

**Independent Auditors' Report
&
Audited Financial Statements
of
Bank Alfalah Limited
Bangladesh Operations**

As at & for the year ended December 31, 2017

Independent Auditors' Report
To the management of the 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 31 December 2017, the profit and loss statement, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

Management's responsibility for the financial statements and internal controls

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements of the Bank 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 a reasonable assurance about whether the financial statements of the Bank are free from material misstatements.

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

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

Opinion

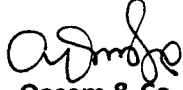
In our opinion, the financial statements referred to above which has been prepared in the format prescribed by Bangladesh Bank vide circular no. 14 dated 25 June 2003 and in accordance with relevant Bangladesh Financial Reporting Standards as explained in note 2.1 give a true and fair view of the state of affairs of the Bank as at 31 December 2017 and results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Banking Companies Act 1991 (as amended up to date), rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

Report on other legal and regulatory requirements

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

- i. 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;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditors' responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal Control:
 - a. internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate; and
 - b. nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- iii. 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;
- iv. the balance sheet and the profit and loss statement of the Bank dealt with by the report are in agreement with the books of account;
- v. 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 Bangladesh Bank;
- vi. adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- vii. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- viii. the information and explanation required by us have been received and found satisfactory;
- ix. we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 900 person hours for the audit of the books and account of the Bank; and
- x. Capital to Risk Weighted Asset Ratio (CRAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
27 February 2018


A. Qasem & Co.
Chartered Accountants

Bank Alfalah Limited
Bangladesh Operations
Balance Sheet
as at 31 December 2017

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
<u>PROPERTY AND ASSETS</u>			
Cash	4	1,498,988,961	1,322,677,969
Cash in hand (Including foreign currencies)		174,194,622	155,181,647
Balance with Bangladesh Bank and its agent bank (Including foreign currencies)		1,324,794,339	1,167,496,322
Balance with other banks and financial institutions	5	4,484,797,272	1,836,517,434
In Bangladesh		4,420,927,875	1,332,631,999
Outside Bangladesh		63,869,397	503,885,435
Money at call and on short notice	6	-	-
Investments	7	4,829,689,283	6,319,760,509
Government		4,829,689,283	5,919,760,509
Others		-	400,000,000
Loans and Advances/Investments	8	10,068,764,023	9,274,767,890
Loans, Cash credit, Overdrafts etc./Investments		9,879,643,439	9,059,177,931
Bills purchased and discounted		189,120,584	215,589,959
Fixed assets including premises, furniture and fixtures	9	43,178,801	54,822,304
Other assets	10	939,648,652	845,324,002
Non-banking assets		-	-
Total Assets		21,865,066,992	19,653,870,108
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	1,290,000,000	346,803,017
Deposits and other accounts	12	13,432,867,901	12,482,928,617
Current Accounts and other Accounts		1,864,034,844	1,782,324,776
Bills Payable		68,217,769	102,868,861
Savings Bank Deposits		5,840,931,898	4,679,786,250
Fixed Deposits		5,659,683,390	5,917,948,730
Bearer Certificates of Deposit		-	-
Other Deposits		-	-
Other liabilities	13	1,573,172,507	1,484,204,049
Total Liabilities		16,296,040,408	14,313,935,683
Capital/Shareholders' Equity			
Head Office Fund	14	4,440,842,391	4,423,989,531
Other Reserves	15	19,528,663	43,822,843
Surplus in Profit and Loss Account	16	1,108,655,530	872,122,051
Total Shareholders' Equity		5,569,026,584	5,339,934,425
Total Liabilities and Shareholders' Equity		21,865,066,992	19,653,870,108

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
<u>OFF-BALANCE SHEET ITEMS</u>			
Contingent liabilities		3,352,632,283	3,071,059,274
Acceptances & Endorsements		544,288,028	958,991,720
Letters of Guarantee	17	344,947,350	502,007,763
Irrevocable Letters of Credit	18	1,686,605,464	955,350,223
Bills for Collection		521,816,441	426,109,568
Other Contingent Liabilities (Bangladesh Sanchaypatra)		254,975,000	228,600,000
 Other commitments		 660,354,900	 315,293,500
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		660,354,900	315,293,500
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
 Total Off-Balance Sheet items including contingent liabilities		 4,012,987,183	 3,386,352,774

The annexed notes form an integral part of these financial statements



Abu Noyem Md. Khasru
Head of Finance & Admin.



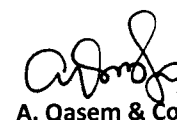
Muhammad Ehsan Ul Haq Qureshi
Country Operations Head



S.A.A. Masrur
Country Head

Signed as per our annexed report of same date

Dhaka
27 February 2018



A. Qasem & Co.
Chartered Accountants

Bank Alfalah Limited
Bangladesh Operations
Profit and Loss Account
for the year ended 31 December 2017


A. QASEM & Co.

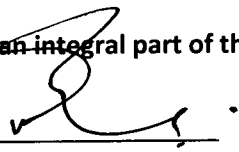
Chartered Accountants

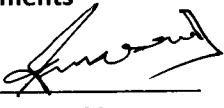
Since 1953

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
Interest income/profit on investments	20	842,392,704	687,859,216
Interest paid/profit shared on deposits and borrowings etc.	21	(464,480,107)	(449,179,374)
Net interest income/net profit on investments		377,912,597	238,679,842
Investment income	22	438,752,468	728,378,592
Commission, exchange and brokerage	23	126,528,146	97,510,970
Other operating income	24	31,619,130	31,932,748
		596,899,744	857,822,310
Total operating income		974,812,341	1,096,502,152
Salaries and allowances	25	243,509,833	231,327,019
Rent, taxes, insurance, electricity etc.	26	148,395,694	141,334,544
Legal expenses	27	3,350,326	7,250,616
Postage, stamp, telecommunication etc.	28	11,078,208	11,606,292
Stationery, Printing, Advertisements etc.	29	11,357,063	9,249,161
Country Head's salary and allowances	30	21,852,770	22,352,770
Auditors' fees		682,500	717,000
Depreciation and repair of bank's assets	31	33,968,662	35,683,782
Other expenses	32	50,594,148	51,887,834
Total operating expenses		524,789,204	511,409,018
Profit before provision		450,023,137	585,093,134
Provision for loans and advances/investments	33	28,015,117	(147,827,500)
General provision		15,012,282	17,904,345
Specific provision		13,002,835	(165,731,845)
Provision for off-balance sheet items released		6,266,344	3,251,548
Provision for diminution in value of investments		-	-
Other provisions	34	(7,245,052)	50,799,792
Total provision		27,036,409	(93,776,160)
Total (loss)/profit before tax		422,986,728	678,869,294
Provision for taxation	35	129,825,454	232,482,454
Current		135,702,000	231,641,000
Deferred		(5,876,546)	841,454
Net (loss)/profit after tax		293,161,274	446,386,840

The annexed notes form an integral part of these financial statements

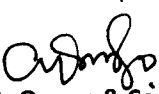

Abu Noyem Md. Khasru
Head of Finance & Admin.


Muhammad Ehsan Ul Haq Qureshi
Country Operations Head


S.A.A. Masrur
Country Head

Signed as per our annexed report of same date

Dhaka
27 February 2018


A. Qasem & Co.
Chartered Accountants

Bank Alfalah Limited
Bangladesh Operations
Cash Flow Statement
for the year ended 31 December 2017

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
Cash flows from operating activities			
Interest receipts in cash	36	885,013,182	678,539,368
Interest payments	37	(457,754,916)	(486,655,418)
Dividends receipts		-	-
Fees and commission receipts in cash	38	24,507,225	27,900,668
Recoveries on loans previously written off		-	-
Cash payments to employees	39	(256,737,070)	(242,313,836)
Cash payments to suppliers	40	(178,522,167)	(162,935,269)
Income taxes paid	41	(126,814,702)	(182,070,969)
Receipts from other operating activities	42	570,411,716	825,173,175
Payments for other operating activities	43	(69,154,618)	(74,256,811)
Operating (loss)/profit before changes in operating assets and liabilities		390,948,650	383,380,908
Increase/decrease in operating assets and liabilities			
Loans and advances to customers	44	(793,996,133)	(1,516,342,658)
Other assets	45	(94,791,549)	(41,999,381)
Deposits from other banks	46	(548,804,775)	246,803,244
Deposits from customers	47	1,498,744,059	801,713,374
Other liabilities	48	(12,966,752)	(79,902,616)
		48,184,850	(589,728,037)
Net cash (used to)/from operating activities		439,133,500	(206,347,129)
Cash flows from investing activities			
Proceeds from sale/redemption of securities	49	400,000,000	(200,000,000)
Payments for purchase of securities	50	1,375,270,257	2,542,258,388
Purchase of property, plant & equipment		(10,600,775)	(22,277,077)
Sale of property, plant & equipment	51	2,564,831	2,089,955
Net cash from investing activities		1,767,234,313	2,322,071,266
Cash flows from financing activities (Profit remitted to head office)		(56,627,795)	(78,030,000)
Net (decrease)/increase in cash and cash equivalents		2,149,740,018	2,037,694,137
Cash and cash equivalents at beginning of the year		4,519,556,838	2,480,883,874
Effects of exchange rate fluctuations on cash and cash equivalents held		16,852,860	978,827
Cash and cash equivalents at end of the year		6,686,149,716	4,519,556,838
Cash and cash equivalents at end of the year represent			
Cash in hand (including foreign currencies)		174,194,622	155,181,647
Call borrowing		(1,290,000,000)	(346,803,017)
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		1,324,794,339	1,167,496,322
Balance with other banks and financial institutions		4,484,797,272	1,836,517,434
Money at call and on short notice		-	-
Treasury bills		1,102,918,150	1,607,135,966
Bangladesh Bank bill		889,417,033	99,967,486
Prize bond		28,300	61,000
		6,686,149,716	4,519,556,838

Bank Alfalah Limited
Bangladesh Operations
Statement of Changes in Equity
for the year ended 31 December 2017

	<u>Head Office Fund</u> <u>Taka</u>	<u>Other Reserve</u> <u>Taka</u>	<u>Profit and Loss</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance as at 01 January 2017	4,423,989,531	43,822,843	872,122,051	5,339,934,425
Changes in accounting policy				
Surplus/deficit on account of revaluation of investments	-	(24,294,180)	-	(24,294,180)
Currency translation difference	16,852,860	-	-	16,852,860
Net gains and losses not recognized in the income statement			30,917,553	30,917,553
Net profit for the period	-	-	293,161,274	293,161,274
Profit transfer to Head Office	-	-	(87,545,348)	(87,545,348)
Balance as at 31 December 2017	4,440,842,391	19,528,663	1,108,655,530	5,569,026,584
Balance as at 01 January 2016	4,423,010,704	258,036,936.00	503,765,211	5,184,812,851
Changes in accounting policy				
Surplus/deficit on account of revaluation of investments	-	(214,214,093)	-	(214,214,093)
Currency translation difference	978,827	-	-	978,827
Net gains and losses not recognized in the income statement				
Net profit for the period	-	-	446,386,840	446,386,840
Profit transfer to Head Office	-	-	(78,030,000)	(78,030,000)
Balance as at 31 December 2016	4,423,989,531	43,822,843	872,122,051	5,339,934,425

Bank Alfalah Limited - Bangladesh Operations
Notes to the financial statements
As at and for the year ended 31 December 2017

1 Reporting entity

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

The Bank started its operation in Bangladesh on 15 May 2005 by acquiring Shamil Bank of Bahrain's Dhaka branch operations as a branch of the parent company. The Bank has 7 branches as on 31 December 2017. 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 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 that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 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, 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.

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, 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 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 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

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 (HFT)' at present value using marking to market concept with gain crediting revaluation reserve
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortization concept
- Investment in shares of listed companies
- Investment in unquoted shares

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (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, 2017.

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. 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 16C 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 May 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.

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:

Particulars**General provision on**

All unclassified loans and advances/investments except following:

Small and medium enterprise financing
 Consumer financing
 Housing finance and loans for professionals to set up business under consumer financing scheme
 Loan to BHs/MBs/SDs against shares
 Unclassified agricultural loans
 Special mention account (other than SME loan)
 Special mention account (for SME loan)

Specific provision on

Substandard loans and advances/investments
 Doubtful loans and advances/investments
 Bad/loss loans and advances/investments

- 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.

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.

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 2017 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.

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.
- 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 (TSA)' with prior approval from the Central Bank to define capital charge for operational risk by mapping its business lines.
- RMU prepares a "Risk Assessment Report" on a monthly basis and "Comprehensive Risk Management Report (CRMR)" on a half-yearly basis as part of regulatory requirement, which is also discussed by 'Risk Management Committee (RMC)' on regular basis. These risk reports are prepared after receiving data/information from various units, which are then compiled/refined with taking care of its validation & accuracy through cross
- 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

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

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

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

The credit risk assessment process, policies and manuals are reviewed with regular intervals, where improvements are made in line with changes in business dynamics, policies, economics, technology and overall operational environment. Bank has developed a unique internal rating module named Credit Initiation & Internal Rating System (CIIRS) to assess borrower's health both on objective and subjective grounds before sanctioning any loan. This CIIRS score along with Bangladesh Bank prescribed Credit Risk Grading (CRG) score are evaluated for rating of a potential borrower before granting any loan approval. Moreover, in line with guidelines issued by Bangladesh Bank (BB) regarding Environmental and Social Risk Management (ESRM), bank has already incorporated the environmental risk rating checklist for each proposal in order to ensure compliance. In addition to BB ESRM guideline, an in-house comprehensive Environmental and Social Risk Management Guideline has also been formulated and environmental risk rating is also being conducted for each proposal in line with the guidelines. Appropriate terms, conditions and covenants are also made part of the sanction for better monitoring and to maintain a sound portfolio of the bank under sustainable financing objectives.

Bank's concerned officials always maintain close contact with the client, where visits are made with regular intervals and call reports in this regard are also kept in the credit files. CCCB members/chairman randomly visits client's factory & offices and enforce regular business with the client. An active recovery unit (RU) is already in place for regular monitoring of overdue loans, watch list, classified, write off, reschedule/ restructured accounts. RU of the bank constantly remains in touch with the Branch Managers and Relationship Managers for recovery from these accounts. An appropriate watch list parameters and early alarming system is also in place for better monitoring of the weak accounts. The bank also infuses appropriate strategy for weeding out problem accounts in order to keep itself intact with the sound portfolio.

A credit plan is formulated and finalized before starting of a new year and an appropriate targets are set in line with the bank's overall strategy, risk acceptance criteria, economic outlook of the country and policies of regulatory bodies. Subsequently, quarterly analysis against actual achievements viz-a-viz allocated targets is also carried out where appropriate strategy with remedial measures are also taken to improve the shortfalls.

3.25.2 Asset Liability Management

ALM is a comprehensive and dynamic framework for measuring, monitoring and managing the liquidity and interest rate risk of the bank. The responsibility of Asset Liability Management primarily lies with the Treasury Division of the bank as who coordinates balance sheet (asset liability) risk management. The Bank has an established Asset Liability Management Committee (ALCO) which meets at least once a month to discuss the overall status of the financial condition of the Bank. Asset Liability Management Policy of Bank Alfalah Limited aims to balance various important issues like profitability, risk, growth in asset & liability and stability as well as sustainability of earnings in a coherent manner by laying down a transparent framework for governance of the ALM function. Broadly, this policy aims to achieve the following objectives:

- Provide guidelines for appropriate diversification and selection of desirable investments to take advantage of arising opportunities in approved investment avenues;
- Provide parameters and criteria for investment in domestic market for the purpose of efficient utilization of resources, optimization of profit and regulatory compliance;
- Ensure that liquidity risk is effectively and proactively managed by the bank by maintaining desirable level of liquidity,
- Re-pricing of assets & liabilities with a view to profit maximization depending on market situation.
- Propel bank's strategic planning process for the benefit of the organization.
- Maintain different ratios and positions of balance sheet within regulatory and controllable limits.
- Control Liquidity Management by ensuring that the demand for funds is supported by cash and liquid assets in various alternative scenarios.
- Maximize net interest margins and manage Interest Rate risk.

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

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

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

3.25.4 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.

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

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

3.25.5 Money Laundering Risk

To implement Bangladesh Bank's 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 direct Supervision of the CAMLCO. Additionally, the AML/D is continuously taking necessary steps to make the bank compliant with Anti Money Laundering (AML) issues including the continued Combating of Terrorist Financing (CTF) as per the legislations, guidelines and that of the compliance of circulars relating the same.

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

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

- Arrangement of a number of training sessions in 2016 covering all employees, 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 CTF regulations on a continuous basis.

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 for AML and ICT during the year 2017.

3.25.6 Information and Communication Technology IT Security Cyber risks:

With the increasing number and frequency of sophisticated attacks on the banking sector in the region, the need to develop a comprehensive cyber security program outlined with the right levels of governance, risk and compliance standards is a top priority for all national and commercial banks. Of late, in Bangladesh, the financial services industry, which is a vital component of a nation's critical infrastructure, is under persistent threat. The emerging role of IT governance is to bridge the gap between control requirements, technical issues and business risks are targeted towards the banking community which makes it a priority for banks and financial institutions to optimize cyber resilience and enhance incident response preparedness to protect data and mitigate risks associated with money laundering and ATM frauds including other risk factors. Bank Alfalah is following the guideline set by the Bangladesh Bank and in consultation with the Information Technology Team in HO and with RMD is reviewing the risk area to mitigate the gaps. Already firewall, access control and continuous monitoring of system are in place.

Bank Alfalah Limited Bangladesh Branch Network –Operations

All seven branches of Bank Alfalah has its own banking applications system (iSmart) running in each branch in decentralized environment. All branches are interconnected via high speed VPN (Virtual Private Network) links to provide on-line banking services to its customers. Through the on-line banking customers can withdraw/deposit money from any branch also able to transfer funds to any other accounts. Though the Banking Application is decentralized but all other applications are based on centralized environment i.e. BACH, BEFTN, RTGS, ATM Switch other in-house MIS Applications.

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

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

CIB on-line Project: 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 ATM's across the country with the nominal transactions charges. In NPSB Network approximately 4000 ATMs are connected all over the Bangladesh.

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

Launch of Deposit products : Bank Alfalah has successfully launched number 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 ATM's customers. The Bank has launched its 24/7 state of art call centre services in Bangladesh. Bank Alfalah is the first Bank in Bangladesh to introduce on-line ATM PIN generation i.e. customer can generate the ATM PIN through the on-line Call Centre through their 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 registered customers on 24 hours basis. To register for SMS Alert one has to fill-up the registration form with valid Banks Account Number and Mobile Number.

E-statements: Bank 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 / workshops 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's bank's interest, process of disciplinary action is taken. Bank has defined process to timely process disciplinary action case by conducting domestic inquiries for any of the offences listed in the policy.

During the period no fraud was identified by the Bank.

3.26 Corporate Social Responsibility

Bank Alfalah over the years had engaged pro-actively on different CSR endeavours addressing the socio-economic development requirements of the country's struggling and financially disadvantaged segment of the society, 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 endeavours, Promotion of Culture & Heritage, support for Women Entrepreneurs, Promoting sports among young generation through sponsorship, patronizing career planning workshop for young graduates and Metropolis Beautification initiatives etc. These continuous efforts in CSR by the bank portray its positive image and core belief to inspire and empower people to do things differently and shape their own path in life and business

Bank Alfalah continued sponsoring their sole scholarship program in 2017, which started from 2010 in collaboration with SMDF which provides scholarship to 50 poor and needy students of urban slum and without which they were in high risk to drop out from school to contribute to their families' economic health. 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 also undertaken another project and provided sanitation facility in remote areas of Sunderban. In addition, Bank had also entered into a yearlong 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.

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 3.30)
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	BAS-20	Not Applicable
Government Assistance		
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 Alpha Credit Rating Limited based on the financial statements dated 31 December 2016.

Particulars	Date of Rating	Long term		
Entity Rating	20-Jun-17	AA-		

Alpha Credit Rating Limited has assigned AA- (Pronounced as "Double A minus") rating in the Long Term and "ST-2" rating in the Short Term to the Bank Alfalah Limited (Bangladesh Operations) based on audited financials for the year ended 31 December 2016 and other relevant quantitative as well as qualitative information.

The rating report has considered increasing asset base with improving asset quality, reasonable fund management, efficient capital and liquidity management and improving earnings and profitability. Commercial Banks rated AA- have very strong capacity to meet their financial commitments. AA- is judged to be of very high quality and is subject to very 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.

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 BFRSs, 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 BFRS 8.

3.31 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 responsibly to address the problem and thus adopted the practice of Green Banking under strong patronage of its regulatory body Bangladesh Bank.

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

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

- 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.

3.32 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.

(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 determine 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.

3.33 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. Tahir Khurshid	Secretary

3.34 Date of Authorization

The financial statements were authorized for issue by the senior management of the Bank, Bangladesh Operations on 27 February 2018.

3.35 Workers profit participation fund (WPPF)

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

3.36 General

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

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
4 Cash		
Cash in hand		
Local currency	169,487,173	153,728,501
Foreign currency	4,707,449	1,453,146
	<u>174,194,622</u>	<u>155,181,647</u>
Balance with Bangladesh Bank and its agent Bank		
Local currency	908,302,382	654,417,519
Foreign currency	416,491,957	513,078,803
	<u>1,324,794,339</u>	<u>1,167,496,322</u>
	<u>1,498,988,961</u>	<u>1,322,677,969</u>
4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) have been calculated and maintained in accordance with section 33 of the Bank Companies Act 1991, MPD Circular nos.4 & 5, dated 1 December 2010, MPD circular no. 2, dated- 10 December 2013 and MPD Circular no. 1, dated- 23 June 2014, DOS Circular no. 1, dated- 19 January 2014.		
The Cash Reserve Requirement on the Bank's time and demand liabilities fixed at the rate of 6.5% for both conventional and Islamic banking has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Requirement for conventional and 5.5% on Islamic banking on the same liabilities has also been maintained as per directives of Bangladesh bank. Both reserves maintained by the Bank are in excess of the statutory requirement.		
4.2 i) Cash Reserve Requirement (CRR) for Conventional Banking		
6.5% of average Demand and Time Liabilities		
Required reserve	542,246,736	453,373,174
Actual reserve held	722,168,669	459,789,079
Surplus	<u>179,921,933</u>	<u>6,415,905</u>
ii) Cash Reserve Requirement (CRR) for Islamic Banking		
6.5% of average Demand and Time Liabilities		
Required reserve	227,214,142	201,630,221
Actual reserve held	241,841,877	211,006,952
Surplus	<u>14,627,735</u>	<u>9,376,731</u>
4.3 i) Statutory Liquidity Requirement (SLR) for Conventional Banking		
13% of required Average Demand and Time Liabilities		
Required reserve	1,084,493,472	906,746,348
Actual reserve held	5,136,694,540	6,033,306,346
Surplus	<u>4,052,201,068</u>	<u>5,126,559,998</u>
Held for Statutory Liquidity Requirement		
Cash in hand	127,098,363	107,177,671
Excess of daily reserve	179,921,933	6,415,905
Un-encumbered securities(HTM)	4,811,237,130	5,792,922,778
Un-encumbered securities(HFT)	18,423,853	126,776,731
Balance with Sonali Bank Ltd	13,261	13,261
	<u>5,136,694,540</u>	<u>6,033,306,346</u>
ii) Statutory Liquidity Requirement (SLR) for Islamic Banking		
5.5% of required Average Demand and Time Liabilities		
Required reserve	192,258,120	170,610,187
Actual reserve held	192,258,120	170,610,187
Surplus	<u>-</u>	<u>-</u>
Held for Statutory Liquidity Requirement:		
Cash in hand	47,096,259	48,003,976
Excess of daily reserve	14,627,735	9,376,731
Foreign currency used in BDT	130,534,126	113,229,480
	<u>192,258,120</u>	<u>170,610,187</u>

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
5 Balance with other banks and financial institutions		
In Bangladesh (Note 5.1)	4,420,927,875	1,332,631,999
Outside Bangladesh (Note 5.2)	63,869,397	503,885,435
	<u>4,484,797,272</u>	<u>1,836,517,434</u>
5.1 Inside Bangladesh		
Current account		
Janata Bank Limited - Foreign Exchange Branch	4,075	5,549
Islami Bank Bangladesh Limited	26,096	27,108
Sonali Bank Limited	13,261	13,261
The Trust Bank Limited	9,032,969	27,280
Brac Bank Limited	-	-
Standard Chartered Bank	6,686,198	6,662,956
	<u>15,762,599</u>	<u>6,736,154</u>
Mudaraba saving deposit		
Dhaka Bank Limited	33,476	32,857
Prime Bank Limited	700,281,800	272,988
	<u>700,315,276</u>	<u>305,845</u>
Mudaraba Term deposit		
Social Islami Bank Limited	250,000,000	250,000,000
Export Import Bank of Bangladesh Ltd.	200,000,000	
Shahjalal Islami Bank Ltd.	290,000,000	
The City Bank Limited	-	100,000,000
	<u>740,000,000</u>	<u>350,000,000</u>
Term deposit		
Standard Bank Limited	220,000,000	-
National Bank of Pakistan	700,000,000	700,000,000
Mutual Trust Bank Limited	400,000,000	-
Jamuna Bank Limited	450,000,000	
Dhaka Bank Limited	440,000,000	
IFIC Bank Limited	300,000,000	
Brac Bank Limited	-	78,740,000
Commercial Bank of Ceylon, Dhaka	82,700,000	
NCC Bank Limited	165,400,000	
AB Bank Limited	206,750,000	196,850,000
	<u>2,964,850,000</u>	<u>975,590,000</u>
	<u>4,420,927,875</u>	<u>1,332,631,999</u>
5.2 Outside Bangladesh		
Current account		
Standard Chartered Bank, New York	51,089,061	93,469,969
Standard Chartered Bank, Kolkata	9,421,603	7,651,285
Bank Alfalah Limited, Karachi	749,871	713,965
National Bank of Pakistan, New York	201,625	3,701,697
Standard Chartered Bank, London	749,467	554,664
Standard Chartered Bank, Frankfurt	1,080,055	3,951,064
National Bank of Pakistan, Frankfurt	6,882	-
Standard Chartered Bank, Tokyo	570,833	142,791
	<u>63,869,397</u>	<u>110,185,435</u>
Details are shown in Annexure-C		
Term deposit		
Bank Alfalah Limited, Bahrain	-	393,700,000
	<u>63,869,397</u>	<u>503,885,435</u>

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
5.3 Maturity-wise groupings of balance with other banks and financial institutions		
On demand	859,758,717	859,758,717
Not more than 3 months	3,625,038,555	976,758,717
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	<u>4,484,797,272</u>	<u>1,836,517,434</u>
6 Money at call and on short notice	<u>-</u>	<u>-</u>
7 Investments		
Government securities		
Bangladesh Bank bills	889,417,033	99,967,486
Treasury bills HFT	-	98,779,405
Treasury bills HTM	1,102,918,150	1,508,356,561
Treasury bonds HFT	18,423,853	27,997,326
Treasury bonds HTM	2,818,901,947	4,184,598,731
Prize bonds	28,300	61,000
	<u>4,829,689,283</u>	<u>5,919,760,509</u>
Others (Note-7.1.3)	<u>-</u>	<u>400,000,000</u>
	<u>4,829,689,283</u>	<u>6,319,760,509</u>
7.1 Investments classified as per Bangladesh Bank Circular		
Held-for-trading (HFT) securities (Note-7.1.1)	18,452,153	126,837,731
Held-to-maturity (HTM) securities (Note-7.1.2)	4,811,237,130	5,792,922,778
Others (Note-7.1.3)	-	400,000,000
	<u>4,829,689,283</u>	<u>6,319,760,509</u>
7.1.1 Held-for-trading (HFT) securities		
Treasury bills	-	98,779,405
Treasury bonds	18,423,853	27,997,326
Prize bonds	28,300	61,000
	<u>18,452,153</u>	<u>126,837,731</u>
7.1.2 Held-to-maturity (HTM) securities		
Bangladesh Bank bill	889,417,033	99,967,486
Treasury bills	1,102,918,150	1,508,356,561
Treasury bonds	2,818,901,947	4,184,598,731
	<u>4,811,237,130</u>	<u>5,792,922,778</u>
Except one treasury bond amounting Taka 795,683,356 the above HTM securities are lien with Bangladesh Bank for capital purpose.		
7.1.3 Others		
Commercial Paper - KSRM-Steel Plant Ltd.	-	200,000,000
Commercial Paper - BSRM-Steel Ltd	-	200,000,000
	<u>-</u>	<u>400,000,000</u>
7.2 Maturity wise groupings of investment		
Repayable On demand	28,300	61,000
Not more than 3 months	2,359,735,595	2,071,033,380
More than 3 months but not more than 1 year	1,344,925,880	1,385,148,687
More than 1 year but not more than 5 years	15,460,157	1,737,114,283
More than 5 years	1,109,539,351	1,126,403,159
	<u>4,829,689,283</u>	<u>6,319,760,509</u>

	2017 Taka	2016 Taka
8 Loans and advances/investments		
Loans, cash credit, overdrafts etc./Investments (Note 8.1)	9,879,643,439	9,059,177,931
Bills purchased and discounted (Note 8.10)	189,120,584	215,589,959
	10,068,764,023	9,274,767,890
Also refer to notes 8.2 to 8.9 and 8.11 for further analysis, classification and provision for loans and advances/ investments, maturity wise grouping, etc.		
8.1 Loans, cash credit, overdrafts etc./Investments		
In Bangladesh		
Conventional Banking		
Current finance	3,041,582,617	2,817,147,841
Term finance	3,406,108,548	2,472,674,894
Finance Against Foreign Bill	6,574,485	12,985,841
Staff loan	72,608,898	61,292,077
Finance Against EDF	-	150,852,179
Loan against trust receipts	287,257,311	242,529,493
	6,814,131,859	5,757,482,325
Islamic Banking		
Morabaha (LPO)	2,859,560,095	3,027,144,856
Trust receipts	168,787,701	216,976,874
Finance Against Foreign Bill	32,109,868	52,519,960
Morabaha manual	5,053,916	5,053,916
Staff morabaha	-	-
	3,065,511,580	3,301,695,606
	9,879,643,439	9,059,177,931
Outside Bangladesh	-	-
	9,879,643,439	9,059,177,931
8.2 Maturity-wise grouping of loans and advances/investments		
Repayable On demand	4,517,806,196	2,119,819,648
Not more than 3 months	2,629,561,238	2,195,269,649
More than 3 months but not more than 1 year	1,905,549,844	3,502,558,945
More than 1 year but not more than 5 years	964,373,271	1,273,766,228
More Than 5 years	51,473,474	183,353,420
	10,068,764,023	9,274,767,890
8.3 Loans and advances on the basis of significant concentration		
Advances to Chief executive, other Senior executives and other Officers	72,608,898	61,292,077
Industrial loans and advances	9,996,155,125	9,213,475,813
	10,068,764,023	9,274,767,890
8.4 Loans and advances allowed to each customer exceeding-10% of Bank's total capital		
Total outstanding amount to such customers at end of the year (01 Customer)	702,843,750	704,064,583
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

	2017		2016	
	% of Total Loan	Taka	% of Total Loan	Taka
Agri Business	2.68%	269,845,557	2.64%	245,295,227
Automobile dealers	0.89%	89,335,216	0.32%	30,035,500
Cement	6.57%	661,717,179	5.72%	530,851,106
Chemicals	0.53%	53,025,375	1.50%	138,953,346
Financial Institutions & MFIs	15.23%	1,533,825,409	15.92%	1,476,914,284
Food & Personal Care Products	8.17%	822,700,676	8.22%	762,357,316
Glass & Ceramics	0.32%	31,841,196	0.33%	30,202,497
Leather & Tanneries	1.94%	195,504,010	2.17%	201,165,053
Manufacturing & sale of Domestic Appliances	6.95%	700,050,000	5.82%	539,383,887
Metal & Allied	16.15%	1,626,251,679	13.66%	1,267,038,162
Oil & Gas Marketing Companies	2.02%	203,580,000	0.00%	-
Others/Miscellaneous	4.79%	482,608,232	6.41%	594,309,732
Paper & Board	0.43%	42,873,846	0.33%	30,532,263
Pharmaceuticals	2.99%	300,625,603	2.73%	253,326,203
Power Generation & Distribution- Non GoP	2.99%	301,300,000	4.76%	441,915,833
Printing & Publishing	0.28%	28,572,093	0.71%	65,902,984
Real Estate/Construction	0.81%	81,616,546	0.33%	31,000,029
Refinery	0.28%	28,553,573	0.31%	28,553,573
Services	9.03%	908,778,679	4.09%	379,363,414
Textile Composite / Garments Manufacturing	3.73%	375,080,987	5.19%	481,691,378
Textile Spinning	3.22%	324,568,386	8.05%	746,472,109
Textile Weaving	0.17%	17,041,399	0.00%	-
Tobacco	0.40%	40,146,437	0.52%	48,347,323
Trading	3.65%	367,429,257	4.18%	387,548,281
Transport	0.35%	35,736,471	0.19%	17,545,924
Vanaspati & Allied Industries	5.42%	546,156,217	5.89%	546,062,467
	100.00%	10,068,764,023	100.00%	9,274,767,890

8.6 Geographical location-wise loans and advances/investments

	2017		2016	
	% of Total Loan	Taka	% of Total Loan	Taka
Dhaka Division	78.61%	7,914,611,584	82.75%	7,675,183,643
Chittagong Division	19.15%	1,928,148,928	14.77%	1,370,043,490
Sylhet Division	2.24%	226,003,511	2.47%	229,540,757
	100%	10,068,764,023	100%	9,274,767,890

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

	2017		2016	
	% of Total Loan	Taka	% of Total Loan	Taka
Status				
Unclassified:				
Standard including staff loan	97.47%	9,814,482,870	97.06%	9,001,626,996
Special Mention Account (SMA)	0.00%	-	0.04%	3,377,740
	97.47%	9,814,482,870	97.09%	9,005,004,736
Classified:				
Substandard	0.00%	-	0.00%	-
Doubtful	0.00%	-	0.00%	-
Bad or loss	2.53%	254,281,153	2.91%	269,763,154
	2.53%	254,281,153	2.91%	269,763,154
	100.00%	10,068,764,023	100.00%	9,274,767,890

8.8 Particulars of required provision for loans and advances/investments

	2017		2016	
	Base for Provision	Required Provision	Base for Provision	Required Provision
Unclassified				
All unclassified loans (other than SME loan , Agricultural loan and special mention account)	8,412,554,597	84,125,546	8,407,139,963	84,071,400
Agricultural finance	828,112,969	8,281,130	252,647,368	6,316,184
SME finance	573,815,304	1,434,538	341,839,665	854,599
Special Mention Account (SMA)	-	-	3,377,740	8,444
	9,814,482,870	93,841,214	9,005,004,736	91,250,627
Classified				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Bad or loss	254,281,153	138,119,100	140,609,296	140,609,296
	254,281,153	138,119,100	140,609,296	140,609,296
	10,068,764,023	231,960,314	9,145,614,033	231,859,924
Total provision maintained		299,993,040		271,977,923
Surplus provision		68,032,726		40,117,999

8.9 Particulars of loans and advances/investments

i) Loans considered good in respect of which the banking company is fully secured;	10,068,642,658	9,274,235,509
ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	121,365	532,381
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;	-	-
	10,068,764,023	9,274,767,890
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other person.	72,608,898	61,292,077
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;	72,608,898	61,292,077
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;	-	-
x) Amount of Classified loan/Investment on which Interest/Profit has not been charged:	254,281,153	269,763,154
(a) Movement of Classified loans and advances		
Opening balance	269,763,154	529,195,301
Increase/(decrease) during the year	(15,182,001)	(259,432,148)
Closing balance	254,581,153	269,763,154
(b) Provision kept against loan classified as bad/loss on the date of balance sheet	138,119,100	140,609,296
(c) Amount of interest/profit charged in suspense account	38,199,201	52,281,625
xi) Loans written off	54,116,932	54,116,932
- Current Year	-	18,409,000
- Cumulative to-date	54,116,932	54,116,932
- Amount of written off loans for which lawsuit was filed	54,116,932	54,116,932

	2017 <u>Taka</u>	2016 <u>Taka</u>
8.10 Bills purchased and discounted		
Bills purchased and discounted excluding treasury bills:		
Payable in Bangladesh	189,120,584	215,589,959
Payable outside Bangladesh	-	-
	<u>189,120,584</u>	<u>215,589,959</u>
8.11 Maturity grouping of bills discounted and purchased		
Payable within 1 month	62,230,401	102,074,793
Over 1 month but less than 3 months	91,904,046	102,768,801
Over 3 months but less than 6 months	34,986,137	10,746,365
6 months or more	-	-
	<u>189,120,584</u>	<u>215,589,959</u>
9 Fixed assets including premises, furniture and fixtures		
Cost:		
Furniture, fixture and fittings	46,744,122	46,460,672
Office equipments	55,870,789	54,822,641
Staff equipments	13,500	13,500
Computer and related equipments	121,277,866	116,080,980
Motor vehicles	32,702,690	32,702,690
Leasehold improvement	74,014,349	72,506,889
	<u>330,623,316</u>	<u>322,587,372</u>
Less: Accumulated depreciation		
Furniture, fixture and fittings	40,953,001	39,327,304
Office equipments	47,237,485	42,957,022
Staff equipments	13,500	13,500
Computer and related equipments	108,337,383	103,753,364
Motor vehicles	22,558,413	17,239,990
Leasehold improvement	68,344,733	64,473,888
	<u>287,444,515</u>	<u>267,765,068</u>
Written Down Value	<u>43,178,801</u>	<u>54,822,304</u>
Details are shown in Annexure - D.		

	2017 Taka	2016 Taka
10 Others Assets	939,648,652	845,324,002
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.	2,759,806	6,423,319
Advance rent and advertisement	105,714,212	65,745,075
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables (Note 10.2)	109,035,731	151,656,209
Security deposits	1,171,115	1,171,115
Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	12,611,582	5,516,414
Branch adjustment Account (Note 10.3)	-	-
Suspense account	-	-
Silver	-	-
Deferred Tax Assets (Note-13.6)	8,273,856	2,397,310
Others (Note 10.4)	700,082,350	612,414,560
	939,648,652	845,324,002
	939,648,652	845,324,002
10.2 Income/profit receivables		
On Treasury bill, bonds, preference shares, etc.	80,661,681	142,881,314
Deposit with financial institution	26,384,518	5,921,043
Mark up receivables on bill purchased and discounted	1,989,532	2,853,852
	109,035,731	151,656,209
10.3 Branch adjustment Account	(2,948,759)	(2,181,954)
All inter branch reconciliation have been made up to December 31, 2017. There were no significant un responded items outstanding for more than 3 months.		
10.4 Others		
Compensation receivable	-	-
Short term receivable - account maintenance fees	3,858,736	2,757,157
Intangible asset - Software (Note 10.4.1)	4,703,798	5,380,493
Advance income tax (Note 10.4.2)	690,787,841	563,973,139
Receivable from Head office (POS Fund)	-	32,378,994
Receivable from Bangladesh Bank	623,566	7,730,316
Miscellaneous	108,409	194,461
	700,082,350	612,414,560
10.4.1 Intangible asset - Software		
Cost		
Balance at 1 January	32,724,498	27,173,273
Acquisitions	1,127,700	5,551,225
Balance at 31 December	33,852,198	32,724,498

	2017 Taka	2016 Taka
Amortization and impairment losses		
Balance at 1 January	27,344,005	23,286,920
Amortization for the year	1,804,395	4,057,085
Balance at 31 December	29,148,400	27,344,005
Carrying amounts		
Balance at 31 December	4,703,798	5,380,493
10.4.2 Advance income tax		
Advance tax		
Balance as at 1 January	563,973,139	381,902,170
Add: Paid during the year	126,814,702	182,070,969
	690,787,841	563,973,139
Less: Adjustments made during the year	-	-
Balance as at 31 December	690,787,841	563,973,139
11 Borrowings from other banks, financial institutions and agents		
In Bangladesh (Note-11.1)	1,290,000,000	346,803,017
Outside Bangladesh	-	-
	1,290,000,000	346,803,017
11.1 In Bangladesh		
Call borrowing (Note-11.2)	1,290,000,000	-
Term borrowing (Note-11.3)	-	346,803,017
	1,290,000,000	346,803,017
11.2 Call borrowing		
Mutual Trust Bank Limited	300,000,000	-
IFIC Bank Limited	200,000,000	-
Commercial Bank of Ceylon, Dhaka	40,000,000	-
Sonali Bank Limited	750,000,000	-
	1,290,000,000	-
11.3 Term borrowing		
The City Bank Limited	-	196,850,000
Bangladesh Bank - EDF Financing	-	149,953,017
Eastern Bank Limited	-	-
	-	346,803,017
11.4 Secured and Unsecured Borrowings from other banks, financial institutions and agents		
Secured Borrowing	-	-
Unsecured Borrowing	1,290,000,000	346,803,017
	1,290,000,000	346,803,017
11.5 Maturity grouping of Borrowings from other banks, financial institutions and agents		
Repayable on demand	1,290,000,000	-
Repayable within 1 month	-	218,901,508
Over 1 month but within 6 months	-	127,901,509
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	-	-
	1,290,000,000	346,803,017

	2017	2016
	<u>Taka</u>	<u>Taka</u>
12 Deposits and Other Accounts		
Current/Al-wadeeah current accounts and other accounts	1,864,034,844	1,782,324,776
Bills payable	68,217,769	102,868,861
Savings bank/Mudaraba savings bank deposits	5,840,931,898	4,679,786,250
Fixed deposits/Mudaraba fixed deposits	5,659,683,390	5,917,948,730
	<u>13,432,867,901</u>	<u>12,482,928,617</u>
12.1 Current/Al-wadeeah current accounts and other accounts		
Current/Al-wadeeah current deposits	1,163,603,485	1,010,869,755
Alfalah Uduog Current Account	285,271,125	299,616,104
Foreign currency deposits	267,652,149	246,009,564
Sundry deposits (Note 12.5)	147,508,085	225,829,353
	<u>1,864,034,844</u>	<u>1,782,324,776</u>
12.2 Bills payable		
Payment order - Inside Bangladesh	62,438,348	75,632,707
Demand draft payable - Outside Bangladesh	5,662,966	26,911,717
Unclaimed DD/TT/PO - Inside Bangladesh	12,091	156,140
Unclaimed DD/TT/PO - Outside Bangladesh	104,364	168,297
	<u>68,217,769</u>	<u>102,868,861</u>
12.3 Savings bank/Mudaraba savings bank deposits		
Savings deposits	1,247,077,872	1,264,915,136
Mudaraba Royal Profit deposits	706,298,511	637,958,873
Alfalah Savings Plan (ASP)	135,838,207	109,946,432
Special Notice Deposits (SND)	992,505,565	1,147,271,206
Alfalah Salary Account (ASA)	33,465,484	25,142,919
Alfalah Rising Star (ARS)	9,708,307	5,736,185
Alfalah premium Plus (APP)	1,246,377,070	932,524,330
Monthly Premium Deposit	1,469,660,882	556,291,169
	<u>5,840,931,898</u>	<u>4,679,786,250</u>
12.4 Fixed deposits/Mudaraba fixed deposits		
Fixed Deposit (FDR)	3,894,541,707	3,830,561,829
Mudaraba Term Deposit (MTDR)	1,765,141,683	2,087,386,901
	<u>5,659,683,390</u>	<u>5,917,948,730</u>
12.5 Sundry deposits		
Margin Accounts - Local Currency	69,681,125	179,937,346
Margin Accounts - Foreign Currency	77,826,960	45,892,007
Others	-	-
	<u>147,508,085</u>	<u>225,829,353</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)	942,391,378	1,491,196,153
Other deposits	12,490,476,523	10,991,732,464
	<u>13,432,867,901</u>	<u>12,482,928,617</u>

	2017 <u>Taka</u>	2016 <u>Taka</u>
12.8.1 Inter-bank deposits		
Jamuna Bank Limited	27,220	28,520
Pubali Bank Limited	1,150,891	1,122,490
AB Bank Limited	2,612,685	252,298,075
Prime Bank Limited	774,941,943	100,039,011
Islami Bank Bangladesh Limited	29,785,889	422,994,814
Shahjalal Islami Bank Limited	3,091,039	111,172,534
Al-Arafah Islami Bank Limited	3,452,940	200,080,000
The City Bank Limited	2,100,996	1,452,293
Bank Asia Limited	2,035,057	102,008,416
Mutual Trust Bank Limited	-	300,000,000
Eastern Bank Limited	-	-
Bank Alfalah Ltd, Karachi	123,192,718	-
	942,391,378	1,491,196,153
12.9 Maturity grouping of deposits		
Repayable On demand	1,864,034,844	1,782,324,776
Repayable within 1 month	2,335,864,513	830,031,034
Over 1 month but within 6 months	3,619,815,488	5,192,797,190
Over 6 months but within 1 year	668,232,507	1,826,708,723
Over 1 year but within 5 years	4,944,920,549	2,851,066,894
Over 5 years but within 10 years	-	-
10 years or more	-	-
	13,432,867,901	12,482,928,617
13 Other liabilities		
Provision for loans and advances/investments (Note 13.1)	299,993,040	271,977,923
Provision for off-balance sheet exposures (Note 13.2)	40,129,872	33,863,528
Interest suspense account (Note 13.3)	38,199,202	52,281,625
Provision for taxation (13.4)	880,845,173	745,218,173
Accrued expenses	5,149,014	7,479,390
Interest payable on deposit & borrowings (Note 13.5)	69,843,772	63,118,581
Net of profit on Morabaha	107,319,880	136,728,082
Deferred tax liability (Note 13.6)	-	-
Accounts payable - (Locker Security Deposit)	526,000	450,000
Withholding tax on interest on deposits	4,801,723	4,641,302
Withholding tax	4,528,606	4,299,130
Withholding VAT	2,464,207	2,291,093
Provision for audit and consultancy fees	3,195,500	4,599,500
Provision for Salaries & leave fare allowance	6,243,565	1,184,433
Payable to Shamil Bank's Head Office	79,052,645	79,052,645
Excise duty	535,440	268,780
SLR Charges payable to Bangladesh Bank	308,007	154,458
Advance commission on Letter of Guarantee (L/G)	1,843,482	1,229,324
Charity fund account	523,259	2,242,002
Provision for Rebate on Good Borrowers	23,000,000	37,260,857
Provision against recievable from HO (POS Fund)	-	32,378,994
Branch adjustment Account (Note 10.3)	2,948,759	2,181,954
Miscellaneous	1,721,361	1,302,275
	1,573,172,507	1,484,204,049

	2017 <u>Taka</u>	2016 <u>Taka</u>
13.1 Provision for loans and advances/investments		
General Provision		
Balance as at 1 January	91,250,627	73,346,282
Add: Provision made during the year		
On general loans and advances/investments etc.	15,020,726	17,900,303
On Special Mention Account (SMA)	(8,444)	4,042
	15,012,282	17,904,345
Less: Provision no longer required	-	-
Balance as at 31 December	106,262,909	91,250,627
Specific Provision		
Provision held beginning of the year	180,727,296	364,868,141
Less: Fully provided debt written off	-	18,409,000
Add: Recoveries of amounts previously written off	-	0
Add: Specific provision for the year	21,220,795	88,129,970
Less: Recoveries and Provisions no longer required	8,217,960	253,861,815
Net Charge to Profit and Loss Account	13,002,835	(165,731,845)
Balance as at 31 December	193,730,131	180,727,296
Total provision on loans and advances/investments	299,993,040	271,977,923
13.2 Provision for off-balance sheet exposures		
Balance at the beginning of the year	33,863,528	30,611,980
Add: Provision made during the year	17,396,151	23,072,560
	51,259,679	53,684,540
Less: Adjustments made during the year	11,129,807	19,821,012
Balance at the end of the year	40,129,872	33,863,528
13.3 Interest suspense account		
Balance at the beginning of the year	52,281,625	81,477,423
Add: Amount transferred to Interest Suspense Account during the year	1,839,685	26,190,500
Less: Amount recovered in Interest Suspense Account during the year	15,922,108	42,590,143
Less: Amount written off during the year	-	12,796,155
Balance at the end of the year	38,199,202	52,281,625
13.3.1 Interest/profit suspense and compensation suspense		
Interest/profit suspense	38,199,202	52,281,625
Compensation suspense	-	-
	38,199,202	52,281,625
13.4 Provision for Taxation		
Balance as at January 01, 2017	745,218,173	513,577,173
Add: Provision made during the year (Note 34)	135,627,000	231,641,000
	880,845,173	745,218,173
Less: Adjustments made during the year	-	-
Balance as at December 31, 2017	880,845,173	745,218,173

Provision for current tax of Taka 135,627,000 has been made @ 42.5% of adjusted net profit for the year 2017 as prescribed by Finance Act 2017.

	2017 <u>Taka</u>	2016 <u>Taka</u>
13.5 Profit/interest payable on deposit		
Profit/interest payable on		
Special notice deposit	136	-
Borrowings from FI	573,333	581,566
	<u>573,469</u>	<u>581,566</u>
Interest payable on		
30 days term deposit	282,938	871,270
90 days term deposit	21,250,228	20,670,172
180 days term deposit	13,929,210	10,286,811
360 days term deposit	22,093,090	29,274,133
Broken Period term deposit	10,539,829	743,454
2 years term deposit	849,154	509,563
3 years term deposit	325,854	181,612
	<u>69,270,303</u>	<u>62,537,015</u>
	<u>69,843,772</u>	<u>63,118,581</u>

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:

	2017			2016		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Fixed assets	(8,273,856)	-	(8,273,856)	(2,397,310)	-	(2,397,310)
Unrealized gain on HTM Securities (Treasury Bill)	-	-	-	-	-	-
Unrealized gain on HTM Securities (Treasury Bond)	-	-	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bond)	-	-	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bill)	-	-	-	-	-	-
	<u>(8,273,856)</u>	<u>-</u>	<u>(8,273,856)</u>	<u>(2,397,310)</u>	<u>-</u>	<u>(2,397,310)</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
2017				
Fixed assets	(2,397,310)	(5,876,546)	-	(8,273,856)
Unrealized gain on HTM Securities (Treasury Bill)	-	-	-	-
Unrealized gain on HTM Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bill)	-	-	-	-
	<u>(2,397,310)</u>	<u>(5,876,546)</u>	<u>-</u>	<u>(8,273,856)</u>
2016				
Fixed assets	(3,238,764)	841,454	-	(2,397,310)
Unrealized gain on HTM Securities (Treasury Bill)	-	-	-	-
Unrealized gain on HTM Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bond)	-	-	-	-
Unrealized gain on HFT Securities (Treasury Bill)	-	-	-	-
	<u>(3,238,764)</u>	<u>841,454</u>	<u>-</u>	<u>(2,397,310)</u>

14 Head Office Fund

Fund received from Head Office and kept with the Bangladesh Bank

2017

Taka

2016

Taka

4,440,842,391

4,423,989,531

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	4,440,842,391	4,423,989,531
Accumulated Profit (Loss)	1,108,655,530	872,122,051
Less: Regulatory Adjustment (Deferred Tax Asset)	8,273,856	2,397,310
Less: Goodwill and All other Intangible Assets	4,703,798	5,380,493
	5,536,520,267	5,288,333,779

Additional Tier 1 Capital:

A) Total Tier 1 Capital 5,536,520,267 5,288,333,779

Tier 2 Capital:

General Provision	146,392,781	125,114,155
Revaluation reserve of Government securities (with 20% phase-in deductions)	14,030,308	21,045,462

160,423,089

146,159,617

B) Total capital

5,696,943,356

5,434,493,396

C) Risk weighted assets (RWA)

Credit Risk

On-Balance Sheet	7,311,636,991	6,706,679,890
Off-Balance Sheet	826,266,728	1,038,873,621

8,137,903,719

7,745,553,511

Market Risk

123,612,903

329,493,893

Operational Risk

1,549,321,993

1,552,306,925

Total RWA

9,810,838,615

9,627,354,329

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

441,487,738

433,230,945

E) Required Capital Conservation Buffer (1.25% of the total RWA)

122,635,483

-

F) Required Minimum Common Equity Tier-1 Capital Ratio plus Capital
Conservation Buffer (5.75% of total RWA)

564,123,220

493,401,909

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

588,650,317

529,504,488

H) Required total capital (10% of RWA)

981,083,862

962,735,433

I)

1,103,719,344

1,022,906,397

Required total capital plus Capital Conservation Buffer (11.25% of RWA)

4,000,000,000

4,000,000,000

J) Minimum capital requirement

4,000,000,000

4,000,000,000

Required capital (higher of I & J)

1,696,943,356

1,434,493,396

Surplus (B-J)

Capital to Risk-Weighted Assets Ratio:

On Common Equity Tier 1 Capital against standard of minimum 4.5%	56.43%	54.93%
On Tier 1 Capital - against standard of minimum 5.5%	56.43%	54.93%
On Tier 2 Capital	1.64%	1.52%
On total capital - against standard of minimum 10%	58.07%	56.45%

			2017	2016	
			Taka	Taka	
15	Other reserve				
	Other reserve arises from the revaluation of Treasury bills and bonds (HFT & HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010. The tax effects on revaluation gain are measured and recognized in the financial statements as per 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
2017					
Treasury bills - HTM	32,567,626	(21,469,395)	11,098,231	-	11,098,231
Treasury bonds - HTM	-	-	-	-	-
Treasury bonds - HFT	9,730,993	(1,300,561)	8,430,432	-	8,430,432
Treasury bill - HFT	1,524,224	(1,524,224)	-	-	-
	<u>43,822,843</u>	<u>(24,294,180)</u>	<u>19,528,663</u>	<u>-</u>	<u>19,528,663</u>
2016					
Treasury bills - HTM	-	32,567,626	32,567,626	-	32,567,626
Treasury bonds - HTM	-	-	-	-	-
Treasury bonds - HFT	258,036,936	(248,305,943)	9,730,993	-	9,730,993
Treasury bill - HFT	-	1,524,224	1,524,224	-	1,524,224
	<u>258,036,936</u>	<u>(214,214,093)</u>	<u>43,822,843</u>	<u>-</u>	<u>43,822,843</u>
16	Surplus in Profit and Loss Account				
	Balance as at January 01		872,122,051		503,765,211
	Profit Transfer to Head Office		(87,545,348)		(78,030,000)
	Adjustment of Receivable from H.O.		32,378,994		-
	Prior Year adjustment		(1,461,441)		-
	Net/(loss)profit for the year		293,161,274		446,386,840
	Balance as at December 31		<u>1,108,655,530</u>		<u>872,122,051</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		344,947,350		502,007,763
	Banks and other financial institutions		-		-
	Others		-		-
			<u>344,947,350</u>		<u>502,007,763</u>
18	Irrevocable letters of credit				
	Usance		908,338,607		613,514,885
	Sight		778,266,857		341,835,338
			<u>1,686,605,464</u>		<u>955,350,223</u>
19	Income statement				
	Income				
	Interest, discount and similar income		1,279,238,781		1,413,358,499
	Fee, commission and brokerage		24,507,225		27,900,668
	Gains less Losses arising from dealing securities		-		-
	Gains less Losses arising from investment securities		1,906,391		2,879,309
	Gains less Losses arising from dealing in foreign currencies		102,020,921		69,610,302
	Income from non-banking assets		-		-
	Other operating income		31,619,130		31,932,748
	Profit less Losses on interest rate changes		-		-
			<u>1,439,292,448</u>		<u>1,545,681,526</u>
	Expenses				
	Interest, fee and commission		464,480,107		449,179,374
	Losses on loans and advances		-		-
	Administrative expenses		451,965,726		438,897,511
	Other operating expenses		50,594,148		51,887,834
	Depreciation on banking assets		22,229,330		20,623,673
			<u>989,269,311</u>		<u>960,588,392</u>
	Income over expenditure		<u>450,023,137</u>		<u>585,093,134</u>

	2017 <u>Taka</u>	2016 <u>Taka</u>
20 Interest income/profit on investments		
Interest on loans and advances		
Current finance	225,643,563	222,413,630
Term finance	214,185,453	142,431,894
Trust receipt	14,998,221	11,857,677
House loan - Staff	2,321,872	1,288,941
Personal loan - Staff	786,335	413,703
Self liquidating car loan- Staff	797,548	382,460
Finance against EDF	3,656,775	1,780,342
Finance against Foreign Bill (FAFB)	421,158	-
Foreign Bill Discount	563,928	12,094,416
Local bill discounted	545,300	792,870
	463,920,153	393,455,933
Share of profit from financing and discounting		
Murabaha-Staff	-	555,108
Morabaha Financing - LPO	207,845,301	165,599,226
Profit on bill discounted	10,614,922	5,283,682
Morabaha income PAD	-	-
Morabaha income trust receipt	13,484,704	7,950,156
	231,944,927	179,388,172
Interest on Placements with Banks		
Interest from call money	106,382,199	92,206,256
Interest from deposits with banks	40,145,425	22,808,855
	146,527,624	115,015,111
	842,392,704	687,859,216
21 Interest paid/profit shared on deposits and borrowings etc.		
Interest on deposits		
Savings account	81,279,151	63,668,990
Royal profit deposit	23,634,432	14,464,455
Special notice deposit	1,220,093	247,075
Term deposit	201,430,489	202,246,792
	307,564,165	280,627,312
Profit shared on Modaraba Deposit		
Modaraba Savings Deposit	7,624,423	3,841,035
Modaraba royal profit deposit	22,975,038	19,621,665
Special notice deposit	22,811,423	28,000,237
Modaraba term deposit	91,892,418	101,919,006
	145,303,302	153,381,943
Interest on borrowings		
Interest paid on borrowings	11,612,640	9,329,749
Interest paid on Repo	-	5,840,370
	11,612,640	15,170,119
	464,480,107	449,179,374
22 Investment income		
Mark-up on Bangladesh Bank Bill	27,837,880	3,522,110
Capital gain on sale of shares	-	-
Discount on treasury bill	53,622,807	12,363,149
Mark-up on treasury bonds	379,942,565	582,227,998
Mark-up on Commercial Paper	5,875,000	20,566,666
Trading gain on treasury bills	1,906,391	2,879,309
Trading gain on Bangladesh Govt. Treasury Bonds	-	-
Loss on revaluation of BGB HFT securities	(1,759,781)	(120,249,387)
Profit/(Loss) on revaluation of T-bill HFT	(649,924)	(838,428)
Capital gain on treasury bills and Bangladesh Govt. Treasury Bonds	3,835,261	275,319,943
Interest and Amortization on Securities	(31,857,731)	(47,412,768)
	438,752,468	728,378,592
23 Commission, exchange and brokerage		
Brokerage	-	-
Fees, commission etc.	24,507,225	27,900,668
Exchange earnings	102,020,921	69,610,302
	126,528,146	97,510,970

	2017 <u>Taka</u>	2016 <u>Taka</u>
24 Other operating income		
Service charges recovered	7,061,244	5,941,479
Locker rent	1,964,965	1,709,597
Document charges	12,408	6,828
Cheque return charges	401,356	268,414
Gain on disposal of fixed assets	74,412	1,869,158
Credit/debit card fees	647,328	981,846
Charges on documentary credit	72,875	30,000
Courier charges recovered	1,791,268	1,665,735
Cheque book charges recovered	702,594	685,993
Other income	18,890,680	18,773,698
	<u>31,619,130</u>	<u>31,932,748</u>
25 Salaries and allowances		
Basic salary	103,318,600	96,604,347
Housing allowance	41,014,280	38,641,792
Conveyance allowance	9,464,236	8,890,602
Leave fare allowance	12,907,069	11,914,885
Other allowances	10,069,657	10,331,435
Car allowance - Self liquidating car loan	10,174,488	7,668,826
Festival bonus	23,418,842	22,424,011
Performance bonus	8,130,657	8,817,326
The Bank's contribution to provident fund	9,182,114	8,564,214
Gratuity	7,740,183	10,480,603
Business Development Officer salary	5,766,440	4,733,745
Group insurance	2,323,267	2,255,233
	<u>243,509,833</u>	<u>231,327,019</u>
26 Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	111,141,824	101,684,976
Insurance	10,004,856	9,990,820
Cleaning and maintenance	15,585,278	17,286,635
Electricity and lighting	11,663,736	12,372,113
	<u>148,395,694</u>	<u>141,334,544</u>
27 Legal expenses		
Legal fees and charges	333,076	427,699
Consultancy fees	3,017,250	6,822,917
	<u>3,350,326</u>	<u>7,250,616</u>
28 Postage, stamp, telecommunication etc.		
Postage and couriers	2,848,137	2,656,627
Electronic mail and on-line connectivity	5,834,376	5,720,252
Telegram, fax, telex, SWIFT and internet charge	1,001,274	1,349,952
Telephone charges	1,394,421	1,879,461
	<u>11,078,208</u>	<u>11,606,292</u>
29 Stationery, printing, advertisements etc.		
Table stationery	1,521,607	1,263,826
Books and periodicals	61,315	60,966
Printing stationery	6,154,721	3,583,504
Computer stationery	543,228	619,268
Donation for CSR	500,000	-
Publicity and advertisement	2,576,192	3,721,597
	<u>11,357,063</u>	<u>9,249,161</u>
30 Country Head's salary and allowances		
Basic salary	10,624,200	10,624,200
Other Benefits & Allowances	11,228,570	11,728,570
	<u>21,852,770</u>	<u>22,352,770</u>

	2017 <u>Taka</u>	2016 <u>Taka</u>
31 Depreciation and repair of Bank's assets		
Depreciation of Bank's Assets		
Furniture, fixture and fittings	1,625,697	2,456,045
Office equipments	4,496,015	4,717,928
Computer and related equipments	6,918,350	6,510,736
Motor vehicles	5,318,423	3,025,104
Leasehold improvement	3,870,845	3,913,860
	<u>22,229,330</u>	<u>20,623,673</u>
Repair to Bank's Assets		
Furniture, fixture and fittings	111,175	99,570
Rented premises	184,906	767,786
Office equipments	3,385,621	3,396,505
Computer maintenance	6,898,332	9,740,874
Motor vehicles	1,159,298	1,055,374
	<u>11,739,332</u>	<u>15,060,109</u>
	<u>33,968,662</u>	<u>35,683,782</u>
32 Other expenses		
Bank charges, brokerage and commission	1,465,988	3,186,894
Charges for Cheque and Documents Archiving	1,957,481	700,625
Membership fees	1,768,980	1,161,025
Entertainment	3,402,358	3,394,421
Security	11,363,176	11,265,490
Traveling and conveyance	3,657,840	3,938,544
Car fuel expenses	6,327,051	5,959,179
Card centre charges	1,816,472	1,680,729
Amortization of software	1,804,395	4,057,085
Training	1,743,857	1,742,326
Rent-residence	6,405,448	6,029,539
Medical expenses	7,632,408	7,682,960
Other Expenses	1,248,694	1,089,017
	<u>50,594,148</u>	<u>51,887,834</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.	15,020,726	17,900,303
On Special Mention Account (SMA)	(8,444)	4,042
	<u>15,012,282</u>	<u>17,904,345</u>
Less: Provision no longer required	-	-
	<u>15,012,282</u>	<u>17,904,345</u>
Specific Provision		
Specific provision made during the year	21,220,795	88,129,970
Recoveries and Provisions no longer required	8,217,960	253,861,815
	<u>13,002,835</u>	<u>(165,731,845)</u>
Total Provision on loans and advances/investments	<u>28,015,117</u>	<u>(147,827,500)</u>
34 Other provisions		
Provision for Rebate of Good Borrowers	(7,245,052)	20,000,000
Provision for Receivable from H.O. (POS Fund)	-	30,799,792
	<u>(7,245,052)</u>	<u>50,799,792</u>
35 Tax expenses (credit)		
Current tax expenses	135,702,000	231,641,000
Deferred tax (credit)	(5,876,546)	841,454
	<u>129,825,454</u>	<u>232,482,454</u>
36 Interest receipts		
Interest/profit receivable as at 1 January	151,656,209	142,336,361
Interest/profit accrued during the year:	842,392,704	687,859,216
Interest on loans and advances	463,920,153	393,455,933
Share of profit from financing and discount	231,944,927	179,388,172
Interest on placements with banks	146,527,624	115,015,111
Interest/profit receivable as at 31 December	(109,035,731)	(151,656,209)
	<u>885,013,182</u>	<u>678,539,368</u>

	2017 <u>Taka</u>	2016 <u>Taka</u>
31 Depreciation and repair of Bank's assets		
Depreciation of Bank's Assets		
Furniture, fixture and fittings	1,625,697	2,456,045
Office equipments	4,496,015	4,717,928
Computer and related equipments	6,918,350	6,510,736
Motor vehicles	5,318,423	3,025,104
Leasehold improvement	3,870,845	3,913,860
	<u>22,229,330</u>	<u>20,623,673</u>
Repair to Bank's Assets		
Furniture, fixture and fittings	111,175	99,570
Rented premises	184,906	767,786
Office equipments	3,385,621	3,396,505
Computer maintenance	6,898,332	9,740,874
Motor vehicles	1,159,298	1,055,374
	<u>11,739,332</u>	<u>15,060,109</u>
	<u>33,968,662</u>	<u>35,683,782</u>
32 Other expenses		
Bank charges, brokerage and commission	1,465,988	3,186,894
Charges for Cheque and Documents Archiving	1,957,481	700,625
Membership fees	1,768,980	1,161,025
Entertainment	3,402,358	3,394,421
Security	11,363,176	11,265,490
Traveling and conveyance	3,657,840	3,938,544
Car fuel expenses	6,327,051	5,959,179
Card centre charges	1,816,472	1,680,729
Amortization of software	1,804,395	4,057,085
Training	1,743,857	1,742,326
Rent-residence	6,405,448	6,029,539
Medical expenses	7,632,408	7,682,960
Other Expenses	1,248,694	1,089,017
	<u>50,594,148</u>	<u>51,887,834</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.	15,020,726	17,900,303
On Special Mention Account (SMA)	(8,444)	4,042
	<u>15,012,282</u>	<u>17,904,345</u>
Less: Provision no longer required	<u>15,012,282</u>	<u>17,904,345</u>
Specific Provision		
Specific provision made during the year	21,220,795	88,129,970
Recoveries and Provisions no longer required	8,217,960	253,861,815
	<u>13,002,835</u>	<u>(165,731,845)</u>
Total Provision on loans and advances/investments	<u>28,015,117</u>	<u>(147,827,500)</u>
34 Other provisions		
Provision for Rebate of Good Borrowers	(7,245,052)	20,000,000
Provision for Receivable from H.O. (POS Fund)	-	30,799,792
	<u>(7,245,052)</u>	<u>50,799,792</u>
35 Tax expenses (credit)		
Current tax expenses	135,702,000	231,641,000
Deferred tax (credit)	(5,876,546)	841,454
	<u>129,825,454</u>	<u>232,482,454</u>
36 Interest receipts		
Interest/profit receivable as at 1 January	151,656,209	142,336,361
Interest/profit accrued during the year:	842,392,704	687,859,216
Interest on loans and advances	463,920,153	393,455,933
Share of profit from financing and discount	231,944,927	179,388,172
Interest on placements with banks	146,527,624	115,015,111
Interest/profit receivable as at 31 December	(109,035,731)	(151,656,209)
	<u>885,013,182</u>	<u>678,539,368</u>

	2017 Taka	2016 Taka
37 Interest payments		
Interest/profit payable as at 1 January	63,118,581	100,594,625
Interest/profit charged during the year	464,480,107	449,179,374
Interest on deposit	307,564,165	280,627,312
Profit shared on Modaraba Deposits	145,303,302	153,381,943
Interest on borrowings	11,612,640	15,170,119
Interest/profit payable as at 31 December	(69,843,772)	(63,118,581)
	457,754,916	486,655,418
38 Fees and commission receipts	24,507,225	27,900,668
39 Payment to employees		
Country Head's salaries and allowances	21,852,770	22,352,770
Salaries and allowances	243,509,833	231,327,019
Gratuity:		
Country Head	(885,350)	(885,350)
Employees	(7,740,183)	(10,480,603)
	256,737,070	242,313,836
40 Payments to suppliers		
Balance as at 1 January		
Accrued expenses	7,479,390	3,716,896
Accounts payable - others	450,000	364,000
Provision for audit and consultancy fees	4,599,500	1,225,650
	12,528,890	5,306,546
Charged during the year		
Stationery, printing, advertisements etc.	11,357,063	9,249,161
Rent, taxes, insurance, electricity etc.	148,395,694	141,334,544
Postage, stamp, telecommunication etc.	11,078,208	11,606,292
Legal expenses	3,350,326	7,250,616
Auditors' fees	682,500	717,000
	174,863,791	170,157,613
Balance as at 31 December		
Accrued expenses	(5,149,014)	(7,479,390)
Accounts payable - others	(526,000)	(450,000)
Provision for audit and consultancy fees	(3,195,500)	(4,599,500)
	(8,870,514)	(12,528,890)
	178,522,167	162,935,269
41 Income tax paid	126,814,702	182,070,969
42 Receipts from other operating activities		
Other operating income	31,619,130	31,932,748
Exchange earnings	102,020,921	69,610,302
Investment income	438,752,468	728,378,592
Gain on disposal of fixed assets	(74,412)	(1,869,158)
Gain on sale of securities/shares	(1,906,391)	(2,879,309)
	570,411,716	825,173,175
43 Payments for other operating activities		
Repairs of Bank's assets	11,739,332	15,060,109
Other expenses	50,594,148	51,887,834
Gratuity:		
Country Head	885,350	885,350
Employees	7,740,183	10,480,603
Adjustment for amortization of software	(1,804,395)	(4,057,085)
	69,154,618	74,256,811
44 Movement of loans and advances/investments to customers		
Balance as at 31 December	10,068,764,023	9,274,767,890
Balance as at 1 January	(9,274,767,890)	(7,758,425,232)
	793,996,133	1,516,342,658

	2017 <u>Taka</u>	2016 <u>Taka</u>
45 Movement of other assets		
(Increase)/decrease in other assets which are not considered elsewhere		
- Stationery, stamps, printing materials, etc.	3,663,513	(1,218,041)
- Advance rent and advertisement	(39,969,137)	17,378,314
- Security deposits		
- Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	(7,095,168)	2,628,487
- Branch adjustment	-	(785,455)
- Others	(88,134,689)	(148,962,582)
Adjustments for-		
- Deferred tax assets	(5,876,546)	841,454
- Advance income tax - net of provision for tax		
- Intangible asset (Computer Software)	42,620,478	88,118,442
	<u>(94,791,549)</u>	<u>(41,999,381)</u>
46 Movement of deposits and other accounts from banks		
Balance as at 31 December	942,391,378	1,491,196,153
Balance as at 1 January	(1,491,196,153)	(1,244,392,909)
	<u>(548,804,775)</u>	<u>246,803,244</u>
47 Movement of deposits and other accounts from customers		
Balance as at 31 December	12,490,476,523	10,991,732,464
Balance as at 1 January	(10,991,732,464)	(10,190,019,090)
Increase/(Decrease)	<u>1,498,744,059</u>	<u>801,713,374</u>
48 Movement of other liabilities		
Increase/(decrease) in other liabilities which are not considered elsewhere		
- Interest suspense account	(14,082,423)	(29,195,798)
- Deferred tax liability (Note 13.6)	-	-
- Withholding tax on interest on deposits	160,421	(2,076,381)
- Withholding tax	229,476	332,684
- Withholding VAT	173,114	102,078
- Provision for leave fare allowance	5,059,132	(1,734,309)
- Provision for audit and consultancy fees	(1,404,000)	3,373,850
- Excise duty	266,660	(18,964)
- SLR Charges payable to Bangladesh Bank	153,549	71,086
- Advance commission on Letter of Guarantee (L/G)	614,158	(49,810)
- Charity Fund Account	(1,718,743)	(2,341,827)
- Net of profit on Morabaha	(29,408,202)	97,438,290
- Branch adjustment	766,805	-
- Miscellaneous	26,223,301	(145,803,515)
	<u>(12,966,752)</u>	<u>(79,902,616)</u>
49 Proceeds from sale/redemption of securities		
Proceeds from sale of securities	-	-
Commercial Paper - KSRM-Steel Plant Ltd.	400,000,000	(200,000,000)
	<u>400,000,000</u> #	<u>(200,000,000)</u>
50 Payment for purchase of securities		
Held-for-trading securities (Treasury Bond)	9,573,473	2,385,890,555
Held-to-maturity securities (Treasury Bond)	1,365,696,784	156,367,833
	<u>1,375,270,257</u>	<u>2,542,258,388</u>
51 Sale of fixed assets		
Sale of fixed assets	2,564,831	2,089,955
	<u>2,564,831</u>	<u>2,089,955</u>

	2017 <u>Taka</u>	2016 <u>Taka</u>
52 General		
52.1 Related parties		
Transactions with key management personnel		
Key management personnel have transacted with the Bank during the year as follows:		
House finance	45,879,671	36,851,697
Car finance	18,817,620	18,568,758
	<u>64,697,291</u>	<u>55,420,455</u>
Key management personnel compensation for the year comprised:		
Short-term employee benefits	180,276,923	171,412,092
Provident fund	7,677,555	7,123,536
Gratuity	6,102,040	5,809,503
	<u>194,056,518</u>	<u>184,345,131</u>

Other related party transactions

There were no transactions with related party during the reporting period.

52.2 Number of employees

The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of Taka 36,000 or above were 199 (2016:181).

52.3 Highlights on the overall activities

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

52.4 Employee related fraud

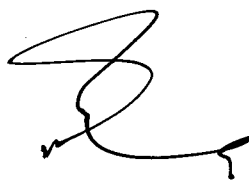
There was no fraud occurred/reported to Bangladesh Bank during the year 2017.

52.5 Events after the reporting period

None.



Abu Noyem Md. Khasru
Head of Finance & Admin.



Muhammad Ehsan Ul Haq Qureshi
Country Operations Head



S.A.A. Masrur
Country Head

Annexure-A

Bank Alfalah Limited
Bangladesh Operations
Highlights on the overall activities
as at and for the year ended December 31, 2017

Sl. No.	Particulars		2017	2016
1	Paid-up capital	Taka	4,440,842,391	4,423,989,531
2	Total capital	Taka	5,696,943,356	5,434,493,396
3	Capital surplus	Taka	1,696,943,356	1,434,493,396
4	Total assets	Taka	21,865,066,992	19,653,870,108
5	Total deposits	Taka	13,432,867,901	12,482,928,617
6	Total loans and advances/investments	Taka	10,068,764,023	9,274,767,890
7	Total contingent liabilities and commitments	Taka	4,012,987,183	3,386,352,774
8	Credit/investment deposit ratio		79.32%	73.78%
9	Percentage of classified loans/investments against total loans and advances/investments		2.53%	2.91%
10	Operating Profit/Profit before provision	Taka	450,023,137	585,093,134
11	(Loss)/profit after tax and provision	Taka	293,161,274	446,386,840
12	Amount of classified loans/investments	Taka	254,281,153	269,763,154
13	Provisions kept against classified loans/investments	Taka	193,730,131	180,727,296
14	Provision surplus/(deficit) against classified loans/investments	Taka	-	-
15	Cost of fund		3.59%	3.85%
16	Interest earning assets	Taka	19,545,133,082	17,674,300,482
17	Non-interest earning assets	Taka	2,319,933,910	1,979,569,626
18	Return on investment (ROI)		8.34%	10.84%
19	Return on assets (ROA) [PAT/ Average assets]		1.34%	2.29%
20	Income from investment	Taka	438,752,468	728,378,592
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

Bank Alfalah Limited
Bangladesh Operations
Liquidity Statement
(Analysis of maturity of assets and liabilities)
as at December 31, 2017

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Assets						
Cash	1,147,036,570	-	-	-	351,952,391	1,498,988,961
Balance with other banks and financial institutions	859,758,717	3,625,038,555	-	-	-	4,484,797,272
Money at call and on short notice	-	-	-	-	-	-
Investments	1,014,234,749	1,345,529,146	1,344,925,880	15,460,157	1,109,539,351	4,829,689,283
Loans and advances / investments	4,517,806,196	2,629,561,238	1,905,549,844	964,373,271	51,473,474.00	10,068,764,023
Fixed assets including premises, furniture and fixtures	-	-	-	37,387,680	5,791,121	43,178,801
Other assets	30,243,254	12,611,582	201,302,177	695,491,639	-	939,648,652
Non banking assets	-	-	-	-	-	-
Total assets	7,569,079,486	7,612,740,521	3,451,777,901	1,712,712,747	1,518,756,337	21,865,066,992
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,290,000,000	-	-	-	-	1,290,000,000
Deposits	4,199,899,357	3,982,264,800	305,783,195	4,944,920,549	-	13,432,867,901
Provision and other liabilities	11,794,536	110,642,039	993,361,173	457,374,759	-	1,573,172,507
Total liabilities	5,501,693,893	4,092,906,839	1,299,144,368	5,402,295,308	-	16,296,040,408
Net liquidity gap	2,067,385,593	3,519,833,682	2,152,633,533	(3,689,582,561)	1,518,756,337	5,569,026,584

Annexure-C

**Bank Alfalah Limited
Bangladesh Operations
Balance with other banks - Outside Bangladesh (Nostro Accounts)
as at December 31, 2017**

Name of the Bank	Currency Type	2017			2016		
		FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank, New York	USD	617,763.74	82.70	51,089,061	1,187,070.98	78.74	93,469,969
Standard Chartered Bank, Kolkata	ACUD	113,925.07	82.70	9,421,603	97,171.52	78.74	7,651,285
Bank Alfalah Limited, Karachi	ACUD	9,067.37	82.70	749,871	9,067.37	78.74	713,965
National Bank of Pakistan, New York	USD	2,438.03	82.70	201,625	47,011.65	78.74	3,701,697
Standard Chartered Bank, London	GBP	6,764.75	110.79	749,467	5,761.55	96.27	554,664
Standard Chartered Bank, Frankfurt	EURO	10,986.22	98.31	1,080,055	48,195.46	81.98	3,951,064
National Bank of Pakistan, Frankfurt	EURO	70.00	98.31	6,882	-	81.98	-
Standard Chartered Bank, Tokyo	JPY	781,963.00	0.73	570,833	213,121.00	0.67	142,791
				63,869,397			110,185,435

Annexure-D

Bank Alfalah Limited
Bangladesh Operations
Schedule of fixed assets including premises, furniture and fixtures
as at December 31, 2017

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as at December 31, 2017
	Balance as at January 01, 2017	Additions during the year	Disposal during the year	Balance as at December 31, 2017		Balance as at January 01, 2017	Charged during the year	Adjustment for the disposal during the year	Balance as at December 31, 2017	
Furniture, fixture and fittings	46,460,672	283,450		46,744,122	10	39,327,304	1,625,697		40,953,001	5,791,121
Office equipments	54,822,641	1,278,648	(230,500)	55,870,789	20	42,957,022	4,496,015	(215,552)	47,237,485	8,633,304
Staff equipments	13,500	-		13,500	20	13,500	-		13,500	-
Computer and related equipments	116,080,980	7,531,217	(2,334,331)	121,277,866	25	103,753,364	6,918,350	(2,334,331)	108,337,383	12,940,483
Motor vehicles	32,702,690	-		32,702,690	25	17,239,990	5,318,423		22,558,413	10,144,277
Leasehold improvement	72,506,889	1,507,460		74,014,349	20	64,473,888	3,870,845		68,344,733	5,669,616
	322,587,372	10,600,775	(2,564,831)	330,623,316		267,765,068	22,229,330	(2,549,883)	287,444,515	43,178,801

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as at December 31, 2016
	Balance as at January 01, 2016	Additions during the year	Disposal during the year	Balance as at December 31, 2016		Balance as at January 01, 2016	Charged during the year	Adjustment for the disposal during the year	Balance as at December 31, 2016	
Furniture, fixture and fittings	45,079,243	611,429		45,690,672	10	36,101,259	2,456,045		38,557,304	7,133,368
Office equipments	53,678,245	4,486,910	(3,342,514)	54,822,641	20	41,506,694	4,717,928	(3,267,600)	42,957,022	11,865,619
Staff equipments	13,500	-		13,500	20	13,500	-		13,500	-
Computer and related equipmen	112,890,290	5,135,080	(1,944,390)	116,080,980	25	99,187,018	6,510,736	(1,944,390)	103,753,364	12,327,616
Motor vehicles	24,327,190	11,607,000	(3,231,500)	32,702,690	25	17,446,386	3,025,104	(3,231,500)	17,239,990	15,462,700
Leasehold improvement	72,840,231	436,658		73,276,889	20	61,330,028	3,913,860		65,243,888	8,033,001
	308,828,699	22,277,077	(8,518,404)	322,587,372		255,584,885	20,623,673	(8,443,490)	267,765,068	54,822,304

Annexure-E

**Bank Alfalah Limited
Bangladesh Operations
Currency Analysis
as at December 31, 2017**

The table below summarizes the currency-wise analysis of assets and liabilities as at December 31, 2017. 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, 2017					Total Taka
	Taka	Equivalent Taka of USD	Equivalent Taka of GBP	Equivalent Taka of EURO	Equivalent Taka of JPY	
ASSETS						
Cash in hand	169,487,173	4,707,449	-	-	-	174,194,622
Balance with Bangladesh Bank and its agent bank	908,302,382	416,478,947	3,734	8,780	496	1,324,794,339
Balance with other banks and financial institutions	3,966,077,874	516,312,161	749,467	1,086,937	570,833	4,484,797,272
Money at call and short notice	-	-	-	-	-	-
Investments	4,829,689,283	-	-	-	-	4,829,689,283
Loans and advances	9,901,710,663	167,053,360	-	-	-	10,068,764,023
Fixed assets	43,178,801	-	-	-	-	43,178,801
Other assets	938,471,353	1,177,299	-	-	-	939,648,652
Non-banking assets	-	-	-	-	-	-
Total assets	20,756,917,529	1,105,729,216	753,201	1,095,717	571,329	21,865,066,992
LIABILITIES						
Borrowings from other banks, financial Institutions and agents	1,290,000,000	-	-	-	-	1,290,000,000
Deposit	13,081,621,463	351,047,238	199,200	-	-	13,432,867,901
Other liabilities	1,573,172,507	-	-	-	-	1,573,172,507
Total liabilities	15,944,793,970	351,047,238	199,200	-	-	16,296,040,408
Net position	4,812,123,559	754,681,978	554,001	1,095,717	571,329	5,569,026,584

Bank Alfalah Limited
Bangladesh Operations
Disclosure of Tax provision
as at December 31, 2017

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 with Return and during appeal/ Deducted at source/Minimum Tax	Tax claimed by DCT as per Appeal Order (in addition to tax paid earlier)	Total Tax Liability (DCT)	Total Tax Liability (as per Tax Advisor)	Provision Held	Status
2009	2010-11	5,325,000	9,002,702	771,060	1,220,460	5,325,000	5,325,000	Under Appeal
2010	2011-12	4,516,323	16,825,346	47,329,210	53,752,418	20,316,323	24,918,461	Under Appeal
2011	2012-13	4,718,678	18,303,607	50,591,153	59,058,394	48,190,451	25,904,416	Under Appeal
2012	2013-14	6,216,162	12,370,679	37,840,003	50,210,681	50,210,681	29,776,517	Under Appeal
2013	2014-15	71,561,461	73,739,502	43,560,811	115,122,272	104,997,929	84,030,779	Under Appeal
2014	2015-16	178,921,274	178,921,274	-	178,921,274	178,921,274	181,658,000	Tax Clearance certificate received
2015	2016-17	159,037,342	159,037,341		159,037,342	159,037,342	161,964,000	Tax Clearance certificate received
2016	2017-18	123,875,855	123,875,854		123,875,855	123,875,855	231,641,000	Return submitted u/s BB
2017	2018-19	188,798,880	98,711,536		188,798,880	188,798,880	135,627,000	Return to be submitted in Sept. 2018
Total		742,970,975	690,787,841	180,092,237	929,997,576	879,673,735	880,845,173	

Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Balance Sheet
As at 31 December 2017

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
<u>PROPERTY AND ASSETS</u>			
Cash	4	288,678,282	258,988,822
In hand (including foreign currencies)		47,096,259	48,003,976
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		241,582,023	210,984,846
Balance with other banks and financial institutions	5	740,000,000	350,000,000
In Bangladesh		740,000,000	350,000,000
Outside Bangladesh		-	-
Placement with banks and other financial institutions		-	-
Investments in shares and securities		-	-
Government		-	-
Others		-	-
Investments	6	3,254,632,164	3,509,767,179
General investments etc.		3,065,511,580	3,301,695,606
Bills purchased and discounted		189,120,584	208,071,573
Fixed assets including premises, furniture and fixtures	7	3,499,785	4,443,436
Other assets	8	240,486,029	745,865,282
Non-banking assets		-	-
Total assets		4,527,296,260	4,869,064,719
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from banks and other financial institutions		-	-
Deposits and other accounts	9	4,384,489,066	4,679,800,654
Al-wadeeah current and other deposit accounts		784,563,888	674,034,070
Bills payable		17,102,944	42,751,464
Mudaraba saving deposits		1,817,680,551	1,875,628,219
Mudaraba term deposits		1,765,141,683	2,087,386,901
Other liabilities	10	142,807,194	189,264,065
Differed tax liabilities/(assets)		-	-
Total liabilities		4,527,296,260	4,869,064,719
Capital/shareholders' equity	11	-	-
Retained earnings		-	-
Total shareholders' equity		-	-
Total liabilities and shareholders' equity		4,527,296,260	4,869,064,719

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
<u>OFF-BALANCE SHEET ITEMS</u>			
Contingent liabilities		1,094,655,900	1,097,989,592
Acceptances and endorsements		86,474,853	93,568,737
Letters of guarantee	12	285,789,424	455,560,970
Irrevocable letters of credit (including back to back bills)	13	390,314,701	184,308,088
Bills for collection		129,151,922	161,701,797
Value of Bangladesh Sanchaypatra		202,925,000	202,850,000
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		1,094,655,900	1,097,989,592
Total off-balance sheet items including contingent liabilities		1,094,655,900	1,097,989,592

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



Abu Noyem Md. Khasru
Head of Finance & Admin.

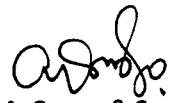


Muhammad Ehsan Ul Haq Qureshi
Country Operations Head



S.A.A. Masrur
Country Head

Dated, Dhaka
27 February 2018




A. Qasem & Co.
Chartered Accountants


Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Profit and Loss Account
for the year ended 31 December 2017

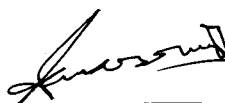
A. QASEM & Co.
Chartered Accountants Since 1953

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
Investment income	15	267,678,053	212,248,003
Profit paid on deposits	16	(145,303,303)	(153,381,943)
Net investment income		122,374,750	58,866,060
Income from investment in shares/securities	17	-	-
Commission, exchange and brokerage	18	19,688,799	23,644,756
Other operating income	19	12,014,536	14,042,502
		<u>31,703,335</u>	<u>37,687,258</u>
Total operating income		154,078,085	96,553,318
Salaries and allowances	20	31,805,081	33,157,175
Rent, taxes, insurance, electricity etc.	21	17,481,653	17,177,839
Legal expenses		-	-
Postage, stamps, telecommunication etc.	22	1,937,375	2,137,541
Stationery, printing, advertisement etc.	23	1,740,335	1,716,333
Shariah supervisory committee's fees and expenses		-	-
Auditors' fees		-	-
Depreciation and repair to Bank's assets	24	2,902,306	3,169,209
Zakat expenses		-	-
Other expenses	25	6,892,303	5,342,002
Total operating expenses		62,759,053	62,700,099
Profit before provision		91,319,032	33,853,219
Provision for investments		(2,582,826)	(224,041,767)
General provision	10.1	-	-
Specific provision	10.1	(2,582,826)	(224,041,767)
Provision for off-balance sheet items		-	-
Provision for diminution in value of investments in shares		-	-
Other provisions		-	-
Total provision		(2,582,826)	(224,041,767)
Total profit before tax		93,901,858	257,894,986
Provision for taxation			
Current		-	-
Deferred		-	-
Total provision for taxation		-	-
Net profit / (loss) after tax		93,901,858	257,894,986

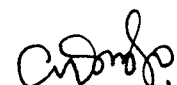
These financial statements should be read in conjunction with the annexed notes.


Abu Noyem Md. Khasru
Head of Finance & Admin.


Muhammad Ehsan Ul Haq Qureshi
Country Operations Head


S.A.A. Masru
Country Head

Dated, Dhaka
27 February 2018


A. Qasem & Co.
Chartered Accountants

Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Cash Flow Statement
for the year ended 31 December 2017

	<u>Note</u>	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
Cash flows from operating activities			
Investment income receipts in cash	26	232,738,768	232,181,256
Profit paid on deposits	27	(144,464,194)	(168,394,030)
Fees and commission receipts in cash	28	10,994,144	12,764,792
Recoveries on loans previously written-off		-	-
Cash payments to employees	29	(31,805,081)	(33,157,175)
Cash payments to suppliers	30	(20,206,472)	(20,949,337)
Income taxes paid		-	-
Receipts from other operating activities	31	20,709,191	24,917,466
Payments for other operating activities	32	(8,070,791)	(6,439,606)
Operating loss before changes in operating assets and liabilities		59,895,565	40,923,366
 Increase/decrease in operating assets and liabilities:			
Statutory deposits		-	-
Purchase/sale of trading securities		-	-
Investments to customers	33	255,135,015	(588,901,853)
Other assets	34	415,708,345	63,480,807
Deposits and other accounts from other banks	35	(148,804,775)	256,803,244
Deposits and other accounts from customers	36	(146,506,813)	98,473,943
Other liabilities	37	(14,957,710)	(33,297,988)
Cash generated from/(used in) operating assets and liabilities		360,574,062	(203,441,847)
Net cash inflow/(outflow) from operating activities		420,469,627	(162,518,481)
 Cash flows from investing activities			
Proceeds from sale/redemption of securities		-	-
Payment for purchase of securities		-	-
Purchase of fixed assets		(780,167)	(1,516,875)
Sale of fixed assets		-	5,000
Net cash (used in)/from investing activities		(780,167)	(1,511,875)
 Cash flows from financing activities			
 Net increase/(decrease) in cash and cash equivalents		419,689,460	(164,030,356)
Cash and cash equivalents at beginning of the year		608,988,822	773,019,178
Cash and cash equivalents at end of the year		1,028,678,282	608,988,822
 Cash in hand (including foreign currencies)		47,096,259	48,003,976
Balance with other banks and financial institutions		740,000,000	350,000,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		241,582,023	210,984,846
		1,028,678,282	608,988,822

Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Statement of Changes in Equity
for the year ended 31 December 2017

Particulars	Fund deposited with Bangladesh Bank	Retained earnings	Total
Balance as at January 01, 2017			
Net loss for the year	-	93,901,858	93,901,858
Transferred to Bangladesh country office	-	(93,901,858)	(93,901,858)
Balance as at December 31, 2017	-	-	-
Balance as at January 01, 2016	-	-	-
Net loss for the year	-	257,894,986	257,894,986
Transferred to Bangladesh country office	-	(257,894,986)	(257,894,986)
Balance as at December 31, 2016	-	-	-

**Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Notes to the Financial Statements
as at and for the year ended 31 December 2017**

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 2017. 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 (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are 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 that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad/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. L/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.

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, BFRSs 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 2017.

2.6 Cash flow Statement

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

2.7 Statement of Changes in Equity

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

2.8 Liquidity Statements

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

3 Significant accounting policies

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

3.1 Foreign currency

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

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

3.2 Profit on investments

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

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

3.3 Investment income

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

3.4 Fees and commission income

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

3.5 Dividends

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

3.6 Lease payments

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 Motijheel Branch. However, the Bank accrues and pays tax at the country level as its Tax Payer's Identification Number (TIN) was taken in the name of Bank Alfalah Limited, Bangladesh. As such, current tax and deferred tax are calculated in country level rather than at branch level. Therefore current tax and deferred tax are not recognized for the Branch's financial statements.

3.8 Cash and cash equivalents

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

3.9 Investments/Investments in shares and securities

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

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 results 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 Banks liability on this account stands as on 31st December 2017 was fully provided in accounts considering the staffs accumulated gratuity entitlements for their service with the bank. The Gratuity Fund has been approved by the National Board of Revenue in February 2011.

3.16.3 Short-term employee benefits

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

3.17 Provisions and accrued expenses

In compliance with 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 February 27, 2018.

3.23 General

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

4 Cash

Cash in hand

Local currency

Foreign currencies

43,004,925

46,678,624

4,091,334

1,325,352

47,096,259

48,003,976

Balance with Bangladesh Bank and its agent bank:

Local currency

Foreign currencies

241,582,023

210,984,846

241,582,023

210,984,846

288,678,282

258,988,822

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

227,214,142

201,630,221

Actual reserve held

241,841,877

211,006,952

Surplus

14,627,735

9,376,731

4.3 Statutory Liquidity Requirement (SLR)

5.5% of required Average Demand and Time Liabilities:

Required reserve

192,258,120

170,610,187

Actual reserve held

192,258,120

170,610,187

Surplus

-

-

4.4 Held for Statutory Liquidity Requirement:

Cash in hand

47,096,259

48,003,976

Excess of daily reserve

14,627,735

9,376,731

Foreign currency used in BDT

130,534,126

113,229,480

192,258,120

170,610,187

5 Balance with other banks and financial institutions

In Bangladesh (Note 5.1)

740,000,000

350,000,000

Outside Bangladesh

740,000,000

350,000,000

Also refer to note 5.2 for maturity wise grouping

5.1 Inside Bangladesh

Mudaraba Term deposit:

Social Islami Bank Limited

250,000,000

250,000,000

Export Import Bank of Bangladesh Ltd.

200,000,000

Shahjalal Islami Bank Ltd.

290,000,000

The City Bank Limited

-

100,000,000

740,000,000

350,000,000

5.2 Maturity-wise groupings of balance with other banks and financial institutions

On demand

-

-

Not more than 3 months

740,000,000

350,000,000

More than 3 months but less than 1 year

-

-

More than 1 year but less than 5 years

-

-

More than 5 years

-

-

740,000,000

350,000,000

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
6 Investments		
General Investments etc. (Note 6.1)	3,065,511,580	3,301,695,606
Bills purchased and discounted (Note 6.9)	189,120,584	208,071,573
	<u>3,254,632,164</u>	<u>3,509,767,179</u>
Also refer to notes 6.2 to 6.10 for further analysis, classification and provision for investments, maturity wise grouping, etc.		
6.1 General Investments etc.		
In Bangladesh		
Morabaha (LPO)	2,859,560,095	3,027,144,856
Trust receipts	168,787,701	216,976,874
Own acceptance purchased	-	-
Payment against documents (PAD)	-	-
Finance Against Foreign Bill	32,109,868	52,519,960
Morabaha manual	5,053,916	5,053,916
Staff morabaha	-	-
	<u>3,065,511,580</u>	<u>3,301,695,606</u>
Outside Bangladesh	-	-
	<u>3,065,511,580</u>	<u>3,301,695,606</u>
6.2 Maturity-wise grouping		
Repayable On demand	-	-
Not more than 3 months	1,559,892,927	2,626,072,170
More than 3 months but not more than 1 year	1,248,454,174	313,346,430
More than 1 year but not more than 5 years	446,285,063	442,772,770
More than 5 years	-	127,575,809
	<u>3,254,632,164</u>	<u>3,509,767,179</u>
6.3 Investments on the basis of significant concentration		
Advances to Chief executive, other Senior executives and other Officers	-	-
Industrial loans and advances	3,254,632,164	3,509,767,179
	<u>3,254,632,164</u>	<u>3,509,767,179</u>

6.4 Industry-wise classification of investments

	2017		2016	
	<u>% of Total Loan</u>	<u>Taka</u>	<u>% of Total Loan</u>	<u>Taka</u>
Agri Business	3.43%	111,702,173	6.07%	213,150,293
Automobile dealers	0.00%	-	0.29%	10,303,800
Cement	2.67%	87,061,176	3.26%	114,284,495
Chemicals	1.69%	55,135,375	3.96%	138,953,346
Financial Institutions & MFIs	3.19%	103,669,298	1.50%	52,647,368
Food & Personal Care Products	21.60%	702,843,750	20.06%	704,064,583
Manufacturing & sale of Domestic App	10.84%	352,750,000	5.90%	207,000,000
Metal & Allied	9.31%	303,020,250	8.65%	303,603,950
Others/Miscellaneous	1.21%	39,225,822	0.30%	10,685,578
Real Estate/Construction	1.11%	36,050,000	0.88%	31,000,000
Services	7.99%	260,163,856	8.14%	285,607,566
Textile Composite / Garments Manufa	5.46%	177,822,684	9.40%	329,950,884
Textile Spinning	5.04%	163,890,534	10.93%	383,444,562
Textile Weaving	3.28%	106,615,588		
Trading	8.14%	264,837,908	6.72%	235,820,755
Vanaspati & Allied Industries	15.05%	489,843,750	13.94%	489,250,000
	100%	3,254,632,164	100%	3,509,767,179

6.5 Geographical location-wise investments

	2017		2016	
	<u>% of Total Loan</u>	<u>Taka</u>	<u>% of Total Loan</u>	<u>Taka</u>
Dhaka Division	100%	3,254,632,164	100%	3,509,767,179
Chittagong Division	0%	-	0%	-
Sylhet Division	0%	-	0%	-
	100%	3,254,632,164	100%	3,509,767,179

6.6 Grouping of investments as per classification rules of Bangladesh Bank

	2017		2016	
	<u>% of Total Loan</u>	<u>Taka</u>	<u>% of Total Loan</u>	<u>Taka</u>
Unclassified:				
Standard including staff morabaha	99.83%	3,249,105,965	99.35%	3,487,022,143
Special Mention Account (SMA)	0.00%	-	0.00%	-
	99.83%	3,249,105,965	99.35%	3,487,022,143
Classified:				
Substandard	0.00%	-	0.00%	-
Doubtful	0.00%	-	0.00%	-
Bad or loss	0.17%	5,526,199	0.65%	22,745,036
	0.17%	5,526,199	0.65%	22,745,036
	100.00%	3,254,632,164	100.00%	3,509,767,179

6.7 Particulars of required provision for investments

	2017		2016	
	Base for Provision Taka	Required provision Taka	Base for Provision Taka	Required provision Taka
Unclassified:				
Standard (Other than SME)	3,095,948,979	30,959,490	3,406,582,652	34,065,827
Standard (SME)	129,131,261	322,828	27,792,123	69,480
Standard (Agri Loan)	24,025,725	240,257	52,647,368	1,316,184
Special Mention Account (SMA)	-	-	-	-
	3,249,105,965	31,522,575	3,487,022,143	35,451,491
Classified:				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Bad or loss	5,526,199	5,499,236	22,745,036	8,082,062
	5,526,199	5,499,236	22,745,036	8,082,062
	3,254,632,164	37,021,811	3,509,767,179	43,533,553
Total provision maintained		5,499,236		8,082,062
(Shortfall)/Surplus provision		(31,522,575)		(35,451,491)

6.8 Particulars of investments

i) Investments considered good in respect of which the banking company is fully secured	3,254,632,163	3,509,767,179
ii) Investments considered good against which the banking company holds no security other than the debtor's personal guarantee;	-	-
iii) Investments considered good and secured by personal undertakings of one or more parties in addition to the personal guarantee of the debtor;	-	-
iv) Investments adversely classified; provision not maintained there against;	-	-
	3,254,632,163	3,509,767,179
v) Investments due by directors or officers of the banking company or any of these either separately or jointly with any other person.		
vi) Investments due by companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or, in the case of private companies as members	-	-
vii) Maximum total amount of Investments including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other persons.	-	-
viii) Maximum total amount of Investments including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members	-	-
ix) Due from Banking Companies	-	-

x) Amount of Classified Investment on which Profit has not been charged	5,526,199	22,745,036
(a) Movement of Classified Investments:		
Opening balance	22,745,036	322,991,073
Increase/(Decrease) during the year	(17,218,837)	(300,246,037)
Closing balance	<u>5,526,199</u>	<u>22,745,036</u>
(b) Provision against the Investment classified as bad/loss at the date of balance sheet	5,499,236	8,082,062
(c) Amount of profit charged in suspense account	552,968	16,329,229
xi) Investments written off:	-	-
- Current Year	-	18,409,000
- Cumulative to-date	54,116,932	54,116,932
- Amount of written off loans for which lawsuit has filed	54,116,932	54,116,932

6.9 Bills purchased and discounted

Bills purchased and discounted excluding treasury bills:

In side Bangladesh	189,120,584	208,071,573
Outside Bangladesh	-	-
	<u>189,120,584</u>	<u>208,071,573</u>

6.10 Maturity grouping of bills discounted and purchased

Payable within one month	62,230,401	99,248,399
Over 1 month but less than 3 months	91,904,046	99,365,063
Over 3 months but less than 6 months	34,986,137	9,458,111
6 months or more	-	-
	<u>189,120,584</u>	<u>208,071,573</u>

7 Fixed assets including premises, furniture and fixtures

Cost:

Furniture, fixture and fittings	20,294,987	20,190,987
Office equipments	10,751,244	10,831,244
Staff equipments	13,500	13,500
Computer and related equipments	12,751,205	13,432,369
Motor vehicles	1,890,000	1,890,000
Leasehold improvement	3,041,160	3,041,160
	<u>48,742,096</u>	<u>49,399,260</u>

Less: Accumulated depreciation

Furniture, fixture and fittings	19,866,326	19,767,996
Office equipments	9,173,737	8,512,795
Staff equipments	13,500	13,500
Computer and related equipments	11,572,241	12,444,462
Motor vehicles	1,889,999	1,889,999
Leasehold improvement	2,726,508	2,327,072
	<u>45,242,311</u>	<u>44,955,824</u>
	<u>3,499,785</u>	<u>4,443,436</u>

Details are shown in Annexure - B.

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
8 Others assets	240,486,029	745,865,282
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.	79,720	157,160
iii) Advance rent and advertisement	189,000	297,000
iv) Profit accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables (Note 8.2)	8,290,430	4,059,480
v) Security deposits	-	-
vi) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	-	-
vii) Branch adjustment	229,620,079	732,905,260
viii) Suspense account	-	-
ix) Silver	-	-
x) Others (Note 8.3)	2,306,800	8,446,382
	240,486,029	745,865,282
	240,486,029	745,865,282
8.2 Profit receivables		
Profit Receivable from Placement with Banks	6,300,898	1,406,662
Mark up receivables on bill purchased and discounted	1,989,532	2,652,818
	8,290,430	4,059,480
8.3 Others		
Short term receivable-account maintenance fees	1,683,234	716,065
Sundry debtors miscellaneous (Receivable from BB)	623,566	7,730,317
	2,306,800	8,446,382
9 Deposits and other accounts		
Al-wadeeah current and other deposit accounts		
Al-wadeeah current deposits	489,693,912	320,543,338
Alfalah Udyog Current Account	29,157,964	19,188,669
Foreign currency deposits	227,854,470	202,497,771
Sundry deposits (Note 9.1)	37,857,542	131,804,292
	784,563,888	674,034,070
Payment order - Inside Bangladesh	11,568,922	15,816,171
Demand draft payable - Outside Bangladesh	5,463,766	26,710,223
Unclaimed DD/TT/PO - Inside Bangladesh	12,091	156,140
Unclaimed DD/TT/PO - Outside Bangladesh	58,165	68,930
	17,102,944	42,751,464
Mudaraba savings deposits		
Special Notice Deposit (SND)	834,317,322	1,104,517,351
Alfalah Salary Account (ASA)	9,527	9,889
Alfalah Rising Star (ARS)	1,130,215	690,851
Alfalah Premium Plus (APP)	275,924,976	132,451,255
Mudaraba Royal Profit deposits	706,298,511	637,958,873
	1,817,680,551	1,875,628,219
Mudaraba term deposits		
Mudaraba Term Deposit (MTDR)	1,765,141,683	2,087,386,901
	4,384,489,066	4,679,800,654

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
9.1 Sundry deposits		
Margin Accounts - Local Currency	22,482,474	116,098,311
Margin Accounts - Foreign Currency	15,375,068	15,705,981
	<u>37,857,542</u>	<u>131,804,292</u>
9.2 Deposits from banks and others		
Inter-bank deposits (Note 9.2.1)	942,391,378	1,091,196,153
Other deposits	3,442,097,688	3,588,604,501
	<u>4,384,489,066</u>	<u>4,679,800,654</u>
9.2.1 Inter-bank deposits		
Jamuna Bank Limited	27,220	28,520
Pubali Bank Limited	1,150,891	1,122,490
Prime Bank Limited	774,941,943	39,011
The City Bank Limited	2,100,996	1,452,293
Shahjalal Islami Bank Ltd.	3,091,039	111,172,534
Al-Arafah Islami Bank Ltd.	3,452,940	200,080,000
Bank Asia Limited	2,035,057	102,008,416
Islami Bank Bangladesh Ltd	29,785,889	422,994,814
AB Bank Limited	2,612,685	252,298,075
Bank Alfalah Ltd, Karachi	123,192,718	-
	<u>942,391,378</u>	<u>1,091,196,153</u>
9.3 Maturity grouping of deposits		
Repayable On demand	1,785,030,061	1,487,896,402
Repayable within 1 month	874,009,766	1,400,333,134
Over 1 month but within 6 months	1,263,462,002	1,357,984,793
Over 6 months but within 1 year	328,105,729	373,858,432
Over 1 year but within 5 years	133,881,508	59,727,893
Over 5 years but within 10 years	-	-
10 years or more	-	-
	<u>4,384,489,066</u>	<u>4,679,800,654</u>
10 Other Liabilities		
Provision for Investments (Note 10.1)	5,499,236	8,082,062
Profit suspense account (Note 10.3)	552,968	16,329,229
Net of profit on Morabaha	107,319,880	136,728,082
Accrued expenses	1,546,766	593,875
Profit payable on deposit & borrowings (Note 10.5)	22,823,632	21,984,523
Withholding tax on profit on deposits	2,013,885	2,460,444
Withholding tax	1,057,598	1,344,307
Withholding VAT	696,609	499,412
Excise duty	67,350	128,850
Advance commission on Letter of Guarantee (L/G)	960,723	783,979
Miscellaneous	268,547	329,302
	<u>142,807,194</u>	<u>189,264,065</u>
10.1 Provision for investments		
General Provision		
Balance as at 1 January	-	-
Add: Provision made during the year		
On general investments	-	-
On Special Mention Account (SMA)	-	-
	-	-
Less: Provision no longer required	-	-
Net of provision (reversed)/made during the year	-	-
Balance as at 31 December	-	-

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
Specific Provision		
Balance as at 1 January	8,082,062	250,532,829
Less: Profit on investment waiver during the year	-	-
Adjustment with prior year	-	-
Provision no longer required	7,642,008	232,099,328
Written off during the year	-	18,409,000
	<u>7,642,008</u>	<u>250,508,328</u>
Add: Recoveries of amounts previously written off	-	-
Specific provision made during the year	5,059,182	8,057,561
	<u>5,059,182</u>	<u>8,057,561</u>
Balance as at 31 December	5,499,236	8,082,062
Total provision on investments	<u><u>5,499,236</u></u>	<u><u>8,082,062</u></u>
10.2 Provision for off-balance sheet exposures		
Balance as at 1 January	-	-
Add: Provision made during the year	-	-
	<u>-</u>	<u>-</u>
Less: Adjustments made during the year	-	-
Balance as at 31 December	<u>-</u>	<u>-</u>
10.3 Profit suspense account		
Balance as at 1 January	16,329,229	48,032,088
Add: Amount transferred during the year	-	19,683,274
	<u>16,329,229</u>	<u>67,715,362</u>
Less:		
Amount of profit suspense recovered	4,449,130	3,961,366
Amount written off during the year	-	12,796,155
Profit on investment waiver during the year	11,327,131	34,628,612
	<u>15,776,261</u>	<u>51,386,133</u>
Balance as at 31 December	<u><u>552,968</u></u>	<u><u>16,329,229</u></u>
10.4 Profit suspense and compensation suspense		
Profit suspense	552,968	16,329,229
Compensation suspense	-	-
	<u><u>552,968</u></u>	<u><u>16,329,229</u></u>
10.5 Profit payable on borrowings		
Profit payable on -		
Special notice deposit	-	-
30 days mudaraba term deposit	51,795	482,334
90 days mudaraba term deposit	6,066,691	6,862,044
180 days mudaraba term deposit	3,769,739	3,250,148
365 days mudaraba term deposit	7,542,455	10,526,121
15 months mudaraba term deposit	4,372,867	349,349
7 months mudaraba term deposit	94,722	-
13 months mudaraba term deposit	537,500	-
2 years mudaraba term deposit	330,863	491,508
3 years mudaraba term deposit	57,000	23,019
	<u><u>22,823,632</u></u>	<u><u>21,984,523</u></u>
11 Retained earnings		
Balance as at 1 January	-	-
Adjustment for loan provision	-	-
Net profit / (loss) for the year	93,901,858	257,894,986
	<u>93,901,858</u>	<u>257,894,986</u>
Transferred to Bangladesh country office	(93,901,858)	(257,894,986)
Balance as at 31 December	<u><u>-</u></u>	<u><u>-</u></u>

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</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 favoring:		
Directors or officers	-	-
Government	285,789,424	455,560,970
Banks and other financial institutions	-	-
Others	-	-
	<u>285,789,424</u>	<u>455,560,970</u>
13 Irrevocable letters of credit		
Usance	63,251,023	84,071,871
Sight	327,063,678	100,236,217
	<u>390,314,701</u>	<u>184,308,088</u>
14 Income statement		
Income:		
Profit, discount and similar income	267,678,053	212,248,003
Dividend income	-	-
Commission, exchange and brokerage	10,994,144	12,764,792
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies	8,694,655	10,879,964
Income from non-banking assets	-	-
Other operating income	12,014,536	14,042,502
Profit less losses on interest rate changes	-	-
	<u>299,381,388</u>	<u>249,935,261</u>
Expenses:		
Profit paid on deposits	145,303,303	153,381,943
Losses on investments	-	-
Administrative expenses	54,142,932	55,286,492
Other operating expenses	6,892,303	5,342,002
Depreciation on banking assets	1,723,818	2,071,605
	<u>208,062,356</u>	<u>216,082,042</u>
Income over expenditure	<u>91,319,032</u>	<u>33,853,219</u>
15 Investment income		
Share of profit from financing and discounting		
Murabaha-Staff	-	986,324
Morabaha Financing - LPO	207,845,302	165,599,226
Profit on bill discounted	10,614,922	16,595,219
Morabaha income PAD	-	-
Morabaha income trust receipt	13,484,704	7,950,156
	<u>231,944,928</u>	<u>191,130,925</u>
Profit on Placement with Banks		
Profit on Term Placements	35,733,125	21,117,078
Profit on Savings Deposit with Banks	-	-
	<u>35,733,125</u>	<u>21,117,078</u>
	<u>267,678,053</u>	<u>212,248,003</u>

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
16 Profit paid on deposits		
Profit shared on Modaraba Deposit		
Modaraba Royal Profit Deposit	22,975,038	19,621,666
Alfalah Salary Account (ASA)	995	372
Alfalah Rising Star (ARS)	35,843	16,906
Alfalah Premium Plus (APP)	7,587,586	3,823,757
Modaraba Special Notice deposit	22,811,423	28,000,237
Modaraba term deposit	91,892,418	101,919,005
	<u>145,303,303</u>	<u>153,381,943</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	-	-
Fees, commission etc.	10,994,144	12,764,792
Exchange earnings	8,694,655	10,879,964
	<u>19,688,799</u>	<u>23,644,756</u>
19 Other operating income		
Service charges recovered	2,478,815	2,660,874
SWIFT Charges recovered	1,009,042	-
Cheque Book charges recovered	196,500	193,650
Charges on documentary credit	23,000	11,000
Courier charges recovered	753,341	928,785
Other Income	7,553,838	10,243,193
Gain on disposal of fixed asset	-	5,000
	<u>12,014,536</u>	<u>14,042,502</u>
20 Salaries and allowances		
Basic salary	14,832,503	15,313,169
Housing allowance	5,932,998	6,125,266
Conveyance allowance	1,483,269	1,531,331
Leave fare allowance	1,723,794	1,854,752
Other allowances	999,449	1,013,298
Festival bonus	3,083,543	3,421,189
Performance bonus	907,846	1,156,684
The Bank's contribution to provident fund	1,372,002	1,421,486
Car allowance	1,469,677	1,320,000
Gratuity	-	-
	<u>31,805,081</u>	<u>33,157,175</u>
21 Rent, taxes, insurance, electricity etc.		
Rent, rates and taxes	12,449,242	12,139,247
Insurance	46,984	49,370
Cleaning and maintenance	2,834,588	2,891,605
Electricity and lighting	2,150,839	2,097,617
	<u>17,481,653</u>	<u>17,177,839</u>
22 Postage, stamps, telecommunication etc.		
Postage and couriers	961,044	1,078,351
Electronic mail and on-line connectivity	53,400	41,400
Telegram, fax, telex, SWIFT and internet charge	653,565	608,671
Telephone charges	269,366	409,119
	<u>1,937,375</u>	<u>2,137,541</u>

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
23 Stationery, printing, advertisement etc.		
Table stationery	577,729	604,225
Books and periodicals	5,342	9,120
Printing stationery	966,102	847,432
Computer stationery	141,162	125,895
Publicity	50,000	129,661
	<u>1,740,335</u>	<u>1,716,333</u>
24 Depreciation and repair to bank's assets		
Depreciation of bank's assets		
Furniture, fixture and fittings	98,330	94,463
Office equipments	740,942	839,370
Staff equipments	-	-
Computer and related equipments	485,110	551,951
Motor vehicles	-	(1)
Leasehold improvement	399,436	585,822
	<u>1,723,818</u>	<u>2,071,605</u>
Repair to bank's assets		
Furniture, fixture and fittings	-	29,240
Rented premises	-	64,805
Office equipments	458,641	363,649
Computer maintenance	570,978	584,708
Motor vehicles	148,869	55,202
	<u>1,178,488</u>	<u>1,097,604</u>
	<u>2,902,306</u>	<u>3,169,209</u>
25 Other expenses		
Bank charges, brokerage and commission	255,128	179,782
Entertainment	663,878	729,698
Security	1,780,200	1,805,825
Traveling and conveyance	131,870	153,025
Medical expenses	2,019,932	1,088,351
Car fuel expenses	1,068,291	1,151,180
Loss on sale of fixed assets	-	-
Other expenses	973,004	234,141
	<u>6,892,303</u>	<u>5,342,002</u>
26 Investment income receipts in cash		
Profit receivable as at 1 January	(132,668,602)	(91,618,271)
Profit accrued during the year:		
Share of profit from financing and discount	231,944,928	191,130,925
Profit receivable as at 31 December	133,462,442	132,668,602
	<u>232,738,768</u>	<u>232,181,256</u>
27 Profit paid on deposits		
Profit payable as at 1 January	21,984,523	36,996,610
Profit charged during the year		
Profit shared on Modaraba Deposits	145,303,303	153,381,943
Profit payable as at 31 December	(22,823,632)	(21,984,523)
	<u>144,464,194</u>	<u>168,394,030</u>
28 Fees and commission receipts in cash	<u>10,994,144</u>	<u>12,764,792</u>
29 Cash payments to employees		
Salaries and allowances	31,805,081	33,157,175
Gratuity:		
Employees	-	-
	<u>31,805,081</u>	<u>33,157,175</u>

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
30 Cash payments to suppliers		
Balance as at 1 January		
Accrued expenses	593,875	511,499
Charged during the year		
Stationery, printing, advertisements etc.	1,740,335	1,716,333
Rent, taxes, insurance, electricity etc.	17,481,653	17,177,839
Postage, stamp, telecommunication etc.	1,937,375	2,137,541
Legal expenses	-	-
	21,159,363	21,031,713
Balance as at 31 December		
Accrued expenses	(1,546,766)	(593,875)
	<u>20,206,472</u>	<u>20,949,337</u>
31 Receipts from other operating activities		
Other operating income	12,014,536	14,042,502
Exchange earnings	8,694,655	10,879,964
Investment income	-	-
Less: Gain on disposal of fixed asset	-	(5,000)
	<u>20,709,191</u>	<u>24,917,466</u>
32 Payments for other operating activities		
Repairs of Bank's assets	1,178,488	1,097,604
Other expenses	6,892,303	5,342,002
Gratuity:Employees	-	-
	<u>8,070,791</u>	<u>6,439,606</u>
33 Movement of investments to customers		
Balance as at 31 December	3,254,632,164	3,509,767,179
Balance as at 1 January	(3,509,767,179)	(2,920,865,326)
(Decrease)/Increase	<u>(255,135,015)</u>	<u>588,901,853</u>
34 Movement of other assets		
(Increase) / decrease in other assets which are not considered elsewhere		
- Stationery, stamps, printing materials, etc.	77,440	(63,190)
- Advance rent and advertisement	108,000	108,000
-Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	-	308,328
- Branch adjustment	503,285,181	321,022,655
- Others	6,139,582	-
Adjustments for-		
- Net of profit on Morabaha	-	-
-Transfer of Fixed assets	-	-
-Transfer of branch profit or loss	(93,901,858)	(257,894,986)
	<u>415,708,345</u>	<u>63,480,807</u>
35 Movement of deposits and other accounts from other banks		
Balance as at 31 December	942,391,378	1,091,196,153
Balance as at 1 January	(1,091,196,153)	(834,392,909)
Increase/(Decrease)	<u>(148,804,775)</u>	<u>256,803,244</u>
36 Movement of deposits and other accounts from customers		
Balance as at 31 December	3,442,097,688	3,588,604,501
Balance as at 1 January	(3,588,604,501)	(3,490,130,558)
(Decrease)/Increase	<u>(146,506,813)</u>	<u>98,473,943</u>

	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</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)	-	-
- Profit suspense account	(15,776,261)	(31,702,859)
- Withholding tax on profit on deposits	(446,559)	(836,222)
- Withholding tax	(286,709)	(177,516)
- Withholding VAT	197,197	63,703
- Provision for gratuity	-	-
- Excise duty	(61,500)	317
- Advance commission on Letter of Guarantee (L/G)	176,744	(243,950)
- Miscellaneous	1,239,378	(401,461)
	<u>(14,957,710)</u>	<u>(33,297,988)</u>

38 Proceeds from sale/redemption of securities

Redemption of preference shares

STS Holding Limited

Brac 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
Car finance	-	566,315
	<u>-</u>	<u>12,783,308</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	19,453,653	20,948,432
Provident fund	871,260	940,978
Gratuity	746,608	820,378
	<u>21,071,521</u>	<u>22,709,787</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 33 (2016: 31).

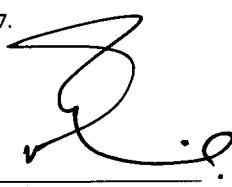
41 Employee related fraud

There was no fraud occurred during the year 2017.

42 Events after the reporting period

None.


Abu Noyem Md. Khasru
Head of Finance & Admin.


Muhammad Ehsan Ul Haq Qureshi
Country Operations Head


S.A.A. Masrur
Country Head

Annexure-A

Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Liquidity Statement
(Analysis of maturity of assets and liabilities)
as at 31 December 2017

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash	47,096,259	-	241,582,023	-	-	288,678,282
Balance with other banks and financial institutions	-	740,000,000	-	-	-	740,000,000
Placement with banks and other financial institutions	-	-	-	-	-	-
Investments in shares and securities	-	-	-	-	-	-
Investments	-	1,559,892,927	1,248,454,174	446,285,063	-	3,254,632,164
Fixed assets including premises, furniture and fixtures	-	-	-	3,499,785	-	3,499,785
Other assets	-	-	-	240,486,029	-	240,486,029
Non banking assets	-	-	-	-	-	-
Total assets	47,096,259	2,299,892,927	1,490,036,197	690,270,877	-	4,527,296,260
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	-	-	-	-
Deposits and other accounts	2,659,039,827	1,073,381,534	518,186,197	133,881,508	-	4,384,489,066
Other liabilities	3,835,442	2,776,036	22,823,632	113,372,084	-	142,807,194
Total liabilities	2,662,875,269	1,076,157,570	541,009,829	247,253,592	-	4,527,296,260
Net liquidity gap	(2,615,779,010)	1,223,735,357	949,026,368	443,017,285	-	-

Bank Alfalah Limited
Bangladesh Operations
Motijheel Islamic Banking Branch
Schedule of fixed assets including premises, furniture and fixtures
as at 31 December 2017

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as at December 31, 2017
	Balance as at January 01, 2017	Additions during the year	Disposal during the year	Balance as at December 31, 2017		Balance as at January 01, 2017	Charged during the year	Adjustment for the disposal during the year	Balance as at December 31, 2017	
Furniture, fixture and fittings	20,190,987	104,000	-	20,294,987	10	19,767,996	98,330	-	19,866,326	428,661
Office equipments	10,831,244	-	(80,000)	10,751,244	20	8,512,795	740,942	(80,000)	9,173,737	1,577,507
Staff equipments	13,500	-	-	13,500	20	13,500	-	-	13,500	-
Computer and related equipments	13,432,369	676,167	(1,357,331)	12,751,205	25	12,444,462	485,110	(1,357,331)	11,572,241	1,178,964
Motor vehicles	1,890,000	-	-	1,890,000	25	1,889,999	-	-	1,889,999	1
Leasehold improvement	3,041,160	-	-	3,041,160	20	2,327,072	399,436	-	2,726,508	314,652
	49,399,260	780,167	(1,437,331)	48,742,096		44,955,824	1,723,818	(1,437,331)	45,242,311	3,499,785

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as at December 31, 2016
	Balance as at January 01, 2016	Additions during the year	Disposal during the year	Balance as at December 31, 2016		Balance as at January 01, 2016	Charged during the year	Adjustment for the disposal during the year	Balance as at December 31, 2016	
Furniture, fixture and fittings	20,140,987	50,000	-	20,190,987	10	19,673,533	94,463	-	19,767,996	422,991
Office equipments	10,670,594	765,850	(605,200)	10,831,244	20	8,278,625	839,370	(605,200)	8,512,795	2,318,449
Staff equipments	13,500	-	-	13,500	20	13,500	-	-	13,500	-
Computer and related equipments	14,814,109	562,650	(1,944,390)	13,432,369	25	13,836,901	551,951	(1,944,390)	12,444,462	987,907
Motor vehicles	1,890,000	-	-	1,890,000	25	1,890,000	(1)	-	1,889,999	1
Leasehold improvement	2,902,785	138,375	-	3,041,160	20	1,741,250	585,822	-	2,327,072	714,088
	50,431,975	1,516,875	(2,549,590)	49,399,260		45,433,809	2,071,605	(2,549,590)	44,955,824	4,443,436