credit risk and conducts portfolio analysis on a regular basis. Board Risk Management Committee ensures the Board level oversight of risks embedded in Bank's operations. Besides assisting the Board of Directors in determining the strategic direction of the Bank by providing them the risk perspective, it ensures implementation of the credit risk policy/strategy/ credit plan approved by the Board and to monitor credit risk on a bank-wide basis and ensure compliance with limits approved by the bank.

Healthy asset portfolio has been build up in terms of credit evaluation system comprises of well-designed credit appraisal, maintaining asset quality, assessing risk in lending to a particular customer, sanctioning and review procedures for the purposes of emphasizing prudence in lending activities and ensuring the high quality of asset portfolio. For this purpose two separate units have been formed within the credit division these are 1) Credit Risk Unit 2) Risk Management Unit. Credit Risk Unit is entrusted with the activities mentioned above whereas Risk Management Unit assesses/evaluates the Market and Operational risks under Basel III accord. The Bank manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, geography, industry, maturity and large exposure. Internal rating based portfolio analysis is also conducted frequently.

A sophisticated Internal Credit Rating System has been developed by the Bank, which is capable of quantifying counter party & transactional risk in accordance with best practices. The system takes into consideration qualitative and quantitative factors of the counter party, transaction structure & security and generates an internal rating vis-à-vis anticipated customer behavior. The system is continuously reviewed for best results in line with the Central Bank's guidelines for Internal Credit Rating. Moreover, the system is backed by secured database with backup support and is capable for generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making. The system is statistically tested and validated for compliance.

A centralized Credit Administration Division is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied, all documentation including security documentation is regular & fully enforceable and all disbursements of approved facilities are made only after necessary authorization by CAD.

Proactive credit risk management practices in the form of integrated Bank-wide Risk Management and internal Control Framework, adherence to Basel III accord, constitute the important risk management measures the bank is engaged in for mitigating these exposures. The current focus is on augmenting the Bank's abilities to quantify risk in a consistent, reliable and valid fashion, which will further ensure advanced level of sophistication in the Credit Risk measurement and management in the years ahead.

3.25.2 Asset Liability Management

For better management of asset and liability, the Bank has an established Asset Liability Management Committee (ALCO) which meets at least once a month to discuss the overall status of the Bank.

The Bank has an established Asset Liability Management Committee (ALCO) which meets at least once a month to discuss the overall status of the Bank. Asset Liability Management Policy of Bank Alfalah Limited aims to balance various objectives like profitability, risk, growth in asset & liability and stability 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:

- A. Facilitate assets & liabilities re-pricing depending on market conditions
- B. Aid bank's strategic planning process whilst focusing on profitability and liquidity factors.
- C. Maintain different ratios and positions of balance sheet within permissible limits.
- D. Facilitate Liquidity Management by ensuring that the demand for funds is supported by cash and liquid assets in various alternative scenarios.
- E. Maximize net interest margins and manage Interest Rate risk.
- F. Ensure clear assignments of roles & responsibilities for the management of various activities associated with the ALM function

The ALCO's primary function/responsibility is to ensure the ALM management in line with ALM guidelines provided by Bangladesh Bank and the Bank's own Liquidity Policy Guidelines for the strategic management of asset and liabilities. ALCO regularly reviews the bank's overall asset liability position, overall economic position, the bank's liquidity position, capital adequacy, balance sheet risk and makes necessary changes when required. Besides these all regulatory requirements including CRR, SLR, RWA are reviewed by ALCO.

147C

3.25.3 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, currency and counter-party limits for on and off-balance sheet financial instruments.

Off-Balance sheet financial instruments are contracts which are the resultant outcome of the import and export transactions. The buy and sell transactions are matched in view of their maturities in the different predetermined time buckets.

The currency risk is regulated and monitored against the regulatory/statutory limits enforced by the BB. The foreign exchange exposure, i.e., net open position limits in respective currencies are managed against the prescribed limits.

3.25.4 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. While, its main objectives are listed as under:

- The performance of first level and continuous independent verification(s) of control measures set in place to manage risks across the multifarious functions of the bank.
- Reviews of internal control strategies including those processes and remedies recommended by external auditors having been implemented.
- Reviews of existing risk management and mitigation procedures so as to ensure the effective implementation of the internal control system as a whole.
- Ensures full compliance of regulatory requirements.
- 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 imbuing 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.

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.

3.25.5 Money Laundering Risk

To implement Bangladesh Bank's Prudential Guidelines for managing core risks, the bank has long established the Anti Money Laundering Division (AML/D) that is centralized at the Country Office under the auspices of the CAMLCO. Additionally, the AML/D is continuously taking necessary steps to make the bank fully adherent and even fully 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.

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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:

- Implementation of AML, CIP, KYC policies and the development of related software for acute and timely transactional monitoring.
- Arrangement of a number of training sessions in 2015 whereby all employees have been trained, while new employees are being brought/re-fresher into the awareness of the issues of AML, being trained on a continuous basis throughout the financial year.
- A broad based schedule of branch inspection is in place to ensure sound business practices and the related compliance of AML and CIP regulations on a continuous basis.

3.25.6 Information and communication technology Security Risk

In recent years, various technology innovations in areas such as card payment, mobile technology and system virtualization have helped to expand financial institutions' (FIs) business offerings and customer reach. Information technology (IT) outsourcing has also become more attractive to FIs due to the abundance of outsourcing services. Against the backdrop of an increased reliance on complex IT systems and operations in the financial sector is the heightened risk of cyber attacks and system disruptions. In this regard, FIs are expected to continue to deepen their technology risk management capabilities and be ready to handle IT security incidents and system failures.

The new ICT Guideline for Internet Banking and Technology Risk Management have been revised and enhanced to better guide and address existing and emerging technology risks which confront FIs. Bank Alfalah jointly with the Central Bank ICT Guideline has developed and formulated ICT guideline to protect the bank with possible threat and to prevent fraudulent transactions through various alternative channels (ATM, POS, Internet Banking) etc.

Bank Alfalah Limited Bangladesh Branch Network –Operations

Bank Alfalah all seven branches has it's own branch banking Application (Smart) which is running in each branch's in de-centralized environment are interconnected via high speed VPN (Virtual Private Network) communication links to provide any branch banking services to it's customers in Bangladesh. Banks customers can withdraw, deposit money from any branch and also can request for transfer of funds and other related banking services through it's Smart Banking Application System.

BACH (Bangladesh Automated Cheque Clearing House)

The Bank has successfully implemented the Bangladesh Bank Automated Cheque Clearing System (BACPS). Due to implementation of BACH, High value cheques are cleared on the same day and regular value Cheques are clear within 12 hours. Since all Banks are under ACH Network, the outstations cheques which were used to take 7/8 days to receive funds now it is cleared on next morning. BACH processing is done under the strict Bangladesh Bank guidance, BACH data communication are encrypted and highly secured. The Banks are also connected to the Bangladesh Bank DR(Disaster Recovery Site) side to meet any contingency. DR Tests are performed periodically in coordination with Bangladesh Bank.

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

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hard earn money in Bangladesh. Through the BLFTN the funds can be transferred on the same day at any bank branches across the country.

CIB on-line Project: Bank Alfalah Limited 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 ATMs 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 deposits products to mobilize low cost deposits.

24/7 Call Centre Service for Customer Support: To provide support for its Debit cards and in future credit cards and to ATMs customers. The Bank has launched its 24/7 state of art call centre services in Bangladesh. Bank Alfalah is the first Bank in Bangladesh has introduced 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 applications 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.

DMS (Document Management System Implementation): Bank Alfalah Bangladesh recently implemented the Document Management System(DMS) which one of the most advanced system to scan all important documents and store it in the Archive Server. The Scanned document could be viewed from any branch of the Bank if access to the document is provided to the individual. Also, handling clients query, Central Bank and regulatory requirements could be done in a minimum time. This has improved the client services standards and has reduced transaction turnaround time and better control over sensitive documents of the bank.

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 clients 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 is in the process of implementing the Internet Banking in Bangladesh. Through Internet Banking a customer can check his account balance, make utility bill payments, request for cheque books, transfer of funds etc. from the comfort of their home or office from smart phones.

The IT- Team : The Bank Alfalah Information Technology Team is comprised of talented and dedicated staffs having experience in Information Technology for more than 23 years. 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 / work shops both home and abroad.

3.25.7 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.

3.25.8 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 the 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.

3.26 Corporate Social Responsibility

Bank Alfalah over the years had engaged pro-actively on different CSR endeavors addressing the socio-economic development requirements of the country's struggling and financially disadvantaged segment of the society, focusing some of their identified thrust sectors to the likes of education sector, health sector, community and environmental development etc. 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 endeavors, 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 portrays 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 sponsoring their sole scholarship program in 2015, which started from 2010 in collaboration with SMDF which provides scholarship to 50 poor and needy students of urban slum area without which they were in high risk to drop out from school to contribute to their families' economic health. A few of the sponsored student appeared for SSC examination this year and all had passed SSC exam in one go with good GPA scores. During the year, bank had undertaken another CSR project in collaboration with 'Neo Star Innovation' and arranged basic IT training for 3 batches of 10 financially disadvantaged student of Higher Secondary School level addressing the development requirement of basic technical skills for the future workforce of the country as an emerging developing nation.

On the health sector, a handsome donation from CSR fund was granted to the Burn Unit of Claitgong Medical College for development of its treatment facilities and purchase of necessary equipments and accessories to facilitate treatment of critically burned people belongs to the poorer segment of the society. Towards the end of the year under the purview of its CSR projects, the bank had entered into a 1 (one) year-long agreement with Gulshan Literacy Program (GLP) Foundation, that is providing free quality education to poor street children through two schools and will sponsor for nutritious diet to them in the form of milk throughout the period addressing their need for nutrition support. Bank had sponsored another 'Neo Star Innovation' initiative named "Prayona" which is an Online Digital Healthcare Portal aimed to provide a wide range of health care related tips, suggestions and information under one umbrella free of cost for general people.

As part of community development initiatives, following the historic event of inclusion of 111 former enclaves as part of Bangladesh mainland in 2015, the bank addressed the poor state of living hood of the enclave dwellers in 3 (three) enclaves of North Bengal and had distributed blankets and warm cloths / accessories to

500 families to fight bitter winter season, set up 10 tube wells to ease the scarcity of fresh drinking water supply in the region and had distributed school bags & dental health hygiene products for school going children of the locality. During the same period, Bank Alfalan had undertaken another CSR project to address the acute scarcity of sweet drinking water supply in three remote villages of the Sundarban area, resultant to the concerning scenario of rapidly increasing salinity level in the southern region of the country. Under the project a total of 140 Plastic Water Tanks, having capacity of 1000 liters each and equipped with rain water harvesting and storing equipments / accessories, will be distributed amongst the households / families that are living in the area. Thus they will be trained with rain water harvesting techniques through experts and will continue to monitor progress of the same for next 6 months. The total cost of the project will be borne by the bank and the local community on 80:20 basis and will be administered by Management and Resource Development Initiative (MRDI).

Besides, in view of ongoing energy crisis in the country and patronage for Green Energy by Bangladesh bank, we had continued the maintenance of our solar powered ATM booth in 2015, which was installed back in October 2010 as the first ever solar powered ATM booth in the country and had set an example for banking establishments on effective utilization of green energy. This is also a silent, safe and simple power solution that ensures pollution free environment and reduce emission green house gases.

3.27 Compliance of Bangladesh Financial Reporting Standard (BFRS)

Name of the standards	Ref.	Status
First-time adoption of Bangladesh Financial Reporting	BFRS-1	Not applicable
Share based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Not applicable
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied with some departure (note 2.1)
Operating Segments	BFRS-8	Applied with some departure (note 3.3C)
Consolidated Financial Statements	BFRS-10	Not Applicable
Joint Arrangements	BFRS-11	Not Applicable
Disclosure of Interests in Other Entities	BFRS-12	Not Applicable
Fair Value Measurement	BFRS-13	Applied with some departure (note 2.1)
Presentation of Financial Statements	BAS-1	Applied with some departure (note 2.1)
Inventories	BAS-2	Not Applicable
Statement of cash flows	BAS-7	Applied with some departure (note 2.1)
Accounting Policies, Changes in Accounting Estimates and	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Not Applicable
Consolidated and Separate Financial Statements	BAS-27	Not Applicable
Investments in Associates	BAS-28	Not Applicable

Financial Reporting in Hyperinflationary Economies	BAS-29	Not Applicable
Interest in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	Applied with some departure note 2.1
Earnings Per Share	BAS-33	Not Applicable
Interim Financial Reporting	BAS-34	Applied
Impairments of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied with some departure see note 2.1
Financial Instruments: Recognition and Measurement	BAS-39	Applied with some departure see note 2.1
Investment property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable

3.28 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 Credit Rating Agency of Bangladesh Limited (CRAB) based on the financial statements dated 31 December 2015.

Particulars	Date of Rating	Long term	Short term
Credit Rating	21-May-15	A1	ST-2

Credit Rating Agency of Bangladesh Limited (CRAB) has upgraded Long Term Rating from A2 to A1 (Pronounced Single A one) and retained "ST-2" rating in the Short Term of Bank Alfalah Limited (Bangladesh Operations) based on audited financials for the year ended 31 December 2014 and other relevant information.

Commercial Banks rated A1 in the long term belonging to "strong capacity & high quality" cohort. Banks rated "A1" have strong capacity to meet their financial commitments. A1 rated banks are judged to be of high quality and are subject to low credit risk. Commercial Banks rated in the short term ST-2 category are considered to have the strong capacity for timely repayment of obligations. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds. The rating reflects the Bank's sound capital adequacy, improved asset quality as well as increased net interest margin.

3.29 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 BIFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

3.30 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 BIFRS 8.

3.31 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 better ratings to AML and ICT during the year 2015.



3.32 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 catalyze effective development, strengthening the financial backbone of nation should also act responsible 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 extends socially responsible behavior towards other businesses. In accordance with the globally acceptable standard and regulatory frame work in vogue for green banking, Bank Alifalah 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 e-electronic banking products and transaction services like Debit Cards, Internet Banking, E-statement, SMS Alert, BLIFIN & RTGS services to reduce the usage of printing papers and stationeries.
- 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.
- Introduced and implemented "Green Office Guideline" addressing possible avenues of reduced in-house Carbon footprint in the bank.
- Funded a 3 year long Palm Tree Plantation project in the cyclone affected coastal area addressing the effect of global warming on coastal people. The project will help the inhabitants of the region to cope with such natural calamity as well as will gain financially from the palm plantation harvests.

3.33 New Accounting Standards

Except for the changes below, the Bank has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

The Bank has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015. The effects of the changes are also explained below.

HYC

(a) BFRS 09 Financial Instruments

BFRS 09, published in 2014, replaces the existing guidance in BAS 39 financial instruments: Recognition and measurement. BFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment for financial assets, and the new general hedge accounting requirements. It also carried forward the guidance of recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Bank is yet to assess the potential impact of BFRS 9 on the financial statements.

(b) BFRS 15 Revenue from Contracts with customers

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRS 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The bank is yet to assess the potential impact of BFRS 15 on its financial statements.

3.34 Audit Committee

Mr. Kamran Y. Mirza	Chairman
Mr. Abdulla Khalil Al Mutawa	Director
Mr. Khalid Mana Saeed Al Otaiba	Director
Mr. Efstratios Georgios Arapoglou	Director
Mr. Yasar Rashid	Secretary

3.35 Date of Authorization

The financial statements were authorized for issue by the senior management of the Bank, Bangladesh Operations on March 30, 2016.

3.36 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 (ie Beneficiaries, as defined under the Act) as prescribed under the Act. However, there is a ambiguity around the inclusion of Banking and Non-Banking Financial Institutions within the scope of Chapter 15, WPPF under the Bangladesh Labour Act 2006 (the Act) and the subsequent amendments thereof. The ambiguity yet to be settled

The bank obtained opinion from its legal advisor regarding this issue. The legal advisor opined that the legislators did not intend to use the term "company" and "establishment" synonymously, hence, Chapter 15 is not applicable to Bank Alfalah as it is a foreign company, under the Companies Act 1994 and a "Bank Company" under the Bank Company Act, 1991. Hence, no provision has been made for the same

3.37 General

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

HTC

	2015 Taka	2014 Taka
4 Cash		
In hand		
Local currency	116,990,736	158,754,182
Foreign currency	-450,804	2,009,897
	<u>117,441,540</u>	<u>161,664,079</u>
Balance with Bangladesh Bank and its agent Bank		
Local currency	791,291,556	604,071,837
Foreign currency	491,860,537	414,917,045
	<u>1,283,152,093</u>	<u>1,048,988,882</u>
	<u>1,400,593,633</u>	<u>1,210,652,961</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 statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6.5% for both conventional and Islamic banking has been calculated and maintained with Bangladesh Bank in current account and 13% and 5.5% Statutory Liquidity Requirement for conventional and Islamic banking respectively on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including 10% balance with Bangladesh Bank. Both reserves maintained by the Bank, are shown below.

- 4.2 i) **Cash Reserve Requirement (CRR) for Conventional Banking**
6.5% of average Demand and Time Liabilities

Required reserve	407,888,809	360,726,750
Actual reserve held	465,376,151	393,194,835
Surplus	<u>57,487,342</u>	<u>32,468,105</u>

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

6.5% of average Demand and Time Liabilities

Required reserve	200,383,301	206,197,875
Actual reserve held	334,984,452	211,596,946
Surplus	<u>134,601,151</u>	<u>5,399,071</u>

- 4.3 i) **Statutory Liquidity Requirement (SLR) for Conventional Banking**

13% of required Average Demand and Time Liabilities

Required reserve	315,777,617	721,453,430
Actual reserve held	3,114,475,548	2,590,955,131
Surplus	<u>2,298,697,931</u>	<u>1,869,501,671</u>

Held for Statutory Liquidity Requirement

Cash in hand	79,322,216	91,873,247
Balance with Bangladesh Bank as per statement	465,376,151	393,194,835
Treasury bills (HFI)	-	165,522,531
Treasury bonds (TFM) without Len	155,800,000	155,800,000
Treasury bonds (TFM)	2,413,867,881	1,784,554,256
Bangladesh Bank Bill (HFI)	-	-
Prize bond	89,300	10,200
	<u>3,114,475,548</u>	<u>2,590,955,131</u>



	2015 <u>Taka</u>	2014 <u>Taka</u>
ii) Statutory Liquidity Requirement (SLR) for Islamic Banking		
5.5% of required Average Demand and Time Liabilities		
Required reserve	169,555,100	174,475,125
Actual reserve held	373,103,776	380,673,010
Surplus	203,548,676	206,197,885
Held for Statutory Liquidity Requirement:		
Cash in hand	38,119,324	69,790,837
Balance with Bangladesh Bank as per statement	334,984,452	211,526,916
Foreign currency used in B.D.I	-	99,285,232
	373,103,776	380,673,010
5 Balance with other banks and financial institutions		
In Bangladesh (Note 5.1)	1,498,937,433	1,065,060,672
Outside Bangladesh (Note 5.2)	41,263,508	43,046,138
	1,540,200,941	1,108,106,810
5.1 Inside Bangladesh		
Current account		
Janata Bank Limited - Foreign Exchange Branch	5,952	6,629
Islami Bank Bangladesh Limited	27,516	28,241
Sonali Bank Limited	13,261	13,835
The Trust Bank Limited	23,668	17,209
Brac Bank Limited	4,050,335	3,083,366
Standard Chartered Bank	6,192,985	5,815,160
	10,313,747	8,965,440
Mudaraba saving deposit		
Dhaka Bank Limited	32,323	31,078
Prime Bank Limited	270,948	267,739
	303,341	298,817
Mudaraba Term deposit:		
Social Islami Bank Limited	400,000,000	350,000,000
	400,000,000	350,000,000
Term deposit		
ICB Islamic Bank Limited	2,790,345	5,796,415
National Bank of Pakistan	850,000,000	700,000,000
Mutual Trust Bank Limited	78,510,000	-
AB Bank Limited	157,000,000	-
	1,088,320,345	705,796,415
	1,498,937,433	1,065,060,672
5.2 Outside Bangladesh		
Current account		
Standard Chartered Bank, New York	29,512,637	36,581,011
Standard Chartered Bank, Kolkata	5,438,276	3,419,410
Bank Alfalah Limited, Karachi	711,879	706,891
National Bank of Pakistan, New York	4,343,557	-
Standard Chartered Bank, London	405,846	1,629,164
Standard Chartered Bank, Frankfurt	83,480	63,843
Commerz bank, Frankfurt	702,114	620,170
Hongkong and Shanghai Banking Corporation, New York	-	-
Union De Banques Arabes ET Francaises Japan	25,709	25,709
	41,263,508	43,046,138

Details are shown in Annexure-C

NYC

	2015 <u>Taka</u>	2014 <u>Taka</u>
5.3 Maturity-wise groupings of balance with other banks and financial institutions		
On demand	51,577,255	52,011,578
Not more than 3 months	400,303,341	350,298,817
More than 3 months but less than 1 year	1,088,320,345	705,796,415
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	<u>1,540,200,941</u>	<u>1,108,106,810</u>
6 Money at call and on short notice	-	-
7 Investments		
Government securities		
Bangladesh Bank bills	-	-
Treasury bills HFT	-	165,522,581
Treasury bills HTM	-	961,816,762
Treasury bonds HFT	2,413,887,881	1,784,554,268
Treasury bonds HTM	4,340,966,564	3,223,353,766
Prize bonds	89,300	10,200
	<u>6,754,943,745</u>	<u>6,135,257,577</u>
Others (Note-7.1.3)	<u>200,000,000</u>	-
	<u>200,000,000</u>	-
	<u>6,954,943,745</u>	<u>6,135,257,577</u>
7.1 Investments classified as per Bangladesh Bank Circular		
Held-for-trading (HFT) securities (Note-7.1.1)	2,413,977,181	1,950,087,049
Held-to-maturity (HTM) securities (Note-7.1.2)	4,340,966,564	4,185,170,528
Others (Note-7.1.3)	200,000,000	-
	<u>6,954,943,745</u>	<u>6,135,257,577</u>
7.1.1 Held-for-trading (HFT) securities		
Bangladesh Bank bill	-	-
Treasury bills	-	165,522,581
Treasury bonds	2,413,887,881	1,784,554,268
Prize bonds	89,300	10,200
	<u>2,413,977,181</u>	<u>1,950,087,049</u>
7.1.2 Held-to-maturity (HTM) securities		
Treasury bills	-	961,816,762
Treasury bonds	4,340,966,564	3,223,353,766
	<u>4,340,966,564</u>	<u>4,185,170,528</u>
Except one treasury bond amounting Taka 155,800,000, the above HTM securities are lien with Bangladesh Bank for capital purpose		
7.1.3 Others		
Commercial Paper - M: Cement Factory	200,000,000	-
	<u>200,000,000</u>	-
7.2 Maturity wise groupings of investment		
Repayable On demand	89,300	10,200
Not more than 3 months	200,000,000	180,642,270
More than 3 months but not more than 1 year	111,115,710	1,255,381,766
More than 1 year but not more than 5 years	4,827,613,743	2,401,695,457
More than 5 years	1,816,124,932	2,297,617,884
	<u>6,954,943,745</u>	<u>6,135,257,577</u>



	2015 Taka	2014 Taka
8 Loans and advances/investments		
Loans, cash credit, overdrafts etc./Investments (Note 8.1)	7,413,818,028	7,045,142,560
Bills purchased and discounted (Note 8.10)	344,607,204	463,137,814
	<u>7,758,425,232</u>	<u>7,508,280,374</u>
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	2,397,542,924	2,815,480,846
Term finance	2,356,841,568	1,615,498,410
Payments against Documents (PAD)	24,644,297	-
Staff loan	4,060,966	4,834,047
Loan against trust receipts	17,177,881	26,438,841
	<u>4,830,267,836</u>	<u>4,462,252,144</u>
Islamic Banking		
Morabaha (I.P.O)	2,447,552,063	2,357,868,987
Trust receipts	71,812,999	80,263,298
Finance Against Foreign Bill	19,355,667	49,169,806
Morabaha manual	5,053,916	40,761,848
Staff morabaha	39,775,547	54,826,477
	<u>2,583,550,192</u>	<u>2,582,890,416</u>
	<u>7,413,818,028</u>	<u>7,045,142,560</u>
Outside Bangladesh	-	-
	<u>7,413,818,028</u>	<u>7,045,142,560</u>
8.2 Maturity-wise grouping of loans and advances/investments		
Repayable On demand	67,534,538	1,379,500,093
Not more than 3 months	774,880,931	1,427,790,112
More than 3 months but not more than 1 year	5,606,337,623	4,132,070,281
More than 1 year but not more than 5 years	1,181,381,909	569,019,888
More Than 5 years	125,288,232	-
	<u>7,758,425,232</u>	<u>7,508,280,374</u>
8.3 Loans and advances on the basis of significant concentration		
Advances to Chief executive, other Senior executives and other Officers	43,836,513	59,660,524
Industrial loans and advances	7,714,588,719	7,148,619,850
	<u>7,758,425,232</u>	<u>7,508,280,374</u>
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 (02 Customers)	1,197,881,979	966,448,011
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

	2015		2014	
	% of Total Loan	Taka	% of Total Loan	Taka
Agriculture, forestry, hunting and fishing	2.88%	223,811,488	0.94%	70,690,066
Automobile and transportation equipment	0.46%	35,670,910	0.33%	24,447,000
Chemical and pharmaceuticals	4.73%	367,048,126	3.93%	295,153,185
Cement	2.98%	230,870,535	0.67%	50,540,426
Sugar	0.00%	-	0.12%	9,289,603
Construction	0.34%	26,167,441	1.14%	85,445,141
Electronics and electrical appliances	0.45%	35,042,346	1.73%	129,608,554
Financial institution	3.07%	238,491,749	5.95%	446,386,422
Garments (Knit and woven)	0.00%	-	0.00%	-
Information technology and telecom	0.00%	-	0.00%	-
Iron and steel	14.57%	1,130,573,994	17.06%	1,280,994,300
Footwear and leather garments	2.60%	201,406,762	2.63%	197,453,000
Paper, printing and packaging	1.94%	150,471,164	0.08%	5,979,422
Power/electricity, gas, water, sanitary	12.83%	995,267,421	0.00%	-
Wholesale and retail trade	3.88%	301,403,801	7.50%	562,982,409
Exports and imports	3.67%	284,420,554	8.23%	617,972,804
Transport, storage and communication	0.26%	20,122,658	0.55%	41,554,425
Textile, yarn and spinning	8.55%	663,271,425	8.97%	673,715,040
Services	0.04%	2,949,418	0.04%	3,013,000
Others	36.75%	2,851,435,441	40.13%	3,013,056,076
	100%	7,758,425,232	100%	7,508,280,374

8.6 Geographical location-wise loans and advances/investments

	2015		2014	
	% of Total Loan	Taka	% of Total Loan	Taka
Dhaka Division	79.84%	6,194,346,307	71.20%	5,676,264,994
Chittagong Division	17.24%	1,337,670,260	20.36%	1,579,246,890
Sylhet Division	2.92%	226,408,665	3.26%	252,768,490
	100%	7,758,425,232	95%	7,508,280,374

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

Status	2015		2014	
	% of Total Loan	Taka	% of Total Loan	Taka
Unclassified:				
Standard including staff loan	93.16%	7,227,469,200	95.14%	7,143,063,794
Special Mention Account (SMA)	0.02%	1,760,732	0.17%	13,130,931
	93.18%	7,229,229,931	95.31%	7,156,194,725
Classified:				
Substandard	0.56%	43,813,934	0.00%	-
Doubtful	0.06%	4,827,377	0.02%	1,129,761
Bad or loss	6.19%	480,553,991	4.67%	350,955,888
	6.82%	529,195,301	4.69%	352,085,649
	100.00%	7,758,425,232	100.00%	7,508,280,374

8.8 Particulars of required provision for loans and advances/investments

	2015		2014	
	Base for Provision	Required Provision	Base for Provision	Required Provision
Unclassified				
All unclassified loans (other than SME loan, Agricultural loan and special mention account)	6,698,326,469	66,983,265	6,828,081,323	69,341,194
Agricultural finance	223,811,489	5,595,287		
SME finance	305,331,242	763,328	314,979,469	787,448
Special Mention Account (SMA)	1,760,732	4,402	10,882,297	27,206
	<u>7,229,229,931</u>	<u>73,346,282</u>	<u>7,153,946,089</u>	<u>70,155,849</u>
Classified				
Substandard	27,821,703	5,564,341		
Doubtful	2,378,274	1,189,137	1,027,856	513,928
Bad or loss	310,614,664	310,614,664	203,173,692	203,173,692
	<u>340,814,640</u>	<u>317,368,111</u>	<u>204,201,548</u>	<u>203,687,620</u>
	<u>7,570,044,571</u>	<u>390,714,423</u>	<u>7,358,147,637</u>	<u>273,843,469</u>
Total provision maintained		<u>438,214,423</u>		<u>509,839,249</u>
Surplus provision		<u>47,500,000</u>		<u>235,995,780</u>

2015
Taka

2014
Taka

8.9 Particulars of loans and advances/investments

i) Loans considered good in respect of which the banking company is fully secured:	7,756,703,477	7,506,694,616
ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	1,721,755	1,585,755
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;	-	-
	7,758,425,232	7,508,280,374
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other person;	-	-
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;	43,856,513	59,660,521
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 members;	-	-
ix) Due from Banking Companies;	-	-



	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
x) Amount of Classified loan/Investment on which Interest/Profit has not been charged:	529,195,301	352,085,649
(a) Movement of Classified loans and advances		
Opening balance	352,085,649	378,473,121
Increase/(decrease) during the year	177,109,652	(226,387,472)
Closing balance	529,195,301	352,085,649
(b) Provision kept against loan classified as bad/loss on the date of balance sheet	310,614,664	203,173,692
(c) Amount of interest/profit charged in suspense account	81,477,422	85,948,867
xi) Loans written off	35,707,932	-
- Current Year	35,707,932	-
- Cumulative to-date	35,707,932	-
- Amount of written off loans for which lawsuit was filed	35,707,932	-
8.10 Bills purchased and discounted		
Bills purchased and discounted excluding treasury bills:		
Payable in Bangladesh	344,607,204	463,137,814
Payable outside Bangladesh	-	-
	<u>344,607,204</u>	<u>463,137,814</u>
8.11 Maturity grouping of bills discounted and purchased		
Payable within 1 month	117,455,080	131,792,408
Over 1 month but less than 3 months	143,201,681	171,546,548
Over 3 months but less than 6 months	83,950,444	159,798,858
6 months or more	-	-
	<u>344,607,204</u>	<u>463,137,814</u>
9 Fixed assets including premises, furniture and fixtures		
Cost:		
Furniture, fixture and fittings	45,079,243	44,802,433
Office equipments	53,678,245	53,293,798
Staff equipments	13,500	13,500
Computer and related equipments	117,890,290	107,770,540
Motor vehicles	24,327,190	35,664,600
Leasehold improvement	72,840,231	67,849,169
	<u>308,828,699</u>	<u>309,393,040</u>
Less: Accumulated depreciation		
Furniture, fixture and fittings	35,301,259	33,499,415
Office equipments	41,506,694	39,680,520
Staff equipments	13,500	13,500
Computer and related equipments	99,187,018	93,903,341
Motor vehicles	17,446,386	26,364,123
Leasehold improvement	61,330,028	58,264,342
	<u>255,584,885</u>	<u>251,725,471</u>
Written Down Value	<u>53,243,814</u>	<u>57,667,569</u>

Details are shown in Annexure - D.

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	2015 Taka	2014 Taka
10 Others Assets	665,639,162	531,003,748
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	5,205,278	4,605,522
Advance rent and advertisement	83,123,359	94,615,786
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables (Note 10.2)	239,774,651	159,249,314
Security deposits	1,171,115	1,171,116
Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	9,724,103	10,195,198
Branch adjustment (Note 10.3)	(2,967,409)	(4,311,305)
Suspense account	-	-
Silver	-	-
Deferred Tax Assets	3,238,764	-
Others (Note 10.4)	326,369,271	268,478,117
	665,639,162	534,003,748
	665,639,162	534,003,748
10.2 Income/profit receivables		
On T. bill, bonds, preference shares, etc.	223,252,357	147,135,845
Deposit with financial institution	12,706,755	4,872,778
Mark up receivables on bill purchased and discounted	3,815,539	7,240,691
	239,774,651	159,249,314
	239,774,651	159,249,314
10.3 Branch adjustment	(2,967,409)	(4,311,305)
	(2,967,409)	(4,311,305)
All inter branch reconciliation have been prepared up to December 31, 2015. There were no significant un responded items outstanding for more than 3 months.		
10.4 Others		
Compensation receivable	-	-
Short term receivable - account maintenance fees	2,296,125	2,115,239
Intangible asset - Software (Note 10.4.1)	3,886,353	7,965,914
Net of profit on Morabaha	(97,438,290)	(104,287,220)
Advance income tax (Note 10.4.2)	381,902,170	330,253,437
Receivable from head office	30,799,792	30,799,792
Receivable from Bangladesh Bank	4,698,976	-
Miscellaneous	223,845	1,630,955
	326,369,271	268,478,117
	326,369,271	268,478,117
10.4.1 Intangible asset - Software		
Cost		
Balance at 1 January	27,173,273	27,173,273
Acquisitions	-	-
Balance at 31 December	27,173,273	27,173,273
	27,173,273	27,173,273



	<u>2015</u>	<u>2014</u>
	<u>Taka</u>	<u>Taka</u>
Amortization and impairment losses		
Balance at 1 January	19,207,359	14,069,216
Amortization for the year	4,079,561	5,138,143
Balance at 31 December	<u>23,286,920</u>	<u>19,207,359</u>
Carrying amounts		
Balance at 31 December	<u>3,886,353</u>	<u>7,965,914</u>
10.4.2 Advance income tax		
Advance tax		
Balance as at 1 January	330,253,437	203,367,503
Add: Paid during the year	225,454,907	126,885,934
	555,708,344	330,253,437
Less: Adjustments made during the year	173,806,174	-
Balance as at 31 December	<u>381,902,170</u>	<u>330,253,437</u>
11 Borrowings from other banks, financial institutions and agents		
In Bangladesh (Note-11.1)		
Outside Bangladesh	460,000,000	800,000,000
	<u>460,000,000</u>	<u>800,000,000</u>
11.1 In Bangladesh		
Call borrowing (Note-11.2)	460,000,000	600,000,000
Term borrowing (Note-11.3)	-	200,000,000
	<u>460,000,000</u>	<u>800,000,000</u>
11.2 Call borrowing		
Basic Bank Limited	-	150,000,000
The Premier Bank Limited	-	300,000,000
IFIC Bank Limited	-	100,000,000
One Bank Limited	160,000,000	-
Southeast Bank Limited	100,000,000	-
Dutch-Bangla Bank Ltd.	200,000,000	50,000,000
	<u>460,000,000</u>	<u>600,000,000</u>
11.3 Term borrowing		
One Bank Limited	-	-
IFIC Bank Limited	-	200,000,000
Eastern Bank Limited	-	-
	<u>-</u>	<u>200,000,000</u>
11.4 Secured and Unsecured Borrowings from other banks, financial institutions and agents		
Secured Borrowing	-	-
Unsecured Borrowing	460,000,000	800,000,000
	<u>460,000,000</u>	<u>800,000,000</u>
11.5 Maturity grouping of Borrowings from other banks, financial institutions and agents		
Repayable on demand	-	-
Repayable within 1 month	460,000,000	800,000,000
Over 1 month but within 6 months	-	-
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	-	-



	<u>2015</u> <u>Taka</u> <u>460,000,000</u>	<u>2014</u> <u>Taka</u> <u>800,000,000</u>
12 Deposits and Other Accounts		
Current/Al-waddeeah current accounts and other accounts	1,488,093,260	1,030,282,816
Bills payable	105,269,417	97,861,235
Savings bank/Mudaraba savings bank deposits	3,448,700,785	3,027,360,139
Fixed deposits/Mudaraba fixed deposits	<u>6,392,348,537</u>	<u>5,596,526,427</u>
	<u>11,434,411,999</u>	<u>9,752,030,617</u>
12.1 Current/Al-waddeeah current accounts and other accounts		
Current/Al-waddeeah current deposits	787,881,076	728,435,002
Alfalah Karobar Current Account (AKC)	120,866,180	86,918,948
Foreign currency deposits	466,202,700	135,854,562
Sundry deposits (Note 12.5)	<u>113,143,304</u>	<u>79,074,304</u>
	<u>1,488,093,260</u>	<u>1,030,282,816</u>
12.2 Bills payable		
Payment order - Inside Bangladesh	98,495,198	95,293,748
Demand draft payable - Outside Bangladesh	6,292,499	1,835,606
Unclaimed DD/TT/PO - Inside Bangladesh	313,915	560,000
Unclaimed DD/TT/PO - Outside Bangladesh	<u>167,805</u>	<u>171,881</u>
	<u>105,269,417</u>	<u>97,861,235</u>
12.3 Savings bank/Mudaraba savings bank deposits		
Savings deposits	788,955,938	792,806,604
Mudaraba Royal Profit deposits	586,270,661	460,312,739
Alfalah Savings Plan (ASP)	87,454,042	63,781,392
Special Notice Deposits (SND)	875,510,300	921,638,646
Alfalah Salary Account (ASA)	10,942,019	3,875,852
Alfalah Rising Star (ARS)	1,255,783	1,214,806
Alfalah premium Plus (APP)	491,594,950	276,273,092
Monthly Premium Deposit	<u>606,717,092</u>	<u>505,457,008</u>
	<u>3,448,700,785</u>	<u>3,027,360,139</u>
12.4 Fixed deposits/Mudaraba fixed deposits		
Fixed Deposit (FDR)	4,423,156,782	3,427,430,933
Mudaraba Term Deposit (MTDR)	<u>1,969,191,755</u>	<u>2,169,095,474</u>
	<u>6,392,348,537</u>	<u>5,596,526,427</u>
12.5 Sundry deposits		
Margin Accounts - Local Currency	74,689,921	54,611,752
Margin Accounts - Foreign Currency	38,453,383	24,432,552
Others	-	-
	<u>113,143,304</u>	<u>79,074,304</u>
12.6 Bearer Certificates of Deposit	-	-
12.7 Other Deposits	-	-
12.8 Deposits from banks and others		
Inter-bank deposits (Note 12.8.1)	1,244,392,909	872,359,540
Other deposits	<u>10,190,019,090</u>	<u>8,879,671,077</u>
	<u>11,434,411,999</u>	<u>9,752,030,617</u>

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	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
12.8.1 Inter-bank deposits		
Jamuna Bank Limited	29,820	30,526
Pabali Bank Limited	1,094,755	375,172
AB Bank Limited	254,412,588	255,805,569
Prime Bank Limited	39,030	38,337
Islami Bank Bangladesh Limited	411,013,424	250,093,750
Shahjalal Islami Bank Limited	107,832,177	200,537,500
The City Bank Limited	59,424,586	165,478,686
Bank Asia Limited	846,529	-
Eastern Bank Limited	400,000,000	-
Modhumoti Bank Limited	10,000,000	-
	<u>1,244,392,909</u>	<u>872,359,540</u>
12.9 Maturity grouping of deposits		
Repayable On demand	1,593,362,677	1,123,114,051
Repayable within 1 month	1,079,462,528	1,301,376,088
Over 1 month but within 6 months	4,876,450,000	4,200,051,518
Over 6 months but within 1 year	1,334,340,000	1,190,730,953
Over 1 year but within 5 years	2,550,796,794	1,931,728,007
Over 5 years but within 10 years	-	-
10 years or more	-	-
	<u>11,434,411,999</u>	<u>9,752,030,617</u>
13 Other liabilities		
Provision for loans and advances/investments (Note 13.1)	438,214,423	509,839,249
Provision for off-balance sheet exposures (Note 13.2)	30,611,980	28,310,565
Interest suspense account (Note 13.3)	81,477,423	85,948,868
Provision for taxation (13.4)	513,577,173	443,008,816
Accrued expenses	5,296,098	3,970,546
Interest payable on borrowings (Note 13.5)	100,594,625	104,693,234
Deferred tax liability (Note 13.6)	-	38,061,931
Accounts payable - (Locker Security Deposit)	364,000	282,000
Withholding tax on interest on deposits	6,717,683	7,710,000
Withholding tax	3,966,446	4,511,419
Withholding VAT	2,189,015	1,876,786
Provision for audit and consultancy fees	1,225,650	936,000
Provision for leave fare allowance	2,918,742	1,165,859
Payable to Shamil Bank's Head Office	79,052,645	79,052,645
Excise duty	281,744	2,726,396
SLR Charges payable to Bangladesh Bank	83,372	133,031
Advance commission on Letter of Guarantee (L/G)	1,279,134	2,242,267
Charity fund account	4,583,829	8,779,929
Provision for Rebate of Good Borrowers	20,000,000	-
Miscellaneous	1,381,695	6,006,537
	<u>1,293,821,677</u>	<u>1,329,236,089</u>



	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
13.1 Provision for loans and advances/investments		
General Provision		
Balance as at 1 January	70,155,849	57,031,348
Add: Provision made during the year		
On general loans and advances/investments etc.	3,213,237	31,236,637
On Special Mention Account (SMA)	(22,804)	27,206
	3,190,433	31,263,843
Less: Provision no longer required	-	18,139,342
Balance as at 31 December	73,346,282	70,155,849
Specific Provision		
Provision held beginning of the year	439,683,400	392,497,643
Less: Fully provided debt written off	35,707,932	-
Add: Recoveries of amounts previously written off		
Add: Specific provision for the year	35,245,096	67,072,112
Less: Recoveries and Provisions no longer required	74,352,423	19,796,355
Net Charge to Profit and Loss Account	(39,107,327)	47,275,757
Balance as at 31 December	364,868,141	439,683,400
Total provision on loans and advances/investments	438,214,423	509,839,249
13.2 Provision for off-balance sheet exposures		
Balance at the beginning of the year	28,310,565	22,593,402
Add: Provision made during the year	20,212,594	19,536,492
	48,523,159	42,039,894
Less: Adjustments made during the year	17,911,179	13,729,329
Balance at the end of the year	30,611,980	28,310,565
13.3 Interest suspense account		
Balance at the beginning of the year	85,948,868	77,024,553
Add: Amount transferred to Interest Suspense Account during the year	11,887,585	9,478,471
Less: Amount recovered in Interest Suspense Account during the year	9,332,692	554,156
Less: Amount written off during the year	7,026,128	-
Balance at the end of the year	81,477,423	85,948,868
13.3.1 Interest/profit suspense and compensation suspense		
Interest/profit suspense	81,477,423	85,948,868
Compensation suspense	-	-
	81,477,423	85,948,868
13.4 Provision for Taxation		
Balance as at January 01, 2014	443,008,816	237,221,062
Add: Provision made during the year (Note 34)	249,941,936	205,737,754
	692,950,752	443,008,816
Less: Adjustments made during the year	179,373,599	-
Balance as at December 31, 2014	513,577,173	443,008,816

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Provision for current tax of Tk. 249,941,956 has been made @ 42.5% as prescribed by Finance Act 2015 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance 1984, Income Tax Rules 1984 and in compliance of Para 46 of BAS 12 "Income Tax". The details of year wise tax position is provided in Annexure-11.

13.5 Profit/interest payable on deposit

Profit/interest payable on

Special notice deposit

Call borrowings

Interest payable on

30 days term deposit

90 days term deposit

180 days term deposit

360 days term deposit

2 years term deposit

3 years term deposit

	16,418	4,713
	36,528	5,07,778
	52,946	512,491
	1,087,205	562,434
	33,157,803	43,956,239
	16,568,155	21,788,803
	48,519,941	31,860,029
	740,268	772,573
	468,307	220,665
	100,541,679	104,160,743
	100,594,625	104,673,234

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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:

	2015			2014		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Fixed assets	(3,238,764)	-	(3,238,764)	(1,899,512)	-	(1,899,512)
Unrealized gain on HTM Securities (Treasury Bill)	-	-	-	-	5,217,117	5,217,117
Unrealized gain on HTM Securities (Treasury Bond)	-	-	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bond)	-	-	-	-	34,696,448	34,696,448
Unrealized gain on HFT Securities (Treasury Bill)	-	-	-	-	47,898	47,898
	<u>(3,238,764)</u>	<u>-</u>	<u>(3,238,764)</u>	<u>(1,899,512)</u>	<u>39,961,463</u>	<u>38,061,951</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
2015				
Fixed assets	(1,899,512)	(1,339,252)	-	(3,238,764)
Unrealized gain on HTM Securities (Treasury Bill)	5,217,117	(5,217,117)	-	-
Unrealized gain on HTM Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bond)	34,696,448	(34,696,448)	-	-
Unrealized gain on HFT Securities (Treasury Bill)	47,898	(47,898)	-	-
	<u>38,061,951</u>	<u>(41,300,715)</u>	<u>-</u>	<u>(3,238,764)</u>
2014				
Fixed assets	(10,009,589)	8,110,077	-	(1,899,512)
Unrealized gain on HTM Securities (Treasury Bill)	14,660,611	-	(9,443,494)	5,217,117
Unrealized gain on HTM Securities (Treasury Bond)	15,753	-	(15,753)	-
Unrealized gain on HFT Securities (Treasury Bond)	1,172,574	-	33,523,874	34,696,448
Unrealized gain on HFT Securities (Treasury Bill)	2,709,928	-	(2,662,030)	47,898
	<u>8,549,277</u>	<u>8,110,077</u>	<u>21,402,597</u>	<u>38,061,951</u>



	2015 Taka	2014 Taka
14 Head Office Fund		
Fund received from Head Office and kept with the Bangladesh Bank	<u>4,423,010,704</u>	<u>4,420,627,471</u>
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	4,423,010,704	4,420,627,471
Accumulated Profit (Loss)	503,765,211	181,923,322
Less: Regulatory Adjustment (Deferred Tax Asset)	3,238,764	
	<u>4,923,537,151</u>	<u>4,602,550,793</u>
Additional Tier 1 Capital:		
	-	-
A) Total Tier 1 Capital	4,923,537,151	4,602,550,793
Tier 2 Capital:		
General Provision (Limited to 1.25% of credit RWA for 2015)	90,883,500	98,466,414
Revaluation reserve of Government securities (with 20% phase-in deductions)	28,066,616	35,075,770
	<u>118,944,116</u>	<u>133,542,184</u>
B) Total capital	<u>5,042,481,267</u>	<u>4,736,092,977</u>
C) Risk weighted assets (RWA)		
Credit Risk		
On-Balance Sheet	6,043,289,252	7,011,022,141
Off-Balance Sheet	1,227,390,764	110,303,102
	7,270,680,016	7,121,325,243
Market Risk	478,266,151	341,918,523
Operational Risk	1,359,860,555	1,042,974,517
Total RWA	<u>9,108,806,522</u>	<u>8,506,218,283</u>
D) Required Minimum Common Equity Tier-1 Capital Ratio (4.5% of the total RWA)	409,896,293	425,310,914
E) Required Tier 1 Capital (5.5% of RWA) (2014: 5%)	500,984,359	425,310,914
F) Required total capital (10% of RWA)	<u>910,880,652</u>	<u>850,621,828</u>
G) Minimum capital requirement	<u>4,000,000,000</u>	<u>4,000,000,000</u>
Required capital (higher of F & G)	<u>4,000,000,000</u>	<u>4,000,000,000</u>
Surplus (B-G)	<u>1,042,481,267</u>	<u>736,092,977</u>
Capital to Risk-Weighted Assets Ratio:		
On Common Equity Tier 1 Capital against standard of minimum 4.5%	54.05%	
On Tier 1 Capital - against standard of minimum 5.5%, (2014: 5%)	54.05%	54.11%
On Tier 2 Capital	1.31%	1.57%
On total capital - against standard of minimum 10%	55.36%	55.68%



	<u>2015</u>	<u>2014</u>
	<u>Taka</u>	<u>Taka</u>
15 Other reserve		
Other reserve arises from the revaluation of Treasury bills and bonds (HTT & 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 BAS 12: Income Taxes.		

Movement in Other Reserve during the year

	Balance at January 01	(Adjustment)/ Transferred during the year	Balance at December 31	Deferred tax liabilities	Net Balance at December 31
2015					
Treasury bills - HTM	21,719,063	(21,719,063)	-	-	-
Treasury bonds - HTM	15,753	(15,753)	-	-	-
Treasury bonds - HTT	45,641,994	212,394,912	258,036,936	-	258,036,936
Treasury bill - HTT	2,774,730	(2,774,730)	-	-	-
	<u>70,151,540</u>	<u>187,885,396</u>	<u>258,036,936</u>	<u>-</u>	<u>258,036,936</u>

2014					
Treasury bills - HTM	34,495,556	(22,219,987)	12,275,569	9,443,494	21,719,063
Treasury bonds - HTM	37,066	(37,066)	-	15,753	15,753
Treasury bonds - HTT	3,161,932	76,003,936	79,165,868	(33,523,874)	45,641,994
Treasury bill - HTT	8,481,633	(8,366,983)	112,700	2,662,030	2,774,730
	<u>46,176,237</u>	<u>45,377,900</u>	<u>91,554,137</u>	<u>(21,402,597)</u>	<u>70,151,540</u>

16 Surplus in Profit and Loss Account

Balance as at January 01	181,923,322	(44,795,113)
Profit Transfer to Head Office	(46,790,110)	-
Net/(loss)/profit for the year	<u>368,631,999</u>	<u>226,718,135</u>
Balance as at December 31	<u>503,765,211</u>	<u>181,923,322</u>

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 favoring:

Directors	-	-
Government	321,415,471	585,085,744
Banks and other financial institutions	-	-
Others	-	-
	<u>321,415,471</u>	<u>585,085,744</u>

18 Irrevocable letters of credit

Usance	253,879,033	293,046,630
Sight	426,633,883	350,508,530
	<u>680,512,906</u>	<u>643,555,160</u>

19 Income statement

Income

Interest, discount and similar income	1,497,652,061	1,538,568,787
Dividend income	-	-
Fee, commission and brokerage	35,082,741	28,408,056
Gains less Losses arising from dealing securities	-	-
Gains less Losses arising from investment securities	164,678	35,610,201
Gains less Losses arising from dealing in foreign currencies	87,090,934	91,847,634
Income from non-banking assets	-	-

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	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
Other operating income	31,843,895	29,910,919
Profit less Losses on interest rate changes	-	-
	<u>1,651,834,309</u>	<u>1,724,345,627</u>
Expenses		
Interest, fee and commission	612,119,499	785,223,512
Losses on loans and advances	-	-
Administrative expenses	106,113,314	376,660,691
Other operating expenses	53,630,257	33,715,900
Depreciation on banking assets	18,182,819	19,921,837
	<u>1,090,045,889</u>	<u>1,217,521,940</u>
Income over expenditure	<u>561,788,420</u>	<u>506,823,687</u>
20 Interest income/profit on investments		
Interest on loans and advances		
Current finance	270,748,800	275,278,319
Term finance	151,663,685	172,732,532
Trust receipt	11,037,559	31,809,927
House loan - Staff	-	-
Personal loan - Staff	165,633	285,313
Self liquidating car loan- Staff	193,360	207,505
Foreign Bill Discount	8,291,624	-
Local bill discounted	616,794	678,661
	<u>442,717,455</u>	<u>480,992,257</u>
Share of profit from financing and discounting		
Murabaha-Staff	2,534,303	2,837,896
Morabaha Financing - LPO	167,901,545	201,788,389
Profit on bill discounted	20,833,211	32,589,036
Morabaha income PAD	11,583	-
Morabaha income trust receipt	16,197,247	15,804,557
	<u>227,477,889</u>	<u>253,019,878</u>
Interest on Placements with Banks		
Interest from call money	96,830,210	79,864,124
Interest from deposits with banks	32,817,370	12,651,367
	<u>129,697,580</u>	<u>92,515,791</u>
	<u>799,892,924</u>	<u>826,527,926</u>
21 Interest paid/profit shared on deposits and borrowings etc.		
Interest on deposits		
Savings account	54,658,695	45,038,140
Royal profit deposit	13,333,131	13,205,010
Special notice deposit	311,639	468,937
Term deposit	291,851,258	324,341,022
	<u>360,154,726</u>	<u>384,053,409</u>
Profit shared on Modaraba Deposit		
Modaraba Savings Deposit	1,372,768	186,551
Modaraba royal profit deposit	18,695,442	18,765,367
Special notice deposit	36,618,739	29,626,846
Modaraba term deposit	158,689,175	206,569,010
	<u>215,376,124</u>	<u>255,147,774</u>
Interest on borrowings		
Interest paid on borrowings	36,588,649	81,188,179
Interest paid on Repo	-	5,783,811
	<u>36,588,649</u>	<u>86,972,320</u>
	<u>612,119,499</u>	<u>726,173,503</u>



	<u>2015</u>	<u>2014</u>
	<u>Taka</u>	<u>Taka</u>
22 Investment income		
Mark-up on Senior Secured bonds	-	3,037,500
Dividend income on preference share	-	-
Capital gain on sale of shares	-	-
Discount on treasury bill	45,059,172	112,171,611
Mark-up on treasury bonds	732,792,718	531,774,390
Mark-up on Commercial Paper	36,408,333	-
Trading gain on treasury bills	164,678	(7,680,947)
Trading gain on Bangladesh Govt. Treasury Bonds	-	43,291,148
Loss on revaluation of BGB HFT securities	(105,518,196)	(9,247,579)
Profit/(Loss) on revaluation of T-bill HFT	(10,318,866)	6,166,320
Capital gain on treasury bills and Bangladesh Govt. Treasury Bonds	145,020,209	68,138,619
Interest paid on Securities	(145,684,233)	(59,050,009)
	<u>697,923,815</u>	<u>688,601,053</u>
23 Commission, exchange and brokerage		
Brokerage	-	-
Fees, commission etc.	35,082,741	28,408,056
Exchange earnings	87,090,934	91,847,634
	<u>122,173,675</u>	<u>120,255,690</u>
24 Other operating income		
Service charges recovered	-	-
Locker rent	1,497,021	1,237,319
Document charges	9,478	8,492
Cheque return charges	360,924	363,223
Gain on disposal of fixed assets	4,733,525	-
Credit/debit card fees	965,674	1,060,769
Charges on documentary credit	68,762	82,889
Courier charges recovered	1,597,865	1,284,723
Cheque book charges recovered	735,283	758,376
Other income	21,875,363	25,175,158
	<u>31,843,895</u>	<u>29,910,949</u>
25 Salaries and allowances		
Basic salary	89,587,441	85,777,166
Housing allowance	35,825,060	34,289,478
Conveyance allowance	8,248,822	7,994,125
Leave fare allowance	11,663,884	11,002,683
Other allowances	12,214,636	6,506,077
Car allowance - Self liquidating car loan	7,624,153	7,688,871
Festival bonus	20,361,929	20,362,978
Performance bonus	7,148,122	5,499,969
The Bank's contribution to provident fund	8,148,277	7,839,221
Gratuity	4,473,720	1,551,568
Business Development Officer salary	3,671,444	2,493,290
Group insurance	2,336,885	2,285,591
	<u>211,304,373</u>	<u>193,290,927</u>
26 Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	93,749,280	81,710,972
Insurance	8,768,928	6,653,195
Cleaning and maintenance	18,266,573	13,964,571
Electricity and lighting	11,733,474	11,977,031
	<u>132,418,255</u>	<u>118,305,739</u>



	2015 <u>Taka</u>	2014 <u>Taka</u>
27 Legal expenses		
Legal fees and charges	1,449,336	773,002
Consultancy fees	1,613,645	774,180
	<u>3,062,981</u>	<u>1,547,182</u>
23 Postage, stamp, telecommunication etc.		
Postage and couriers	2,452,489	2,107,695
Electronic mail and on-line connectivity	4,912,008	4,920,608
Telegram, fax, telex, SWIFT and internet charge	1,301,495	1,334,023
Telephone charges	1,672,645	1,504,472
	<u>10,338,637</u>	<u>9,866,798</u>
29 Stationery, printing, advertisements etc.		
Table stationery	1,523,743	1,757,840
Books and periodicals	72,974	68,393
Printing stationery	3,643,219	3,173,853
Computer stationery	534,260	276,290
Publicity and advertisement	8,163,915	3,852,516
	<u>13,938,111</u>	<u>11,128,922</u>
30 Country Head's salary and allowances		
Basic salary	9,724,200	8,884,200
Special allowance	3,283,800	3,283,800
Leave fare allowance	1,084,000	1,014,000
Festival bonus	2,168,000	2,028,000
Performance bonus	1,527,500	925,000
The Bank's contribution to provident fund	972,420	888,420
Car allowance-Self liquidating car loan	1,020,000	1,020,000
Gratuity	810,350	740,350
	<u>20,590,270</u>	<u>18,783,770</u>
31 Depreciation and repair of Bank's assets		
Depreciation of Bank's Assets		
Furniture, fixture and fittings	2,601,814	2,622,048
Office equipments	4,787,724	4,544,764
Computer and related equipments	5,311,122	7,577,965
Motor vehicles	2,416,673	799,714
Leasehold improvement	3,065,483	4,377,345
	<u>18,182,819</u>	<u>19,921,837</u>
Repair to Bank's Assets		
Furniture, fixture and fittings	141,900	374,574
Rented premises	2,650,952	467,501
Office equipments	2,615,657	3,340,313
Computer maintenance	7,455,131	5,755,293
Motor vehicles	1,043,890	1,265,034
	<u>13,907,537</u>	<u>11,202,625</u>
	<u>32,090,356</u>	<u>31,124,462</u>
32 Other expenses		
Bank charges, brokerage and commission	2,332,406	1,265,208
Charges for Cheque Book vault	130,000	120,000
Membership fees	1,003,238	1,057,134
Entertainment	4,494,014	3,180,145
Security	11,953,606	12,518,541
Traveling and conveyance	7,568,364	5,138,890
Car fuel expenses	5,643,062	5,432,486
Card centre charges	1,791,504	1,783,942
Amortization of software	4,079,561	5,136,114



	<u>2015</u>	<u>2014</u>
	<u>Taka</u>	<u>Taka</u>
Training	1,371,720	1,233,486
Rent-residence	5,910,236	5,249,903
Medical expenses	7,314,255	5,496,189
Other Expenses	938,291	81,410
	<u>53,630,257</u>	<u>47,697,478</u>
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.	3,213,237	31,236,637
On Special Mention Account (SMA)	(22,804)	27,206
	<u>3,190,433</u>	<u>31,263,843</u>
Less: Provision no longer required	-	18,139,342
	<u>3,190,433</u>	<u>13,124,501</u>
Specific Provision		
Specific provision made during the year	35,245,096	67,072,112
Recoveries and Provisions no longer required.	74,352,423	19,796,355
	<u>(39,107,327)</u>	<u>47,275,757</u>
Total Provision on loans and advances/investments	<u>(35,916,894)</u>	<u>60,400,258</u>
34 Tax expenses (credit)		
Current tax expenses	248,072,614	205,787,754
Deferred tax (credit)	(41,300,714)	8,110,077
	<u>206,771,900</u>	<u>213,897,831</u>
35 Interest receipts		
Interest/profit receivable as at 1 January	54,962,094	87,158,354
Interest/profit accrued during the year:	799,892,924	826,527,926
Interest on loans and advances	442,717,455	489,992,257
Share of profit from financing and discount	227,477,889	253,019,878
Interest on placements with banks	129,697,580	92,515,791
Interest/profit receivable as at 31 December	(142,336,361)	(51,962,094)
	<u>712,518,657</u>	<u>858,724,186</u>
36 Interest payments		
Interest/profit payable as at 1 January	104,673,234	146,981,875
Interest/profit charged during the year	612,119,499	726,173,503
Interest on deposit	369,154,726	384,053,409
Profit shared on Mudaraba Deposits	215,376,124	255,147,774
Interest on borrowings	36,588,649	86,972,320
Interest/profit payable as at 31 December	(100,594,625)	(104,673,234)
	<u>616,198,108</u>	<u>768,482,144</u>
37 Fees and commission receipts	<u>35,082,741</u>	<u>28,408,056</u>
38 Payment to employees		
Country Head's salaries and allowances	20,590,270	18,783,776
Salaries and allowances	211,304,373	193,290,927
Gratuity:		
Country Head	(810,350)	(740,350)
Employees	(4,473,720)	(1,551,568)
	<u>226,610,573</u>	<u>209,782,779</u>

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	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
39 Payments to suppliers		
Balance as at 1 January		
Accrued expenses	3,970,546	3,985,721
Accounts payable - others	282,000	128,000
Provision for audit and consultancy fees	936,000	821,000
	5,188,546	4,934,721
Charged during the year		
Stationery, printing, advertisements etc.	13,938,111	11,128,922
Rent, taxes, insurance, electricity etc.	132,418,255	118,305,739
Postage, stamp, telecommunication etc.	10,338,637	9,866,798
Legal expenses	3,062,981	1,547,182
Auditors' fees	553,150	553,150
	160,311,134	141,401,791
Balance as at 31 December		
Accrued expenses	(3,296,098)	(3,970,546)
Accounts payable - others	(364,000)	(282,000)
Provision for audit and consultancy fees	(1,225,650)	(936,000)
	(6,885,748)	(5,188,546)
	158,613,932	141,147,966
40 Income tax paid	225,454,907	126,885,934
41 Receipts from other operating activities		
Other operating income	31,843,895	29,910,949
Exchange earnings	87,090,934	91,847,654
Investment income	697,923,815	688,601,053
Gain on disposal of fixed assets	(4,733,525)	-
Gain on sale of securities/shares	(164,678)	(35,610,231)
	811,960,441	774,749,435
42 Payments for other operating activities		
Repairs of Bank's assets	13,907,537	11,202,625
Other expenses	53,636,257	47,697,478
Gratuity:		
- Country Head	810,350	740,350
- Employees	4,473,720	1,551,568
- Adjustment for amortization of software	(4,079,561)	(5,138,144)
	68,742,303	56,053,877
43 Movement of loans and advances/investments to customers		
Balance as at 31 December	7,758,425,232	7,508,280,374
Balance as at 1 January	(7,508,280,374)	(6,580,837,872)
	250,144,858	927,442,502
44 Movement of other assets		
(Increase)/decrease in other assets which are not considered elsewhere		
- Stationery, stamps, printing materials, etc.	(599,756)	977,015
- Advance rent and advertisement	11,492,397	(28,410,879)
- Security deposits	1	567,313
- Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	471,095	3,775,776
- Branch adjustment	(1,343,896)	(1,633,839)
- Others	(57,891,154)	(25,847,777)
Adjustments for-		
- Deferred tax assets	(3,238,764)	-
- Advance income tax - net of provision for tax	51,648,733	126,885,934

2015
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	<u>2015</u>	<u>2014</u>
	<u>Taka</u>	<u>Taka</u>
- Intangible asset (Computer Software)	(4,079,561)	(5,138,143)
- Net of profit on Morabaha	6,848,930	(91,536,841)
	<u>3,308,025</u>	<u>(22,496,097)</u>
45 Movement of deposits and other accounts from banks		
Balance as at 31 December	1,244,392,909	872,359,540
Balance as at 1 January	(872,359,540)	(423,362,567)
	<u>372,033,369</u>	<u>448,996,973</u>
46 Movement of deposits and other accounts from customers		
Balance as at 31 December	10,190,019,090	8,879,671,077
Balance as at 1 January	(8,879,671,077)	(7,991,365,399)
Increase/(Decrease)	<u>1,310,348,013</u>	<u>888,305,678</u>
47 Movement of other liabilities		
Increase/(decrease) in other liabilities which are not considered elsewhere		
- Interest suspense account	(4,471,445)	8,924,314
- Deferred tax liability (Note 13.6)	(38,061,951)	-
- Withholding tax on interest on deposits	(992,317)	(347,001)
- Withholding tax	(544,973)	305,224
- Withholding VAT	512,229	396,504
- Provision for leave fare allowance	1,752,883	662,063
- Excise duty	(2,438,652)	528,478
- SLR Charges payable to Bangladesh Bank	(19,659)	14,960
- Advance commission on Letter of Guarantee (L/G)	(963,133)	103,964
- Charity Fund Account	(4,196,091)	(838,974)
- Miscellaneous	(3,344,755)	4,130,752
	<u>(52,997,864)</u>	<u>12,823,328</u>
48 Proceeds from sale/redemption of securities		
Proceeds from sale of securities	188,050,071	99,546,967
Commercial Paper - MF Cement factory	(200,000,000)	60,000,000
	<u>(11,949,926)</u>	<u>159,546,967</u>



	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
49 Payment for purchase of securities		
Held-for-trading securities (Treasury Bond)	(629,353,613)	(1,113,358,396)
Held-to-maturity securities (Treasury Bond)	(1,117,612,798)	(2,692,093,752)
	<u>(1,746,946,411)</u>	<u>(3,205,452,148)</u>
50 Sale of fixed assets		
Sale of fixed assets	5,372,192	-
	<u>5,372,192</u>	<u>-</u>

51 General

51.1 Related parties

Transactions with key management personnel

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

House finance	19,342,326	28,652,287
Car finance	22,264,287	25,687,627
	<u>41,606,613</u>	<u>54,339,914</u>

Key management personnel compensation for the year comprised:

Short-term employee benefits	160,819,290	145,436,375
Provident fund	6,765,899	6,269,513
Gratuity	5,498,471	5,076,453
	<u>173,083,660</u>	<u>156,776,341</u>

Other related party transactions

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

51.2 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 177 (2014: 158)

51.3 Highlights on the overall activities

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

51.4 Employee related fraud

There was no fraud occurred/reported to Bangladesh Bank during the year 2015.

51.5 Events after the reporting period

None.


Head of Finance & Admin.


Country Operations Head


Country Head



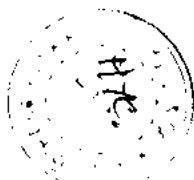
Bank Alfalah Limited
Bangladesh Operations
Highlights on the overall activities
as at and for the year ended December 31, 2015

Sl. No.	Particulars		2015	2014
1.	Paid-up capital	Taka	4,423,010,704	4,420,627,471
2.	Total capital	Taka	5,042,481,267	4,736,092,977
3.	Capital surplus	Taka	1,042,481,267	736,092,977
4.	Total assets	Taka	18,373,046,527	16,553,969,039
5.	Total deposits	Taka	11,434,411,999	9,752,030,617
6.	Total loans and advances/investments	Taka	7,758,125,232	7,508,280,374
7.	Total contingent liabilities and commitments	Taka	3,061,197,990	2,831,056,395
8.	Credit/investment deposit ratio		67.85%	76.99%
9.	Percentage of classified loans/investments against total loans and advances/investments		6.82%	4.69%
10.	Operating Profit/Profit before provision	Taka	561,788,420	506,823,687
11.	(Loss)/profit after tax and provision	Taka	368,631,999	226,718,435
12.	Amount of classified loans/investments	Taka	529,195,301	352,085,649
13.	Provisions kept against classified loans/investments	Taka	364,868,141	439,683,400
14.	Provision surplus/(deficit) against classified loans/investments	Taka		
15.	Cost of fund		5.65%	7.18%
16.	Interest earning assets	Taka	16,216,145,854	14,844,465,957
17.	Non-interest earning assets	Taka	2,156,900,673	1,709,503,682
18.	Return on investment (ROI)		10.64%	12.77%
19.	Return on assets (ROA) [PAT/ Average assets]		2.01%	1.37%
20.	Income from investment	Taka	697,923,815	684,601,053
21.	Earnings per share	Taka	Not applicable	Not applicable
22.	Net income per share	Taka	Not applicable	Not applicable
23.	Price earning ratio	Times	Not applicable	Not applicable

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Bank Alfalah Limited
Bangladesh Operations
Liquidity Statement
(Analysis of maturity of assets and liabilities)
as at December 31, 2015

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets						
Cash	299,593,633	-	-	-	1,101,000,000	1,400,593,633
Balance with other banks and financial institutions	51,577,255	400,303,341	1,088,320,345	-	-	1,540,200,941
Money at call and on short notice	-	-	-	-	-	-
Investments	89,300	200,000,000	111,115,770	4,827,613,743	1,816,124,932	6,954,943,745
Loans and advances / investments	67,534,538	774,880,931	5,606,337,623	1,184,383,909	125,288,231.67	7,758,425,232
Fixed assets including premises, furniture and fixtures	-	-	-	44,265,830	8,977,984	53,243,814
Other assets	15,003,180	9,774,103	255,123,356	385,788,523	-	665,639,162
Non banking assets	-	-	-	-	-	-
Total assets	433,797,906	1,384,908,375	7,060,897,094	6,442,052,005	3,051,391,148	18,373,046,527
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	460,000,000	-	-	-	-	460,000,000
Deposits	2,672,825,205	3,277,000,000	2,933,790,000	2,550,796,794	-	11,434,411,999
Provision and other liabilities	12,873,144	287,744	651,304,318	629,356,471	-	1,293,821,677
Total liabilities	3,145,698,349	3,277,287,744	3,585,094,318	3,180,153,265	-	13,188,233,676
Net liquidity gap	(2,711,900,443)	(1,892,379,369)	3,475,802,776	3,261,898,740	3,051,391,148	5,184,812,851



Bank Alfalah Limited
Bangladesh Operations
Balance with other banks - Outside Bangladesh (Nostro Accounts)
as at December 31, 2015

Name of the Bank	Currency Type	2015			2014		
		FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank, New York	USD	375,909.27	78.51	29,512,637	469,288.15	77.95	36,581,011
Standard Chartered Bank, Kolkata	ACUD	69,268.58	78.51	5,438,276	43,867.09	77.95	3,419,440
Bank Alfalah Limited, Karachi	ACUD	9,067.37	78.51	711,879	9,067.37	77.95	706,801
National Bank of Pakistan, New York	USD	55,834.50	78.51	4,383,567	-	-	-
Standard Chartered Bank, London	GBP	3,489.65	116.30	405,846	13,473.07	120.92	1,629,164
Standard Chartered Bank, Frankfurt	EURO	972.62	85.83	83,480	674.09	94.71	63,843
Commerz bank, Frankfurt	EURO	8,180.29	85.83	702,114	6,548.09	94.71	620,170
Hongkong and Shanghai Banking Corporation, New York	USD	-	-	-	-	-	-
Union De Banques Arabes ET Francaises Japan	YEN	39,553.00	0.65	25,709	39,553.00	0.65	25,709
				<u>41,263,508</u>			<u>43,046,138</u>

Bank Alfalah Limited
Bangladesh Operations
Schedule of fixed assets including premises, furniture and fixtures
as at December 31, 2015

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as at December 31, 2015
	Balance as at January 01, 2015	Additions during the year	Disposal during the year	Balance as at December 31, 2015		Balance as at January 01, 2015	Charged during the year	for the disposal during the	Balance as at December 31, 2015	
Furniture, fixture and fittings	44,802,433	276,810		45,079,243	10	33,499,445	2,601,814		36,101,259	8,977,984
Office equipments	53,295,798	3,343,997	(2,961,550)	53,678,245	20	39,680,520	4,787,724	(2,961,550)	41,506,694	12,171,551
Staff equipments	13,500			13,500	20	13,500			13,500	
Computer and related equipme	107,770,540	5,171,250	(51,500)	112,890,290	25	93,903,341	5,311,122	(27,445)	99,187,018	13,703,272
Motor vehicles	35,661,600		(11,334,410)	24,327,190	25	26,364,123	2,416,673	(11,334,410)	17,446,386	6,880,804
Leasehold improvement	67,849,169	4,991,062		72,840,231	20	58,264,542	3,065,486		61,330,028	11,510,203
	309,393,040	13,783,119	(14,347,460)	308,828,699		251,725,471	18,182,819	(14,323,405)	255,584,885	53,243,814

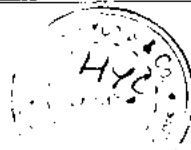
Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as at December 31, 2014
	Balance as at January 01, 2014	Additions during the year	Disposal during the year	Balance as at December 31, 2014		Balance as at January 01, 2014	Charged during the year	for the disposal during the	Balance as at December 31, 2014	
Furniture, fixture and fittings	42,755,603	2,046,830		44,802,433	10	30,877,396	2,622,049		33,499,445	11,302,988
Office equipments	48,196,148	5,099,650		53,295,798	20	35,135,756	4,544,764		39,680,520	13,615,278
Staff equipments	13,500			13,500	20	13,500			13,500	
Computer and related equipme	103,160,740	4,609,800		107,770,540	25	86,325,376	7,577,965		93,903,341	13,867,199
Motor vehicles	25,994,910	9,666,690		35,661,600	25	25,564,409	799,714		26,364,123	9,297,477
Leasehold improvement	60,451,274	7,397,895		67,849,169	20	53,887,197	4,377,345		58,264,542	9,584,627
	280,572,175	28,820,865		309,393,040		231,803,634	19,921,837		251,725,471	57,667,569

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Bank Alfalah Limited
Bangladesh Operations
Currency Analysis
as at December 31, 2015

The table below summarizes the currency-wise analysis of assets and liabilities as at December 31, 2015. The Bank's assets and liabilities are included in their carrying amounts in Bangladesh Taka, broken down by currency.

Particulars	Balance as at December 31, 2015					Total Taka
	Taka	Equivalent Taka of USD	Equivalent Taka of GBP	Equivalent Taka of EURO	Equivalent Taka of JPY	
ASSETS						
Cash in hand	116,990,736	450,804	-	-	-	117,441,540
Balance with Bangladesh Bank and its agent bank	791,291,556	491,848,538	3,893	7,665	441	1,283,152,093
Balance with other banks and financial institutions	1,263,407,434	275,576,358	405,846	785,594	25,709	1,540,200,941
Money at call and short notice	-	-	-	-	-	-
Investments	6,954,943,745	-	-	-	-	6,954,943,745
Loans and advances	7,437,714,897	320,710,335	-	-	-	7,758,425,232
Fixed assets	53,243,814	-	-	-	-	53,243,814
Other assets	662,880,245	2,758,917	-	-	-	665,639,162
Non-banking assets	-	-	-	-	-	-
Total assets	17,280,472,427	1,091,344,952	409,739	793,259	26,150	18,373,046,527
LIABILITIES						
Borrowings from other banks, financial institutions and agents	460,000,000	-	-	-	-	460,000,000
Deposit	10,923,295,611	510,917,206	199,182	-	-	11,434,411,999
Other liabilities	1,293,821,677	-	-	-	-	1,293,821,677
Total liabilities	12,677,117,288	510,917,206	199,182	-	-	13,188,233,676
Net position	4,603,355,139	580,427,746	210,557	793,259	26,150	5,184,812,851



Bank Alfalah Limited
Bangladesh Operations
Disclosure of Tax provision
as at December 31, 2015

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

Income Year	Assessment Year	Tax as per Return	Tax paid / Deducted at source/Minimum Tax	Tax claimed by DCT as per Appeal Order (in addition to tax paid earlier)	Total Tax Liability	Provision Held	Status
1	2	3	4	5	6(4+5)	7	
2009	2010-11	5,325,000	8,553,302	4,193,189	13,046,791	949,400	Under Appeal
2010	2011-12	4,516,323	6,423,208	47,329,210	53,752,418	9,249,323	Under Appeal
2011	2012-13	4,718,678	4,718,678	57,174,191	61,892,869	14,536,987	Under Appeal
2012	2013-14	6,216,162	6,216,162	63,682,365	69,898,527	7,122,000	Under Appeal
2013	2014-15	71,561,461	71,561,461	-	71,561,461	71,561,461	Under process for Appeal
2014	2015-16	178,921,274	178,921,274	-	178,921,274	181,658,000	File yet to tall under audit
Sub Total		271,258,898	276,394,085	172,679,255	449,073,340	285,077,171	
2015	2016-17	161,964,000	94,608,185		161,964,000	228,500,000	Return to be submitted in July 2016
Total		433,222,898	371,002,270	172,679,255	611,037,340	513,577,171	

Note: We have made tax provision of BDT 228.50 M in the income year 2015 against estimated tax liability of BDT 161.964M for the income year 2015 (tax calculation sheet duly reviewed by our tax consultants) i.e. additional provision of BDT 66.536M has been build up for the pending tax files (i.e. 41% of the pending tax files (2009-2012). As the pending files are under appeal, based on earlier experience & decision by the Appellant Commissioner & Honorable High Court, we expect that after appeal process, 30% to 35% of tax liability will sustain. In earlier years, such deductions were allowed / admitted for more than 70% of initially disallowed expenses. So, our tax provision is felt adequate to meet the tax liability as per Tax consultant's certificate.

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Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Balance Sheet
As at December 31, 2015

	Note	2015 Taka	2014 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	4	373,019,178	281,387,777
In hand (including foreign currencies)		38,119,324	60,790,831
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		334,899,854	211,596,946
Balance with other banks and financial institutions	5	400,000,000	350,000,000
In Bangladesh		400,000,000	350,000,000
Outside Bangladesh		-	-
Placement with banks and other financial institutions		-	-
Investments in shares and securities			
Government			
Others			
Investments	6	2,920,865,326	3,044,522,935
General investments etc.		2,583,550,192	2,582,890,416
Bills purchased and discounted		337,315,134	461,632,519
Fixed assets including premises, furniture and fixtures	7	1,998,166	3,824,982
Other assets	8	968,362,060	752,502,498
Non-banking assets			
Total assets		<u>4,667,244,730</u>	<u>4,432,238,192</u>
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from banks and other financial institutions	9	4,324,523,467	3,985,250,432
Deposits and other accounts			
Al-wa'deeah current and other deposit accounts		816,816,132	429,252,987
Bills payable		51,663,853	15,624,296
Mudaraba saving deposits		1,486,851,427	1,371,277,675
Mudaraba term deposits		1,969,191,755	2,169,095,474
Other liabilities	10	342,721,263	446,987,760
Differed tax liabilities/(assets)			
Total liabilities		<u>4,667,244,730</u>	<u>4,432,238,192</u>
Capital/shareholders' equity	11		
Retained earnings			
Total shareholders' equity		<u>4,667,244,730</u>	<u>4,432,238,192</u>
Total liabilities and shareholders' equity		<u>4,667,244,730</u>	<u>4,432,238,192</u>



	Note	2015 Taka	2014 Taka
<u>OFF-BALANCE SHEET ITEMS</u>			
Contingent liabilities		1,444,904,004	1,145,619,951
Acceptances and endorsements		758,205,280	10,504,557
Letters of guarantee	12	278,154,039	540,717,768
Irrevocable letters of credit (including back to back bills)	13	186,375,945	231,403,700
Bills for collection		134,593,740	302,418,926
Value of Bangladesh Sanchaypatra		87,575,000	60,575,000
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		-	-
		-	-
		<u>1,444,904,004</u>	<u>1,145,619,951</u>
Total off-balance sheet items including contingent liabilities		<u>1,444,904,004</u>	<u>1,145,619,951</u>

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Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Profit and Loss Account
for the year ended 31 December 2015

	Note	2015 Taka	2014 Taka
Investment income	15	267,384,807	264,188,881
Profit paid on deposits	16	(215,376,124)	(255,147,773)
Net investment income		52,008,683	9,041,108
Income from investment in shares/securities	17	-	-
Commission, exchange and brokerage	18	32,581,218	37,369,572
Other operating income	19	9,502,329	8,279,482
		<u>42,083,547</u>	<u>45,449,054</u>
Total operating income		94,092,230	54,490,162
Salaries and allowances	20	29,917,548	27,733,143
Rent, taxes, insurance, electricity etc.	21	16,284,244	14,912,110
Legal expenses		-	-
Postage, stamps, telecommunication etc.	22	1,913,415	1,852,904
Stationery, printing, advertisement etc.	23	1,626,155	1,181,391
Shariah supervisory committee's fees and expenses		-	-
Auditors' fees		-	-
Depreciation and repair to Bank's assets	24	2,748,258	2,091,629
Zakat expenses		-	-
Other expenses	25	5,324,791	3,952,571
Total operating expenses		57,814,411	51,723,748
Profit before provision		36,277,819	2,766,414
Provision for investments		(43,413,294)	12,639,462
General provision	10.1	(27,206)	27,206
Specific provision	10.1	(43,386,088)	12,612,256
Provision for off-balance sheet items		-	-
Provision for diminution in value of investments in shares		-	-
Other provisions		-	-
Total provision		(43,413,294)	12,639,462
Total profit before tax		79,691,113	(9,873,048)
Provision for taxation		-	-
Current		-	-
Deferred		-	-
Total provision for taxation		-	-
Net profit / (loss) after tax		79,691,113	(9,873,048)

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Bank Alfalah Limited
 Bangladesh Operations
 Motijheel Islamic Banking Branch
 Statement of Changes in Equity
 for the year ended 31 December 2015

Particulars	Fund deposited with Bangladesh Bank	Retained earnings	Total
Balance as at January 01, 2015		79,691,113	79,691,113
Net loss for the year		(79,691,113)	(79,691,113)
Transferred to Bangladesh country office		0	0
Balance as at December 31, 2015			
Balance as at January 01, 2014		-	-
Net loss for the year		(9,873,048)	(9,873,048)
Transferred to Bangladesh country office		9,873,048	9,873,048
Balance as at December 31, 2014			



Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Cash Flow Statement
for the year ended December 31, 2015

	Note	<u>2015</u> Taka	<u>2014</u> Taka
Cash flows from operating activities			
Investment income receipts in cash	26	232,119,685	358,049,357
Profit paid on deposits	27	(224,876,152)	(267,919,790)
Fees and commission receipts in cash	28	24,623,031	15,317,649
Recoveries on loans previously written-off		-	-
Cash payments to employees	29	(29,917,548)	(27,733,143)
Cash payments to suppliers	30	(19,911,728)	(17,875,342)
Income taxes paid		-	-
Receipts from other operating activities	31	17,445,516	30,131,405
Payments for other operating activities	32	(6,345,470)	4,860,885)
Operating loss before changes in operating assets and liabilities		<u>(6,862,666)</u>	<u>85,109,251</u>
Increase/decrease in operating assets and liabilities:			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Investments to customers	33	123,657,609	(584,113,002)
Other assets	34	(293,070,837)	538,818,808
Deposits and other accounts from other banks	35	(37,966,631)	48,996,973
Deposits and other accounts from customers	36	377,239,666	(76,847,937)
Other liabilities	37	(16,106,368)	(16,262,384)
Cash generated from/(used in) operating assets and liabilities		<u>153,753,439</u>	<u>310,592,458</u>
Net cash inflow/(outflow) from operating activities		<u>146,890,773</u>	<u>395,701,709</u>
Cash flows from investing activities			
Proceeds from sale/redemption of securities		-	-
Payment for purchase of securities		(5,274,372)	1,534,120)
Purchase of fixed assets		15,000)	-
Sale of fixed assets		<u>(5,259,372)</u>	<u>(1,534,120)</u>
Net cash (used in)/from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		141,631,401	394,167,589
Cash and cash equivalents at beginning of the year		631,387,777	237,220,188
Cash and cash equivalents at end of the year		<u>773,019,178</u>	<u>631,387,777</u>
Cash in hand (including foreign currencies)		38,119,324	69,790,831
Balance with other banks and financial institutions		400,000,000	350,000,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		<u>334,899,854</u>	<u>211,596,946</u>
		<u>773,019,178</u>	<u>631,387,777</u>



Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Notes to the Financial Statements
as at and for the year ended December 31, 2015

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 2015. 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

2.1 Statement of compliance

The financial statements of the Branch are prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, 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 BFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of BFRS are as follows:

i) Investment in shares and Securities

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

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

ii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39 where T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit and loss account.

Securities designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit & 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 recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.



iii) **Provision on loans and advances**

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

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

iv) **Other comprehensive income**

BFRS: As per BAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) 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 include in a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

v) **Financial instruments – presentation and disclosure**

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

vi) **Repo transactions**

BFRS: 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 or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BRPD guidelines, 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 transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

vii) **Financial guarantees**

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

Bangladesh Bank: As per BRPD 14, financial guarantees such as L/C, L/G will be treated as Off-balance Sheet items. No liability is recognized for the guarantee except the cash margin.



viii) **Cash and cash equivalent**

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

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

ix) **Non-banking asset**

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

Bangladesh Bank: As per BRPD 14, there must exist a face item named Non-banking asset.

x) **Cash flow statement**

BFRS: Cash flow statement can be prepared either in direct method or in 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, cash flow is the mixture of direct and indirect method.

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

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

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

xii) **Presentation of intangible asset**

BFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

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

xiii) **Off-balance sheet items**

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

Bangladesh Bank: As per BRPD 14, off-balance sheet items (e.g. I/C, L/G, etc.) must be disclosed separately in face of balance sheet.

xiv) **Disclosure of appropriation of profit**

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

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

xv) **Loans and advance/investments net of provision**

BFRS: Loans and advances/investments should be presented net of provisions.

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

The financial statements were authorized for issue by the senior management of the Bank (Bangladesh Operations) on 25 March 2014.



xvi) **Recognition of interest in suspense:**

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

Bangladesh Bank: As per BRPD circular no.14 dated 23 September 2012, once a loan is classified (other than bad loss), interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet

2.2 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 (Taka/Tk) which is the Branch's functional currency. Except as otherwise indicated, financial information presented in Taka 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, BFRS 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 2015

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 (D1) 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

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

3.7 Tax

There is no separate tax registration for Morijheel 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 accreted.

Value of investments has been shown as under:

Prize Bond	At cost
Unquoted shares	At cost or book value of the last audited balance sheet whichever is lower
Quoted shares	At cost or market value whichever is lower at balance sheet date

Details are shown in Note 5.

3.10 Investments and provisions

a) 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). The rates of provision for different classifications are given below.

<u>Particulars</u>	<u>Rate</u>
General provision on	
All unclassified investments except followings-	1%
Small and medium enterprise financing	0.25%
Consumer financing	5%
Housing finance and loans for professionals to set up business under consumer financing scheme	2%
Loan to BILs/MLBs/SDs against shares	2%
Unclassified agricultural loans	5%
Special mention account (other than SME loan)	5%
Special mention account (for SME loan)	0.25%
Specific provision on	
Substandard loans and advances/investments	20%
Doubtful loans and advances/investments	50%
Bad/loss loans and advances/investments	100%

Details are shown in Note 6.

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 2015 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 BAS-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

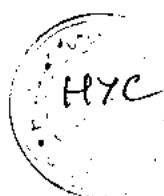
The financial statements were authorized for issue by the senior management of the Bank, Bangladesh Operations on March 10, 2016.

3.23 General

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



	<u>2015</u> Taka	<u>2014</u> Taka
4 Cash		
In hand		
Local currency	33,078,263	68,311,886
Foreign currencies	41,061	1,478,945
	<u>38,119,324</u>	<u>69,790,831</u>
Balance with Bangladesh Bank and its agent bank:		
Local currency	334,899,854	211,596,946
Foreign currencies	-	-
	<u>334,899,854</u>	<u>211,596,946</u>
	<u>373,019,178</u>	<u>281,387,777</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)		
6.50% of average Demand and Time Liabilities:		
Required reserve	200,383,301	206,197,875
Actual reserve held	334,984,452	211,596,946
Surplus	<u>134,601,151</u>	<u>5,399,071</u>
4.3 Statutory Liquidity Requirement (SLR)		
5.5% of required Average Demand and Time Liabilities:		
Required reserve	169,555,100	174,475,125
Actual reserve held	373,103,776	380,673,009
Surplus	<u>203,548,676</u>	<u>206,197,884</u>
4.4 Held for Statutory Liquidity Requirement:		
Cash in hand	38,119,324	69,790,831
Balance with Bangladesh Bank as per statement	334,984,452	211,596,946
Foreign currency used in BDT	-	99,285,232
	<u>373,103,776</u>	<u>380,673,009</u>
5 Balance with other banks and financial institutions		
In Bangladesh (Note 5.1)	400,000,000	350,000,000
Outside Bangladesh	-	-
	<u>400,000,000</u>	<u>350,000,000</u>
Also refer to note 5.3 for maturity wise grouping		
5.1 Inside Bangladesh		
Mudaraba Term deposit:		
Social Islami Bank Limited	400,000,000	350,000,000
	<u>400,000,000</u>	<u>350,000,000</u>
5.2 Maturity-wise groupings of balance with other banks and financial institutions		
On demand	400,000,000	350,000,000
Not more than 3 months	-	-
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	<u>400,000,000</u>	<u>350,000,000</u>



	<u>2015</u> Taka	<u>2014</u> Taka
6 Investments		
General Investments etc. (Note 6.1)	2,583,550,192	2,582,890,416
Bills purchased and discounted (Note 6.9)	337,315,134	461,632,519
	<u>2,920,865,326</u>	<u>3,044,522,935</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 (I.P.O)	2,447,552,063	2,357,868,987
Trust receipts	71,812,999	80,263,298
Own acceptance purchased	-	-
Payment against documents (PAD)	-	-
Finance Against Foreign Bill	19,355,667	49,169,806
Morabaha manual	5,053,916	41,761,848
Staff morabaha	39,775,547	51,826,477
	<u>2,583,550,192</u>	<u>2,582,890,416</u>
Outside Bangladesh	-	-
	<u>2,583,550,192</u>	<u>2,582,890,416</u>
6.2 Maturity-wise grouping		
Repayable On demand	71,812,999	80,263,298
Not more than 3 months	2,804,222,864	2,868,671,312
More than 3 months but not more than 1 year	25,187,137	63,690,248
More than 1 year but not more than 5 years	19,342,326	31,898,077
More than 5 years	-	-
	<u>2,920,865,326</u>	<u>3,044,522,935</u>
6.3 Investments on the basis of significant concentration		
Advances to Chief executive, other Senior executives and other Officers	39,775,547	51,826,477
Industrial loans and advances	2,881,089,779	2,989,696,458
	<u>2,920,865,326</u>	<u>3,044,522,935</u>

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6.4 Industry-wise classification of investments

	2015		2014	
	<u>% of Total</u>	<u>Taka</u>	<u>% of Total</u>	<u>Taka</u>
	<u>Loan</u>		<u>Loan</u>	
Agriculture, Forestry, Hunting and Fishing	0.08%	2,221,295	0.78%	23,753,836
Mining and Quarrying	0.03%	-	0.00%	-
Textile	18.04%	526,957,000	21.63%	658,417,000
Chemical and Pharmaceuticals	4.73%	139,574,579	3.04%	92,663,667
Sugar	0.00%	-	0.00%	-
Automobile and transportation equipment	0.61%	17,803,800	0.58%	17,803,800
Electronics and electrical appliances	0.00%	-	0.21%	6,399,420
Construction	0.00%	-	1.46%	11,450,732
Wholesale and Retail Trade	8.22%	240,095,000	16.67%	547,601,000
Exports/Imports	2.41%	71,812,999	17.80%	541,895,817
Garments (Knit & Woven)	0.00%	-	0.00%	-
Iron & Steel	7.18%	209,600,000	7.68%	233,866,667
Individuals	0.35%	10,192,000	0.40%	12,026,847
Others	58.29%	1,702,625,653	29.75%	925,644,148
	100%	2,920,865,326	100%	3,044,522,935

6.5 Geographical location-wise investments

	2014		2013	
	<u>% of Total</u>	<u>Taka</u>	<u>% of Total</u>	<u>Taka</u>
	<u>Loan</u>		<u>Loan</u>	
Dhaka Division	100%	2,920,865,326	100%	3,044,522,935
Chittagong Division	0%	-	0%	-
Sylhet Division	0%	-	0%	-
	100%	2,920,865,326	100%	3,044,522,935

6.6 Grouping of investments as per classification rules of Bangladesh Bank

	2015		2014	
	<u>% of Total</u>	<u>Taka</u>	<u>% of Total</u>	<u>Taka</u>
	<u>Loan</u>		<u>Loan</u>	
Unclassified:				
Standard including staff morabaha	88.94%	2,597,874,253	95.52%	2,920,080,891
Special Mention Account (SMA)	0.00%	-	0.43%	13,130,531
	88.94%	2,597,874,253	95.95%	2,933,211,421
Classified:				
Substandard	0.44%	12,907,141	0.00%	-
Doubtful	0.00%	-	0.00%	-
Bad or loss	10.62%	310,083,932	4.25%	129,311,115
	11.06%	322,991,073	4.25%	129,311,115
	100.00%	2,920,865,326	100.00%	3,044,522,935

6.7 Particulars of required provision for investments

	2015		2014	
	Base for Provision Taka	Required provision Taka	Base for Provision Taka	Required provision Taka
Unclassified:				
Standard (Other than SME)	2,552,358,262	25,523,533	2,791,401,109	27,914,011
Standard (SME)	43,294,697	108,237	86,925,944	217,315
Standard (Agri Loan)	2,221,295	55,532	23,753,856	593,846
Special Mention Account (SMA)	-	-	10,882,297	27,206
	2,597,874,253	25,687,352	2,912,963,196	28,752,378
Classified:				
Substandard	1,936,071	387,214	-	-
Doubtful	250,145,615	250,145,615	93,631,069	93,631,069
Bad or loss	252,031,636	250,532,829	93,631,069	93,631,069
	2,849,955,940	276,220,181	3,006,594,256	122,383,447
Total provision maintained (Shortfall)/Surplus provision		250,532,829 (25,687,353)		329,654,055 207,270,608

6.8 Particulars of investments

	2015 Taka	2014 Taka
i) Investments considered good in respect of which the banking company is fully secured	2,919,761,168	3,043,410,295
ii) Investments considered good against which the banking company holds no security other than the debtor's personal guarantee;	1,104,158	1,112,600
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;		
	<u>2,920,865,326</u>	<u>3,044,522,935</u>
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.	38,671,389	53,713,838

	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
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		
x) Amount of Classified Investment on which Profit has not been charged	322,991,073	142,442,045
(a) Movement of Classified Investments:		
Opening balance	129,311,115	260,161,651
Increase/(Decrease) during the year	193,679,958	(130,850,536)
Closing balance	<u>322,991,073</u>	<u>129,311,115</u>
(b) Provision against the Investment classified as bad/loss at the date of balance sheet	250,145,615	93,631,069
(c) Amount of profit charged in suspense account	48,632,088	56,309,285
xi) Investments written off:		
- Current Year	35,707,932	
- Cumulative to-date	35,707,932	
- Amount of written off loans for which lawsuit has filed	35,707,932	
6.9 Bills purchased and discounted		
Bills purchased and discounted excluding treasury bills:		
In side Bangladesh	337,315,134	461,632,519
Outside Bangladesh	<u>337,315,134</u>	<u>461,632,519</u>
6.10 Maturity grouping of bills discounted and purchased		
Payable within one month	117,455,080	131,614,491
Over 1 month but less than 3 months	143,201,681	156,190,287
Over 3 months but less than 6 months	76,658,374	173,827,748
6 months or more	<u>337,315,134</u>	<u>461,632,519</u>

	<u>2015</u>	<u>2014</u>
	<u>Taka</u>	<u>Taka</u>
7 Fixed assets including premises, furniture and fixtures		
Cost:		
Furniture, fixture and fittings	20,140,987	20,140,987
Office equipments	10,670,594	9,726,907
Staff equipments	13,500	13,500
Computer and related equipments	14,814,109	13,505,759
Motor vehicles	1,890,000	2,935,750
Leasehold improvement	2,902,785	2,386,850
	<u>50,431,975</u>	<u>48,709,753</u>
Less: Accumulated depreciation		
Furniture, fixture and fittings	19,673,533	19,550,865
Office equipments	8,278,625	8,163,911
Staff equipments	13,500	13,500
Computer and related equipments	13,856,901	13,019,169
Motor vehicles	1,890,000	2,935,750
Leasehold improvement	1,741,250	1,201,676
	<u>45,433,809</u>	<u>44,884,771</u>
	<u>4,998,166</u>	<u>3,824,982</u>

Details are shown in Annexure - B.



	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
8 Others assets	968,362,060	752,502,498
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.	93,970	117,230
iii) Advance rent and advertisement	405,000	9,362,520
iv) Profit accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables (Note 8.2)	5,820,018	9,391,466
v) Security deposits	-	-
vi) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	308,328	508,854
vii) Branch adjustment	1,053,927,915	835,490,749
viii) Suspense account	-	-
ix) Silver	-	-
x) Others (Note 8.3)	(92,193,171)	102,368,321
	<u>968,362,060</u>	<u>752,502,498</u>
	<u>968,362,060</u>	<u>752,502,498</u>
8.2 Profit receivables		
Profit Receivable from Placement with Banks	2,308,333	2,164,441
Mark up receivables on bill purchased and discounted	3,511,685	7,227,022
	<u>5,820,018</u>	<u>9,391,466</u>
8.3 Others		
Short term receivable-account maintenance fees	346,112	511,729
Net of profit on Morabaha	(97,438,289)	104,287,220
Sundry debtors miscellaneous (Receivable from BB)	4,698,976	1,407,170
	<u>(92,193,171)</u>	<u>(102,368,321)</u>
9 Deposits and other accounts		
Al-wadeeah current and other deposit accounts		
Al-wadeeah current deposits	273,681,861	228,764,657
Alfalah Karobar Current Account	12,745,791	14,950,589
Foreign currency deposits	449,082,912	127,394,439
Sundry deposits (Note 9.1)	81,305,865	58,143,302
	<u>816,816,432</u>	<u>429,252,987</u>
Payment order - Inside Bangladesh	45,181,594	14,543,301
Demand draft payable - Outside Bangladesh	6,099,615	146,575
Unclaimed DD/TT/PO - Inside Bangladesh	313,915	560,000
Unclaimed DD/TT/PO - Outside Bangladesh	68,729	74,420
	<u>51,663,853</u>	<u>15,624,296</u>

ATC

	2015 Taka	2014 Taka
Mudaraba savings deposits		
Special Notice Deposit (SNID)	859,170,402	899,135,665
Alfalab Salary Account (ASA)	10,519	2,017
Alfalab Rising Star (ARS)	341,616	1,110,427
Alfalab Premium Plus (APP)	41,058,229	10,686,827
Mudaraba Royal Profit deposits	586,270,661	460,312,730
	1,486,851,427	1,371,277,675
Mudaraba term deposits		
Mudaraba Term Deposit (MTDR)	1,969,191,755	2,169,095,474
	<u>4,324,523,467</u>	<u>3,985,250,432</u>
9.1 Sundry deposits		
Margin Accounts - Local Currency	12,852,482	33,861,738
Margin Accounts - Foreign Currency	38,453,383	24,281,564
	<u>81,305,865</u>	<u>58,143,302</u>
9.2 Deposits from banks and others		
Inter-bank deposits (Note 9.2.1)	834,392,909	872,359,540
Other deposits	3,490,130,558	3,112,890,892
	<u>4,324,523,467</u>	<u>3,985,250,432</u>
9.2.1 Inter-bank deposits		
Jamuna Bank Limited	29,820	30,526
Pubali Bank Limited	1,094,755	375,172
Prime Bank Limited	39,030	38,337
The City Bank Limited	59,424,586	165,478,686
Shahjalal Islami Bank Ltd.	107,832,177	200,537,500
Bank Asia Limited	846,529	-
Islami Bank Bangladesh Ltd	411,013,424	250,093,750
AB Bank Limited	254,112,588	255,805,569
	<u>834,392,909</u>	<u>872,359,540</u>
9.3 Maturity grouping of deposits		
Repayable On demand	1,496,161,310	917,019,293
Repayable within 1 month	1,025,863,228	943,167,558
Over 1 month but within 6 months	1,431,635,110	1,807,681,245
Over 6 months but within 1 year	362,435,227	309,433,092
Over 1 year but within 5 years	8,428,592	7,919,214
Over 5 years but within 10 years	-	-
10 years or more	-	-
	<u>4,324,523,467</u>	<u>3,985,250,432</u>
10 Other Liabilities		
Provision for Investments (Note 10.1)	250,532,829	329,654,055
Profit suspense account (Note 10.3)	18,032,038	56,309,285
Accrued expenses	511,429	599,413
Profit payable on borrowings (Note 10.5)	36,996,610	46,496,638

Hyc

	<u>2015</u> Taka	<u>2014</u> Taka
Withholding tax on profit on deposits	3,296,666	4,420,844
Withholding tax	1,521,823	1,777,728
Withholding VAT	,435,709	396,946
Excise duty	128,533	678,562
Advance commission on Letter of Guarantee (L/G)	1,027,929	1,919,919
Miscellaneous	237,376	4,734,370
	<u>342,721,262</u>	<u>446,987,760</u>

10.1 Provision for investments

General Provision

Balance as at 1 January	27,206	16,034,344
Add: Provision made during the year		
On general investments	-	27,206
On Special Mention Account (SMA)	-	27,206
	<u>27,206</u>	<u>16,034,344</u>
Less: Provision no longer required	(27,206)	(16,034,344)
Net of provision (reversed)/made during the year	-	27,206
Balance as at 31 December	-	27,206

Specific Provision

Balance as at 1 January	329,626,849	317,014,594
Less: Profit on investment waiver during the year	-	-
Adjustment with prior year	46,994,158	19,195,884
Provision no longer required	35,707,932	-
Written off during the year	82,702,090	19,195,884
	<u>3,608,070</u>	<u>31,808,139</u>
Add Recoveries of amounts previously written off	3,608,070	31,808,139
Specific provision made during the year	-	-
	<u>250,532,829</u>	<u>329,626,849</u>
Balance as at 31 December	<u>250,532,829</u>	<u>329,654,055</u>

Total provision on investments

10.2 Provision for off-balance sheet exposures

Balance as at 1 January	-	11,882,401
Add: Provision made during the year	-	11,882,401
	-	<u>11,882,401</u>
Less: Adjustments made during the year	-	11,882,401
Balance as at 31 December	-	-

10.3 Profit suspense account

Balance as at 1 January	56,309,285	55,080,772
Add: Amount transferred during the year	3,497,838	1,280,825
	<u>59,807,123</u>	<u>56,361,597</u>
Less:		
Amount of profit suspense recovered	4,718,658	52,311
Amount written off during the year	2,538,194	-
Profit on investment waiver during the year	4,488,233	-
	<u>11,745,085</u>	<u>52,311</u>
Balance as at 31 December	<u>48,032,088</u>	<u>56,309,285</u>



	<u>2015</u> Taka	<u>2014</u> Taka
10.4 Profit suspense and compensation suspense		
Profit suspense	48,032,088	56,309,285
Compensation suspense	<u>48,032,088</u>	<u>56,309,285</u>
10.5 Profit payable on borrowings		
Profit payable on -		
Special notice deposit	16,418	16,418
30 days mudaraba term deposit	225,154	98,939
90 days mudaraba term deposit	8,814,577	12,909,321
180 days mudaraba term deposit	8,831,652	17,127,063
365 days mudaraba term deposit	18,207,385	15,524,292
2 years mudaraba term deposit	481,118	599,940
3 years mudaraba term deposit	420,276	220,665
	<u>36,996,610</u>	<u>46,496,638</u>
11 Retained earnings		
Balance as at 1 January		
Adjustment for loan provision	79,691,113	(9,873,048)
Net profit / (loss) for the year	<u>79,691,113</u>	<u>(9,373,048)</u>
Transferred to Bangladesh country office	(79,691,113)	9,873,048
Balance as at 31 December	<u>-</u>	<u>-</u>
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 favouring:		
Directors or officers		
Government	278,154,039	540,717,768
Banks and other financial institutions		
Others		
	<u>278,154,039</u>	<u>540,717,768</u>
13 Irrevocable letters of credit		
Usance	67,035,999	111,506,894
Sight	<u>119,339,945</u>	<u>116,896,806</u>
	<u>186,375,945</u>	<u>231,403,700</u>
14 Income statement		
Income:		
Profit, discount and similar income	267,384,807	261,188,881
Dividend income		
Commission, exchange and brokerage	24,623,031	15,317,649
Gains less losses arising from dealing securities		
Gains less losses arising from investment securities		
Gains less losses arising from dealing in foreign currencies	7,958,187	21,851,923
Income from non-banking assets	9,302,329	3,279,482
Other operating income		
Profit less losses on interest rate changes		
	<u>309,468,354</u>	<u>309,637,935</u>

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	<u>2015</u> Taka	<u>2014</u> Taka
Expenses:		
Profit paid on deposits	215,376,124	255,147,773
Losses on investments	50,762,041	46,587,862
Administrative expenses	5,324,791	3,952,571
Other operating expenses	1,727,579	1,133,315
Depreciation on banking assets	<u>273,190,535</u>	<u>306,871,521</u>
Income over expenditure	<u>36,277,819</u>	<u>2,766,414</u>
15 Investment income		
Share of profit from financing and discounting		
Morabaha-Staff	2,534,305	2,779,955
Morabaha Financing - IPO	187,901,545	201,788,389
Profit on bill discounted	28,752,490	32,589,036
Morabaha income PAD	11,583	-
Morabaha income trust receipt	16,197,247	15,801,557
	<u>235,397,168</u>	<u>252,961,937</u>
Profit on Placement with Banks		
Profit on Term Placements	31,987,639	11,226,944
Profit on Savings Deposit with Banks	<u>31,987,639</u>	<u>11,226,944</u>
	<u>267,381,807</u>	<u>264,183,881</u>
16 Profit paid on deposits		
Profit shared on Mudaraba Deposit		
Mudaraba Royal Profit Deposit	18,695,442	18,765,367
Alfalab Salary Account (ASA)	25,290	19
Alfalab Rising Star (ARS)	1,347,457	181,468
Alfalab Premium Plus (APP)	36,618,739	29,626,845
Mudaraba Special Notice deposit	158,689,115	206,569,010
Mudaraba term deposit	<u>215,376,124</u>	<u>255,147,773</u>
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	24,623,031	15,317,649
Fees, commission etc.	7,958,187	21,851,923
Exchange earnings	<u>32,581,218</u>	<u>37,169,572</u>
19 Other operating income		
Service charges recovered	2,202,260	1,073,110
Document charges	-	-
Cheque Book charges recovered	196,795	214,501

HYC

	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
Charges on documentary credit	-	-
Courier charges recovered	968,760	834,288
Other Income	6,119,514	6,157,583
Gain on disposal of fixed asset	15,000	-
	<u>9,502,329</u>	<u>8,279,482</u>
20 Salaries and allowances		
Basic salary	14,057,056	13,059,635
Housing allowance	5,622,846	5,223,880
Conveyance allowance	1,405,648	1,305,919
Leave fare allowance	1,779,405	1,565,303
Other allowances	533,944	478,430
Festival bonus	3,082,316	3,039,154
Performance bonus	1,196,520	1,018,776
The Bank's contribution to provident fund	1,294,813	1,202,046
Car allowance	945,000	840,000
Gratuity	-	-
	<u>29,917,548</u>	<u>27,733,143</u>
21 Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	10,652,785	9,695,116
Insurance	260,373	284,146
Cleaning and maintenance	3,394,078	3,115,709
Electricity and lighting	1,977,008	1,817,099
	<u>16,284,244</u>	<u>14,912,110</u>
22 Postage, stamps, telecommunication etc.		
Postage and couriers	1,036,570	1,022,553
Electronic mail and on-line connectivity	43,046	-
Telegram, fax, telex, SWIFT and internet charge	562,498	561,854
Telephone charges	271,361	268,497
	<u>1,913,415</u>	<u>1,852,904</u>
23 Stationery, printing, advertisement etc.		
Table stationery	568,801	494,681
Books and periodicals	10,649	12,559
Printing stationery	861,804	607,916
Computer stationery	125,383	52,575
Publicity	59,518	13,600
	<u>1,626,155</u>	<u>1,181,391</u>
24 Depreciation and repair to bank's assets		
Depreciation of bank's assets		
Furniture, fixture and fittings	122,668	130,288
Office equipments	669,617	361,341
Staff equipments	-	-
Computer and related equipments	395,720	215,905
Motor vehicles	-	-
Leasehold improvement	539,574	475,781
	<u>1,727,579</u>	<u>1,183,315</u>



	<u>2015</u> Taka	<u>2014</u> Taka
Repair to bank's assets		
Furniture, fixture and fittings	20,000	125,623
Rented premises	313,893	209,900
Office equipments	623,155	411,439
Computer maintenance	63,631	128,352
Motor vehicles	<u>1,020,679</u>	<u>908,314</u>
	<u>2,748,258</u>	<u>2,091,629</u>
25 Other expenses		
Bank charges, brokerage and commission	203,873	51,513
Entertainment	664,770	685,132
Security	1,747,610	1,455,873
Traveling and conveyance	150,840	147,019
Medical expenses	1,622,440	1,027,711
Car fuel expenses	737,758	385,323
Loss on sale of fixed assets	-	-
Other expenses	197,500	-
	<u>5,324,791</u>	<u>3,952,571</u>
26 Investment income receipts in cash		
Profit receivable as at 1 January	(94,895,754)	10,191,666
Profit accrued during the year	235,397,168	252,961,937
Share of profit from financing and discount	-	-
	<u>91,618,271</u>	<u>94,895,754</u>
Profit receivable as at 31 December	<u>232,119,685</u>	<u>358,049,357</u>
27 Profit paid on deposits		
Profit payable as at 1 January	46,496,638	59,268,655
Profit charged during the year	215,376,124	255,117,773
Profit shared on Mudaraba Deposits	(36,996,610)	(46,496,638)
Profit payable as at 31 December	<u>224,876,152</u>	<u>267,919,790</u>
	<u>24,623,031</u>	<u>15,317,649</u>
28 Fees and commission receipts in cash		
29 Cash payments to employees		
Salaries and allowances	29,917,548	27,733,143
Gratuity:		
Employees	<u>29,917,548</u>	<u>27,733,143</u>
30 Cash payments to suppliers		
Balance as at 1 January	599,413	528,350
Accrued expenses	-	-
Charged during the year	1,626,155	1,181,391
Stationery, printing, advertisements etc.	<u>1,626,155</u>	<u>1,181,391</u>



	<u>2015</u> Taka	<u>2014</u> Taka
Rent, taxes, insurance, electricity etc	16,284,214	11,912,110
Postage, stamp, telecommunication etc.	1,913,415	1,852,904
Legal expenses	-	-
	<u>19,823,814</u>	<u>17,946,405</u>
Balance as at 31 December		
Accrued expenses	(511,499)	(599,415)
	<u>19,911,728</u>	<u>17,875,342</u>
31 Receipts from other operating activities		
Other operating income	9,562,329	8,279,482
Exchange earnings	7,958,187	21,851,923
Investment income	-	-
Less: Gain on disposal of fixed asset	(15,000)	-
	<u>17,445,516</u>	<u>30,131,405</u>
32 Payments for other operating activities		
Repairs of Bank's assets	1,020,679	908,311
Other expenses	5,324,791	3,952,571
Gratuity:	-	-
Employees	-	-
	<u>6,345,470</u>	<u>4,860,885</u>
33 Movement of investments to customers		
Balance as at 31 December	2,920,865,326	3,044,522,935
Balance as at 1 January	(3,014,522,935)	(2,460,409,933)
(Decrease)/Increase	<u>(123,657,609)</u>	<u>584,113,002</u>
34 Movement of other assets		
(Increase) / decrease in other assets which are not considered elsewhere		
- Stationery, stamps, printing materials, etc.	23,260	(21,210)
- Advance rent and advertisement	8,957,520	17,186,041
- Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	200,526	(199,599)
- Branch adjustment	(218,437,166)	511,731,443
- Others	(10,972,795)	91,788,927
Adjustments for-		
- Net of profit on Morabaha	6,848,931	(91,536,841)
- Transfer of fixed assets	-	-
- Transfer of branch profit or loss	(79,691,113)	9,873,048
	<u>(293,070,837)</u>	<u>538,813,808</u>
35 Movement of deposits and other accounts from other banks		
Balance as at 31 December	834,392,909	872,359,540
Balance as at 1 January	(872,359,540)	(423,362,567)
Increase/(Decrease)	<u>(37,966,631)</u>	<u>448,996,973</u>

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	<u>2015</u> Taka	<u>2014</u> Taka
36 Movement of deposits and other accounts from customers		
Balance as at 31 December	3,490,130,538	3,112,890,892
Balance as at 1 January	<u>(3,112,890,892)</u>	<u>(3,159,738,829)</u>
(Decrease)/Increase	<u>377,239,666</u>	<u>(76,847,937)</u>
37 Movement of other liabilities		
Increase/(decrease) in other liabilities which are not considered elsewhere		
- Provision for off-balance sheet exposures (Note 10.2)	-	(11,882,401)
- Profit suspense account	(8,277,197)	1,228,513
- Withholding tax on profit on deposits	(1,124,178)	164,633
- Withholding tax	(255,905)	377,490
- Withholding VAT	38,763	52,181
- Provision for gratuity	-	(1,247,898)
- Excise duty	(550,029)	(100,110)
- Advance commission on Letter of Guarantee (L/G)	(891,990)	57,192
- Miscellaneous	(5,045,832)	1827,738
	<u>(16,106,368)</u>	<u>(16,262,384)</u>
38 Proceeds from sale/redemption of securities		
Redemption of preference shares		
STS Holding Limited	-	-
Bztc Bank Limited	-	-
	<u>-</u>	<u>-</u>
39 Related parties		
Transactions with key management personnel		
Key management personnel have transacted with the Branch during the year as follows:		
House finance	12,216,993	12,931,973
Car finance	566,315	875,213
	<u>12,783,308</u>	<u>13,806,288</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	4,962,881	4,470,182
Provident fund	223,751	205,748
Gratuity	186,461	169,794
	<u>5,373,093</u>	<u>4,843,724</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 Tk 36,000 or above were 37 (2014: 26).		
41 Employee related fraud		
There was no fraud occurred during the year 2015.		
42 Events after the reporting period		
None.		

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Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Liquidity Statement
(Analysis of maturity of assets and liabilities)
as at December 31, 2015

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash	38,119,324	-	334,899,851	-	-	373,019,178
Balance with other banks and financial institutions	-	400,000,000	-	-	-	400,000,000
Placement with banks and other financial institutions	-	-	-	-	-	-
Investments in shares and securities	-	-	-	-	-	-
Investments	-	71,812,999	2,804,222,864	25,487,137	19,342,326	2,920,865,326
Fixed assets including premises, furniture and fixtures	-	-	-	4,998,166	-	4,998,166
Other assets	308,328	-	-	968,053,732	-	968,362,060
Non banking assets	-	-	-	-	-	-
Total assets	38,427,652	471,812,999	3,139,122,718	998,539,035	19,342,326	4,667,244,730
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	-	-	-	-
Deposits and other accounts	2,522,024,538	1,344,134,654	449,635,683	8,428,592	-	4,324,523,467
Other liabilities	5,382,731	1,777,004	36,996,610	298,564,917	-	342,721,263
Total liabilities	2,527,407,269	1,346,211,658	486,632,293	306,993,509	-	4,667,244,730
Net liquidity gap	(2,488,979,617)	(874,398,659)	2,652,490,425	691,545,527	19,342,326	-

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Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Schedule of fixed assets including premises, furniture and fixtures
as at December 31, 2015

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as at December 31, 2015
	Balance as at January 01, 2015	Additions during the year	Disposal during the year	Balance as at December 31, 2015		Balance as at January 01, 2015	Charged during the year	for the disposal during the	Balance as at December 31, 2015	
Furniture, fixture and fittings	20,140,987	-	-	20,140,987	10	19,550,865	122,668	-	19,673,533	467,454
Office equipments	9,726,907	1,560,087	(616,400)	10,670,594	20	8,163,811	669,617	(554,803)	8,278,625	2,391,969
Staff equipments	13,500	-	-	13,500	20	13,500	-	-	13,500	-
Computer and related equipments	13,505,759	1,308,350	-	14,814,109	25	13,019,169	395,720	422,012	13,836,901	977,208
Motor vehicles	2,935,750	1,890,000	(2,935,750)	1,890,000	25	2,935,750	-	(1,045,750)	1,890,000	-
Leasehold improvement	2,386,850	515,935	-	2,902,785	20	1,201,676	539,574	-	1,741,250	1,161,535
	48,709,753	5,274,372	(3,552,150)	50,431,975		44,884,771	1,727,579	(1,178,541)	45,433,809	4,998,166

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as at December 31, 2014
	Balance as at January 01, 2014	Additions during the year	Disposal during the year	Balance as at December 31, 2014		Balance as at January 01, 2014	Charged during the year	for the disposal during the	Balance as at December 31, 2014	
Furniture, fixture and fittings	20,029,667	111,320	-	20,140,987	10	19,420,577	130,288	-	19,550,865	590,122
Office equipments	8,506,707	1,220,200	-	9,726,907	20	7,802,470	361,341	-	8,163,811	1,563,096
Staff equipments	13,500	-	-	13,500	20	13,500	-	-	13,500	-
Computer and related equipments	13,303,159	202,600	-	13,505,759	25	12,803,264	215,905	-	13,019,169	486,590
Motor vehicles	2,935,750	-	-	2,935,750	25	2,935,750	-	-	2,935,750	-
Leasehold improvement	2,386,850	-	-	2,386,850	20	725,895	475,781	-	1,201,676	1,185,174
	47,175,633	1,534,120	-	48,709,753		43,701,456	1,183,315	-	44,884,771	3,824,982

