

Independent Auditor's Report & Audited Financial Statements

Of

Bank Alfalah Limited, Bangladesh Operations

As at and for the year ended 31 December 2023

Table of Contents

Sl. No.	Particulars	Page No.
01	Independent Auditor's Report	i-iii
02	Balance Sheet	01
03	Off-balance Sheet	02
04	Profit and Loss Account	03
05	Statement of Changes in Equity	04
06	Cash Flow Statement	05
07	Notes to the financial statements	06-57
08	Highlights on the overall activities (Annexure-I)	58
09	Liquidity Statement (Annexure-II)	59
10	Balance with other banks - Outside Bangladesh (Nostro Accounts) (Annexure-III)	60
11	Currency Analysis (Annexure-IV)	61
12	Statement of Tax Position (Annexure-V)	62
13	Motijheel Islamic Banking Branch (Annexure-VI)	63-80



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MABS & J Partners
Chartered Accountants

Independent Auditor's Report

To the Management of Bank Alfalah Limited, Bangladesh Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Bank Alfalah Limited, Bangladesh Operations (the Bank) which comprise the Balance Sheet as at 31 December 2023, and the Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity for the period then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Bank give a true and fair view of the Balance Sheet of the Bank as at 31 December 2023, and of its Profit and Loss Accounts, and its Cash Flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note #2.1.

Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of the Financial Statements of the Bank in accordance with IFRSs as explained in note # 2.1, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (as amended up to date) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

Corporate Office:
SMC Tower (Level 5 & 7) 33, Banani C/A
Road 17, Dhaka-1213, Bangladesh
Phone : +880-2-222275057-58
+880-2-222275385-66
E-mail : info@mabsj.com
Web : www.mabsj.com, www.nexia.com

Chattogram Office :
Jahan Building 5 (Level 3)
74 Agrabad C/A, Chattogram-4100, Bangladesh
Phone : +88-01722-456260
E-mail : info@mabsj.com
Web : www.mabsj.com, www.nexia.com



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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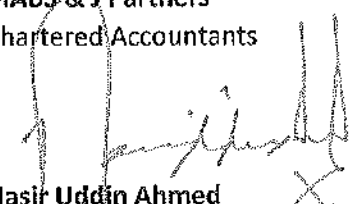
Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 (as amended up to date) and the rules and regulations issued by Bangladesh Bank, we also report that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the Financial Statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls;
 - a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the Financial Statements appeared to be materially adequate;
 - b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;
- iii. in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- iv. the Balance Sheet and Profit and Loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- v. the records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements;
- vi. the Financial Statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- vii. the information and explanations required by us have been received and found satisfactory;
- viii. adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- ix. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,314 person hours, and
- x. Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Place: Dhaka, Bangladesh
Dated: 28 March 2024

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



Nasir Uddin Ahmed
FCA, FCS, CGMA, ACMA(UK), FCA(England & Wales)
Deputy Managing Partner
ICAB Enrollment No: 535
DVC: 2403280535AS168459

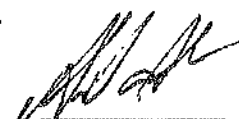
Bank Alfalah Limited, Bangladesh Operations
Balance Sheet
As at 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Property and assets			
Cash	4	1,838,433,213	2,259,450,663
Cash in hand (Including foreign currency)		202,889,743	265,320,156
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		1,635,543,470	1,994,130,507
Balance with other banks and financial institutions	5	2,400,466,772	869,029,208
In Bangladesh		424,461,445	685,788,984
Outside Bangladesh		1,976,005,327	183,240,224
Money at call on short notice	5.b	1,030,000,000	2,430,000,000
Investments	6	7,943,302,318	6,279,804,026
Government		7,943,302,318	6,279,804,026
Others		-	-
Loans and advances	7	16,168,629,022	17,396,404,265
Loans, cash credit, overdrafts etc.		16,168,629,022	17,390,352,770
Bills purchased and discounted		-	6,051,495
Fixed assets including premises, furniture and fixtures	8	225,929,500	126,566,687
Other assets	9	1,819,457,725	1,730,002,287
Non-banking assets		-	-
Total property and assets		31,426,218,550	31,091,257,136
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	15,737,601	1,548,041,717
Deposits and other accounts	11	22,189,447,813	20,827,944,847
Current accounts and other accounts		2,816,117,278	2,020,283,680
Bills payable		482,702,210	620,554,364
Savings bank deposits		7,604,131,148	7,854,260,422
Fixed deposits		11,286,497,177	10,332,846,381
Other deposits		-	-
Other liabilities	12	3,034,425,774	2,852,016,872
Total liabilities		25,239,611,188	25,228,003,436
Capital and shareholders' equity			
Paid up capital (Fund from head office)	13	5,055,961,038	4,528,498,538
Revaluation reserve	14	2,047,968	1,953,030
Surplus in Profit and Loss Account	15	1,128,598,356	1,332,802,132
Total shareholders' equity		6,186,607,362	5,863,253,700
Total liabilities and shareholders' equity		31,426,218,550	31,091,257,136

The annexed notes 1 to 38 form an integral part of these financial statements.

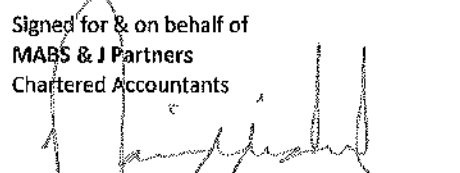

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



Nasir Uddin Ahmed
FCA, FCS, CGMA, ACMA(UK), FCA(England & Wales)
Deputy Managing Partner
ICAB Enrollment No: 535
DVC: 2403280535AS168459


Place: Dhaka, Bangladesh
Dated: 28 MAR 2024

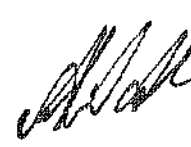
Bank Alfalah Limited, Bangladesh Operations
Off-balance Sheet
As at 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Contingent liabilities			
Acceptances & endorsements		35,743,884	103,175,762
Letters of guarantees	16	421,910,934	423,378,871
Irrevocable letters of credit	17	277,491,077	237,192,170
Bills for collection		333,688,110	102,836,375
Other contingent liabilities (Bangladesh Sanchaypatra)		316,450,000	316,450,000
Total		1,385,284,005	1,183,033,178
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		1,149,874,469	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		1,149,874,469	-
Total Off-balance sheet Items including contingent liabilities		2,535,158,474	1,183,033,178

The annexed notes 1 to 38 form an integral part of these financial statements.

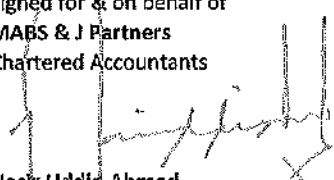

Abu Noyem Md. Khasru
Head of Finance


Eiman Saifraz
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of even date.

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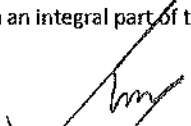
Place: Dhaka, Bangladesh
Dated: 20 MAR 2024


Bank Alfalah Limited, Bangladesh Operations
Profit and Loss Account
For the year ended 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Interest income	19	1,589,615,315	1,174,034,178
Interest paid/profit shared on deposits and borrowings etc.	20	(920,354,921)	(674,262,023)
Net interest income		669,260,394	499,772,155
Investment income	21	450,882,303	365,452,828
Commission, exchange and brokerage	22	218,037,475	206,951,834
Other operating income	23	39,761,151	22,592,433
Total operating income		1,377,941,323	1,094,769,250
Salaries and allowances	24	402,085,288	351,438,882
Rent, taxes, insurance, electricity etc.	25	63,288,908	56,786,677
Legal expenses	26	2,427,075	(653,390)
Postage, stamps, telecommunication etc.	27	20,053,010	17,750,247
Stationery, printing, advertisement etc.	28	7,139,333	5,927,256
Country Head's salary and fees	29	27,261,319	24,239,599
Auditors' fees		887,563	767,000
Depreciation and repair of the Bank's assets	30	118,917,807	123,682,853
Other expenses	31	54,715,603	44,522,606
Total operating expenses		696,775,906	624,461,730
Profit before provisions		681,165,417	470,307,520
Provision for loans and advances/investments	32	(47,543,798)	110,085,517
General provision		(13,100,000)	48,808,330
Specific provision		(34,443,798)	61,277,187
Provision for off-balance sheet items released		4,100,000	(37,530,000)
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision		(43,443,798)	72,555,517
Total profit/(loss) before taxes		724,609,215	397,752,003
Provision for taxation:			
Current tax expense		277,000,000	268,000,000
Deferred tax expense/(Income)		13,724,140	(8,300,575)
Total provision for taxation	33	290,724,140	259,699,425
Net profit after taxation		433,885,075	138,052,578
Appropriations:			
Transferred to Start-Up Fund		(4,338,851)	(1,380,526)
Retained Surplus Carried Forward		429,546,224	136,672,052

The annexed notes 1 to 38 form an integral part of these financial statements.

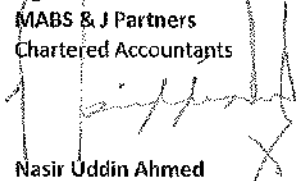

Abu Noyem Md. Khasru
Head of Finance


Eiman Saffraz
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
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Nasir Uddin Ahmed
FCA, FCS, CGMA, ACMA(UK), FCA(England & Wales)
Deputy Managing Partner
ICAB Enrollment No: 535
DVC: 2403280535AS168459

Place: Dhaka, Bangladesh
Dated: 28 MAR 2024

Bank Alfalah Limited, Bangladesh Operations
Statement of Changes in Equity
For the year ended 31 December 2023

Amount in Taka


Particulars	Fund deposited with Bangladesh Bank	Revaluation reserve on Govt. securities	Surplus in profit and loss account	Total equity
Balance as at 1 January 2023	4,528,498,538	1,953,030	1,332,802,132	5,863,253,700
Surplus/deficit on account of revaluation of investments	-	94,938	-	94,938
Currency translation difference	27,462,500	-	-	27,462,500
Net profit for the period	-	-	433,885,075	433,885,075
Transferred to Start-Up Fund	-	-	(4,338,851)	(4,338,851)
Retained Earnings transferred to Capital	500,000,000	-	(500,000,000)	-
Profit transferred to Head Office	-	-	(133,750,000)	(133,750,000)
Balance as at 31 December 2023	5,055,961,038	2,047,968	1,128,598,356	6,186,607,362


For the year ended 31 December 2022


Amount in Taka

Particulars	Fund deposited with Bangladesh Bank	Revaluation gain/(loss) on investment	Surplus in profit and loss account	Total equity
Balance as at 1 January 2022	4,454,035,286	87,767,757	1,398,461,164	5,940,264,207
Surplus/deficit on account of revaluation of investments	-	(85,814,727)	-	(85,814,727)
Currency translation difference	74,463,252	-	-	74,463,252
Net profit for the period	-	-	138,052,578	138,052,578
Transferred to Start-Up Fund	-	-	(1,380,526)	(1,380,526)
Profit transferred to Head Office	-	-	(202,331,084)	(202,331,084)
Balance as at 31 December 2022	4,528,498,538	1,953,030	1,332,802,132	5,863,253,700

The annexed notes 1 to 38 form an integral part of these financial statements.


 Abu Noyem Md. Khasru
 Head of Finance



 Elman Sarfraz
 Country Operations Head

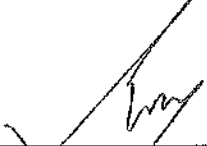

 Adil Islam
 Country Head


Bank Alfalah Limited, Bangladesh Operations
Cash Flow Statement
For the year ended 31 December 2023

Particulars	Amount in Taka	
	2023	2022
A. Cash flows from operating activities		
Interest receipts in cash	1,555,949,350	1,211,217,683
Interest payment	(892,915,055)	(575,549,752)
Dividend receipts	-	-
Fees and commission receipts in cash	17,893,858	25,295,903
Recoveries on loans previously written off	-	-
Cash payments to employees	(409,295,675)	(351,105,655)
Cash payments to suppliers	(103,573,289)	(67,731,904)
Income tax paid	(243,725,924)	(186,624,175)
Receipts from other operating activities	690,787,071	569,701,192
Payment for other operating activities	(91,441,253)	(86,061,045)
Operating cash flow before changes in operating assets and liabilities (i)	523,679,083	539,142,247
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	1,227,775,243	(4,767,301,011)
Other assets	(55,866,002)	29,449,828
Deposits from other banks/borrowings	(560,304,345)	101,302,647
Deposits from customers	1,921,807,311	5,084,346,109
Other liabilities	156,619,591	109,112,515
Cash utilised in operating assets and liabilities (ii)	2,690,031,798	556,910,088
Net cash flows from operating activities (i+ii) (a)	3,213,710,881	1,096,052,335
B. Cash flows from investing activities		
Proceeds from sale/redemption of securities	-	-
Payments for purchase of securities	1,596,663,417	1,473,149,813
Purchase of property, plant & equipment	(201,277,389)	(80,271,299)
Sale of property, plant & equipment	76,530	3,765,235
Net cash from/(used) in investing activities (b)	1,395,462,558	1,396,643,749
C. Cash flows from financing activities		
Profit remitted to head office	(133,750,000)	(202,331,084)
Net cash used in financing activities (c)	(133,750,000)	(202,331,084)
Net increase/decrease in cash (a+b+c)	4,475,423,439	2,290,365,000
Effect of exchange rate changes on cash and the equivalent	27,462,500	74,463,252
Cash and cash equivalents at the beginning of year	4,891,376,692	2,526,548,440
Cash and cash equivalents at the end of the year	9,394,262,631	4,891,376,692
Cash and cash equivalents at the end of the year:		
Cash in hand (including foreign currency)	202,889,743	265,320,156
Call and term borrowing	(15,737,601)	(1,548,041,717)
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	1,635,543,470	1,994,130,507
Balance with other banks and financial institutions	2,400,466,772	869,029,208
Money at call on short notice	1,030,000,000	2,430,000,000
Treasury bills	4,140,943,847	880,842,538
Prize Bond	156,400	96,000
	9,394,262,631	4,891,376,692

The annexed notes 1 to 38 form an integral part of these financial statements.


Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head

Bank Alfalah Limited, Bangladesh Operations

Notes to the financial statements as at and for the year ended 31 December 2023

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 2023. Except 1 Islamic Banking Branch, the rest of the branches run on conventional commercial Banking business basis.

1.1 Principal activities and nature of operations 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.

1.2 Islamic Banking

The Bank has one Islamic banking branch (Motijheel branch) that operates under Shari'ah Principles. The financial position and the financial performance are disclosed in Annexure VI. The conventional banking financial and the financial performance includes the Islamic banking operations.

2 Basis of preparation of financial statements

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

2.1 Statement of compliance and basis of preparation

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) was formed in 2017 and has adopted International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as the applicable Financial Reporting Standards for public interest entities such as banks with effect from 2 November 2020.

The financial statements of the Bank have been prepared in accordance with the IFRSs adopted by FRC and in addition to this, the Bank also complied with the requirements of the following laws and regulations from various Government bodies:

- i) The Bank Company Act, 1991, and amendment thereon;
- ii) Circulars, Rules and Regulations Issued by Bangladesh Bank (BB) time to time;
- iii) The Income Tax Ordinance 1984, Income Tax Act, 2023 and amendments thereon;
- iv) The Value Added Tax Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;
- v) Financial Reporting Act, 2015.

In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRSs, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

i) Investment in equity instruments

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



2 Basis of preparation of financial statements (Continued)
 2.1 Statement of compliance and basis of preparation (Continued)
 i) Investment in equity instruments (Continued)

Bangladesh Bank: As per Banking Regulation and Policy Department (BRPD) circular no. 14, dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per the book value of the last audited balance sheet, respectively. Provisions should be made for any loss arising from diminution in value of investments; otherwise investments are recognised at cost.

ii) Subsequent measurement of government securities

IFRS: Government securities refer primarily to various debt instruments which include both bonds and bills. As per requirements of IFRS 9: Financial Instruments, bonds can be categorised as "Amortised Cost (AC)", or "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortised cost method, and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in the profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserves, as a part of equity.

As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in the profit and loss account or other reserves as a part of equity, respectively.

Bangladesh Bank: As per DOS circular no. 05, dated 26 May 2008, and subsequent clarification in DOS circular no. 05, dated 28 January 2009, Government securities/bills are classified into Held for Trading (HFT) and Held to Maturity (HTM). HFT securities are revalued on the basis of mark-to-market and at year-end, any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities, including amortisation of discount, are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at year-end, and gains or losses on amortisation are recognised in other reserves as part of equity.

iii) Provision on loans and advances

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

Bangladesh Bank: As per BRPD circular no. 7, dated 21 June 2018, BRPD circular no 13, dated 18 October 2018, BRPD circular no. 15, dated 27 September 2017, BRPD circular no. 16, dated 18 November 2014, BRPD circular no. 14, dated 23 September 2012, BRPD circular no. 5, dated 29 May 2013, BRPD circular no. 1, dated 20 February 2018 and BRPD circular no. 3, dated 21 April 2019, a general provision at 0.25% to 5% under different categories of unclassified loans (Standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also, provision for different categories of classified loans (sub-standard, doubtful and bad and loss loans) has to be provided at 20%, 50% and 100%, respectively, for loans and advances depending on time past due. Again, as per BRPD circular no. 14, dated 23 September 2012 and BRPD circular no. 7, dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by Multilateral Development Bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). Such provision policies are not specifically in line with those prescribed by IFRS 9.



2 Basis of preparation of financial statements (Continued)
2.1 Statement of compliance and basis of preparation (Continued)
iv) Other comprehensive income

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

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

v) Financial instruments – presentation and disclosure

In several cases, Bangladesh Bank guideline categories recognise, measure and present financial instruments differently from those prescribed in IFRS 9 Financial Instruments. Hence, some disclosure and presentation requirements of IFRS 7 Financial Instruments Disclosures and IAS 32 Financial Instruments Presentation cannot be made in the financial statements.

vi) Repo and reverse repo transactions

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

Bangladesh Bank: As per DOS circular letter no. 6, dated 15 July 2010, and subsequent clarification in DOS circular no. 3, dated 30 January 2012 and DOS circular no. 2, dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction, and the financial assets are de-recognised in the seller's book and recognised in the buyer's book.

However, as per DMD circular letter no. 7, dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here, the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

vii) Financial guarantees

IFRS: As per IFRS 9 Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due, in accordance with the term of debt instruments. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount, and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

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

viii) Cash and cash equivalents

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

Bangladesh Bank: Some cash and cash equivalent items, such as Money at call on short notice, treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh Bank bills and prize bonds are shown under investment in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash-in-hand, balance with Bangladesh Bank and other banks.



2 Basis of preparation of financial statements (Continued)

2.1 Statement of compliance and basis of preparation (Continued)

ix) Non-banking assets

IFRS: There is no particular/specific guideline about non-banking assets in IFRS.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003 and BRPD Circular no. 22 dated 20 September 2021 there is a separate balance sheet item titled as non-banking asset that exists in the standard format.

x) Cash flow statement

IFRS: As per IAS 7 Statement of Cash Flows, cash flow statement can be prepared either in direct method or indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, the cash flow statement is a mix of both the direct and indirect methods.

xi) Balance with Bangladesh Bank

IFRS: Balance with Bangladesh Bank should be treated as other asset, as it is not available for use in day to day operations, as per IAS 7 Statement of Cash Flows.

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

xii) Presentation of intangible asset

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

Bangladesh Bank: Intangible assets are shown in Other assets as there is no specific regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiii) Off balance sheet items

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items, e.g. Letter of Credit, Letter of Guarantee and Acceptance must be disclosed separately on the face of the balance sheet.

xiv) Disclosure of appropriation of profit

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

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, appropriation of profit should be disclosed on the face of profit and loss account.

xv) Loans and advances/investments net of provision

IFRS: As per IFRS 9, loans and advances/investments should be presented net of provision.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, 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

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

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



2 Basis of preparation of financial statements (Continued)

2.1 Statement of compliance and basis of preparation (Continued)

xvii) Provision on undrawn loan commitments

IFRS: As per IFRS 9, the Bank shall recognise credit losses on undrawn loan commitments, such as Letter of Credit (L/C), Letter of Guarantee (L/G), etc., as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that the Bank expects to receive.

Bangladesh Bank: As per BRPD circular no. 7, dated 21 June 2018, and BRPD circular no. 14, dated 23 September 2012, the Bank is required to maintain a provision at 1% rate against off balance sheet exposures (which includes all types of undrawn loan commitments).

xviii) Name of the financial statements

IFRS: As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information.

Bangladesh Bank: The forms of financial statements and directives for preparation thereof of the Bank companies in Bangladesh are guided by BRPD circular no. 14, dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

2.2 Going concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to demonstrate a healthy trend for a couple of years. The rating outlook of the Bank, as reported by Alpha Credit Rating Limited is 'Stable' (Note 2.15). The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.3 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (Taka/ TK/ BDT), which is the Bank's functional currency. Except as indicated, figures have been rounded-off to the nearest Taka.

2.4 Use of estimates and judgments

The preparation of financial statements requires the 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 recognised in the period in which the estimate is revised, and in any future periods affected. The key item which involve these judgments, estimates and assumptions are discussed below:

Impairment losses on loans and advances

In addition to the provision made for loans and advances based on the guidelines of Bangladesh Bank, the Bank reviews its loans and advances portfolio on a monthly basis to assess whether a further allowance for impairment should be provided in the income statement. Judgments by the management is required in the estimation of these amounts, and such estimations are based on assumptions about a number of factors, though actual results may differ, resulting in future changes to the provisions.



2 Basis of preparation of financial statements (Continued)

Other items

Other key items where estimates or judgements were involved include:

- | | |
|---|-------------------|
| a) Useful life of fixed assets and right of use of assets | Note 3.2.5 |
| b) Lease liabilities | Note 3.2.6 and 12 |
| c) Provisions | Note 3.3 |
| d) Deferred tax | Note 12.7 |
| e) Provision for taxation | Note 12.4 |

2.5 Materiality and aggregation

Each material item considered by the management as significant has been displayed separately in the financial statements. No amount has been set off, unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.6 Comparative information

Accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year. Comparative information is rearranged wherever necessary to conform with the current presentation.

2.7 Reporting period

These financial statements of the Bank presents financial information cover one calendar year from 1 January to 31 December 2023.

2.8 Date of authorization

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Bank Company Act, 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank. They were authorised for issue by the Bank's management at _____.

2.9 Cash flow statement

The cash flow statement has been prepared in accordance with IAS 7, Cash Flow Statements considering the requirements specified in BRPD circular no. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

2.10 Statement of changes in equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth. The Statement of changes in equity is prepared principally in accordance with IAS 1 Presentation of Financial Statements and under the guidelines of Bangladesh Bank's BRPD circular no. 14 dated 25 June 2003.

2.11 Basis of preparation of liquidity statement

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

- a) Balances with other bank and financial institutions, money at call on short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment/ maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their assumption.
- f) Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term.
- g) Deposits and other accounts are on the basis of their maturity term and behavioral past trend of last one year.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.



2 Basis of preparation of financial statements (Continued)

2.12 Core risk management

According to BRPD circular no. 17 dated 7 October 2003, BRPD circular no. 4 dated 5 March 2007 and DOS circular no. 4 dated 8 October 2018, banks are required to put in place an effective risk management system. Bangladesh Bank monitors the progress of implementation of these guidelines through its on-site inspection teams through routine inspection. The risk management systems of the Bank are discussed below:

Risk management

The Bank has in place an approved integrated Risk Management framework and Operational Risk Framework for managing Credit Risk, Market Risk, Liquidity Risk, and Operational Risk as evidenced by its Board approved "Risk Management Policy", "Market & Liquidity Risk Policy", "Interest Risk Rate Policy", "ICT Security Policy" and "Operational Risk 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.
- Executive Risk Management committee (ERMC) has been set up for Bangladesh operations to oversee the overall Risk Management of Bangladesh operations. ERMC meets regularly on monthly basis.
- The Bank has an established Risk Management Division (RMD) for Bangladesh Operations in line with the similar set up of RMD in Head Office. Country Chief Risk Officer for Bangladesh Operations functionally reports to Chief Risk Officer in Head Office. Under the supervision of Country CRO, RMD-Bangladesh looks after all risk functions except credit Risk. As part of RMD, Treasury Middle Office (TMO) monitors day-to-day trading activities of the dealing room. TMO focuses on Market Risk in the portfolio where RMD at Head Office has been actively engaged in off-site review of the TMO for Bangladesh Operations and has been extending full support in addressing Risk related issues. MIS has been developed for addressing Market/Liquidity/Credit while as per requirement stipulated in guidelines, all sorts of Treasury dealing i.e., Dealer/Counterparty/MM & FX Gaps/Foreign Exchange Exposure Limit etc. are provided to RMD on a daily basis.
- Furthermore, RMD is in process of setting up Operational Risk and Information Technology Risk functions within RMD in coordination with Head Office Operational Risk Division and Information Security Division to strengthen its oversight of operations and information technology.
- RMD prepares "Monthly Risk Management Report (MRMR)" on a monthly basis and "Comprehensive Risk Management Report (CRMR)" on a half-yearly basis as part of regulatory requirement, which is also discussed in the 'Executive Risk Management Committee (ERMC)' meetings on monthly basis. These risk reports are prepared after receiving data/information from various departments/units, which are then compiled/refined while taking care of its validation & accuracy through cross matching of data with the statement of affairs, where applicable.
- Stress Test exercise is being conducted by RMD covering credit liquidity/Forex/capital Adequacy areas in order to gauge shock absorbing capacity of the Bank. Shocks are applied at minor, moderate and major levels as to ascertain whether the Bank would be able to sustain under these three stress situations.

Operational risk

Impact: Financial / Non-Financial

Capital effected: Financial, Social, Human and Intellectual Capitals.

Mitigation Strategy: Embedding a sustainable risk culture remains the Bank's core objective which includes effective management of operational issues and emerging risks across the Bank and in its overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events including non-financial risks. The Bank aims to implement a new process based Risk and Control Self-Assessment method across the group in order to effectively manage operational risks and continuously monitor effectiveness of defined controls through first line self-assessment reviews especially for the processes and activities which may significantly impact the Bank's risk appetite. Further, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation or launch.



2 Basis of preparation of financial statements (Continued)

2.12 Core risk management (Continued)

2.12.1 Credit risk management

An integrated credit risk management system is already in place to ensure risk minimization and maintain asset quality. The Bank maintains separate teams for marketing of new loans and risk assessment in order to ensure that proper due diligence in the approval process. A comprehensive risk assessment is mandatory before recommendation/approval of each credit proposals.

All loan proposals are initiated through the business team in conjunction with Credit Analysis Unit (CAU) after detail analysis, which are subsequently elevated to the Credit Risk Management (CRM) department. Upon receipt of the proposal, due diligence is conducted by CRM and Chief Risk Officer - Bangladesh and subsequently same is placed to Level – I and Level – II approving authority based on the discretionary power. Both the approving authority (Level I & II) in line with its discretionary powers, approves, declines or recommends the proposals for next level approval. While conducting the due diligence, CRM ensures compliance of all local regulations as well as the bank's internal policy.

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

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

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

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

2.12.2 Foreign exchange risk management

Foreign exchange risk arises from fluctuations in currency prices, influenced by various macro and micro economic factors. Contemporary financial institutions engage in activities starting from basic currency buy, sell, imports, exports and remittances to complex structured products. Within the Bank, the Treasury department is vested with the responsibility to measure and minimise risk associated with the Bank's foreign currency position.

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



2 Basis of preparation of financial statements (Continued)

2.12 Core risk management (Continued)

2.12.3 Asset liability management

Asset and Liability Management (ALM) is a practice used by the Bank to mitigate financial risks resulting from a mismatch of assets and liabilities. ALM strategies employ a combination of Risk Management encompasses the identification, analysis, and response to risk factors that form part of the life of a business. It is usually done with financial planning and are often used by the Bank to manage long-term risks that can arise due to changing circumstances.

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

Asset Liability Management Policy of Bank Alfalah Limited, Bangladesh Operations 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 and 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 the Bank's own ALM guidelines for the strategic Management of asset and liabilities. ALCO regularly reviews the Bank's asset-liability position, overall economic condition, capital adequacy, balance sheet risk and take necessary steps to Maximize return. Besides these all regulatory requirements like CRR, SLR, RWA, LCR, NFSR are reviewed by asset liability committee.



2 Basis of preparation of financial statements (Continued)

2.12 Core risk management (Continued)

2.12.4 Money laundering risk

The Bank Management has sincere commitment and efforts that have been displayed in the year 2023 for prevention of Money Laundering (ML), Countering the Financing of Terrorism (CFT) and Proliferation of Weapons of Mass Destruction. The Bank's efforts were reflected on adherence of KYC/CDD completion and simultaneously, accruing the business along with ensuring transaction monitoring and sanction screening. In this aspect Bank established AML Unit in 2017 and the right resources and system are allotted to the unit to monitor transactions, customer onboarding, sanction-screening, etc.

Keeping the enhanced monitoring and focus on Trade Based Money Laundering, the Bank has rolled out technology-based solutions for vessel tracing, Price verification, Sanction screening, Multi-level approval Matrix for high-risk transactions, etc. to strengthen control environment while ensuring robust regulatory reporting such as CTR, STR/SAR, Self-assessment reporting etc.

Especially, the Bank has adopted a stringent policy to monitor and mitigate the risks of suspicious accounts that are suspected of being used for money laundering. Furthermore, the Bank has centralized Account opening, BATCH, Remittance services, Trade operation to mitigate the risks of Money Laundering and Terrorist Financing, as under with the holistic approach.

The Bank arranged AML and CFT training sessions in 2023 for employees comprises of existing and new employees. A schedule of inspection for branches and different functions is in place to ensure that all functions are adhering the related AML and CTF regulations and the Bank laid down policy and procedure on a continuous basis and do not offer services or provide assistance in transactions, which possibly be associated with money being derived from suspected illegal/ criminal activities or customer are under proscribed name by UN, OFAC, Bangladesh sanction list, etc.

2.12.5 Internal Control and Compliance (ICC)

Management have their defined roles and responsibility to maintain an adequate and effective system of Internal Controls and every endeavor is made to implement sound control procedures and control environment. It was evident that the Bank's management meticulously observed and ensured implementation of regulatory directives, compliance of the findings and recommendations of internal audit and central bank inspections and banking activities as per set policies and procedures.

Internal Control and Compliance policies of the Bank outlines the overall Control Objectives and Controls Framework. Bank Alfalah Control Framework is built on 'Three Line of Defense Model' in line with the Bangladesh Bank Prudential Regulations on "Internal Control & Compliance" and Group policy. The Control Framework focuses on devising policies and procedures that outline control activities so that process owners perform their functions without any risk exposure. This aspect is further evaluated and monitored through various organizational functions as part of Risk Management, Compliance, Internal Controls and Internal Audit departments with different reporting structures to ensure independence and transparency.

The Bank's established Compliance and Controls Committee (CCC) which comprises of CEO and Senior Executives of the Bank is entrusted with enhanced governance and monitoring as part of the overall Control Environment. Internal control and Compliance analyzes the major control gaps, escalates the issues, devises corrective action plan and develops training plans for the staff. Comprehensive reviews of KYC, AML, and other critical regulatory areas were triggered based on the alerts and exceptions generated from the dashboard. Anomalies identified as a result of different periodic and ongoing reviews are conveyed to the concerned stakeholders for taking necessary remedial measures, which significantly improved the controls environment of the Bank. The Bank has also established full-fledged AML UNIT to ensure detail control and governance for Anti money laundering and Combating terrorist financing directives issued by Bangladesh Financial Intelligence Unit (BFIU).

Moreover, the Bank is using a comprehensive Management Testing and Incident Reporting Framework under Risk Management Department for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified during the year. While concerted efforts have always been made to comply with the Bangladesh Bank Guidelines, i.e., the identification, evaluation and management of risks within each key activities of bank and continued evaluation and changes to procedures remains an ongoing process. In accordance with the BB directives, the Bank's External Auditors were engaged for annual review for yearly review.



2 Basis of preparation of financial statements (Continued)
 2.12 Core risk management (Continued)
 2.12.5 Internal Control and Compliance (ICC) (Continued)

Additionally Planning, Organizing and Supervising business performance metrics and the Audit and 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 and Inspection Division of the Bank conducts the Audit in two aspects, International Audit team conduct comprehensive audit for the Bangladesh operation while Country Audit team carries out Internal Audits to ensure compliance of regulatory directives as well as the synchronization and adherence to laid-out Policies and Procedures. This Internal Audit team reports directly to AIG and is independent from Country Management.

2.12.5.1 Internal audit

The Internal Audit (IA) setup at Bank Alfalah Limited, Bangladesh Operations is an Independent and comprehensive function which not only provides objective assurance regarding state of Governance, Risk management, Compliance and Controls; but also a consulting activity designed to add value by highlighting areas for improvement and thus helping the Bank achieve its objectives effectively and efficiently.

Dynamic risk assessment and continuous evaluation of the overall control and risk environment, provision of reasonable assurance and placement of significant matters for oversight of the Board and its subcommittees, has remained the hallmark of our Internal Audit Function.

The independent reporting of Chief Internal Auditor (CIA)/Head of Internal Audit to the Board Audit Committee (BAC) ensures independent decision making and further ensuring compliance to the regulatory guidelines and requirements of the international standards for professional practices issued by Institute of Internal Auditors (IIA). As a step forward, Group follows the globally recognized Risk Based Audit Methodology along with compliance of International standards remained on top priority for our IA function. The same enables formulation of policies and strategy in line with Board Audit Committee (BAC) and Regulatory advices, correlating with the industry's best practices. The Bank's Internal Audit Unit plays an important role by assisting the Board Audit committee (BAC) in executing its role by collecting & sharing the desired/required information and being instrumental in carrying out and follow up of the action points/instructions issued by Board Audit Committee (BAC).

The Internal Audit Unit is suitably equipped with professionally qualified and competent resources from auditing, accountancy, management professions; the unit is operational under a diversified scope of work which encompasses audits of Retail-Conventional and Islamic Banking branches, Information System, Management audits, Shariah Audits and virtual monitoring through offsite surveillance system alongside special and regulatory assignments entrusted by regulator on need basis. In addition, effective follow-up and support to management in timely rectification of audit observation is provided through a dedicated Enforcement Function. Under Quality Assurance setup, Quality Assurance and Improvement program and independent audit rating mechanism is also established.

The vision, i.e. "To be the best Audit set up as per Global Standards and help shaping the future of the Bank", motivates and drives the leadership of Audit & Inspection Group (AIG) to keep on excelling in every aspect while keeping in mind the strategic directions set by the Bank. Core values of learning, openness, empathy and trust have been pursued to align the activities of AIG with its vision and expectations of its stakeholders. These values play an integral part in helping the Audit and Inspection Group moving in the right direction.

With continuous support from the BAC; Internal Audit Unit is all geared up by putting on continuous and dedicated efforts to strengthen the Internal Audit function and Internal Control System of the Bank and undertaken numerous strategic initiatives including;

- Utilization of technology to bolster operational efficiencies and to use audit analytics software for continuous auditing.
- Conducting internal audit quality reviews as an integral component of our quality assurance and improvement program.
- Conducting periodic assessments for continuous improvement.
- Utilizing the Risk-Based Audit (RBA) methodology to strategically allocate audit resources.



2 Basis of preparation of financial statements (Continued)

2.12 Core risk management (Continued)

2.12.5 Internal Control and Compliance (ICC) (Continued)

2.12.5.2 Fraud and forgery

The Bank has an effective mechanism in place to deal with any fraud and forgery. It has Fraud and Investigation Unit under Audit and Inspection Group at Head Office that reports to the Board through the Board's Audit Committee. The Unit performs fraud investigations to identify fraudulent acts and conducts post investigation/ fraud audits to identify control breakdowns and establish financial loss. Further, the stakeholders' interest has been secured by the establishment of robust Whistle Blow policy where every whistle blown has been invariably reported to the Chair of the Audit Committee along with Group Head – Audit and Inspection.

During the period no fraud was identified by the Bank. Details are shown in Note 37.

2.12.6 Information and Communication Technology (ICT) security cyber risks

The banking sector has undergone a remarkable transformation in recent years, driven by the adoption of cutting-edge technology. Banks have enthusiastically embraced digital innovation to meet the evolving demands and expectations of their customers. Our commitment to excellence in technology, infrastructure, and personnel has consistently positioned us as industry leaders.

Information Technology (IT) has revolutionized banking operations by automating numerous manual processes, such as account management and transactions. This has not only minimized errors but also accelerated transaction speeds. Furthermore, IT has empowered banks to provide round-the-clock services to customers through online banking platforms, enhancing accessibility and convenience. By implementing state-of-the-art security measures like encryption and multi-factor authentication, IT has bolstered the security of financial transactions, instilling trust and confidence among customers.

Our bank proudly offers real-time account opening services through our Rapid digital account system, enabling customers to open accounts anytime, anywhere, leveraging the latest technological advancements. With our innovative solutions, customers can seamlessly transfer funds to any account within the country and conveniently pay their mobile, gas, and electricity bills through Internet Banking.

We are pleased to announce that our bank has achieved compliant status in accordance with PCI DSS Compliance mandated by the Central bank. This rigorous standardization process ensures robust data security and adherence to baseline standards. Upholding regulatory compliance is paramount to us, and we are dedicated to maintaining PCI DSS certification standards through collaborative efforts between our IT teams.

At the heart of our strategic vision lies a commitment to techno-centricity, ensuring that we remain agile and aligned with the evolving needs and aspirations of our bank. By prioritizing technological advancements, we are poised to achieve sustainable growth and continued success.

2.13 Corporate Social Responsibility (CSR)

In Bangladesh, organizational responsibility to the community is a mandatory action expected by the regulators to ensure our commitment towards creating a better society. Bank Alfalah Bangladesh has consistently engaged in promoting various initiatives and sponsoring numerous social activities since its establishment, aligning with the bank's Corporate Social Responsibility (CSR) philosophy. This ongoing commitment to CSR reflects the bank's identity and fundamental belief in being a forward-thinking and socially responsible institution.

Bank Alfalah Bangladesh's CSR endeavors encompass a range of activities aimed at benefiting society. These include supporting initiatives in education and healthcare, contribution to environmental sustainability and climate change adaptation and mitigation efforts, contributing to the country's disaster management efforts, promoting its cultural heritage, empowering women entrepreneurs etc. By actively participating in these initiatives, the bank not only enhances its image but also demonstrates its commitment to making meaningful contributions to the well-being of the community.



2 Basis of preparation of financial statements (Continued)

2.13 Corporate Social Responsibility (CSR) (Continued)

A summary of CSR programs undertaken in 2023 is provided below:

CORPORATE SOCIAL RESPONSIBILITY PROJECTS 2023		
SL	Projects	Description
1	Winter Blanket Distribution	Distributed winter blankets to support the underprivileged in Muhammadia Madrasa Wari Etimkhana, Muktijuddhar Sontan Foundation, and Shufia Hanef Foundation.
2	Sponsorship at Bangladesh Disabled Development Trust (BDDT)	Published an advertisement in monthly Braille newspaper Drishti Bijoe (a magazine for visually impaired person) which is managed by Bangladesh Disabled Development Trust (BDDT). BDDT is a non-profit NGO dedicated to improving the lives of vulnerable individuals, particularly Persons with Disabilities (PWDs).
3	Donation at Prime Minister's Education Assistance Trust	Donated to Prime Minister's Education Assistance Trust Fund. This trust fund aims to nurture skilled individuals from underprivileged backgrounds, ensuring their continued education and contributing to the creation of a developed and prosperous Bangladesh.
4	Donation at Training and Rehabilitation Centre for the Disabled (TRCD)	Donated to Training and Rehabilitation Centre (TRCD) for the education of disabled students. TRCD is a non-profit, non-political voluntary organization, officially sanctioned by the Directorate of Social Services, District Social Services Dhaka, operating under the Ministry of Social Welfare, Government of the People's Republic of Bangladesh.
5	Donation at Thengamara Mohila Sabuj Sangha (TMSS)	Donated to Thengamara Mohila Sabuj Sangha (TMSS) for the winter blanket distribution project. This is a leading NGO in the country and has been dedicated to improving the lives of underprivileged women since 1980.
6	Donation at Probha Aurora Limited	Probha Aurora is a climate sensitive and youth focused enterprise in Bangladesh. Bank Alfalah has provided financial assistance for the project of sustainable waste management with BSF larva farming in Satkhira district.
7	Donation at Pathrail M.L. High School	Donated two desktop computers to Pathrail M.L. High School to enhance their computer laboratory, directly benefiting 1200 students by providing essential computer training.

We remain committed to championing positive transformations through our efforts in education, healthcare, environmental conservation, climate change mitigation and adaptation, disaster management, and more. Additionally, we are committed to offering essential aid to the best of our abilities during any national emergencies. Furthermore, we aim to strengthen our involvement with marginalized community members to foster community development.

2.14 Green banking

Green Banking involves the banking industry's endeavors to preserve the environment and mitigate the impact of greenhouse gases by refining their strategies, policies, decisions, and actions related to banking services, business operations, and internal functions. Additionally, it includes initiatives to educate and encourage clients to adopt eco-friendly practices by providing financially advantageous banking services and showing preference for environmentally responsible actions.

Bank Alfalah recognizes its duty to safeguard the environment and preserve natural resources. We are aware of the environmental repercussions of our operations and strive to build a sustainable business that benefits all stakeholders. Adhering to globally accepted standards and regulatory frameworks for green banking, Bank Alfalah actively participates in various environmentally conscious activities such as:

- We are progressively shifting towards sustainable financing and have integrated Environmental Risk Grading into our Credit Approval process.
- Conventional lighting has been swapped out for energy-efficient bulbs and equipment.
- We have introduced and implemented "Green Office Guidelines" throughout our operations. These guidelines outline potential avenues for reducing the Bank's in-house carbon footprint.



2 Basis of preparation of financial statements (Continued)

2.14 Green banking (Continued)

- One of our ATM booths is now entirely powered by renewable solar energy. The Bank aims to transition all its ATM booths to eco-friendly, green ATMs.
- We're urging customers to set their Personal Identification Number (PIN) via phone banking. This paperless solution is not only environmentally sound but also offers customers an Instant, secure, and convenient option.
- We've rolled out various digital banking initiatives, products, and transaction services like Debit Cards, Internet banking with fund transfers and mobile top-ups, e-statements, SMS Alert Service, BEFTN & RTGS Service, and phone banking Service, aiming to reduce the reliance on printing papers and stationery.
- The introduction of "Video Conferencing" through "IP Phone" enables meetings without the need for physical travel, thus saving costs and energy.
- We've been gradually replacing all Bank-maintained transports with fuel-efficient alternatives.

2.15 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 2022.

Particulars	Date of Rating	Long Term	Short Term	Valid Till
Entity Rating	28-Apr-23	AA+	ST - 1	27-Apr-24

Alpha Credit Rating Limited has affirmed the long-term rating to AA+ (pronounced as 'double A plus) from AA (pronounced as 'double A) and affirmed Short-term rating of ST-1 of Bank Alfalah Limited (Bangladesh Operations) based on Audited Financials for the year ended 31 December 2022 and other relevant quantitative as well as qualitative information.

The rating reflects the stability of financial performance along with quite satisfactory liquidity position, quality of management team and efficient fund management of the bank. Alpha Rating observed that bank Alfalah (Bangladesh Operation's) contribution to develop HR division is strengthening over the years. In addition, good corporate governance practice, satisfactory CSR activities in last few years and sound environmental risk management policy and low unsystematic risk have supported the above rating positively

The rating has considered surplus provision, sufficient CRR & SLR compared to the requirement, improved average earning assets, sufficient Capital adequacy, increased net interest income, increased net profit and ADR within the regulatory requirement.

Commercial Banks rated AA+ have very strong credit quality and are subject to very low credit risk. Short term rating of ST-1 represents bank's Superior capacity for timely repayment of its obligations.

2.16 Accounting for changes in policy, accounting estimates and errors

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that the effect of a change in accounting policy and correction of errors, if material, is to be applied retrospectively, and change in an accounting estimate is to be applied prospectively. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change. The Bank followed the same accordingly.

2.17 Board Audit Committee (BAC)

Name	Designation
Mr. Khalid Qurashi	Chairman
Mr. Abdulla Khalil Al Mutawa	Member
Mr. Khalid Mana Saeed Al Otaiba	Member
Ms. Dr. Ayesha Khan	Member
Mr. Tahir Khurshid	Secretary



2 Basis of preparation of financial statements (Continued)

2.18 Workers Profit Participation Fund (WPPF)

As per Bangladesh Labour Act, 2006 and amendments thereof, an employer is required to pay 5% of its net profit to the 1) Workers Participatory Fund (80%), 2) Workers Welfare Fund (10%) and 3) Workers Welfare Foundation Fund (10%) 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 14 February 2017, Ministry of Finance (Bank and 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 and Manpower to take necessary action not to apply Section 55 of the Bangladesh Labour Act, 2006 on Banks and financial institutions. Hence, no provision is required for WPPF payments is being kept.

2.19 Formulation of Bangladesh Bank Agricultural Development Common Fund

(Ref Bangladesh Bank ACD Circular No 08 dated 19 Dec 2022)

Bangladesh Bank has advised all commercial Banks to create fund with the shortfall amount of the target.

Our target was Tk. 24 Crore for the FY 2022-2023 and we have disbursed Tk. 89.24 Crore i.e. 371.84% achievement.

2.20 Financial literacy

Financial literacy plays a crucial role in promoting financial inclusion as it empowers individuals to become self-reliant and financially secure. Recognizing the significance of financial literacy as a foundation for sustainable financial inclusion, Bank Alfalah has undertaken several initiatives in 2023 to leverage this concept.

Bank Alfalah Bangladesh celebrated Financial Literacy Day on March 6th, 2023, by conducting training and interactive sessions on financial literacy for students and female entrepreneurs across multiple branches.

Additionally, the bank partnered with Buro Bangladesh, a respected corporate client, to host two financial literacy workshops for cottage and micro-entrepreneurs, micro-marketers, and retailers in the Chattogram region.

Furthermore, two additional workshops were arranged in collaboration with Bengal Meat, another esteemed corporate client, to educate and involve farmers from the Rajshahi division.

The bank is dedicated to organizing various other activities related to financial literacy in the future. By continuing to prioritize financial literacy, the bank aims to contribute to the overall financial well-being and stability of its customers and the broader society.

2.21 Cost saving initiative as per Bangladesh Bank guidelines (BRPD Circular No. 28, dated July 26 2022 and BRPD Circular No 30 dated 27 July 2022)

To comply with the above guidelines, Bank Alfalah Limited, Bangladesh Operations has taken several initiatives to reduce cost from the budget by rationalizing and restricting of expenses like Fuel, Electricity, Entertainment, Travelling, Computer and Accessories, Electrical equipment, Furniture etc. The Bank has not purchased any vehicle in 2023.

Refer to Note 25 & 31.

2.22 General

- a) Figures of previous year have been rearranged, wherever considered necessary, to conform with the current year's presentation.
- b) The expenses, irrespective of capital or revenue in nature, accrued/due but not paid have been provided for in the books of accounts.



3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements of the Bank have been applied consistently except otherwise instructed by Bangladesh Bank as the prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

3.1 Foreign currency transactions

According to IAS 21 The Effects of Changes in Foreign Exchange Rates transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on 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 recognised in the profit and loss statement.

3.2 Assets and basis of their valuation**3.2.1 Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, ATM, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call on short notice, investments in treasury bills, Bangladesh Bank bill and prize bonds.

3.2.2 Investments

All investments are initially recognised at cost including acquisition charges associated with the investment. Premiums are amortised and discount accredited using the effective or historical yield method. Accounting treatment of government treasury bills and bonds (categorised as HFT and HTM) are made in accordance with Bangladesh Bank DOS Circular letter no. 5 dated 26 May 2008 and subsequent clarifications DOS Circular letter no. 5 dated 28 January 2009.

Held to Maturity (HTM)

Investments which have 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'. These are measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Any increase or decrease in value of such investments are booked under equity and in the profit and loss statement respectively.

Held for Trading (HFT)

Investments 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. After initial recognition, investments are marked to market weekly and any decrease in the present value is recognised in the Profit and Loss Account and any increase is booked to Revaluation Reserve Account through Profit and Loss Account as per DOS Circular no. 5 dated 28 January 2009.

Value of investments has been shown as under:

Investment Class	Initial Recognition	Measurement after initial recognition	Recording of changes
Govt. treasury securities - Held to Maturity (HTM)	Cost	Amortised cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Govt. treasury securities - Held for Trading (HFT)	Cost	Fair value	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account.
Debenture/Bond	Face value	Face value	None
Prize bond	Cost	Cost	None



3 Significant accounting policies (Continued)

3.2 Assets and basis of their valuation (Continued)

3.2.3 Loans and advances/investments and provisions for loans and advances/investments

- a) Loans and advances of conventional Banking/investments of Islamic Banking branches are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.
- b) At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular no. 3 dated 21 April 2019, BRPD circular no.1 dated 20 February 2018, BRPD circular no.15 dated 27 September 2017, BRPD circular no.16 dated 18 November 2014, BRPD circular no. 5 dated 29 May 2013, BRPD circular no.14 dated 23 September 2012 and BRPD circular no. 19 dated 27 December 2012. The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates are as follows:

Types of loans and advances	Provision				
	STD	SMA	SS	DF	BL
Consumer:					
House building and professional	1.00% - 2.00%	1.00% - 2.00%	20.00%	50.00%	100.00%
Other than housing finance and professionals to setup business	2.00% - 5.00%	2.00% - 5.00%	20.00%	50.00%	100.00%
Provision for loan to broker house, merchant banks, stock dealers, etc.	2.00%	2.00%	20.00%	50.00%	100.00%
Short-term Agri-credit and micro credit	1.00%	1.00%	5.00%	5.00%	100.00%
Small and medium enterprise finance	0.25%	0.25%	20.00%	50.00%	100.00%
Others	1.00%	1.00%	20.00%	50.00%	100.00%

BRPD Circular no.14 dated 23 September 2012 as amended by BRPD Circular no. 19 dated 27 December 2012 also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorised into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

- c) Loans and advances are written off to the extent that i) there is no realistic prospect of recovery, and ii) against which legal cases are filed, where required and classified as bad/loss as per as per BRPD circular no. 2 dated 13 January 2003, BRPD circular no. 13 dated 07 November 2013 and BRPD circular no. 1 dated 06 February 2019 of Bangladesh Bank.

These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are maintained and followed up.

3.2.4 Staff loan

House Loan, Car Loan, Conveyance Finance Loan and Personal Loan are provided to the permanent staff at a subsidised rate. Criteria and detail of type wise staff loan are given below:

House loan: Permanent Local officers from Range III completing 3 years of uninterrupted service with the Bank or an experienced staff serving not less than 5 years of his service life including 1 year with the Bank can avail house building loan subject to getting approval from Human Resource Department, Head Office Karachi with the recommendations of Country Head - Bangladesh and Group Head of International Business & CIB. This type of loan is also taken over at the time recruitment.

Car Loan: Permanent Local officers from Range-VA and above are eligible to avail SLCL facilities. The loan is approved by CRO - Bangladesh. This type of loan is also taken over at the time recruitment.



3 Significant accounting policies (Continued)

3.2 Assets and basis of their valuation (Continued)

3.2.4 Staff loan (Continued)

Personal Loan: Permanent Local Officers are eligible for such loan to avail such loan facility at a subsidized rate. This loan is approved by CRO - Bangladesh.

Conveyance Finance Loan: Permanent Local Officers serving at Range IV & V are eligible for such loan to avail car facility at a subsidized rate. This loan is approved by CRO - Bangladesh.

3.2.5 Fixed assets including premises, furniture and fixtures

Recognition and measurement

As per IAS 16 Property and Equipment Items of fixed assets excluding land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost.

Purchase of software that is integral to the related equipment is capitalised as part of that equipment.

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 significant 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 recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of fixed asset is recognised 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 parts is derecognised. The costs of the day to day servicing of fixed assets are recognised in the profit and loss statement as incurred.

Depreciation

Depreciation on fixed assets are recognised in the profit and loss statement on straight line method over its estimated useful lives. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas depreciation on disposed off fixed assets are charged up to the month prior to the disposal. Asset category wise depreciation rates for the current and comparative periods are as follows:

Category of assets	Rate of depreciation	Useful life
Furniture, fixture and fittings	10%	10
Leasehold Improvement	20%	5
Office equipments	20%	5
Staff equipments	20%	5
Computer and related equipments	25%	4
Motor vehicles	25%	4

3.2.6 Leases

Right-of-use assets

The Bank recognises right-of-use assets at the date of initial application of IFRS 16. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under "Fixed assets including premises, furniture and fixtures"

Short-term leases and leases of low value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognises lease payments associated with these leases as an expense. However, the bank has considered one lease agreement as short term lease considering practical expedient.



3 Significant accounting policies (Continued)

3.2 Assets and basis of their valuation (Continued)

3.2.6 Leases (Continued)

The contracts for all leased premises including branches, head office, regional offices, data centres, ATM booths and disaster recovery centres are considered for implementation of IFRS 16.

3.2.7 Provisions for other assets

BRPD circular no.04 dated 12 April 2022 requires a provision of 100% on other assets which are outstanding for one year and above. The Bank maintains provisions in line with this circular unless it assesses there is no doubt of recovery on items of other assets in which case no provision is kept.

3.2.8 Intangible assets and its amortisation

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.

3.2.9 Reconciliation of inter-bank and inter-branch account

Account 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/balances in the case of inter-branch transactions on the reporting date are not material.

3.3 Liabilities and basis of their valuation

3.3.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents includes refinance from Bangladesh Bank against agro-based credit, SME and EDF Loan etc., interest-bearing borrowings against securities from Bangladesh Bank, call borrowing from other banks and borrowing from other multilateral organisations. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in note 10.

3.3.2 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 into financial statements at the gross value of outstanding balance. Details are shown in note 11.

3.3.3 Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

3.3.4 Provision for liabilities

As per IAS 37 Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

3 Significant accounting policies (Continued)

3.3 Liabilities and basis of their valuation (Continued)

3.3.5 Provision for Off-balance sheet exposure

As per BRPD circular no.14 dated 23 September 2012, the Bank has recognised 1% General Provision on the following off-balance sheet exposures as defined in BRPD circular no.10 dated 24 November 2002 considering the exemption as provided through BRPD circular no. 1 dated 3 January 2018, BRPD circular no. 7 dated 21 June 2018, BRPD circular no. 13 dated 18 October 2018, BRPD circular no. 2 dated 25 February 2019, BRPD circular no. 9 dated 27 May 2019 and BRPD circular letter no. BPRD(P-1)/661/13/2019-354 dated 13 January 2020.

- Acceptance and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Foreign exchange contracts

3.3.6 Provisions on balances with other banks and financial institutions (Nostro accounts)

Provision for unsettled transactions on nostro accounts is made as per Foreign Exchange Policy Department (FEPD) circular no. FEPD (FEMO) / 01/2005-677 dated 13 September 2005 of Foreign Exchange Policy Department (FEPD) of Bangladesh Bank and reviewed semi-annually by the Bank's management along with duly certified by the external auditor. On the reporting date, the Bank has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

3.3.7 Provision for rebate to good borrower

As per BRPD circular no. 6 dated 19 March 2015 and BRPD circular no. 3 dated 16 February 2016 of the Banking Regulation and Policy Department (BRPD) of Bangladesh Bank, commercial banks are required to provide 10% rebate on the interest charged from "good borrowers" subject to some qualifying criteria.

3.3.8 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, lease obligation etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance, 1984 and internal policy of the Bank.

3.4 Capital/Shareholders' equity

3.4.1 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 Company Act, 1991 as amended by BRPD circular no. 11 dated 14 August 2008 and BRPD circular letter no. 18 dated 15 June 2023 all Banks are required to deposit with Bangladesh Bank the higher of Tk. 5,000 million and minimum capital requirement calculated as 10% of risk weighted assets. Details are shown in Note 13.

3.4.2 Other reserve

Other reserve arises from the revaluation of treasury bills, Bangladesh Bank bills and treasury bonds (HFT and HTM) in accordance with the DOS Circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010.

3.5 Revenue recognition

3.5.1 Interest income

Interest on loans and advances is calculated on daily basis. Based on product features, Interest is accrued or charged to customers' accounts on monthly/quarterly basis.

In accordance with BRPD Circular no.14 dated 23 September 2012 as amended by BRPD Circular No. 19 dated 27 December 2012 interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as bad/loss. It is then kept in interest suspense in a memorandum account.



3 Significant accounting policies (Continued)

3.5 Revenue recognition (Continued)

3.5.2 Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments are transferred to profit suspense account instead of income account.

3.5.3 Investment income

Income on investments are recognised on accrual basis. Investment income includes discount on treasury bills and Bangladesh Bank bills, interest on treasury bonds and fixed deposit with other banks. Capital gain on investments in shares are also included in investment income. Capital gain is recognised when it is realised.

3.5.4 Fees and commission income

The Bank earns commission and fee income from a diverse range of service provided to its customers. Commission and fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed
- income earned from services provided is recognised as revenue as the services are provided
- Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

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

Interest paid and other expenses are recognised on accrual basis.

3.7 Profit shared on deposits (Islamic Banking)

Profit shared to mudaraba deposits are recognised on accrual basis.

3.8 Dividend Income

Dividend income is recognised when the right to receive income is established. Dividends are presented under Investment income.

3.9 Others

Foreign exchange gain/ loss

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non monetary items.

3.10 Employee benefits

3.10.1 Provident fund

Provident Fund benefits are given to the permanent staff of the Bank in accordance with the registered Provident Fund rules. The Commissioner of Income Tax, Taxes Zone - 6, Dhaka, has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance, 1984. The reorganization took effect on 1 June 2005. The Provident Fund is operated by a Board of Trustees consisting of 5 members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Provident Fund. The Bank also contributes equal amount to the Provident Fund. Contributions made by the Bank are charged as expense and the Bank bears no further liability. Interest earned from the investments is credited to the members' account on yearly basis. Members are eligible to get both the contribution after 5 years of continuous service from the date of their membership. By Law the Provident fund is duly audited by MABS & J Partners, Chartered Accountants.

3.10.2 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 31 December 2023 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 Significant accounting policies (Continued)**3.10 Employee benefits (Continued)****3.10.2 Gratuity fund (Continued)**

Eligibility to gratuity payments

Actual Year of Services	Eligibility	Calculation
Less than 2 Years	Not eligible	Nil
2 Years or more but less than 10 Years for Range VII to IX	Eligible	(Last basic drawn)* (No. of years service)
3 Years or more but less than 10 Years for Range IV to VIA	Eligible	(Last basic drawn)* (No. of years service)
5 Years or more but less than 10 Years for Range I to IIIA	Eligible	(Last basic drawn)* (No. of years service)
10 Years or more	Eligible	(Last basic drawn)* (No. of years service)* (1.5)

3.10.3 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.

3.11 Tax expense

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

3.11.1 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, 1984 and relevant Statutory Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. Currently the income tax rate applicable for publicly non-traded banks is 40%.

3.11.2 Deferred tax

Deferred tax is recognised 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 recognised 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 realised simultaneously.

A deferred tax asset is recognised 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 utilised. 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 realised.

3.11.3 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 Significant accounting policies (Continued)

3.12 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 recognised 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 recognised in profit or loss. Impairment losses recognised 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 recognised 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 amortisation, if no impairment loss had been recognised.

3.13 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. A contingent liability arises when some, but not all, of the criteria for recognizing a provision are met.

IAS 37 applies prudence by deeming a past event to give rise to a present obligation and an entity shall not recognize a contingent liability. However, if it is possible rather than probable that an obligation exists, a contingent liability will exist, not a provision in the financial statements. An entity shall disclose for each class of transaction of contingent liability at the end of the reporting period if the contingent liability is not remote.

3.14 Contingent asset

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. Contingent assets are never recognised; rather they are disclosed in the financial statements when they arise.

The most significant areas where estimates and judgments have been applied are to calculate provision for loans, advances and investments as per Bangladesh Bank guideline.



3 Significant accounting policies (Continued)

3.15 Compliance of International Financial Reporting Standard (IFRSs)

While preparing the financial statements, the Bank applied most of IASs and IFRSs. Details are given below:

Name of the standards	IFRS	Implementation status by the Bank
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departure (note 2.1)
Operating Segments	IFRS-8	Not Applicable
Financial Instruments	IFRS-9	Applied with some departure (note 2.1)
Consolidated Financial Statements	IFRS-10	Not Applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interest in Other Entities	IFRS-12	Not Applicable
Fair Value Measurement	IFRS-13	Applied with some departure (note 2.1)
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from contractors with customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Presentation of Financial Statements	IAS-1	Applied with some departure (note 2.1)
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	Applied with some departure (note 2.1)
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Govt Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Not Applicable
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates and Joint Venture	IAS-28	Not Applicable
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied with some departure (note 2.1)
Earnings per Share	IAS-33	Not Applicable
Interim Financial Reporting	IAS-34	Not Applicable
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to IASs/IFRSs, some of the requirements specified in these IASs/IFRSs are not applied. Refer to note 2.1 for such recognition and measurement differences that are most relevant and material to the Bank.

Reason for departure from IFRS

The Central Bank of Bangladesh ('Bangladesh Bank'), as regulator of the banking industry, has issued a number of circulars/directives which are not consistent with the requirements specified in IAS/IFRS, as referred above. In such cases, the Bank has followed regulatory requirements specified by Bangladesh Bank. Details are shown in Note 2.1.



3 Significant accounting policies (Continued)

3.16 Standards issued but not yet effective

Financial Reporting Council (FRC) has adopted following new standards and amendments to standards during the year 2017. All previously adopted reporting standards are consistently applied by the Bank as explained in Note 3.15.

A number of new standards and amendments to standards are issued but not yet effective for annual periods beginning after 1 January 2021 and earlier application is permitted. However, the Bank has not adopted early the following new or amended standards in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Bank when they become be applicable.

- i) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- ii) Reference to Conceptual Framework (Amendments to IFRS 3).
- iii) Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- iv) IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

3.17 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

3.18 Segment reporting

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

3.19 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Details of the related party disclosures presented in note 34.

3.20 Events after reporting period

As per IAS 10 Events after Reporting Period events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) adjusting events after the reporting period (those that provide evidence of conditions that existed at the end of the reporting period); and
- (b) non adjusting events after the reporting period (those that are indicative of conditions that arose after the reporting period).

Details of the Events after reporting period presented in note 38.



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
4	Cash		
	Cash in hand (Including foreign currency)	4.1 202,889,743	265,320,156
	Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	4.2 1,635,543,470	1,994,130,507
		1,838,433,213	2,259,450,663
4.1	Cash in hand		
	Local currency	192,779,354	265,173,268
	Foreign currency	10,110,389	146,888
		202,889,743	265,320,156
4.2	Balance with Bangladesh Bank and its agent bank(s)		
	Local currency	975,281,938	1,323,819,383
	Foreign currency	4.2.1 660,261,532	670,311,124
		1,635,543,470	1,994,130,507
4.2.1	Foreign currency		
	Lien portion (statutory deposit with Bangladesh Bank against capital)	467,071,038	439,608,538
	Non Lien portion	193,190,494	230,702,586
		660,261,532	670,311,124

4.a As per section 33 of Bank Company Act, 1991 (amended up to 2013) & MPD circular No. 03 dated 9 April 2020 issued by Bangladesh Bank, the Bank has been maintaining 3.5% CRR on daily basis and 4% on bi-weekly basis. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2022 is maintained on the basis of weekly ATDTL of October 2022), according to DOS Circular No. 01 and 26 issued on 19 January 2014 and 19 August 2019 respectively.

i) Cash Reserve Requirement (CRR) for Conventional Banking

4% of average Demand and Time Liabilities

Required reserve	672,853,810	552,116,367
Actual reserve held	766,033,522	1,131,352,282
Surplus	93,179,712	579,235,915
Actual reserve held	4.55%	8.20%

ii) Cash Reserve Requirement (CRR) for Islamic Banking

4% of average Demand and Time Liabilities

Required reserve	183,117,588	177,761,610
Actual reserve held	210,869,079	195,252,560
Surplus	27,751,491	17,490,950
Actual reserve held	4.61%	4.39%



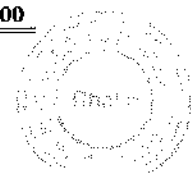
Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka		
		2023	2022	
4	Cash (Continued)			
4.b	As per section 33 of the Bank Company Act, 1991 (amended up to 2013) and MPD circular no. 02 dated 10 December 2013 issued by Bangladesh Bank (effective from 1 February 2014), the Bank has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2021 is based on weekly ATDTL of October 2021), according to DOS Circular No. 01 & 26 issued on 19 January 2014 & 19 August 2019 respectively.			
	i) Statutory Liquidity Requirement (SLR) for Conventional Banking			
	13% of required Average Demand and Time Liabilities			
	Required reserve	2,186,774,883	1,794,378,193	
	Actual reserve held	8,093,865,497	6,910,477,093	
	Surplus	5,907,090,614	5,116,098,900	
	Actual reserve held	48.12%	50.07%	
	Held for Statutory Liquidity Requirement			
	Cash in hand	155,762,386	209,379,006	
	Excess of daily reserve	93,179,712	579,235,915	
	Un-encumbered securities(HTM)	7,824,734,643	4,437,902,099	
	Un-encumbered securities(HFT)	20,188,757	1,683,960,073	
		8,093,865,497	6,910,477,093	
	ii) Statutory Liquidity Requirement (SLR) for Islamic Banking			
	5.5% of required Average Demand and Time Liabilities			
	Required reserve	251,786,684	244,422,214	
	Actual reserve held	251,797,680	244,432,700	
	Surplus	10,996	10,486	
	Actual reserve held	5.50%	5.50%	
	Held for Statutory Liquidity Requirement:			
	Cash in hand	47,127,358	55,941,150	
	Excess of daily reserve	27,751,491	17,490,950	
	Other eligible securities	157,070,000	157,070,000	
	Foreign currency used in BDT	19,848,835	13,930,600	
		251,797,680	244,432,700	
5	Balance with other banks and financial institutions			
	In Bangladesh	5.1	424,461,445	685,788,984
	Outside Bangladesh	5.2	1,976,005,327	183,240,224
			2,400,466,772	869,029,208
5.1	In Bangladesh			
	Current accounts	5.1.1	11,026,807	22,652,566
	Savings accounts	5.1.2	13,434,638	13,136,418
	Mudaraba term deposit	5.1.3	-	600,000,000
	Term deposit	5.1.4	400,000,000	50,000,000
			424,461,445	685,788,984
5.1.1	Current accounts			
	Islami Bank Bangladesh Limited		21,151	23,221
	Trust Bank Limited		7,825,373	13,411,428
	Standard Chartered Bank		3,180,283	9,217,917
			11,026,807	22,652,566



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
5	Balance with other banks and financial institutions (Continued)		
5.1	In Bangladesh (Continued)		
5.1.2	Savings accounts		
	Trust Bank Limited	32,750	33,841
	Dhaka Bank Limited	36,152	37,037
	Prime Bank Limited	13,365,736	13,065,540
		13,434,638	13,136,418
5.1.3	Mudaraba term deposit		
	Export Import Bank of Bangladesh Ltd.	-	600,000,000
		-	600,000,000
5.1.4	Term deposit		
	National Bank of Pakistan	400,000,000	-
	Modhumoti Bank Limited	-	50,000,000
		400,000,000	50,000,000
5.2	Outside Bangladesh		
5.2.1	Current account		
	Standard Chartered Bank, New York	92,780,138	174,255,866
	Standard Chartered Bank, Mumbai	4,041,132	4,291,463
	Bank Alfalah Limited, Karachi	995,144	936,632
	Standard Chartered Bank, London	1,445,797	2,699,587
	Standard Chartered Bank, Frankfurt	10,960,775	1,026,807
	Standard Chartered Bank, Tokyo	32,341	29,869
		110,255,327	183,240,224
5.2.2	Term Placement		
	Bank Alfalah Limited, Bahrain	1,865,750,000	-
		1,865,750,000	-
	Total Outside Bangladesh	1,976,005,327	183,240,224
	<i>Details are shown in Annexure III</i>		
5.a	Maturity-wise groupings of balance with other banks and financial institutions		
	On demand	134,716,772	219,029,208
	Not more than 3 months	2,265,750,000	650,000,000
	More than 3 months but less than 1 year	-	-
	More than 1 year but less than 5 years	-	-
	More than 5 years	-	-
		2,400,466,772	869,029,208
5.b	Money at call on short notice		
	Jamuna Bank Limited	-	190,000,000
	Dhaka Bank Limited	100,000,000	-
	Midland Bank Limited	450,000,000	490,000,000
	The City Bank Limited	-	600,000,000
	IFIC Bank Limited	-	100,000,000
	Prime Bank Limited	-	500,000,000
	Modhumoti Bank Ltd	350,000,000	450,000,000
	NRB Bank Limited	130,000,000	100,000,000
		1,030,000,000	2,430,000,000



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
6	Investments		
	Government securities	6.1	
		7,943,302,318	6,279,804,026
		<u>7,943,302,318</u>	<u>6,279,804,026</u>
6.1	Government securities		
	Treasury bills HFT	18,605,167	688,052,338
	Treasury bills HTM	4,122,338,680	192,790,200
	Treasury bonds HFT	1,606,236	995,987,578
	Treasury bonds HTM*	3,800,595,835	4,402,877,910
	Prize bonds	156,400	96,000
		<u>7,943,302,318</u>	<u>6,279,804,026</u>
	*Includes sukuk bond amounting Taka 157,070,000 (2021: 157,070,000).		
6.a	Investments classified as per Bangladesh Bank circular		
	Held-for-trading (HFT) securities	6.a.1	
		20,367,803	1,684,135,916
	Held-to-maturity (HTM) securities	6.a.2	
		7,922,934,515	4,595,668,110
		<u>7,943,302,318</u>	<u>6,279,804,026</u>
6.a.1	Held-for-trading (HFT) securities		
	Treasury bills	18,605,167	688,052,338
	Treasury bonds	1,606,236	995,987,578
	Prize bonds	156,400	96,000
		<u>20,367,803</u>	<u>1,684,135,916</u>
6.a.2	Held-to-maturity (HTM) securities		
	Treasury bills	4,122,338,680	192,790,200
	Treasury bonds	3,800,595,835	4,402,877,910
		<u>7,922,934,515</u>	<u>4,595,668,110</u>
	Except twenty One treasury bill & bond amounting Taka 2,927,741,242 the above HTM securities are lien with Bangladesh Bank for capital purpose.		
6.b	Maturity wise groupings of investment		
	Repayable On demand	156,400	96,000
	Not more than 3 months	3,651,386,442	756,758,085
	More than 3 months but not more than 1 year	489,534,760	741,928,666
	More than 1 year but not more than 5 years	3,075,571,670	3,473,882,107
	More than 5 years	726,653,046	1,307,139,168
		<u>7,943,302,318</u>	<u>6,279,804,026</u>



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka		
		2023	2022	
7	Loans and advances			
	Loans, cash credit, overdrafts etc.	7.1	16,168,629,022	17,390,352,770
	Bills purchased and discounted	7.2	-	6,051,495
			<u>16,168,629,022</u>	<u>17,396,404,265</u>
7.1	Loans, cash credit, overdrafts etc.			
	In Bangladesh	7.1.1	16,168,629,022	17,390,352,770
	Outside Bangladesh		-	-
			<u>16,168,629,022</u>	<u>17,390,352,770</u>
7.1.1	In Bangladesh			
	Conventional Banking	7.1.1.1	12,387,535,464	13,434,523,226
	Islamic Banking	7.1.1.2	3,781,093,558	3,955,829,544
			<u>16,168,629,022</u>	<u>17,390,352,770</u>
7.1.1.1	Conventional Banking			
	Current finance		3,335,075,891	5,531,419,244
	Term finance		8,589,739,042	7,169,011,488
	Agriculture finance		380,143,833	294,013,486
	Staff loan		49,336,898	61,401,451
	Finance against EDF		-	331,615,448
	Loan against trust receipts		33,239,800	47,062,109
			<u>12,387,535,464</u>	<u>13,434,523,226</u>
7.1.1.2	Islamic Banking			
	Murabaha (LPO)		3,217,263,514	3,289,272,735
	Trust receipts		115,615,695	31,018,658
	Advance against Murabaha		-	-
	Finance against EDF		15,912,682	70,913,151
	Spot murabaha		432,301,667	564,625,000
			<u>3,781,093,558</u>	<u>3,955,829,544</u>
7.2	Bills purchased and discounted			
	Payable in Bangladesh		-	6,051,495
	Payable outside Bangladesh		-	-
			<u>-</u>	<u>6,051,495</u>
7.3	Maturity-wise grouping of loans and advances			
	Repayable on demand		494,775,131	542,327,320
	Not more than 3 months		11,629,946,129	14,131,593,080
	More than 3 months but not more than 1 year		3,618,478,290	2,163,792,111
	More than 1 year but not more than 5 years		382,659,291	520,957,723
	More Than 5 years		42,770,181	37,734,031
			<u>16,168,629,022</u>	<u>17,396,404,265</u>
7.4	Loans and advances on the basis of significant concentration			
	Advances to Chief executive, other Senior executives and other Officers		49,336,898	61,401,451
	Industrial loans and advances		16,119,292,124	17,335,002,814
			<u>16,168,629,022</u>	<u>17,396,404,265</u>
7.5	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 (08 Customer)		6,713,800,877	4,620,118,836
	Amount of classified loans and advances therein		Nil	Nil
	Measures taken for recovery		Not Applicable	Not Applicable



7 Loans and advances (Continued)**7.6 Industry-wise classification of loans and advances/investments**

	2023		2022	
	% of Total Loan	BDT	% of Total Loan	BDT
Agri Business	10.01%	1,617,734,932	8.76%	1,524,082,941
Automobile dealers	0.62%	100,672,003	0.58%	100,672,003
Cement	3.64%	588,461,464	3.00%	522,106,435
Chemicals	3.59%	579,992,232	3.20%	557,330,833
Financial Institutions & MFIs	5.89%	951,943,485	9.28%	1,614,140,528
Food & Personal Care Products	10.54%	1,720,036,705	6.89%	1,198,084,804
Glass & Ceramics	0.13%	20,551,442	0.17%	29,523,968
Leather & Tanneries	1.26%	203,854,167	1.17%	202,846,667
Manufacturing & sale of Domestic Appliances	6.88%	1,111,754,846	6.37%	1,107,651,001
Metal & Allied	15.89%	2,569,228,184	23.37%	4,066,200,242
Oil & Gas Marketing Companies	2.85%	460,825,694	3.33%	579,017,114
Others/Miscellaneous	3.30%	533,884,236	4.26%	741,265,722
Paper & Board	0.00%	-	0.00%	-
Pharmaceuticals	9.18%	1,483,490,058	7.16%	1,244,945,541
Power Generation & Distribution- Non GoP	0.00%	-	0.00%	-
Printing & Publishing	0.32%	51,889,062	0.41%	70,695,292
Real Estate/Construction	0.30%	48,151,235	0.25%	43,046,537
Refinery	0.00%	-	0.16%	27,781,573
Services	2.82%	456,480,375	3.29%	573,148,291
Textile Composite / Garments Manufacturing	0.73%	117,686,570	2.27%	395,155,610
Textile Spinning	3.94%	636,697,000	6.01%	1,046,028,766
Textile Weaving	0.10%	15,912,682	0.60%	103,978,772
Tobacco	0.00%	-	0.00%	-
Trading	3.97%	641,140,355	0.46%	79,716,858
Transport	0.58%	93,972,631	0.65%	113,514,954
Jute Mills	8.51%	1,376,446,690	3.57%	621,200,000
Vanaspati & Allied Industries	4.87%	787,822,974	4.80%	834,269,813
	100.00%	16,168,629,022	100.00%	17,396,404,265

7.7 Geographical location-wise loans and advances/investments

	2023		2022	
	% of Total Loan	BDT	% of Total Loan	BDT
Dhaka Division	79.40%	12,837,890,255	71.74%	12,480,263,711
Chattogram Division	20.20%	3,266,116,556	27.80%	4,836,633,847
Sylhet Division	0.40%	64,622,211	0.46%	79,506,707
	100%	16,168,629,022	100%	17,396,404,265

During this year Tk. 997,358 has been disbursed as CMSME Loan under Bangladesh Bank Cluster Financing Program.

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

	2023		2022	
	% of Total Loan	BDT	% of Total Loan	BDT
Status				
Unclassified:				
Standard including staff loan	98.14%	15,867,562,594	98.04%	17,056,046,069
Special Mention Account (SMA)	0.00%	-	0.00%	-
	98.14%	15,867,562,594	98.04%	17,056,046,069
Classified:				
Substandard	0.11%	18,402,066	0.10%	16,737,118
Doubtful	0.00%	-	0.39%	68,058,520
Bad or loss	1.75%	282,664,362	1.47%	255,562,558
	1.86%	301,066,428	1.96%	340,358,196
	100.00%	16,168,629,022	100.00%	17,396,404,265

7 Loans and advances (Continued)

7.9 Particulars of required provision for loans and advances/investments

	2023		2022	
	Base for Provision	Required Provision	Base for Provision	Required Provision
Unclassified				
All unclassified loans (other than SME loan, Agricultural loan and special mention account)	14,660,947,502	146,672,832	16,223,945,821	162,239,459
Agricultural finance	380,143,833	3,801,438	294,013,486	2,940,135
SME finance	843,600,124	2,109,000	555,531,993	1,585,054
Special Mention Account (SMA)	-	-	-	-
	15,884,691,459	152,583,270	17,073,491,300	166,764,648
Classified				
Substandard	2,760,310	138,016	16,355,048	817,752
Doubtful	-	-	47,208,485	22,808,113
Bad or loss	136,761,211	136,761,211	116,026,763	116,026,763
	139,521,521	136,899,227	179,590,296	139,652,628
	16,024,212,980	289,482,497	17,253,081,596	306,417,276
Total provision maintained		346,005,201		393,548,999
Surplus provision		56,522,704		87,131,723

7.10 Particulars of loans and advances/investments

		Amount in Taka	
		2023	2022
i)	Loans considered good in respect of which the banking company is fully secured;	15,577,165,823	17,111,207,431
ii)	Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	-	-
iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor;	-	-
iv)	Loans adversely classified; provision not maintained there against;	-	-
		15,577,165,823	17,111,207,431
v)	Loans due by directors or officers of the banking company or any of these either separately or jointly with any other person.	49,336,898	61,401,451
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;	49,336,898	61,401,451
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;	301,066,428	340,358,196
(a)	Movement of Classified loans and advances		
	Opening balance	340,358,196	355,250,035
	Increase/(decrease) during the year	(39,291,768)	(14,891,839)
	Closing balance	301,066,428	340,358,196
(b)	Provision kept against loan classified as bad/loss on the date of balance sheet	180,916,065	160,831,445
(c)	Amount of interest/profit charged in suspense account	43,225,364	48,767,491

Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

xi)	Loans written off		
	- Current Year	-	80,246,387
	- Cumulative to-date	135,088,569	135,088,569
	- Amount of written off loans for which lawsuit was filed	135,088,569	135,088,569

7.11 Maturity grouping of bills discounted and purchased

Payable within 1 month	-	6,051,495
Over 1 month but less than 3 months	-	-
Over 3 months but less than 6 months	-	-
6 months or more	-	-
	<u>-</u>	<u>6,051,495</u>

7.12 Loan file compliance regarding updated Financial Statements and DVC

According to FRC letter no. 178/FRC/APR/2021/21(7) dated 7 December 2021, the compliance status of BRPD circular no. 4 and 35 for loans and advances sanctioned/renewed from 1 January 2023 to 31 December 2023 is as follows:

No. of borrower	BRPD Circular 4 and 35 applicable for no. of borrower	Financial Statements including DVC	Financial Statements excluding DVC	% of DVC	% of without DVC
229	46	46	0	100%	0%

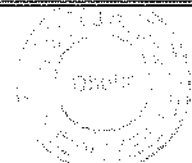


Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
8	Fixed assets including premises, furniture and fixtures		
	Fixed assets including premises, furniture and fixtures		
	Right of use assets		
	8.1	21,046,389	28,348,891
	8.2	204,883,111	98,217,796
		<u>225,929,500</u>	<u>126,566,687</u>
8.1	Fixed assets including premises, furniture and fixtures		
	Cost		
	Balance as at 1 January 2022	13,500	394,102,181
	Additions	-	2,820,989
	Disposals	(2,000,000)	(3,765,235)
	Balance as at 31 December 2022	13,500	393,157,935
	Balance as at 1 January 2023	13,500	393,157,935
	Additions	-	1,464,951
	Disposals	-	(76,530)
	Balance as at 31 December 2023	13,500	402,595,203
	Accumulated depreciation		
	Balance as at 1 January 2022	13,500	348,812,560
	Depreciation	-	19,721,610
	Disposals	(16,275)	(3,725,126)
	Balance as at 31 December 2022	13,500	364,809,044
	Balance as at 1 January 2023	13,500	364,809,044
	Depreciation	-	16,816,299
	Disposals	-	(76,529)
	Balance as at 31 December 2023	13,500	381,548,814
	Carrying amounts		
	At 1 January 2022	-	45,289,621
	At 31 December 2022	-	28,348,891
	At 31 December 2023	-	21,046,389.00

Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount In Taka	
		2023	2022
8.2	Right of use assets		
	Cost		
	Balance at 1 January	249,210,512	241,490,088
	Additions	191,763,591	77,450,310
	Adjustments	-	(69,729,886)
		<u>440,974,103</u>	<u>249,210,512</u>
	Accumulated depreciation		
	Balance at 1 January	150,992,716	132,775,126
	Depreciation	85,098,276	86,729,479
	Adjustments	-	(68,511,889)
		<u>236,090,992</u>	<u>150,992,716</u>
	Carrying amounts	<u>204,883,111</u>	<u>98,217,796</u>
8.3	The cost of fully depreciated assets that are still in use by the Bank		
	Motorvehicles	21,037,855	16,027,000
	Computer and accessories	141,951,504	131,003,823
	Office equipment	56,789,246	53,048,889
	Furnitures and fixtures	44,993,998	38,438,170
	Leasehold improvement	74,737,699	74,014,349
		<u>339,510,302</u>	<u>312,532,231</u>
9	Other assets		
	Income generating other assets	-	-
	Non-income generating other assets		
	Stationery, stamps, printing materials in stock etc.	4,657,953	4,743,252
	Advance rent and advertisement	-	-
	Income/profit receivables 9.1	117,421,785	83,755,820
	Branch adjustment account 9.2	-	-
	Security deposits	2,569,115	2,509,115
	Renovation, development and prepaid expenses	29,432,517	11,245,111
	Deferred tax assets 12.7	86,397,033	100,121,173
	Capital Work in Progress	-	8,346,030
	Others 9.3	1,574,074,382	1,518,998,868
	Intangible asset (Software) 9.4	4,904,940	282,918
		<u>1,819,457,725</u>	<u>1,730,002,287</u>
9.1	Income/profit receivables		
	On Treasury bill, bonds, preference shares, etc.	114,031,327	81,926,862
	Deposit with financial institution	3,390,458	1,828,958
		<u>117,421,785</u>	<u>83,755,820</u>
9.2	Branch adjustment account	-	-
	All inter branch reconciliation have been made up to 31 December 2023. There is no significant item outstanding, that is not responded, for more than 3 months.		
9.3	Others		
	Advance income tax 9.3.1	1,560,761,802	1,484,629,027
	Receivable from Bangladesh Bank	1,729,147	35,632,929
	Miscellaneous	11,583,433	(1,263,088)
		<u>1,574,074,382</u>	<u>1,518,998,868</u>



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka		
		2023	2022	
9	Other assets (Continued)			
9.3.1	Advance income tax			
	Balance as at 1 January	1,484,629,027	1,298,004,852	
	Paid during the year	243,725,924	186,624,175	
		1,728,354,951	1,484,629,027	
	Adjustments made during the year	167,593,149	-	
	Balance as at 31 December	1,560,761,802	1,484,629,027	
9.4	Intangible asset (Software)			
	Cost			
	Balance at 1 January	34,337,198	34,337,198	
	Additions	4,950,536	-	
	Disposals	-	-	
		39,287,734	34,337,198	
	Accumulated depreciation			
	Balance at 1 January	34,054,280	33,788,129	
	Depreciation	328,514	266,151	
	Disposals	-	-	
		34,382,794	34,054,280	
	Carrying amounts	4,904,940	282,918	
10	Borrowings from other banks, financial institutions and agents			
	In Bangladesh	10.1	15,737,601	1,548,041,717
	Outside Bangladesh		-	-
			15,737,601	1,548,041,717
10.1	In Bangladesh			
	Call borrowing	10.1.1	-	-
	Term borrowing	10.1.2	15,737,601	1,548,041,717
			15,737,601	1,548,041,717
10.1.1	Call borrowing			
	The Premier Bank Limited		-	-
	IFIC Bank Limited		-	-
	Agrani Bank Limited		-	-
	Eastern Bank Limited		-	-
	Sonali Bank Limited		-	-
			-	-
10.1.2	Term borrowing			
	Modhumoti Bank Limited		-	450,000,000
	Midland Bank Limited		-	200,000,000
	IDLC Finance Limited		-	500,000,000
	The Premier Bank Limited		-	-
	Eastern Bank Limited		-	-
	Prime Bank Limited		-	-
	United Commercial Bank Limited		-	-
	Trust Bank Limited		-	-
	Bangladesh Bank - EDF Financing		15,737,601	397,941,668
	Bangladesh Bank - Stimulus Fund		-	100,049
			15,737,601	1,548,041,717

Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
10	Borrowings from other banks, financial institutions and agents (Continued)		
10.2	Secured and unsecured borrowings from other banks, financial institutions and agents		
	Secured Borrowing	-	-
	Unsecured Borrowing	15,737,601	1,548,041,717
		<u>15,737,601</u>	<u>1,548,041,717</u>
10.3	Maturity grouping of borrowings from other banks, financial institutions and agents		
	Repayable on demand	-	-
	Repayable within 1 month	-	1,246,693,144
	Over 1 month but within 6 months	15,737,601	301,348,573
	Over 6 months but within 1 year	-	-
		<u>15,737,601</u>	<u>1,548,041,717</u>
11	Deposits and other accounts		
	Current accounts and other accounts	11.1	2,816,117,278
	Bills payable	11.2	482,702,210
	Savings bank/Mudaraba savings bank deposits	11.3	7,604,131,148
	Fixed deposits/Mudaraba fixed deposits	11.4	11,286,497,177
		<u>22,189,447,813</u>	<u>20,827,944,847</u>
11.1	Current accounts and other accounts		
	Current deposits		1,914,385,201
	Alfalalah Uduog Current Account		450,082,225
	Foreign currency deposits		223,071,484
	Sundry deposits	11.1.1	228,578,368
		<u>2,816,117,278</u>	<u>2,020,283,680</u>
11.1.1	Sundry deposits		
	Margin Accounts - Local Currency		162,959,514
	Margin Accounts - Foreign Currency		40,618,854
	Others		25,000,000
		<u>228,578,368</u>	<u>150,060,014</u>
11.2	Bills payable		
	Payment order - Inside Bangladesh		482,140,191
	Demand draft payable - Inside Bangladesh		314,316
	Unclaimed PO - Inside Bangladesh		218,337
	Unclaimed DD/TT - Inside Bangladesh		29,366
		<u>482,702,210</u>	<u>620,554,364</u>
11.3	Savings bank/Mudaraba savings bank deposits		
	Savings deposits		2,101,241,576
	Alfalalah Savings Plan (ASP)		89,374,979
	Special Notice Deposits (SND)		2,505,441,010
	Alfalalah Salary Account (ASA)		76,717,493
	Alfalalah Rising Star (ARS)		26,263,376
	Alfalalah Premium Plus (APP)		1,052,175,445
	Monthly Premium Deposit		1,752,917,269
		<u>7,604,131,148</u>	<u>7,854,260,422</u>



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
11	Deposits and other accounts (Continued)		
11.4	Fixed deposits/Mudaraba fixed deposits		
	Fixed Deposit (FDR)	8,693,943,322	7,674,216,123
	Mudaraba Term Deposit (MTDR)	2,592,553,855	2,658,630,258
		11,286,497,177	10,332,846,381
11.5	Deposits from banks and others		
	Inter-bank deposits 11.5.1	477,582,593	1,058,125,525
	Vostro Deposit 11.5.2	147,248,369	127,009,782
	Customer and other deposits	21,564,616,851	19,642,809,540
		22,189,447,813	20,827,944,847
11.5.1	Inter-bank deposits		
	Jamuna Bank Limited	23,080	23,694
	Mutual Trust Bank Limited	249,999,080	450,589,475
	AB Bank Limited	13,555	14,675
	Prime Bank Limited	14,742,894	14,759,601
	Islami Bank Bangladesh Limited	35,782	51,932
	Shahjalal Islami Bank Limited	2,760,250	2,758,754
	Al-Arafah Islami Bank Limited	849,589	11,984
	The City Bank Limited	255	2,744,547
	Trust Bank Limited	207,438,352	585,451,443
	Bank Asia Limited	1,719,756	1,719,420
		477,582,593	1,058,125,525
11.5.2	Vostro deposit		
	BankIslami Pakistan Limited	26,299,306	56,543,597
	Bank Alfalah Limited, Karachi (Conventional)	15,546,025	11,204,375
	Bank Alfalah Limited, Karachi (Islamic)	105,403,038	59,261,810
		147,248,369	127,009,782
11.6	Maturity grouping of deposits		
	Repayable On demand	1,142,483,975	1,162,017,941
	Repayable within 1 month	1,307,852,987	1,102,319,964
	Over 1 month but within 6 months	7,660,254,089	6,282,533,688
	Over 6 months but within 1 year	2,308,677,944	1,767,934,116
	Over 1 year but within 5 years	9,770,178,818	10,513,139,139
	Over 5 years but within 10 years	-	-
	10 years or more	-	-
		22,189,447,813	20,827,944,847

As per Bank Company Act 1991, Section 35 and BRPD circular letter no. 10 dated 12 September 2018, if any money or valuable asset (except deposits from Government, minor or litigation) is unclaimed for ten years or above as of 31 December every year, a three months' notice will be given to depositors concerned. Based on the response from the concerned depositors by following three months, amount will be paid to them otherwise unclaimed deposit will be deposited to Bangladesh Bank by 30 April 2024. The bank does not have any such deposit to be reported as 10 years and above unclaimed deposit amount as on 31 December 2023 (cut off basis) to Bangladesh Bank.



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka		
		2023	2022	
12	Other liabilities			
	Provision for loans and advances/investments	12.1	345,764,732	393,308,530
	Provision for off-balance sheet exposures	12.2	17,111,771	13,011,771
	Interest suspense account	12.3	43,225,364	48,767,491
	Special General Provision - Covid 19		240,469	240,469
	Provision for taxation	12.4	1,902,559,750	1,793,152,899
	Accrued expenses		17,996,546	28,288,696
	Interest payable on deposit and borrowings	12.5	201,234,604	173,794,738
	Unearned profit on Murabaha		30,120,721	47,866,350
	Accounts payable - (Locker Security Deposit)		692,000	650,000
	Withholding tax on interest on deposits		11,280,572	15,065,822
	Withholding tax payable		14,873,652	9,372,755
	VAT payable		8,458,106	3,442,331
	Provision for audit and consultancy fees		2,992,562	2,640,375
	Provision for Salaries & Allowance		23,148,191	19,895,398
	Payable to Shamil bank's head office*		79,052,645	79,052,645
	Excise duty payable		2,088,752	689,150
	NPSB, Qcash & BACH Settlement Account		713,196	327,467
	Advance commission on Letter of Guarantee (L/G)		271,000	293,082
	Charity fund account		11,584,768	5,936,418
	Provision for Rebate on Good Borrowers		47,700,000	47,700,000
	Miscellaneous Provision		73,545,648	73,545,648
	Branch adjustment Account	9.2	-	-
	Provision for special CSR		-	-
	Start-Up Fund		11,716,557	7,377,706
	Lease liabilities	12.6	187,210,890	85,754,120
	Miscellaneous		843,278	1,843,011
			3,034,425,774	2,852,016,872

*Payable to Shamil Bank Ltd. is related to an obligation to pay by Bank Alfalah, Bangladesh Operations to Shamil Bank. The reason is when Shamil Bank was acquired by Bank Alfalah in 2005, Bank Alfalah paid an amount less than the required acquisition cost because there was tax claims by NBR against Shamil Bank. If the claim goes in favor of Shamil Bank then the amount will be paid to Shamil Bank in opposite case the amount will be paid to NBR.

12.1 Provision for loans and advances/investments

A. General

Provisions held at the beginning of the year	167,946,332	118,948,748
Provision made during the year	-	48,997,584
Reversal of provision	(13,100,000)	-
Provisions held at the end of the year	154,846,332	167,946,332

B. Specific

Provisions held at the beginning of the year	225,362,198	231,141,808
Write off during the year	-	67,056,797
Specific provision for the year	60,698,956	73,453,869
Reversal of provision	(95,142,754)	(12,176,682)
Net Charge to Profit and Loss Account	(34,443,798)	61,277,187
Provisions held at the end of the year	190,918,400	225,362,198
Total provision on loans and advances/investments	345,764,732	393,308,530

12.2 Provision for off-balance sheet exposures

Provisions held at the beginning of the year	13,011,771	50,541,771
Provision made during the year	4,100,000	-
Reversal of provision	-	(37,530,000)
Provisions held at the end of the year	17,111,771	13,011,771

Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
12	Other liabilities (Continued)		
12.3	Interest suspense account		
	Balance at the beginning of the year	48,767,491	58,626,039
	Amount transferred to Interest Suspense Account during the year	4,464,336	4,574,115
	Amount recovered in Interest Suspense Account during the year	(10,006,463)	(1,200,430)
	Amount written off during the year		(13,232,233)
	Balance at the end of the year	43,225,364	48,767,491
12.3.1	Interest/profit suspense and compensation suspense		
	Interest/profit suspense	43,225,364	48,767,491
	Compensation suspense	-	-
		43,225,364	48,767,491
12.4	Provision for taxation		
	Balance at the beginning of the year	1,793,152,899	1,525,152,899
	Provision made during the year	277,000,000	268,000,000
		2,070,152,899	1,793,152,899
	Adjustments made during the year	167,593,149	-
	Balance at the end of the year	1,902,559,750	1,793,152,899
	Corporate tax position of the Bank has been shown in Annexure V.		
12.5	Interest payable on deposit and borrowings		
	Profit/interest payable on		
	Savings Deposit	18,065,310	41,470,355
	Borrowings from financial institution	89,180	3,163,941
		18,154,490	44,634,296
	Interest payable on		
	30 days term deposit	609,931	9,938,803
	90 days term deposit	22,167,942	28,699,146
	180 days term deposit	19,902,168	14,272,009
	360 days term deposit	64,231,524	49,255,441
	Broken Period term deposit	74,078,644	25,469,804
	2 years term deposit	866,995	624,551
	3 years term deposit	1,222,910	900,688
		183,080,114	129,160,442
		201,234,604	173,794,738
12.6	Lease liabilities		
	Balance at the beginning of the year	85,754,120	77,255,001
	Additions/Renewals/Amendments/(Terminations) - Net	191,763,592	78,668,307
	Borrowing Cost	10,217,637	5,127,449
	Payments	(100,524,457)	(75,296,638)
	As at December 31	187,210,892	85,754,120
12.6.1	Maturity grouping of lease liabilities		
	Current Lease Liabilities	73,319,380	66,254,629
	Non Current Lease Liabilities	113,891,512	19,499,491
		187,210,892	85,754,120



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

12.7 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Particulars	Accounting base	Tax base	Deductible/ (Taxable) temporary difference	Applicable tax rate	Deferred Tax Asset/ (Liability)
Amount in Tk					
Balance as at 31 December 2023					
Fixed assets and furniture	25,951,326	65,870,087	39,918,761	40%	15,967,504
Right of use assets (ROU) as per IFRS 16	204,883,111	2,827,637	(202,055,474)	40%	(80,822,190)
Leased Liability as per IFRS 16	187,210,898	-	187,210,898	40%	74,884,359
Loan loss provision (Specific Provision)	190,918,400	-	190,918,400	40%	76,367,360
Net deferred tax asset at 31 December 2023					86,397,033
Increase of deferred tax asset recognised in profit and loss account as income					(13,724,140)
Increase of deferred tax liability recognised in profit and loss account as expense					-
Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2023					(13,724,140)
Net Deferred tax liability recognised in equity during the year ended 31 December 2023					-
Balance as at 31 December 2022					
Fixed assets and furniture	28,348,891	65,753,300	37,404,409	40%	14,961,764
Right of use assets (ROU) as per IFRS 16	98,217,796	-	(98,217,796)	40%	(39,287,118)
Leased Liability as per IFRS 16	85,754,120	-	85,754,120	40%	34,301,648
Loan loss provision (Specific Provision)	225,362,198	-	225,362,198	40%	90,144,879
Net deferred tax asset at 31 December 2022					100,121,173
Increase of deferred tax asset recognised in profit and loss account as income					8,300,575
Increase of deferred tax liability recognised in profit and loss account as expense					-
Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2022					8,300,575
Net Deferred tax liability recognised in equity during the year ended 31 December 2022					-
Movement in deferred tax balances during the year					
2023					
Fixed assets and furniture		(14,961,764)	(1,005,740)	-	(15,967,504)
Right of use assets (ROU) as per IFRS 16		39,287,118	41,535,072	-	80,822,190
Leased Liability as per IFRS 16		(34,301,648)	(40,582,711)	-	(74,884,359)
Loan loss provision (Specific Provision)		(90,144,879)	13,777,519	-	(76,367,360)
		(100,121,173)	13,724,140	-	(86,397,033)
2022					
Fixed assets and furniture		(11,947,859)	(3,013,905)	-	(14,961,764)
Right of use assets (ROU) as per IFRS 16		43,485,985	(4,198,867)	-	39,287,118
Leased Liability as per IFRS 16		(30,902,000)	(3,399,648)	-	(34,301,648)
Loan loss provision (Specific Provision)		(92,645,608)	2,501,729	-	(90,144,879)
		(92,010,482)	(8,110,691)	-	(100,121,173)

Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
13	Paid up capital (Fund from head office)		
	Balance at the beginning of the year	4,528,498,538	4,454,035,286
	Transferred from Unappropriated Profit	500,000,000	
	Currency translation difference	27,462,500	74,463,252
	Balance at the end of the year	5,055,961,038	4,528,498,538

13.1 Capital Adequacy Ratio - As per BASEL-III

To cope up with the international best practices and to make the Bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL-II) was introduced from 1 January 2009 as a parallel run with BRPD Circular No. 10, dated 25 November 2002 (BASEL-I). At the end of parallel run, BASEL-II regime started from 1 January 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL-III) vide its BRPD Circular 18 dated 21 December 2014 that BASEL-III reporting start from January 2015 and full implementation started from January 2019. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance. BASEL-III framework has three main components referred to as pillars:

- Pillar I addresses minimum capital requirement;
- Pillar II elaborates the process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan; and
- Finally, Pillar III gives a framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system.

Basel-III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. "Basel-III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Basel-III reforms strengthen the bank-level i.e., micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro-cyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;
- Increase the risk coverage of the capital framework;
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- Raise the standards for the supervisory review process (Pillar 2); and
- Public disclosures (Pillar 3) etc.

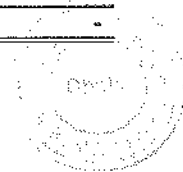
To ensure smooth transition to Basel-III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. In 2020, banking industry has embark on the full-fledged implementation of Basel III.

We have fully complied with all the directives provided by the Central bank from time to time, starting from Pillar I, II and III reporting requirements to periodic Stress Testing activity etc.



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
13	Paid up capital (Fund from head office) (Continued)		
13.1	Capital Adequacy Ratio - As per BASEL-III (Continued)		
	Common Equity Tier-1 (Going Concern Capital)		
	Head Office Fund	5,055,961,038	4,528,498,538
	Non-repayable Share Premium Account	-	-
	Statutory Reserve	-	-
	General Reserve	-	-
	Retained Earnings	1,128,598,358	1,332,802,132
	Dividend equalization fund	-	-
	Minority Interest in Subsidiaries	-	-
	Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for Foreign Banks)	-	-
	Non-repatriable interest-free funds from Head Office for the purpose of acquisition of property and held in a separate account and have the ability to absorb losses regardless of their source (Applicable for Foreign Banks)	-	-
	Others (if any item approved by Bangladesh Bank)	-	-
	Sub-total	6,184,559,396	5,861,300,670
	Regulatory Adjustments		
	Shortfall in provisions required against Non Performing Loans (NPLs)	-	-
	Shortfall in provisions required against investment in shares	-	-
	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	-	-
	Goodwill and all other Intangible Assets	4,904,940	282,918
	Deferred Tax Assets (DTA)	86,397,033	100,121,173
	Defined benefit pension fund assets	-	-
	Gain on sale related to securitization transactions	-	-
	Investment in own CET-1 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	-	-
	Any investment exceeding the approved limit under section 26 ka(1) of the Banking Companies Act, 1991 (50% of Investment)	-	-
	Investments in subsidiaries which are not consolidated (50% of Investment)	-	-
	Others if any (Workers' Profit Participation Fund)	195,208,985	-
	Sub-total	286,510,958	100,404,091
	Total common equity Tier-1 capital	5,898,048,438	5,760,896,579
	Additional Tier-1 Capital		
	Non-cumulative Irredeemable preference shares	-	-
	Instruments issued by the banks that meet the qualifying criteria for AT1 (as specified in Annex-4 of Basel III Guidelines)	-	-
	Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (for consolidated reporting)	-	-
	Head Office borrowings in foreign currency by foreign banks operating in Bangladesh for inclusion in Additional Tier 1 capital which comply with the regulatory requirements as specified in Annex-4 of Basel III Guidelines (Applicable for Foreign Banks)	-	-
	Any other item specifically allowed by BB from time to time for inclusion in Additional Tier 1 Capital (Applicable for Foreign Banks)	-	-
	Others (if any item approved by Bangladesh Bank)	-	-
	Subtotal	-	-



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
13	Paid up capital (Fund from head office) (Continued)		
13.1	Capital Adequacy Ratio - As per BASEL-III (Continued)		
	Regulatory Adjustments:		
	Investment in own AT-1 Instrument/Share (as per Para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities	-	-
	Others if any	-	-
	Total Additional Tier-1 Capital Available	-	-
	Maximum Limit of Additional Tier-1 Capital (AT-1 capital can be maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher)	-	-
	Excess Amount over Maximum Limit of AT-1	-	-
	Subtotal	-	-
	Total Admissible Additional Tier-1 Capital	5,898,048,438	5,760,896,579
	Tier-2 Capital (Going Concern Capital)		
	General Provision	172,198,572	181,198,572
	All Other preference shares	-	-
	Subordinated debt/instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	-	-
	Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties (for consolidated reporting only)	-	-
	Head Office (HO) borrowings in foreign currency received that meet the criteria of Tier 2 debt capital (Applicable for Foreign Banks)	-	-
	Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)	-	-
	Others (if any item approved by Bangladesh Bank)	-	-
	Sub-total	172,198,572	181,198,572
	Regulatory Adjustments		
	Revaluation Reserves for Fixed Assets, Securities & Equity Securities (follow Phase-In deductions as per Basel III Guidelines)	-	-
	Investment in own T-2 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities	-	-
	Any investment exceeding the approved limit under section 26 ka(1) of the Bank Company Act, 1991 (50% of Investment)	-	-
	Investments in subsidiaries which are not consolidated (50% of Investment)	-	-
	Others if any	-	-
	Total Tier-2 Capital Available	172,198,572	181,198,572
	Maximum Limit of Tier-2 Capital (Tier 2 capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	5,242,775,257	5,112,369,157
	Excess Amount over Maximum Limit of T-2	-	-
	Total Admissible Tier-2 capital	172,198,572	181,198,572
	Total Capital	6,070,247,010	5,942,095,151
	Risk Weighted Assets		
	Credit Risk:		
	On-Balance Sheet	5,603,461,324	10,263,707,262
	Off-Balance Sheet	129,485,051	112,652,078
	Subtotal	5,732,946,375	10,376,359,340
	Market Risk	467,745,739	218,166,054
	Operational Risk	1,762,453,947	1,609,755,408
	Total Risk Weighted Assets	7,963,146,061	12,204,280,802

Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
13	Paid up capital (Fund from head office) (Continued)		
13.1	Capital Adequacy Ratio - As per BASEL-III (Continued)		
	Required Minimum Common Equity Tier-1 Capital Ratio (4.5% of the total RWA)	358,341,573	549,192,636
	Required Capital Conservation Buffer (2.5% of the total RWA)	199,078,652	305,107,020
	Required Minimum Common Equity Tier-1 Capital Ratio plus Capital Conservation Buffer (7.0% of total RWA)	557,420,224	854,299,656
	Required Tier 1 Capital (6.0% of RWA)	477,788,764	732,256,848
	Required total capital (10% of RWA)	796,314,606	1,220,428,080
	Required total capital plus Capital Conservation Buffer (12.5% of RWA) (A)	995,393,258	1,525,535,100
	Minimum capital requirement (B)	5,000,000,000	4,000,000,000
	Required capital (higher of A & B)	5,000,000,000	4,000,000,000
	Surplus (Total capital - required capital)	1,070,247,010	1,942,095,151
	Capital Adequacy Ratio:		
	Common Equity Tier-1 (Against standard of minimum 6%)	74.07%	47.20%
	Total Capital to Risk-weighted Asset Ratio	76.23%	48.69%
	Minimum CRAR %	12.50%	12.50%
	Surplus/ (Deficiency) %	63.73%	36.19%



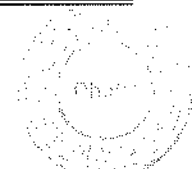
Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
14	Revaluation reserve		
	Revaluation reserve arises from the revaluation of Treasury bills and bonds (HFT and HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010.		
	Balance at the beginning of the year	1,953,030	87,767,757
	Add: Addition during the year	94,938	-
	Less: Adjustment during the year	-	(85,814,727)
		<u>2,047,968</u>	<u>1,953,030</u>
15	Surplus in profit and loss account		
	Balance at the beginning of the year	1,332,802,132	1,398,461,164
	Profit Transfer to Head Office	(133,750,000)	(202,331,084)
	Net (loss)/profit for the year	433,885,075	138,052,578
	Transferred to Capital	(500,000,000)	-
	Transferred to Start-Up Fund	(4,338,851)	(1,380,526)
	Balance at the end of the year*	<u>1,128,598,356</u>	<u>1,332,802,132</u>
	*Includes Workers' Profit Participation Fund (WPPF) amounting Taka 195,208,985 has been kept as unremittable.		
16	Letters of guarantees		
	Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
	Directors	-	-
	Government	311,737,054	312,091,450
	Banks and other financial institutions	38,490,196	53,489,538
	Others	71,683,684	57,797,883
		<u>421,910,934</u>	<u>423,378,871</u>
17	Irrevocable letters of credit		
	Usance	13,730,198	22,664,379
	Sight	263,760,879	214,527,791
		<u>277,491,077</u>	<u>237,192,170</u>
18	Income statement		
	Income		
	Interest, discount and similar income	2,040,497,618	1,539,487,006
	Fee, commission and brokerage	17,893,858	25,295,903
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	-	-
	Gains less losses arising from dealing in foreign currencies	200,143,617	181,655,931
	Income from non-banking assets	-	-
	Other operating income	39,761,151	22,592,433
		<u>2,298,296,244</u>	<u>1,769,031,273</u>
	Expenses		
	Interest, fee and commission	920,354,921	674,262,023
	Losses on loans and advances	-	-
	Administrative expenses	539,817,214	473,221,884
	Other operating expenses	54,715,603	44,522,606
	Depreciation on banking assets	102,243,089	106,717,240
		<u>1,617,130,827</u>	<u>1,298,723,753</u>
	Operating profit	<u>681,165,417</u>	<u>470,307,520</u>
19	Interest income/profit on investments		
	Interest on loans and advances	19.1 1,025,741,302	646,107,917
	Share of profit from financing and discounting	19.2 298,884,334	247,406,715
	Interest/profit on placements with banks	19.3 264,989,679	280,519,546
		<u>1,589,615,315</u>	<u>1,174,034,178</u>



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka		
		2023	2022	
19.1	Interest on loans and advances			
	Current finance	298,755,076	232,731,529	
	Term finance	682,040,833	381,537,288	
	Trust receipt	3,549,844	7,332,569	
	Staff financing	2,746,808	3,169,514	
	Finance against EDF	1,616,415	4,874,947	
	Agriculture finance	36,531,751	15,934,111	
	Foreign bill discount	-	-	
	Local bill discounted	500,575	527,959	
		<u>1,025,741,302</u>	<u>646,107,917</u>	
19.2	Share of profit from financing and discounting			
	Profit on diminishing musharkah	-	-	
	Murabaha financing - LPO	292,038,515	240,650,432	
	Profit on bill discounted	-	16,255	
	Profit against EDF	1,272,059	3,061,638	
	Murabaha income trust receipt	5,573,760	3,678,390	
		<u>298,884,334</u>	<u>247,406,715</u>	
19.3	Interest/profit on placements with banks			
	Interest from placement	221,497,900	225,739,306	
	Interest/profit from deposits with banks	24,614,594	30,778,501	
	Interest from reverse repo	18,877,185	24,001,739	
		<u>264,989,679</u>	<u>280,519,546</u>	
20	Interest paid/profit shared on deposits and borrowings etc.			
	Interest on deposits	20.1	657,719,113	443,352,377
	Profit shared on Mudaraba Deposit	20.2	172,638,273	174,563,609
	Interest on borrowings	20.3	79,779,898	51,218,588
	Interest on lease liabilities	20.4	10,217,637	5,127,449
		<u>920,354,921</u>	<u>674,262,023</u>	
20.1	Interest on deposits			
	Savings account		108,917,432	96,113,992
	Royal profit deposit		53,812,361	47,374,440
	Term deposit		494,989,320	299,863,945
			<u>657,719,113</u>	<u>443,352,377</u>
20.2	Profit shared on mudaraba deposit			
	Mudaraba Savings Deposit		34,623,268	61,979,781
	Mudaraba royal profit deposit		8,786,226	5,185,951
	Mudaraba term deposit		129,228,779	107,397,877
			<u>172,638,273</u>	<u>174,563,609</u>
20.3	Interest on borrowings			
	Interest paid on borrowings		73,841,892	51,132,244
	Interest paid on Repo		5,938,006	86,344
			<u>79,779,898</u>	<u>51,218,588</u>
20.4	Interest on lease liabilities			
	Interest on lease liabilities		10,217,637	5,127,449
			<u>10,217,637</u>	<u>5,127,449</u>
21	Investment income			
	Discount on treasury bill		142,924,661	3,808,853
	Mark-up on treasury bonds		213,782,161	287,610,276
	Trading gain on treasury bills		-	-
	Trading gain on Bangladesh Govt. Treasury Bonds		-	-
	Profit/(Loss) on revaluation of T. Bond HFT		263,206	216,612,565
	Profit/(Loss) on revaluation of T-bill HFT		42,604	(42,604)
	Capital gain on treasury bills and Bangladesh Govt. Treasury Bonds		100,201,861	1,903,351
	Capital loss on treasury bills and Bangladesh Govt. Treasury Bonds		(6,332,190)	(147,069,224)
	Interest and amortization on securities		-	2,629,611
			<u>450,882,303</u>	<u>365,452,828</u>



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka		
		2023	2022	
22	Commission, exchange and brokerage			
	Fees, commission etc.	17,893,858	25,295,903	
	Exchange gains	200,143,617	181,655,931	
		<u>218,037,475</u>	<u>206,951,834</u>	
23	Other operating income			
	Service charges recovered	1,056,439	4,199,723	
	L/C amendment	-	-	
	Locker rent	2,307,817	2,269,983	
	Charges	2,024,621	1,172,937	
	Courler charges	560,152	695,124	
	Cheque book charges	784,000	729,395	
	Profit on sale of fixed assets	7,652	164,250	
	UPAS LC interest income	-	4,715,688	
	Income from PF Fund Forfeiture A/C	18,116,165	-	
	Bad Debts Recovered	5,000,000	-	
	Others	9,904,305	8,645,333	
		<u>39,761,151</u>	<u>22,592,433</u>	
24	Salaries and allowances			
	Salaries & Allowances	211,377,757	192,155,259	
	Housing allowance	58,587,987	52,000,024	
	Conveyance allowance	13,739,958	11,901,998	
	Car allowance	14,721,022	12,321,049	
	Other allowances	676,500	1,183,731	
	Festival bonus	38,437,643	32,737,580	
	Performance bonus	31,440,701	12,966,110	
	Provident fund	14,155,712	12,623,228	
	Provision for gratuity	18,948,008	23,549,903	
		<u>402,085,288</u>	<u>351,438,882</u>	
25	Rent, taxes, insurance, electricity etc.			
	Rent, taxes, insurance, electricity, etc.	25.1	15,299,831	15,213,627
	Insurance		28,275,399	24,978,908
	Cleaning and maintenance		8,004,040	5,498,673
	Electricity and utilities		11,709,638	11,095,469
			<u>63,288,908</u>	<u>56,786,677</u>
	Electricity Expense during January to June, 2023 Tk. 5,163,123 against budget Tk. 6,061,590.			
25.1	Rent, taxes, insurance, electricity, etc.			
	Rent, taxes etc.		15,299,831	15,213,627
			<u>15,299,831</u>	<u>15,213,627</u>
26	Legal expenses			
	Legal fees and charges		1,256,325	280,975
	Consultancy fees		1,170,750	(934,365)
			<u>2,427,075</u>	<u>(653,390)</u>
27	Postage, stamps, telecommunication etc.			
	Postage and couriers		2,047,957	2,003,081
	Electronic mail and on-line connectivity		16,174,578	14,253,112
	Telegram, fax, telex, SWIFT and internet charge		854,244	628,259
	Telephone charges		976,231	865,795
			<u>20,053,010</u>	<u>17,750,247</u>



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
28	Stationery, printing, advertisement etc.		
	Stationery and printing	6,058,596	5,157,706
	Publicity and advertisement	1,080,737	769,550
		<u>7,139,333</u>	<u>5,927,256</u>
29	Country Head's salary and allowances		
	Salaries and Allowances	17,338,842	16,496,376
	Festival bonus	2,662,796	2,502,796
	Performance bonus	3,813,253	1,970,000
	The Bank's contribution to provident fund	1,323,504	1,227,504
	Car allowance	1,020,000	1,020,000
	Provision for gratuity	1,102,924	1,022,923
		<u>27,261,319</u>	<u>24,239,599</u>
30	Depreciation and repair of Bank's assets		
	Depreciation of Bank's Assets	8.1 102,243,089	106,717,240
	Repair and Maintenance of Bank's Assets	30.1 16,674,718	16,965,613
		<u>118,917,807</u>	<u>123,682,853</u>
30.1	Repair and maintenance of the Bank's assets		
	Furniture, fixture and fittings	742,194	594,480
	Rented premises	2,099,863	3,032,343
	Office equipment	4,482,131	3,730,671
	Computer maintenance	7,632,835	7,859,638
	Motor vehicles	1,717,695	1,748,481
		<u>16,674,718</u>	<u>16,965,613</u>
31	Other expenses		
	Bank charges, brokerage and commission	1,255,589	694,131
	Archiving	2,698,126	1,866,300
	Subscription and periodicals	2,283,669	2,417,747
	Entertainment	10,245,646	8,227,984
	Security	10,051,633	9,984,361
	Traveling and conveyance	6,890,644	4,361,480
	Car Fuel	10,280,198	7,489,668
	Card centre charges	8,939,264	5,930,621
	Operational Loss	-	1,460,000
	Others	2,070,834	2,090,314
		<u>54,715,603</u>	<u>44,522,606</u>
	Fuel Expense during January to July, 2023 Tk. 4,828,826 against budget Tk. 5,508,106.		
32	Provision for loans and advances/investments charged during the year		
	Provision for unclassified loans and advances/investments	32.1 (13,100,000)	48,808,330
	Provision for classified loans and advances/investments	32.2 (34,443,798)	61,277,187
		<u>(47,543,798)</u>	<u>110,085,517</u>
32.1	General provision		
	Provision made during the year		
	On general loans and advances/investments etc.	-	48,997,584
	On special general Provision loans - Covid 19	-	(189,254)
		-	<u>48,808,330</u>
	Reversal of provision	(13,100,000)	-
		<u>(13,100,000)</u>	<u>48,808,330</u>
32.2	Specific provision		
	Specific provision made during the year	60,698,956	73,453,869
	Reversal of provision	(95,142,754)	(12,176,682)
		<u>(34,443,798)</u>	<u>61,277,187</u>



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

Notes	Particulars	Amount in Taka	
		2023	2022
33	Tax expenses		
	Current tax expenses	277,000,000	268,000,000
	Deferred tax (credit)	13,724,140	(8,300,575)
		290,724,140	259,699,425
33.1	Current tax expenses		
	Current year	277,000,000	213,088,863
	Changes in estimates related to prior years	-	54,911,137
		277,000,000	268,000,000

33.2 Reconciliation of effective tax rate:

	2023		2022	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		724,609,215		397,752,003
Income tax as per applicable tax rate	40%	289,843,686	40%	159,100,801
Factors affecting the tax charge for current period				
Inadmissible expenses	9%	62,044,422	17%	69,084,138
Admissible expenses in the current year	-10%	(74,888,108)	-4%	(15,096,076)
Tax exempted income	0%	-	0%	-
Tax savings from reduced tax rates for dividend	0%	-	0%	-
Tax loss/(savings) from reduced tax rates for capital gain	0%	-	0%	-
Changes in estimates related to prior years	0%	-	14%	54,911,137
Effect of deferred tax	2%	13,724,140	-2%	(8,300,575)
Total tax expenses (credit)	40%	290,724,140	65%	259,699,425

33.3 Uncertainty over income tax treatment

Though it appears that the Bank has tax file open since 2009 for various grounds mainly interpretation of laws and the treatment. The appeal filed at different level from Commissioner of Taxes Appeal to Honorable High Court Division. Where, we did not receive proper judgement through appeal from tax department, we preferred appeal before Appellate Tribunal. Under the Appeals filed so far, we have both refund claim from Tax office and tax claim from tax department as well. However, we are reviewing all pending tax claim every year and kept provision BDT 1,902,559,751 against tax liabilities of BDT 1,804,573,705 based on Tax consultant's assessment. The bank believes that its provision for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Please refer to Annexure V for details.



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

34 Related party disclosures

Amount in Taka	
2023	2022

i. Transactions with key management personnel

Key management personnel compensation for the year comprised:

Short-term employee benefits

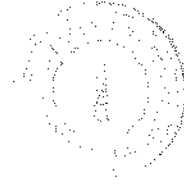
Provident fund

Gratuity

115,786,692	101,675,852
4,692,648	4,430,145
3,159,437	3,217,246
123,638,777	109,323,243

ii. Related party transactions

Name of organization	Balance Type	Opening balance on 01 January 2023	Deposit made/Loan disbursed	Deposit withdrawn/ Loan recovery	Interest paid on Deposit/ Interest charged on loan	Interest payable as at 31 December 2023	VAT/Excise Duty paid during the year	Fees/ Commission charged	Closing balance on 31 December 2023
Bank Alfalah Bahrain	Term Placement	-	1,865,750,000	-	-	-	-	-	1,865,750,000
Bank Alfalah Karachi	Nostro Account	936,632	58,512	-	-	-	-	-	995,144
Bank Alfalah Karachi, Conventional	Vostro Deposit	11,204,375	8,431,401	(4,036,023)	-	-	(53,121)	(607)	15,546,025
Bank Alfalah Karachi, Islamic	Vostro Deposit	59,261,810	521,586,871	(475,391,915)	-	-	(53,121)	(607)	105,403,038



Notes to the financial statements as at and for the year ended 31 December 2023 (continued)

35 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 193 (2022:189).

36 Highlights on the overall activities

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

37 Employee related fraud

There was no fraud occurred/reported to Bangladesh Bank during the year 2023 which may indicate the involvement of the Bank's employees. The Bank monitors its employees' performance and established controls to mitigate such risk if exist.

38 Events after the reporting period

There is no significant events after balance sheet date that may affect financial statements of the Company for the year ended 31 December 2023.



Bank Alfalah Limited
Bangladesh Operations
Highlights on the overall activities
As at and for the year ended 31 December 2023

Amount in Tk				
Sl. No.	Particulars	Notes	2023	2022
1	Paid-up capital (Fund from head office)	13	5,055,961,038	4,528,498,538
2	Total capital	13.1	6,070,247,010	5,942,095,151
3	Capital surplus	13.1	1,070,247,010	1,942,095,151
4	Total assets		31,426,218,550	31,091,257,136
5	Total deposits	11	22,189,447,813	20,827,944,847
6	Total loans and advances/investments	7	16,168,629,022	17,396,404,265
7	Total contingent liabilities and commitments		2,535,158,474	1,183,033,178
8	Credit/investment deposit ratio		72.87%	83.52%
9	Percentage of classified loans/investments against total loans and advances/investments		1.86%	1.96%
10	Operating Profit/Profit before provision		681,165,417	470,307,520
11	(Loss)/profit after tax and provision		433,885,075	138,052,578
12	Amount of classified loans/investments	7.8	301,066,428	340,358,196
13	Provisions kept against classified loans/Investments	12.1	190,918,400	225,362,198
14	Provision surplus/(deficit) against classified loans/Investments	12.1	54,019,173	85,709,570
15	Cost of fund		4.36%	3.46%
16	Interest earning assets		27,901,436,816	27,305,094,427
17	Non-interest earning assets		3,524,781,734	3,786,162,709
18	Return on investment (ROI)		6.14%	5.42%
19	Return on assets (ROA) [PAT/ Average assets]		1.47%	0.43%
20	Income from investment	21	450,882,303	365,452,828



Bank Alfalah Limited
Bangladesh Operations
Liquidity Statement
(Analysis of maturity of assets and liabilities)
As at 31 December 2023

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash	850,434,029	-	-	-	987,999,184	1,838,433,213
Balance with other banks and financial institutions	134,716,772	2,265,750,000	-	-	-	2,400,466,772
Money at call on short notice	1,030,000,000	-	-	-	-	1,030,000,000
Investments	156,400	3,651,386,442	489,534,760	3,075,571,670	726,653,046	7,943,302,318
Loans and advances / investments	494,775,131	11,629,946,129	3,618,478,290	382,659,291	42,770,181	16,168,629,022
Fixed assets including premises, furniture and fixtures	-	-	-	225,153,026	776,474	225,929,500
Other assets	3,390,458	29,432,517	225,872,948	1,560,761,802	-	1,819,457,725
Non banking assets	-	-	-	-	-	-
Total assets	2,513,472,790	17,576,515,088	4,333,885,998	5,244,145,789	1,758,198,885	31,426,218,550
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	15,737,601	-	-	-	15,737,601
Deposits	2,450,336,961	3,390,574,719	6,578,357,315	9,770,178,818	-	22,189,447,813
Provision and other liabilities	34,612,330	307,729,619	-	485,154,512	2,206,929,313	3,034,425,774
Total liabilities	2,484,949,291	3,714,041,939	6,578,357,315	10,255,333,330	2,206,929,313	25,239,611,188
Net liquidity gap	28,523,498	13,862,473,149	(2,244,471,317)	(5,011,187,541)	(448,730,428)	6,186,607,362



Bank Alfalah Limited
Bangladesh Operations
Balance with other banks - Outside Bangladesh (Nostro Accounts)
As at 31 December 2023

Name of the Bank	Currency type	2023			2022		
		FC amount	Exchange Rate	Equivalent BDT	FC amount	Exchange Rate	Equivalent BDT
Standard Chartered Bank, New York	USD	845,377	109.7500	92,780,138	1,586,940	103.2970	174,255,866
Standard Chartered Bank, Mumbai	ACUD	36,821	109.7500	4,041,132	41,545	103.2970	4,291,463
Bank Alfalah Limited, Karachi	ACUD	9,067	109.7500	995,144	9,067	103.2970	936,632
National Bank of Pakistan, New York	USD	-	109.7500	-	-	103.2970	-
Standard Chartered Bank, London	GBP	9,990	144.7302	1,445,797	22,096	122.1737	2,699,587
Standard Chartered Bank, Frankfurt	EURO	83,624	131.0717	10,960,775	9,523	107.8245	1,026,807
Standard Chartered Bank, Tokyo	JPY	41,618	0.7771	32,341	39,307	0.7599	29,869
				110,255,327			
							183,240,224

Balance with other banks - Outside Bangladesh (Term Placement)
As at 31 December 2023

Name of the Bank	Currency type	2023			2022		
		FC amount	Exchange Rate	Equivalent BDT	FC amount	Exchange Rate	Equivalent BDT
Bank Alfalah Limited, Bahrain	USD	17,000,000	109.7500	1,865,750,000			
				1,865,750,000			
							183,240,224
Total Outside Bangladesh				1,976,005,327			



Bank Alfalah Limited
Bangladesh Operations
Currency Analysis
As at 31 December 2023

The table below summarizes the currency-wise analysis of assets and liabilities as at 31 December 2023. The Bank's assets and liabilities are included in their carrying amounts in Bangladesh Taka(BDT), broken down by currency.

Particulars	Balance as at 31 December 2023					Total in Tk
	Taka	Equivalent BDT of USD	Equivalent BDT of GBP	Equivalent BDT of EURO	Equivalent BDT of JPY	
Asset						
Cash in hand	192,779,354	10,110,390	-	-	-	202,889,743
Balance with Bangladesh Bank and its agent bank	1,442,352,977	193,184,728	5,238	-	528	1,635,543,470
Balance with other banks and financial institutions	424,461,445	1,963,566,414	1,445,797	10,960,775	32,341	2,400,466,772
Money at call on short notice	1,030,000,000	-	-	-	-	1,030,000,000
Investments	7,943,302,318	-	-	-	-	7,943,302,318
Loans and advances	16,152,891,421	15,737,601	-	-	-	16,168,629,022
Fixed assets	225,929,500	-	-	-	-	225,929,500
Other assets	1,817,639,130	1,818,595	-	-	-	1,819,457,725
Non-banking assets	-	-	-	-	-	-
Total assets	29,229,356,144	2,184,417,727	1,451,035	10,960,775	32,869	31,426,218,550
Liabilities						
Borrowings from other banks, financial institutions and agents	-	15,737,601	-	-	-	15,737,601
Deposit	21,368,218,135	821,033,134	196,544	299,310	-	22,189,747,123
Other liabilities	3,031,842,086	2,583,688	-	-	-	3,034,425,774
Total liabilities	24,400,060,221	839,354,424	196,544	299,310	-	25,239,910,498
Net position	4,829,295,923	1,345,063,304	1,254,491	10,661,465	32,869	6,186,308,052

Bank Alfalah Limited
Bangladesh Operations
Statement of Tax Position
As at 31 December 2023

Tax files up to Income Year 2008, 2014 and 2017 have been settled. Status of rest of the years are as follows:

Amount in Tk

Income year	Assessment year	Tax Liability as per return	Tax paid with return and during appeal / deducted at source / minimum tax	Additional tax liability after assessment	Total Tax liability	Provision held as per Financial Statements	Status
2009	2010-2011	5,325,000	9,002,702	(37,312,456)	(31,987,456)	5,325,000	Under appeal
2010	2011-2012	4,516,323	16,825,346	(7,493,119)	(2,976,796)	31,123,312	Under appeal
2011	2012-2013	4,718,678	18,303,607	54,339,716	59,058,394	49,182,085	Under appeal
2012	2013-2014	6,216,162	12,370,679	43,994,519	50,210,681	50,210,681	Under appeal
2013	2014-2015	71,561,451	83,927,345	39,339,191	110,900,652	121,024,996	Under appeal
2015	2016-2017	159,037,342	167,355,008	27,484,086	186,521,428	192,308,206	Under appeal
2016	2017-2018	123,875,855	138,594,270	15,662,607	139,538,462	183,149,596	Under appeal
2018	2019-2020	201,123,624	205,797,936	19,979,059	221,102,693	201,123,624	Under appeal
2019	2020-2021	214,687,991	214,687,991	7,602,082	222,290,053	214,687,991	Under appeal
2020	2021-2022	211,424,260	211,424,260	-	211,424,260	211,424,260	Tax clearance certificate received
2021	2022-2023	134,590,079	134,590,080	-	134,590,079	134,590,080	Tax clearance certificate received
2022	2023-2024	227,128,891	227,128,891	-	227,128,891	231,409,920	Tax clearance certificate received
2023	2024-2025	276,772,364	120,466,187	-	276,772,364	277,000,000	Return to be submitted within due date
Total	-	1,640,978,030	1,560,574,302	163,595,675	1,804,573,705	1,902,559,751	



Annexure-VI


Motijheel Islamic Banking Branch

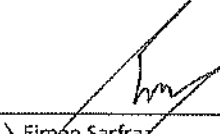
Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Balance Sheet

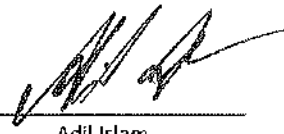
As at 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Property and assets			
Cash	1	257,975,314	246,928,273
Cash In hand (including foreign currencies)		47,127,358	55,941,150
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		210,847,956	190,987,123
Balance with other banks and financial institutions	2	-	600,000,000
In Bangladesh		-	600,000,000
Outside Bangladesh		-	-
Placement with banks and other financial institutions		-	-
Investments in shares and securities		-	-
Government (Prize Bond)		-	-
Others		-	-
Investments	3	3,781,093,558	3,955,829,544
General investments etc.		3,781,093,558	3,955,829,544
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	4	16,574,836	426,149
Other assets	5	815,089,831	947,126,825
Non-banking assets		-	-
Total property and assets		4,870,733,539	5,750,310,791
Liabilities and capital			
Liabilities			
Placement from banks and other financial institutions		15,737,601	69,912,752
Deposits and other accounts	6	4,700,764,732	5,492,222,211
Al-wadeeah current and other deposit accounts		496,970,326	632,774,804
Bills payable		258,085,618	310,913,814
Mudaraba saving deposits		1,353,154,933	1,889,903,335
Mudaraba term deposits		2,592,553,855	2,658,630,258
Other liabilities	7	154,231,206	188,175,828
Differed tax liabilities/(assets)		-	-
Total liabilities		4,870,733,539	5,750,310,791
Capital/shareholders' equity		-	-
Retained earnings	8	-	-
Total shareholders' equity		-	-
Total liabilities and shareholders' equity		4,870,733,539	5,750,310,791

The annexed notes 1 to 26 form an integral part of these financial statements.

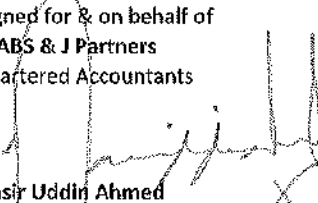

 Abu Noyem Md. Khasru
 Head of Finance


 Eiman Sarfraz
 Country Operations Head


 Adil Islam
 Country Head

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
 Chartered Accountants


 Nasir Uddin Ahmed
 FCA, FCS, CGMA, ACMA(UK), FCA(England & Wales)
 Deputy Managing Partner
 ICAB Enrollment No: 535


Place: Dhaka, Bangladesh

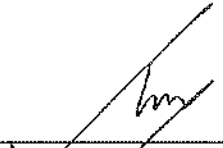
Dated: 28 MAR 2024

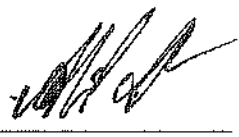
Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Off-balance Sheet
As at 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Off balance sheet items			
Contingent liabilities			
Acceptances and endorsements		19,965,784	87,923,662
Letters of guarantee	9	302,085,104	303,694,267
Irrevocable letters of credit (including back to back bills)	10	65,440,568	174,304,808
Bills for collection		40,454,097	88,852,943
Value of Bangladesh Sanchaypatra		270,800,000	270,800,000
Total		698,745,553	925,575,680
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		-	-
Total		-	-
Total off-balance sheet items including contingent liabilities		698,745,553	925,575,680

The annexed notes 1 to 26 form an integral part of these financial statements.

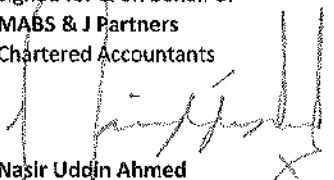

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants


Nasir Uddin Ahmed
FCA, FCS, CGMA, ACMA(UK), FCA(England & Wales)
Deputy Managing Partner
ICAB Enrollment No: 535


Place: Dhaka, Bangladesh


Dated: 20 MAR 2024

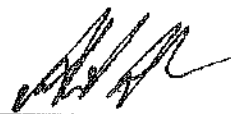
Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Profit and Loss Account
For the year ended 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Investment income	12	313,179,012	274,669,606
Profit paid on deposits	13	(174,206,892)	(176,306,843)
Net investment income		138,972,120	98,362,763
Income from investment in shares/securities	14	-	-
Commission, exchange and brokerage	15	(16,947,544)	149,286,409
Other operating income	16	3,496,632	6,644,478
Total operating income (a)		125,521,208	254,293,650
Salaries and allowances	17	19,778,140	17,495,269
Rent, taxes, insurance, electricity etc.	18	4,654,472	4,792,569
Legal & Professional expenses		-	-
Postage, stamps, telecommunication etc.	19	1,298,612	1,507,921
Stationery, printing, advertisement etc.	20	890,458	873,719
Shariah supervisory committee's fees and expenses		-	-
Auditors' fees		-	-
Depreciation and repair to bank's assets	21	11,471,830	11,683,614
Zakat expenses		-	-
Other expenses	22	4,547,714	3,851,770
Total operating expenses (b)		42,641,226	40,204,862
Profit before provision (c = a-b)		82,879,982	214,088,788
Provision for investments		(1,571,021)	6,836,022
General provision	7.1	(1,571,021)	6,836,022
Specific provision	7.1	-	-
Provision for off-balance sheet items	7.2	(1,289,738)	(4,568,965)
Provision for diminution in value of investments in shares		-	-
Other provisions		-	-
Total provision (d)		(2,860,759)	2,267,057
Total profit before tax (e = c-d)		85,740,741	211,821,731
Provision for taxation:			
Current tax expense		-	-
Deferred tax expense / (income)		-	-
Total provision for taxation		-	-
Net profit/(loss) after tax		85,740,741	211,821,731

The annexed notes 1 to 26 form an integral part of these financial statements.

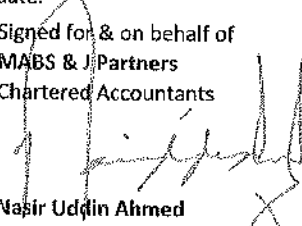

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants


Nasir Uddin Ahmed
FCA, FCS, CGMA, ACMA(UK), FCA(England & Wales)
Deputy Managing Partner
ICAB Enrollment No: 535

Place: Dhaka, Bangladesh
Dated: 28 MAR 2024


Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Statement of Changes in Equity
For the year ended 31 December 2023

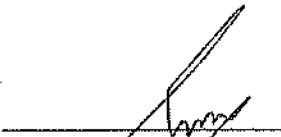
Particulars	Amount in Tk		
	Fund deposited with Bangladesh Bank	Surplus in profit and loss account	Total equity
Balance as at 1 January 2023	-	-	-
Net profit/(loss) for the period	-	85,740,741	85,740,741
Transferred to Bangladesh country office	-	(85,740,741)	(85,740,741)
Balance as at 31 December 2023	-	-	-

For the year ended 31 December 2022

Particulars	Amount in Tk		
	Fund deposited with Bangladesh Bank	Surplus in profit and loss account	Total equity
Balance as at 1 January 2022	-	-	-
Net profit/(loss) for the period	-	211,821,731	211,821,731
Transferred to Bangladesh country office	-	(211,821,731)	(211,821,731)
Balance as at 31 December 2022	-	-	-

The annexed notes 1 to 26 form an integral part of these financial statements.


 Abu Noyem Md. Khasru
 Head of Finance

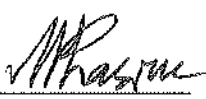

 Eiman Sarfraz
 Country Operations Head

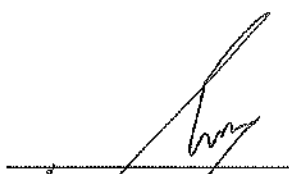

 Adil Islam
 Country Head


Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Cash Flow Statement
For the year ended 31 December 2023

Particulars	Amount in Taka	
	2023	2022
Cash flows from operating activities		
Investment income receipts in cash	313,179,012	274,669,606
Profit paid on deposits	(198,610,108)	(140,136,047)
Fees and commission receipts in cash	10,278,497	14,484,770
Recoveries on loans previously written-off	-	-
Cash payments to employees	(19,778,140)	(17,495,269)
Cash payments to suppliers	(7,115,373)	(7,128,013)
Income taxes paid	-	-
Receipts from other operating activities	(23,729,409)	141,446,117
Payments for other operating activities	(5,325,065)	(4,731,285)
	68,899,414	261,109,879
Operating profit/(loss) before changes in operating assets and liabilities		
Increase/decrease in operating assets and liabilities		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Investments to customers	174,735,986	(682,396,927)
Other assets	46,296,253	530,206,807
Deposits and other accounts from other banks	(560,304,345)	101,302,646
Deposits and other accounts from customers	(231,153,134)	55,102,602
Other liabilities	(32,988,982)	(14,009,080)
Cash generated from/(used in) operating assets and liabilities	(603,414,222)	(9,793,952)
Net cash inflow/(outflow) from operating activities	(534,514,808)	251,315,927
Cash flows from investing activities		
Proceeds from sale/redemption of securities	-	-
Payment for purchase of securities	-	-
Purchase of fixed assets	(263,000)	(72,750)
Sale of fixed assets	-	-
Net cash (used in)/from investing activities	(263,000)	(72,750)
Cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	(534,777,808)	251,243,177
Cash and cash equivalents at beginning of the year	777,015,521	525,772,344
Cash and cash equivalents at end of the year	242,237,713	777,015,521
Cash in hand (including foreign currencies)	47,127,358	55,941,150
Balance with other banks and financial institutions	-	600,000,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	210,847,956	190,987,123
Placement from banks and other financial institutions	(15,737,601)	(69,912,752)
	242,237,713	777,015,521

The annexed notes 1 to 26 form an integral part of these financial statements.

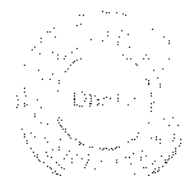

Abu Noyem Md. Khasru
Head of Finance


Eimani Sarfraz
Country Operations Head


Adil Islam
Country Head

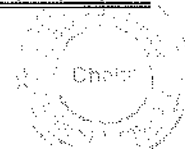
Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
1	Cash		
	Cash in hand (Including foreign currency)	47,127,358	55,941,150
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	210,847,956	190,987,123
		257,975,314	246,928,273
1.1	Cash in hand		
	Local currency	44,600,693	55,907,888
	Foreign currencies	2,526,665	33,262
		47,127,358	55,941,150
1.2	Balance with Bangladesh Bank and its agent bank(s)		
	Local currency	210,847,956	190,987,123
	Foreign currencies	-	-
		210,847,956	190,987,123
1.a	Cash Reserve Requirement (CRR) for Islamic Banking		
	4% of average Demand and Time Liabilities		
	Required reserve	183,117,588	177,761,610
	Actual reserve held	210,869,079	195,252,560
	Surplus	27,751,491	17,490,950
	Actual reserve held	4.61%	4.39%
1.b	Statutory Liquidity Requirement (SLR) for Islamic Banking		
	5.5% of required Average Demand and Time Liabilities:		
	Required reserve	251,786,684	244,422,214
	Actual reserve held	251,797,680	244,432,700
	Surplus	10,996	10,486
	Actual reserve held	5.50%	5.50%
	Held for Statutory Liquidity Requirement:		
	Cash in hand	47,127,358	55,941,150
	Excess of daily reserve	27,751,491	17,490,950
	Other Eligible Securities	157,070,000	157,070,000
	Foreign currency used in BDT	19,848,835	13,930,600
		251,797,680	244,432,700
2	Balance with other banks and financial institutions		
	In Bangladesh	-	600,000,000
	Outside Bangladesh	-	-
		-	600,000,000
2.1	In Bangladesh		
	Mudaraba term deposit:		
	Export Import Bank of Bangladesh Ltd.	-	600,000,000
		-	600,000,000
2.2	Maturity-wise groupings of balance with other banks and financial institutions		
	On demand	-	-
	Not more than 3 months	-	600,000,000
	More than 3 months but less than 1 year	-	-
	More than 1 year but less than 5 years	-	-
	More than 5 years	-	-
		-	600,000,000



Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka			
		2023	2022		
3	Investments				
	General investments etc. 3.1	3,781,093,558	3,955,829,544		
	Bills purchased and discounted 3.9	-	-		
		<u>3,781,093,558</u>	<u>3,955,829,544</u>		
3.1	General investments etc.				
	In Bangladesh				
	Murabaha (LPO)	3,217,263,514	3,289,272,735		
	Trust receipts	115,615,695	31,018,658		
	Diminishing Musharkah	-	-		
	Advance against Murabaha	-	-		
	Finance Against Foreign Bill	-	-		
	Finance Against EDF	15,912,682	70,913,151		
	Spot Murabaha	432,301,667	564,625,000		
		<u>3,781,093,558</u>	<u>3,955,829,544</u>		
	Outside Bangladesh	-	-		
		<u>3,781,093,558</u>	<u>3,955,829,544</u>		
3.2	Maturity-wise grouping				
	Repayable On demand	210,617,430	-		
	Not more than 3 months	3,497,154,920	2,951,291,503		
	More than 3 months but not more than 1 year	73,321,208	1,004,538,041		
	More than 1 year but not more than 5 years	-	-		
	More than 5 years	-	-		
		<u>3,781,093,558</u>	<u>3,955,829,544</u>		
3.3	Investments on the basis of significant concentration				
	Advances to Chief executive, other Senior executives and other Officers	-	-		
	Industrial loans and advances	3,781,093,558	3,955,829,544		
		<u>3,781,093,558</u>	<u>3,955,829,544</u>		
3.4	Industry-wise classification of investments				
		2023	2022		
		% of Total Loan	BDT	% of Total Loan	BDT
	Agri Business	1.21%	45,597,926	2.18%	86,332,128
	Automobile dealers	0.00%	-	0.00%	-
	Cement	0.04%	1,437,500	2.67%	105,712,544
	Chemicals	0.64%	24,125,523	0.00%	-
	Financial Institutions & MFIs	0.00%	-	1.26%	49,894,250
	Food & Personal Care Products	43.36%	1,639,492,638	28.79%	1,138,846,907
	Manufacturing & sale of Domestic Appliances	17.17%	649,296,518	12.98%	513,593,033
	Metal & Allied	0.00%	-	0.00%	-
	Oil & Gas Marketing Companies	0.00%	-	1.93%	76,453,125
	Others/Miscellaneous	0.01%	410,626	0.24%	9,514,124
	Pharmaceuticals	8.22%	310,747,500	1.87%	73,998,787
	Printing & Publishing	0.78%	29,501,075	0.78%	31,036,500
	Real Estate/Construction	0.00%	-	0.00%	-
	Services	0.00%	-	0.00%	-
	Textile Composite / Garments Manufacturing	3.11%	117,686,570	8.28%	327,695,869
	Textile Spinning	11.43%	432,301,667	14.27%	564,625,000
	Textile Weaving	0.42%	15,912,682	2.48%	97,927,277
	Trading	0.00%	-	0.00%	-
	Jute Mills	0.00%	-	15.70%	621,200,000
	Vanaspati & Allied Industries	13.61%	514,583,333	6.55%	259,000,000
		<u>100%</u>	<u>3,781,093,558</u>	<u>100%</u>	<u>3,955,829,544</u>



Notes to the financial statements as at and for the year ended 31 December 2023

3 Investments (Continued)

3.5 Geographical location-wise investments

	2023		2022	
	% of Total Loan	BDT	% of Total Loan	BDT
Dhaka Division	100%	3,781,093,558	100%	3,955,829,544
Chittagong Division	0%	-	0%	-
Sylhet Division	0%	-	0%	-
	<u>100%</u>	<u>3,781,093,558</u>	<u>100%</u>	<u>3,955,829,544</u>

3.6 Grouping of investments as per classification rules of Bangladesh Bank

	2023		2022	
	% of Total Loan	BDT	% of Total Loan	BDT
Unclassified:				
Standard including staff murabaha	100.00%	3,781,093,558	100.00%	3,955,829,544
Special Mention Account (SMA)	0.00%	-	0.00%	-
	<u>100.00%</u>	<u>3,781,093,558</u>	<u>100.00%</u>	<u>3,955,829,544</u>
Classified:				
Substandard	0.00%	-	0.00%	-
Doubtful	0.00%	-	0.00%	-
Bad or loss	0.00%	-	0.00%	-
	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>
	<u>100%</u>	<u>3,781,093,558</u>	<u>100%</u>	<u>3,955,829,544</u>

3.7 Particulars of required provision for investments

	2023		2022	
	Base for Provision	Required provision	Base for Provision	Required provision
Unclassified:				
Standard (Other than SME)	3,639,281,465	36,392,815	3,807,523,654	38,075,237
Standard (SME)	141,812,093	354,530	148,305,890	370,765
Standard (Agri Loan)	-	-	-	-
Special Mention Account (SMA)	-	-	-	-
	<u>3,781,093,558</u>	<u>36,747,345</u>	<u>3,955,829,544</u>	<u>38,446,001</u>
Classified:				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Bad or loss	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,781,093,558</u>	<u>36,747,345</u>	<u>3,955,829,544</u>	<u>38,446,001</u>
Total provision maintained		<u>37,014,542</u>		<u>38,585,563</u>
(Shortfall)/Surplus provision		<u>267,197</u>		<u>139,562</u>



Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
3	Investments (Continued)		
3.8	Particulars of investments		
	i) Investments considered good in respect of which the banking company is fully secured	3,781,093,558	3,955,829,544
	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;	-	-
		3,781,093,558	3,955,829,544
	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:	-	-
	(a) Movement of Classified Investments:		
	Opening balance	-	472,283
	Increase/(Decrease) during the year	-	(472,283)
	Closing balance	-	-
	(b) Provision against the Investment classified as bad/loss at the date of balance sheet	-	-
	(c) Amount of profit charged in suspense account	-	-
	xi) Investments written off:	-	-
	- Current Year	-	472,283
	- Cumulative to-date	55,314,465	55,314,465
	- Amount of written off loans for which lawsuit has filed	55,314,465	55,314,465
3.9	Bills purchased and discounted		
	Bills purchased and discounted excluding treasury bills:		
	in side Bangladesh	-	-
	Outside Bangladesh	-	-
3.10	Maturity grouping of bills discounted and purchased		
	Payable within one month	-	-
	Over 1 month but less than 3 months	-	-
	Over 3 months but less than 6 months	-	-
	6 months or more	-	-



Notes	Particulars	Amount in Tk	
		2023	2022
4	Fixed assets including premises, furniture and fixtures		
	Fixed assets including premises, furniture and fixtures	4.1	426,149
	Right of use assets	4.2	-
		16,574,836	426,149

Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
4.2	Right of use assets		
	Cost		
	Balance at 1 January	16,510,998	37,402,559
	Additions	32,218,378	-
	Adjustments	(16,510,998)	(20,891,561)
		<u>32,218,378</u>	<u>16,510,998</u>
	Accumulated depreciation		
	Balance at 1 January	16,510,998	37,402,559
	Depreciation	10,470,972	10,470,139
	Adjustments	(10,872,786)	(31,361,700)
		<u>16,109,184</u>	<u>16,510,998</u>
	Carrying amounts	<u>16,109,194</u>	<u>-</u>
5	Others assets		
	Income generating other assets	-	-
	Non-income generating other assets		
	i) Investment in shares of subsidiary companies:		
	- In Bangladesh	-	-
	- Outside Bangladesh	-	-
	ii) Stationery, stamps, printing materials, etc.	134,650	45,000
	iii) Advance rent and advertisement	-	-
	iv) Profit receivables	5.1	-
	v) Security deposits	-	-
	vi) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	-	-
	vii) Branch adjustment	813,226,034	911,448,895
	viii) Suspense account	-	-
	ix) Silver	-	-
	x) Others	5.2	1,729,147
		<u>815,089,831</u>	<u>947,126,825</u>
		<u>815,089,831</u>	<u>947,126,825</u>
5.1	Profit receivables		
	Profit Receivable from placement with Banks	-	-
	Mark up receivables on bill purchased and discounted	-	-
		<u>-</u>	<u>-</u>
5.2	Others		
	Other Receivable	-	-
	Sundry debtors miscellaneous (Receivable from Bangladesh Bank)	1,729,147	35,632,930
		<u>1,729,147</u>	<u>35,632,930</u>
6	Deposits and other accounts		
	Al-wadeeah current and other deposit accounts	6.1	496,970,326
	Bills payable	6.2	258,085,618
	Mudaraba savings deposits	6.3	1,353,154,933
	Mudaraba term deposits	6.4	2,592,553,855
		<u>4,700,764,732</u>	<u>5,492,222,211</u>



Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
6.1	Al-wadeeah current and other deposit accounts		
	Al-wadeeah current deposits	272,827,021	315,919,405
	Alfalah Udyog Current Account	11,603,098	39,372,532
	Foreign currency deposits	159,004,537	196,807,598
	Sundry deposits 6.1.1	53,535,670	80,675,269
		496,970,326	632,774,804
6.1.1	Sundry deposits		
	Margin Accounts - Local Currency	33,084,336	39,883,283
	Margin Accounts - Foreign Currency	20,451,334	40,791,986
	Sundry Deposit	-	-
		53,535,670	80,675,269
6.2	Bills payable		
	Payment order - Inside Bangladesh	257,911,156	310,792,581
	Demand draft payable - Inside Bangladesh	130,075	121,233
	Unclaimed PO - Inside Bangladesh	16,296	-
	Unclaimed DD/TT - Inside Bangladesh	28,091	-
		258,085,618	310,913,814
6.3	Mudaraba savings deposits		
	Special Notice Deposit (SND)	490,579,735	879,158,588
	Alfalah Salary Account (ASA)	6,263,897	3,882,193
	Alfalah Rising Star (ARS)	3,911,296	6,849,775
	Alfalah Premium Plus (APP)	232,631,658	180,406,075
	Saving Deposits	498,649,094	679,108,039
	Mudaraba Royal Profit deposits	121,119,253	140,498,665
		1,353,154,933	1,889,903,335
6.4	Mudaraba term deposits		
	Mudaraba Term Deposit (MTDR)	2,592,553,855	2,658,630,258
		2,592,553,855	2,658,630,258
		4,700,764,732	5,492,222,211
6.5	Deposits concentration		
	Inter-bank deposits 6.5.1	477,582,593	1,058,125,525
	Vostro Deposit 6.5.2	147,248,369	127,009,782
	Customer and other deposits	4,075,933,770	4,307,086,904
		4,700,764,732	5,492,222,211
6	Deposits and other accounts (Continued)		
6.5	Deposits concentration (Continued)		
6.5.1	Inter-bank deposits		
	Jamuna Bank Limited	23,080	23,694
	Mutual Trust Bank Limited	249,999,080	450,589,475
	AB Bank Limited	13,555	14,675
	Prime Bank Limited	14,742,894	14,759,601
	Islami Bank Bangladesh Limited	35,782	51,932
	Shahjalal Islami Bank Limited	2,760,250	2,758,754
	Al-Arafah Islami Bank Limited	849,589	11,984
	The City Bank Limited	255	2,744,547
	Trust Bank Limited	207,438,352	585,451,443
	Bank Asia Limited	1,719,756	1,719,420
		477,582,593	1,058,125,525
6.5.2	Vostro Deposit		
	BankIslami Pakistan Limited	26,299,306	56,543,597
	Bank Alfalah Ltd, Karachi (Conventional)	15,546,025	11,204,375
	Bank Alfalah Ltd, Karachi (Islamic)	105,403,038	59,261,810
		147,248,369	127,009,782

Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
6.6	Maturity grouping of deposits		
	Repayable On demand	242,031,637	305,294,854
	Repayable within 1 month	277,064,542	291,868,484
	Over 1 month but within 6 months	1,622,800,737	1,909,202,790
	Over 6 months but within 1 year	489,086,162	555,887,934
	Over 1 year but within 5 years	2,069,781,655	2,429,968,149
	Over 5 years but within 10 years	-	-
	10 years or more	-	-
		4,700,764,732	5,492,222,211

As per Bank Company Act 1991, Section 35 and BB circular letter no. BRPD 10 dated 12 September 2018, if any money or valuable asset (except deposits from Government, minor or litigation) is unclaimed for ten years or above as of 31 December every year, a three months' notice will be given to depositors concerned. Based on the response from the concerned depositors by following three months, amount will be paid to them otherwise unclaimed deposit will be deposited to Bangladesh Bank by 30 April 2021. The bank does not have any such deposit to be reported as 10 years and above unclaimed deposit amount as on 31 December 2023 (cut off basis) to Bangladesh Bank.

7	Other liabilities			
	Provision for Investments	7.1	37,014,542	38,585,563
	Provision for off-balance sheet exposures	7.2	7,966,019	9,255,757
	Profit suspense and compensation suspense	7.3	-	-
	Unearned Income on Islamic Finance		30,120,721	47,866,350
	Accrued expenses		354,093	625,924
	Salaries & Allowances Payable		864,000	830,477
	Profit payable on deposit & borrowings	7.4	57,413,548	81,816,764
	Withholding tax on profit on deposits		1,244,060	3,279,265
	Withholding tax payable		1,553,403	4,588,377
	Withholding VAT payable		198,130	739,169
	Excise duty payable		255,349	337,450
	Advance commission on Letter of Guarantee (L/G)		12,000	17,082
	Unclaimed ATM/POS		4,351	34,396
	Lease liabilities		16,510,998	-
	Miscellaneous		719,992	199,254
			154,231,206	188,175,828

7 Other liabilities (Continued)

7.1 Provision for Investments

A. General Provision

Provisions held at the beginning of the year	38,585,563	31,749,541
Provision made during the year	-	6,836,022
Provision no longer required	1,571,021	-
Net of provision (reversed)/made during the year	(1,571,021)	6,836,022
Provisions held at the end of the year	37,014,542	38,585,563

B. Specific Provision

Provisions held at the beginning of the year	-	-
Profit on Investment waiver during the year	-	-
Adjustment with prior year	-	-
Provision no longer required	-	-
Written off during the year	-	445,320
Recoveries of amounts previously written off	-	-
Specific provision made during the year	-	-
Net Charge to Profit and Loss Account	-	-
Provisions held at the end of the year	-	-
Total provision on investments	37,014,542	38,585,563



Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
7.2	Provision for off-balance sheet exposures		
	Balance as at 1 January	9,255,757	13,824,722
	Provision made during the year	-	-
		9,255,757	13,824,722
	Adjustments made during the year	(1,289,738)	(4,568,965)
	Balance as at 31 December	7,966,019	9,255,757
7.3	Profit suspense and compensation suspense		
	Profit suspense account	-	-
	Compensation suspense	-	-
		-	-
7.3.1	Profit suspense account		
	Balance at the beginning of the year	-	69,606
	Amount transferred to profit Suspense Account during the year	-	-
	Amount recovered in Interest Suspense Account during the year	-	-
	Amount written off during the year	-	(69,606)
	Profit on investment waiver during the year	-	-
	Balance at the end of the year	-	-
7.4	Profit payable on deposit		
	Profit Payable on Borrowings	89,180	473,866
	Savings Deposit	17,650,389	40,971,415
	30 days mudaraba term deposit	240,393	1,103,996
	90 days mudaraba term deposit	4,568,316	7,109,934
	180 days mudaraba term deposit	1,750,291	3,701,732
	365 days mudaraba term deposit	19,961,428	20,397,067
	Broken days mudaraba term deposit	8,413,183	1,641,650
	15 months mudaraba term deposit	1,149,732	2,097,321
	7 months mudaraba term deposit	507,499	330,856
	13 months mudaraba term deposit	2,180,473	3,031,775
	2 years mudaraba term deposit	362,038	436,244
	3 years mudaraba term deposit	540,626	520,908
		57,413,548	81,816,764
8	Retained earnings		
	Balance as at 1 January	-	-
	Adjustment for loan provision	-	-
	Net profit/(loss) for the year	85,740,741	211,821,731
		85,740,741	211,821,731
	Transferred to Bangladesh country office	(85,740,741)	(211,821,731)
	Balance as at 31 December	-	-
9	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	284,063,254	295,694,267
	Banks and other financial institutions	-	-
	Others	18,021,850	8,000,000
		302,085,104	303,694,267
10	Irrevocable letters of credit		
	Usance	6,478,510	6,649,806
	Sight	58,962,058	167,655,002
		65,440,568	174,304,808

Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
11	Income statement		
	Income:		
	Profit, discount and similar Income	313,179,012	274,669,606
	Dividend Income	-	-
	Commission, exchange and brokerage	10,278,497	14,484,770
	Gains less losses arising from dealing in foreign currencies	(27,226,041)	134,801,639
	Other operating income	3,496,632	6,644,478
		<u>299,728,100</u>	<u>430,600,493</u>
	Expenses:		
	Profit paid on deposits	174,206,892	176,306,843
	Administrative expenses	27,399,033	25,548,993
	Other operating expenses	4,547,714	3,851,770
	Depreciation on banking assets	223,507	333,960
		<u>206,377,146</u>	<u>206,041,566</u>
	Income over expenditure	<u>93,350,954</u>	<u>224,558,927</u>
12	Investment income		
	Share of profit from financing and discounting		
	Murabaha Financing	292,038,515	240,650,432
	Profit on Diminishing Musharakah	-	-
	Profit on bill discounted	-	16,255
	Profit against EDF	1,272,059	3,082,087
	Murabaha Income trust receipt	5,573,760	3,657,940
		<u>298,884,334</u>	<u>247,406,714</u>
	Profit on placement with banks		
	Profit on term placements	14,294,678	27,262,892
	Profit on Savings Deposit with Banks	-	-
		<u>14,294,678</u>	<u>27,262,892</u>
		<u>313,179,012</u>	<u>274,669,606</u>
13	Profit paid on deposits		
	Profit shared on deposits & borrowings		
	Mudaraba Royal Profit Deposit	8,786,226	5,185,951
	Mudaraba Savings Deposit	34,521,361	61,900,854
	Alfalah Salary Account (ASA)	101,907	78,927
	Mudaraba term deposit	129,228,779	107,397,877
	Interest on lease liabilities	815,230	359,224
	Profit paid on Borrowings	753,389	1,384,010
		<u>174,206,892</u>	<u>176,306,843</u>
14	Income from investment in shares/securities		
	Mark-up on zero coupon bonds	-	-
	Dividend income on preference share	-	-
		<u>-</u>	<u>-</u>
15	Commission, exchange and brokerage		
	Fees, commission etc.	10,278,497	14,484,770
	Exchange earnings	(27,226,041)	134,801,639
		<u>(16,947,544)</u>	<u>149,286,409</u>



Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
16	Other operating income		
	Service charges recovered	431,780	931,477
	Charges recovered	288,563	465,167
	Cheque Book charges recovered	152,550	168,700
	Charges on documentary credit	-	-
	Courier charges recovered	246,888	500,825
	Other Income	2,376,851	3,335,983
	UPAS LC Profit Spread	-	1,242,326
	Gain on disposal of fixed asset	-	-
		<u>3,496,632</u>	<u>6,644,478</u>
17	Salaries and allowances		
	Salaries & Allowances	11,266,592	10,552,798
	Housing allowance	3,092,021	2,717,373
	Conveyance allowance	773,011	679,359
	Other allowances	140,571	203,888
	Festival bonus	2,255,677	1,596,857
	Performance bonus	680,336	628,599
	The Bank's contribution to provident fund	732,932	651,395
	Car allowance	837,000	465,000
		<u>19,778,140</u>	<u>17,495,269</u>
18	Rent, taxes, insurance, electricity etc.		
	Rent, rates and taxes	1,683,556	1,876,337
	Cleaning and maintenance	964,435	766,864
	Electricity and Utilities	2,006,481	2,149,368
		<u>4,654,472</u>	<u>4,792,569</u>
19	Postage, stamps, telecommunication etc.		
	Postage and couriers	303,973	612,367
	Electronic mail and on-line connectivity	443,400	454,950
	Telegram, fax, telex, SWIFT and internet charge	510,356	376,955
	Telephone charges	40,883	63,649
		<u>1,298,612</u>	<u>1,507,921</u>
20	Stationery, printing, advertisement etc.		
	Table stationery	383,705	314,851
	Books and periodicals	-	-
	Printing stationery	476,213	494,874
	Computer stationery	30,540	63,994
	Publicity	-	-
		<u>890,458</u>	<u>873,719</u>
21	Depreciation and repair to bank's assets		
	Depreciation of bank's assets	10,694,479	10,804,099
	Repair & Maintenance of bank's assets	777,351	879,515
		<u>11,471,830</u>	<u>11,683,614</u>
21.1	Repair & maintenance of bank's assets		
	Furniture, fixture and fittings	83,300	130,750
	Rented premises	-	-
	Office equipment	567,001	420,463
	Computer maintenance	127,050	328,302
	Motor vehicles	-	-
		<u>777,351</u>	<u>879,515</u>

Notes to the financial statements as at and for the year ended 31 December 2023

Notes	Particulars	Amount in Taka	
		2023	2022
22	Other expenses		
	Bank charges, brokerage and commission	102,400	124,600
	Entertainment	761,340	599,522
	Security charges	1,988,250	1,995,290
	Traveling and conveyance	130,759	147,719
	Car fuel	429,130	168,075
	Other	1,135,835	816,564
		<u>4,547,714</u>	<u>3,851,770</u>
23	Related parties		
	Current deposit account		
	Bank Alfalah, Karachi	120,949,063	70,466,185
		<u>120,949,063</u>	<u>70,466,185</u>
24	Other related party transactions		
	The bank had no related party transactions which were required to be disclosed.		
25	Number of employees		
	The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of BDT 36,000 or above were 12 (2022: 12).		
26	Employee related fraud		
	There was no fraud occurred/reported to Bangladesh Bank during the year 2023 which may indicate the involvement of the Bank's employees. The Bank monitors its employees' performance and established controls to mitigate such risk if exist.		



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

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash	47,127,358	-	210,847,956	-	-	257,975,314
Balance with other banks and financial institutions	-	-	-	-	-	-
Investments	210,617,430	3,497,154,920	73,321,208	-	-	3,781,093,558
Fixed assets including premises, furniture and fixtures	-	-	-	16,574,836	-	16,574,836
Other assets	1,729,147	-	-	813,360,684	-	815,089,831
Non banking assets	-	-	-	-	-	-
Total assets	259,473,935	3,497,154,920	284,169,164	829,935,520	-	4,870,733,539
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	15,737,601	-	-	15,737,601
Deposits and other accounts	519,096,179	1,073,381,534	1,038,505,364	2,069,781,655	-	4,700,764,732
Other liabilities	3,250,942	1,086,085	57,413,548	92,480,631	-	154,231,206
Total liabilities	522,347,121	1,074,467,619	1,111,656,513	2,162,262,286	-	4,870,733,539
Net liquidity gap	(262,873,186)	2,422,687,301	(827,487,349)	(1,332,326,766)	-	-

