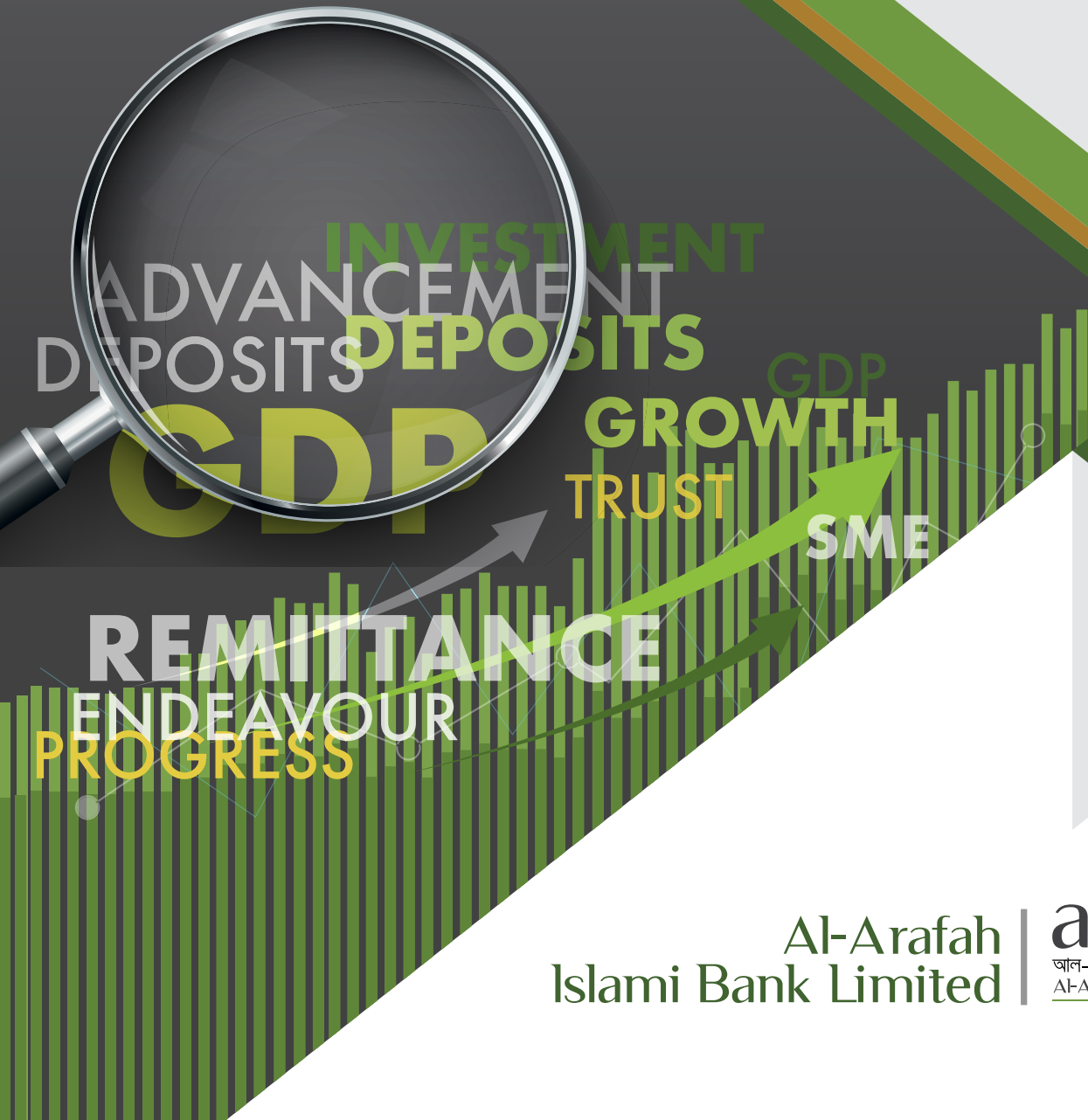


Annual Report 2020



Al-Arafah
Islami Bank Limited



Al-Arafah
Islami Bank Limited



Annual Report 2020

Allah has permitted trading
and forbidden (Riba) usury.

Surah 2 Al-Bakara-275



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QUR'ANIC

Verses on Interest

*I am seeking refuge in Allah from Shaitan, the outcast (the cursed one).
In the Name of Allah, the Most Gracious, the Most Merciful.*

"Those who consume interest cannot stand (on the Day of Resurrection) except as one stands who is being beaten by Shaitan into insanity. That is because they say, 'Trade is just like interest' whereas Allah has permitted Trading and has forbidden (Riba) Usury. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to (dealing in interest) those are the companions of the Fire; they will abide eternally therein". (Surah 2 Al-Bakara : 275)

"O you who believe! Be afraid of Allah and give up what remains (due to you) from (Riba) Usury, if you are (really) believers. If you do not do it, then take a notice of war from Allah and His Messenger (Rasul)". (Surah 2 Al-Bakara : 278-279)



HADITH ON INTEREST

- “Jabir bin Abdullah (R) said that Rasul (Allah’s Messenger) (S) cursed the acceptor of (Riba) Usury and its payer, and the one who records it, and the witness; and he said They are all equal. (Sahih Muslim)
- Abdullah Ibn Masud (R) has quoted a Hadith of Rasul (Allah’s Messenger) (S) as saying: Whenever adultery and usury become rampant in a community, it is inevitable that wrath of Allah will befall upon them. (Abu Yala)
- Abu Huraira (R) has narrated that Rasul (Allah’s Messenger) (S) said: Allah as his unique right will not allow four categories of people to enter the heaven and also refrain them from taking taste of his bounties 1) Drunkard 2) Usury 3) Devourers of orphan’s wealth and 4) Disobedience of parents. (Mustadarake Hakim)
- Abu Huraira (R) has narrated that Rasul (Allah’s Messenger) (S) said: you should protect yourself from 7(seven) destructive issues ‘what are those’? -asked his companions. He said those are 1) Join in worship others with Allah 2) Mesmerizing 3) Killing someone unlawfully 4) Usury 5) Devourers of orphan’s wealth 6) Flight from the battle field and 7) To charge against chaste women. (Sahih Al-Bukhari, Sahih Muslim and Sunan Abu Daud)
- Samura Ibn Zundub (R) has narrated that Rasul (Allah’s Messenger) (S) said: I saw in a dream that two persons came to me and took me to a sacred place. Thereafter three of us proceeded to a river full to blood and saw that a man was swimming in the river and another was standing on the bank with huge rocks in front of him. When the swimmer approached the bank, the man standing on it hit the swimmer with the rocks so heavily that he receded to his original place. Whenever the swimmer tried to approach the bank of the river again, the standing person did the same as before. Rasul (Allah’s Messenger) (S) asked ‘who is this man in the river’ One of the angels said ‘He is a usurer’. (Sahih Al-Bukhari)

OPINION

of other Religions and Great Men on Interest

- Interest has been banned in the two books of Hazrat Musa (A.), which are considered as the scriptures of Jews. The 22nd line of Exodus goes as saying, 'If you lend money to a poor man, don't become money lenders and don't realize interest from him.'
- Similarly in 23rd line of ancient scripture of the Jews entitled "Deuteronomy" states, 'You don't lend money to your brother for interest -i.e interest on money, interest on foodstuff and interest on anything lent.'
- Hebrewism is known as Musaic or Jewism. Musaic laws or commands of Musa are the basis of Hebrewism. Interest was totally prohibited in Musaic law. This rule was exclusively practiced by the Jews. In this ideology, there are clear directions on interest as other aspects of economics. In Hinduism, usury business was restricted within the 'Baithayas'.
- One Jew couldn't take interest by lending money from another. But, taking interest was in practice by lending money to the people of other religions.
- Some writers quoted from the book, 'Talmud' that the Hebrew prophets forbade interest not only from Jews but from all. (Eric Roll, A history of Economic Thought: Page 48)
- Interest was prohibited from the beginning of the Christianity to the advent of the Reform Movement and from the Church under pope in Rome to the division of other Churches, Christ said, 'Lend hopping for nothing again.' (Luke VI 35, Hanley: History of Economic Thought 1964, Page 101)

BOARD OF DIRECTORS

Chairman

Alhajj Abdus Samad Labu

Vice Chairman

Alhajj Mohammad Abdus Salam

Member

Alhajj Nazmul Ahsan Khaled
Alhajj Abdul Malek Mollah
Hafez Alhajj Md. Enayet Ullah
Alhajj Badiur Rahman
Alhajj Ahamedul Hoque
Alhajj Abu Naser Md. Yeahea
Alhajj Niaz Ahmed
Alhajj Mohammed Emadur Rahman
Alhajj Engr. Kh. Mesbahuddin Ahmed
Alhajj Mohammed Haroon
Alhajj Liakat Ali Chowdhury
Alhajj Salim Rahman
Alhajj Md. Anowar Hossain
Alhajj Md. Harun-ar-Rashid Khan
(Nomine Director of China Builders and Machinaries Ltd.)
Alhajj Md. Rafiqul Islam
Alhajj Md. Amir Uddin PPM
Alhajj M. Kamal Uddin Chowdhury
Alhajj Mahbulul Alam

Ex-Officio Director

Managing Director & CEO

Farman R. Chowdhury

Company Secretary

Md. Mahmudur Rahman

BOARD OF DIRECTORS

Executive Committee (EC)

Chairman

Alhajj Salim Rahman

Vice Chairman

Hafez Alhajj Md. Enayet Ullah

Member

Alhajj Abu Naser Md. Yeahea
Alhajj Mohammad Abdus Salam
Alhajj Liakat Ali Chowdhury
Alhajj Md. Anowar Hossain
Alhajj Md. Harun-ar-Rashid Khan
(Nomine Director of China Builders and Machineries Ltd.)

Board Audit Committee (BAC)

Chairman

Alhajj Mahbubul Alam

Member

Alhajj Nazmul Ahsan Khaled
Alhajj Abdul Malek Mollah
Alhajj Niaz Ahmed
Alhajj Md. Amir Uddin PPM

Risk Management Committee (RMC)

Chairman

Alhajj Badiur Rahman

Member

Alhajj Ahamedul Hoque
Alhajj Engr. Kh. Mesbahuddin Ahmed
Alhajj Md. Rafiqul Islam
Alhajj M. Kamal Uddin Chowdhury

Shariah Supervisory Committee

Chairman

Mufti Sayeed Ahmad Muzaddedi

Member

Mufti Muinul Islam
Mufti Shahed Rahmani
Mohammad Abul Hossain Al-Azhari
Mawlana Mohammad Abdul Hai Nadvi
Al-Hajj A.Z.M. Shamsul Alam
Alhajj Abdus Samad Labu

Secretary

Md. Abdur Rahim Khan

MANAGEMENT TEAM

Senior Management Team

Managing Director & CEO

Farman R. Chowdhury

Deputy Managing Director

S. M. Jaffar

Shabbir Ahmed

Md. Shafiqur Rahman

Syed Masodul Bari

Md. Mahmudur Rahman

Senior Executive Vice President

Md. Abdullah Al- Mamun

Abed Ahmed Khan

Md. Nadim

Kazi Mahmood Karim

Md. Mujibul Quader

Aktar Kamal

Md. Obaydul Islam

Md. Soheb Ahmed

Mohammad Azam

Senior Vice President

A. K. M. Amzad Hossain

Md. Sharif Uddin Pramanik

Iqbal Hossain Ahmed

Md. Golam Sarwar

Md. Zakir Hossain Bhuiya

M. A. S. Jalal Azad

Md. Masudur Rahman

Md. Sanaullah

Md. Nizamul Hoque Chy.

Md. Rajibul Islam Bhuiyan

Md. Yahya

Md. Mostafizur Rahman

Md. Showkat Islam

Md. Sharif Chowdhury

Kamal Hossain

Md. Zakir Hossain

M. M. Saiful Islam

Md. Abdur Rob

Md. Nazim Uddin

Muazzem Hossain

Mohammad Ullah

Jalal Ahmed

Md. Majiber Rahaman

Monir Ahammad

Md. Salamat Ullah

Md. Abdul Mobin

Md. Nazmul Huda

Mohammed Hossain

Vice President

A. K. M. Sazzad Hossain

Md. Abdur Rahim Sarder

Md. Mizanur Rahman

Md. Sultan Mahmud

Md. Abul Kalam

C. G. M. Asaduzzaman

Md. Shah Jalal Sheikh

Md. Aminul Islam

Masudur Rahman Khalifa

Ishtiaq Ahmed

Executive Vice President

M. Tariqul Islam

Md. Abdur Rahim Duary

Manir Ahmad

Md. Manjur Hasan

A. N. M. Mofidul Islam

Md. Aminul Islam Bhy.

Engineer Md. Habib Ullah

S. M. Kowsar

S. M. Abu Jafar

Md. Monjurul Alam

Md. Asaduzzaman Bhuiyan

Md. Idris Ali

Md. Mazharul Islam

MANAGEMENT TEAM

Md. Habibullah Bahar
Md. Mainul Islam
Mahbub Hasan
Md. Asif Chowdhury
Md. Hashim Uddin
Md. Lokmanur Rahman
Ashraf Hossain
Jashim Ahmed Chy
Md. Azmal Hoque
Md. Abdul Mannan Akhand
S. M. Zabidul Haque
Md. Ferdous Hassan
Md. Jahangir Alam
Md. Nahid Hossain
Md. Shamsul Huda Babar
Md. Kabir Ahamed
Touhid Siddique
Jahangir Alam
Jalal Ahmad
Md. Abdur Rahim Khan
Md. Zahurul Hoque
Mirza Mohidul Islam
Khondoker Monirul Hoque
Md. Rafiqul Islam
Ashik Ahmed Siddiquey
Imroz Chowdhury
Md. Shamsul Kabir
Muhammed Alamgir
Md. Aminur Rahman
Md. Shafi Mahmood
Md. Jahangir Alam
Md. Ibrar
Md. Ashraful Haque
M. Shamsuddin Ahmed
Md. Ataur Rahman

Senior Assistant Vice President

Md. Zahid Hasan
A. K. M. Fokhrul Islam Majumder
Md. Nurul Karim

Khandaker Nazmul Islam
Md. Amjad Hossain
Sharif Golam Kawsar
Md. Shah Alam
Motahar Uddin Ahmed
Mohd. Salahuddin Mamun
Md. Ashaduzzaman
Md. Kamrul Islam
Nur Mahbub Khan
Md. Moklesur Rahman Khan
Kazi Mohammad Sadik
Md. Anowarul Alim Khan
Md. Jamal Uddin Mahmud
Abdul Malek
Md. Abu Hanif
Md. Reazul Hoque
Md. Shahid Hossain
Mohammad Azizul Hoque
Shahadat Ali
Md. Mustafizur Rahman
Md. Mustaque Ahamed Mollah
Md. Enayet Fakir
A.M.M. Arif Billah Mithu
Md. Golam Quddus Talukder
Md. Mujibur Rahman
Md. Momtazul Hoque
Md. Golam Arfin
Md. Zamshed Hossain Sarker
Md. Mushfiqur Rahman Talukder
Md. Towhidul Islam
Syed Ariful Bari
Md. Shakhawat Ullah
Md. Zahid Hossain
A.F.M. Faisal Kabir
M.M. Rafikul Islam
Md. Monir Hossain
Mirza Asma Ferdous

Assistant Vice President

Md. Asaduzzaman Khan

Md. Mahbubul Hoque
Md. Rafiqul Islam
Md. Mizanur Rahman
M.M. Shamsul Alam
Md. Kamruzzaman
A.S.M. Gouch Uddin Siddiquee
Md. Kamrul Islam
Md. Alauddin
Syed Ariful Islam
Syed Taslim Alam
Md. Delowar Hossain
Mahbubul Amin
Md. Ashiqur Rahman
Md. Abul Hossain
Md. Abdur Rahim Sarder
Md. Yusuf Sharif
Md. Abul Hossain Saju
Md. Humayun Kabir Sardar
Md. Moniruzzaman
Md. Akber Hussain
Md. Maynal Hossain
Mollah Khalilur Rahman
Md. Mijanur Rahman
Md. Ismail Hossain
Gazi Abdur Rahman Aminy
Md. Abdur Rahman Bhy
Ahamuduzzaman
Md. Anowarul Quader Chy.
Md Moinul Haque
Nashir Ahmed
Md. Taslim Hossain
Md. Eleaus
Md. Humayun Kabir
Md. Zakir Miah
Md. Wares Uddin Mahmud
Md. Rafiqul Islam
Mohammed Ishaque
K. M. Shahadat Husain
Md. Asadur Rahman Khan

MANAGEMENT TEAM

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

Md. Faruk Ahamed Khan
 Md. Raihan Uddin
 Md. Rafique Ullah
 Md. Zillur Rahim
 Md. Enamul Hoque
 Mohammed Nizam Uddin Bhuiyan
 Mohammad Elyas
 Mohd. Mahafujur Rohman
 Md. Shariful Alam
 Md. Golam Hossain
 Kazi Shafiqul Islam
 Md. Neyamat Ullah
 Md. Koysor Khan
 Md. Belal Uddin
 Md. Maniruzzaman Khan
 Md. Serajummuner
 Saif Mohd. Zulkar Naeen
 Md. Anisur Rahman
 Md. Nurul Karim
 Kh. Kamranur Rahman Shovon
 Md. Rabiul Alam
 Mollah Masum Billah Azadi
 A. K. M. Mijanur Rahman
 Himal Pasha
 Md. Mijanur Rahman
 Md. Moin Uddin
 Md. Mizanur Rahman
 Md. Murtaza
 Md. Rofiqul Islam
 Niaz Ahamad Rashed
 Asaduzzaman Bhuiyan
 Kazi Rokibul Anwar
 Yasmin Aziz
 Nilufer Yesmin
 Mohammad Oli Ullah
 Golam Mohiuddin Chy.
 Md. Zahangir Alam
 Md. Giasuddin Mridha

Md. Abul Kalam Azad
 Md. Rabiul Basher
 Md. Abu Jafar
 Md. Ekramul Hoque
 Md. Abdul Basith
 Md. Abdus Shukur
 Mahmudur Rahman Chow.
 Mohammad Zakir Hossain
 Feroz Ahammed
 Md. Sanaul Haque
 Md. Shah Alam
 Md. Abul Hasan
 A. K. M. Tawhid
 Imtiaz Ahmed
 Md. Anwer Hossain
 Md. Anas Abdullah
 Md. Mizanur Rahman
 A. K. M. Mahbubul Alam
 Jalal Uddin
 Md. Abul Kalam Azad
 A. K. M. Arifur Rahman
 Ismail Hossain
 Asifur Rahman
 Md. Mahfujul Hoque
 Md. Nurul Huda
 Md. Ashraful Alam
 Md. Imteaz Hossain
 Md. Minhajul Islam
 Md. Istiaque Hasan
 Sk. Asadul Hoque
 Md. Javed Omar
 Md. Sakawat Hossain
 Md. Amir Hossain
 Imtiazul Alam
 Md. Jahidur Rahman Khan Nayon
 Mohammad Ishaque
 Muntasir Mahmud Chowdhury



VISION

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

MISSION

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

COMMITMENTS

- Ours is a customer focused modern Islamic Banking with sound and steady growth in both deposit mobilization and making quality Investment to keep our position intact as a leading Islami Bank in Bangladesh.
- To deliver financial services with the touch of our heart to retail, small and medium scale enterprises, as well as corporate clients through our branches across the country.
- To always align our business initiatives with the ever changing industrial and business needs of the clients.
- To deliver product and services that creates value for the customers.
- To conduct our business within well defined risk tolerance level.



Honorable Chairman, Directors & Managing Director of AIBL are seen on the dais at the 25th Annual General Meeting

CORPORATE INFORMATION

Date of Registration	18 June, 1995
1st Branch	Motijheel Branch, Dhaka
Opening Ceremony	27 September, 1995
Authorized Capital	15,000.00 Million
Paid-up Capital	10,649.02 Million
Local Partnership of Capital	100%
Equity	25,455.84 Million
Number of Branches	184
Deposit	326,023.41 Million
Investment	308,620.66 Million
Number of Employees	3,866
Number of Shareholders	22,142



Chairman Alhajj Abdus Samad Labu handed over 75 (Seventy five) thousand blankets to Honorable Prime Minister's Relief Fund under Corporate Social Responsibility (CSR) on 28 October, 2020

CORPORATE INFORMATION

Auditors

HUSSAIN FARHAD & CO.
Chartered Accountants
House# 15, Road # 12, Block # F
Niketon, Gulshan-1
Dhaka- 1212

Shafiq Basak & CO.
Chartered Accountants
Shatabdi Centre (4th & 6th Floor)
292, Inner Circular Road
Fakirapool, Motijheel
Dhaka- 1000

Company Secretary

Md. Mahmudur Rahman

Registered Office

Al-Arafah Tower, 63, Purana Paltan, Dhaka-1000.
Tel : +88-02-44850005
PABX : 44850005-20
SWIFT : ALARBDDH
E-mail : info@aibl.com.bd
Website : www.aibl.com.bd

NOTICE OF THE 26th ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the 26th Annual General Meeting (AGM) of the Shareholders of Al-Arafah Islami Bank Limited will be held on Monday the 9 August, 2021 at 11.30 a.m. virtually by using digital platform through the link <https://aibl.bdvirtualagm.com> (in pursuance with Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/94-231/25 dated 08 July, 2020, BSEC/CMRRCD/2009-193/08 dated 10 March, 2021 & SEC/SRMIC/94-231/91 dated 31 March, 2021) to transact the following businesses and to adopt necessary resolutions :

AGENDA

Ordinary:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2020 along with the Reports of the Directors and the Auditors thereon.
2. To approve Dividend for the year ended December 31, 2020 as recommended by the Board of Directors
3. To appoint External Auditors of the Company for the term until the conclusion of the next Annual General Meeting and to fix their remuneration.
4. To appoint Certification Auditor of the Company as per Corporate Governance Code-2018 for the year 2021 and to fix their remuneration.
5. To elect/re-elect of Directors under rotation.
6. To Re-appoint Independent Director M. Kamal Uddin Chowdhury for the 2nd Term w.e.f 30.08.2021 to 29.08.2024.

Special:

- i) Issuance of AIBL Mudaraba Perpetual Bond on private placement basis for BDT 450.00 crore and the rest amount of 50.00 crore on public offer instead of private placement basis for the entire amount of BDT 500.00 crore in line with Directive No. BSEC/CMRRCD/2009-193/19, Dated 23 May, 2021.
- ii) Conversion to common shares at pre-specified trigger point currently of 4.50% as needed to reach the minimum consolidated CET-1 ratio as per Bangladesh Bank requirement.

All Hon'ble Shareholders of the company are requested to make it convenient to join the meeting in time through the link aibl.bdvirtualagm.com

Date: Dhaka
May 30, 2021

By order of the Board

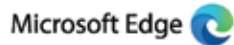

(Md. Mahmudur Rahman)
DMD & Company Secretary
Phone: 44850027

NOTES:

- (1) Shareholders whose names appear in the Register of members as at the close of business on the "Record Date" i.e. June 10, 2021 will be eligible to join the Annual General Meeting (AGM) and entitled to the dividend, as approved.
- (2) A member will be eligible to join and vote at this virtual AGM may appoint a proxy to attend and vote on his/her behalf. Proxy Form duly stamped must be submitted at the Registered Office of the Company not later than 48 hours before the time of holding the meeting;
- (3) Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018. Link of the downloadable PDF copy of the Annual Report 2020 along with Notice, Proxy Form and Attendance will also be available in the company's web-site (www.aibl.com.bd) amongst others are to be send to respective Member's email address available in beneficiary owner (BO) account with the Depository Participant (DP).
- (4) Concerned Depository Participants (DP) / Stock Brokers are requested to provide us with a list of their margin loan holders who hold AIBL shares, as on record date with the details of Shareholders' name, BO ID, shareholding position, cash dividend receivable, tax rate etc. within August 01, 2021, along with the name of the contact person to the Share Department of the Company or at share@aibl.com.bd, otherwise dividends will be paid to bank accounts of the members whose name would appear on the 'Record Date'. The DP / Stock Brokers are requested to provide us with their Bank Account name & number, routing number etc. to mentioned email address for receiving the dividends of their margin loan holders.
- (5) The shareholders will join the virtual AGM through the link aibl.bdvirtualagm.com. The shareholders will be able to submit their questions/comments electronically before 30 (thirty) hours of commencement of the AGM through this link and also during the Annual General Meeting. In order to login for the virtual AGM, the shareholders need to click on the link and provide their 16-digit Beneficiary Owners (BO) account number or 5-digit Folio number, name of shareholders, their number of shares and mobile no or email number. Al-Arafah Islami Bank Limited emphasizes on maintaining transparency and highest corporate governance throughout this process and conduction of the AGM using the digital platform during this pandemic of COVID-19 when social distancing is the highest priority to ensure health and safety for its shareholders and other stakeholders
- (6) The Board has appointed a Chartered Accountants Syful Shamsul Alam & Co. as Independent Scrutinizer as per BSEC Order No-BSEC/CMRRCD/2009-193/08 dated 10 March, 2021 to ensuring voting rights of the Shareholders.
- (7) We would like to request to our Hon'ble Shareholders to update their BO Accounts with mailing address, contact number, Bank details, e-mail address and E-Tin numbers (12 digits) with their respective DPs (Depository Participants) before Record Date
- (8) Shareholders are requested to login to the system prior to starting of the meeting at 11.30 am on 09 August, 2021, Monday. On-line (real time) or e-voting option shall be opened at least 30 (thirty) hours but not exceeding 72 (seventy two) hours prior to start of general meeting and shall remain open up to the closure of general meeting. Any IT related guidance and help with the login process the respected members may contact at +8802 4485005-20, (Ext-212-215) visit (www.aibl.com.bd) website.
- (9) No gift or benefit in cash or kind shall be paid/offered to the Shareholders in the 26th AGM as per BSEC Circular No. SEC/CMRRCD/2006-193/154 dated 24.10.2013

Al-Arafah Islami Bank Limited's Virtual AGM System Manual

Supported Browser: Latest version of



Supported Device: Laptop, Desktop, Tab, Mobile (android/ iPhone)

Virtual AGM with this simple step for Shareholder:

Log in to the link-

<https://aibl.bdvirtualagm.com>

**Log on Interface
Before Activation**

After Activation



26th AGM will be held on 09th August 2021 (Monday) at 11.30 A.M.



Link will be activation on 08th August 2021 at 10.30 A.M.

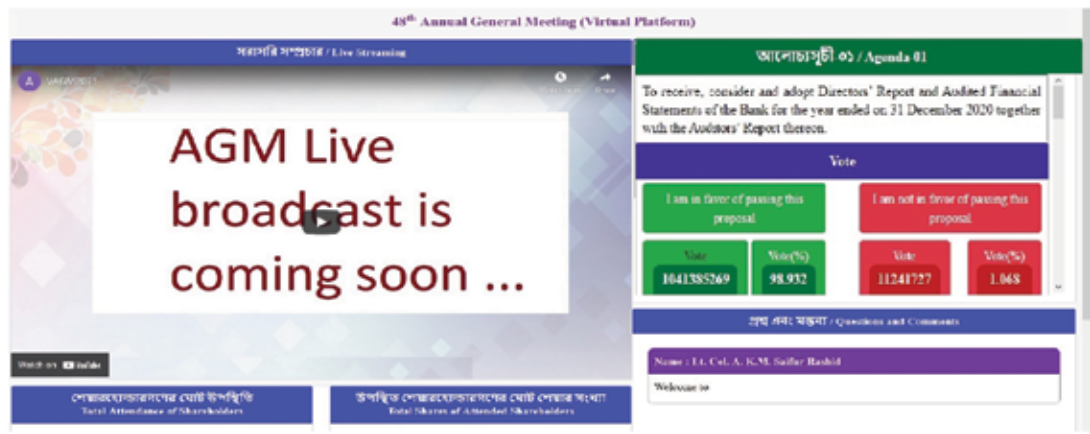
Login screen:

- Enter 16 digit BO number or Folio number*
- Click Go button then
- Click Login button



Shareholders can see:

- Live Streaming,
- Total attendance (Number of Shareholders with Total Shares),
- Agenda & Agenda wise voting result,
- Question & Comments.



Shareholders can do:

Shareholders can vote (Yes/ No) for any Agenda
Click on Green Button For Favor or
Click on Red Button For Against



Shareholders can do:

Shareholder can submit Question or Comments.
Type your Question or Comments (English or Bangla) then click Submit Button.



5 YEAR FINANCIAL HIGHLIGHTS

(BDT in Million)

Particulars	2016	2017	2018	2019	2020	Growth%
Income Statement						
Investment Income	18,830.15	20,491.03	24,956.81	28,811.65	26,331.28	(8.61)
Profit paid on Deposit	9,957.73	11,784.20	16,256.61	18,604.42	16,556.64	(11.01)
Net Investment Income	8,872.42	8,706.83	8,700.20	10,207.23	9,774.64	(4.24)
Non Investment Income	2,791.54	3,557.36	3,769.39	4,037.57	3,655.46	(9.46)
Non Investment Expenses	4,152.93	5,308.42	6,160.70	6,384.18	6,742.33	5.61
Net Non Investment Income	(1,361.39)	(1,751.06)	(2,391.31)	(2,346.61)	(3,086.87)	31.55
Profit Before Tax & Provision	7,511.03	6,955.77	6,308.89	7,860.62	6,687.77	(14.92)
Provision For Investment	1,547.87	1,354.89	2,177.98	2,867.66	1,887.90	(34.17)
Profit Before Tax	5,963.16	5,600.88	4,130.91	4,992.96	4,799.87	(3.87)
Provision For Tax (including Deferred Tax)	2,613.76	2,431.38	1,674.11	2,565.33	2,228.06	(13.15)
Profit After Tax	3,349.40	3,169.50	2,456.80	2,427.63	2,571.81	5.94
Balance Sheet						
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	-
Paid up Capital	9,943.06	9,943.06	10,440.22	10,649.02	10,649.02	-
Reserve Funds & Other Reserves	7,468.16	8,556.96	9,365.62	10,318.64	11,418.96	10.66
Shareholders' Equity (Capital & Reserve)	21,337.48	22,520.68	23,483.22	24,148.24	25,455.85	5.42
Deposits	199,703.92	244,806.26	266,205.48	297,241.81	326,023.41	9.68
Investment	196,519.38	235,905.23	261,874.13	288,486.02	308,620.66	6.98
Investment in Shares & Securities	9,058.68	10,145.49	12,214.67	16,170.52	21,563.67	33.35
Fixed Assets	3,240.18	3,260.38	4,494.61	4,351.93	5,833.88	34.05
Total Assets (Excluding off-balance sheet items)	272,900.04	319,255.29	338,465.30	381,051.81	418,298.65	9.77
Foreign Exchange Business						
Import Business	118,786.60	156,700.00	168,573.80	171,611.70	169,378.90	(1.30)
Export Business	88,152.20	104,540.00	114,481.90	108,967.10	104,939.40	(3.70)
Guarantee Business	4,981.34	6,443.41	7,096.02	8,274.25	10,511.21	27.04
Inward Foreign Remittance	11,735.40	20,700.00	36,917.20	37,713.40	43,807.00	16.16
Capital Measures						
Core Capital (Tier-I)	20,359.39	21,459.85	22,379.93	22,817.41	23,930.89	4.88
Supplementary Capital (Tier-II)	5,095.97	5,488.97	10,078.56	9,735.77	15,327.20	57.43
Tier-I Capital Ratio	11.92	10.40	10.12	10.22	9.74	(0.48)
Tier-II Capital Ratio	2.98	2.66	4.56	4.36	6.24	1.88
Total Capital	25,455.36	26,948.82	32,458.49	32,553.18	39,258.09	20.60
Total Capital Ratio	14.91	13.06	14.68	14.58	15.97	1.39
Investment Quality						
Volume of Non-Performing investment	8,994.98	9,921.51	12,690.72	14,100.41	11,769.58	(16.53)
% of NPLs to Total Investment	4.54	4.10	4.79	4.82	3.80	(1.02)
Provision for Unclassified Investment	1,352.83	1,723.04	1,891.00	2,157.28	2,787.10	29.20
Provision for Classified Investment	2,586.67	3,096.15	3,946.09	6,022.02	6,436.96	6.89
Provision for Off Balance sheet Exposures	449.88	570.42	689.80	778.50	935.50	20.17
Share Information						
Number of Shares Outstanding	994,306,428	994,306,428	1,044,021,750	1,064,902,185	1,064,902,185	-
Earning per Share (Taka)	3.07	3.15	2.35	2.28	2.41	0.13
Book Value per Share (Taka)	21.46	20.88	20.80	21.13	22.35	1.22
Market Price per Share (Taka)	15.90	24.10	19.90	17.20	22.20	5.00
Price Earning Ratio (Times)	5.18	7.64	8.48	7.56	9.22	1.66
Price Equity Ratio (Times)	0.74	1.15	0.96	0.81	0.99	0.18
Dividend per Share						
Cash Dividend (%)	20.00	15.00	15.00	13.00	15.00	2.00
Bonus Share	-	5.00	2.00	-	-	-
Operating Performance Ratio						
Net Profit Margin%	4.60	3.87	3.42	3.73	3.45	(0.27)
Investment /Deposit Ratio	88.50	89.95	89.87	88.93	86.92	(2.01)
Return on Equity (ROE)%	15.70	14.07	10.46	10.05	10.10	0.05
Return on Assets (ROA)%	1.23	0.99	0.73	0.64	0.61	(0.02)
Cost of fund %	7.92	7.50	8.70	9.02	7.50	(1.52)
Cost /Income ratio in operating business (%)	35.60	43.28	49.41	44.82	50.20	5.39
Other Information						
Number of Branches	140	154	168	182	184	1.10
Number of Employees	3,070	3,446	3,682	3,795	3,866	1.87
Number of Shareholders	36,695	30,386	25,793	24,276	22,142	(8.79)



ECONOMIC IMPACT REPORT

The effect that an event, policy change or market trend will have on economic factors, for example profit rate, consumer satisfaction and confidence, stock market activity or unemployment. Events such as regulatory changes supply shortage or national disasters can have a significant economic impact due to the way that they affect business activity. By analyzing the economic impact we can understand how a bank adds value to the society. Economic impacts can be broadly categorized as:

- i) Direct Impact
- ii) Indirect Impact

Direct Impact

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

Indirect Impact

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

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

In 2020, total value added by AIBL was BDT 10,073.85 million as against BDT 9,684.76 million in 2019. Bank's direct contribution to the economy was BDT 2,228.06 million in the form of corporate income tax. The Bank distributed BDT 4,565.75 million for its total 3,866 officials in 2020 as against that of BDT 4,197.62 million for 3,795 in 2019.

At the end of 2020, the Bank mobilized total deposits of BDT 326,023.41 million and aided the economy in meeting its growth target by deploying BDT 375,000.00 million as investment to different sectors of the economy. Apart from these, the Bank performed significant import and export business and other auxiliary businesses as well.

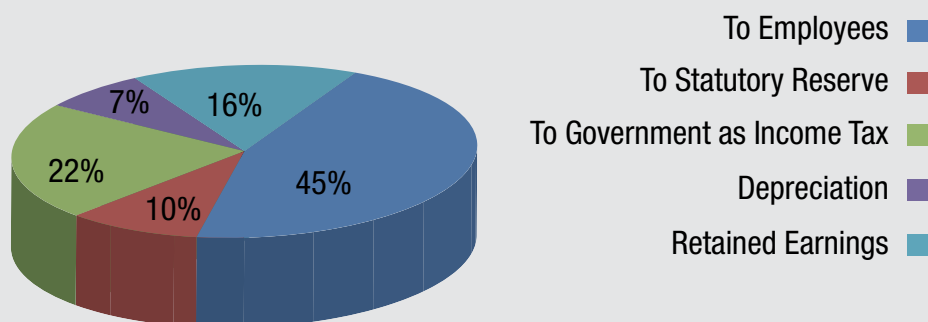
VALUE ADDED STATEMENT

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

(BDT in Million)

Particulars	2020	2019
Income from Banking Service	29,986.74	32,849.22
Cost of Services & Supplies	(18,024.99)	(20,296.80)
Value added by Banking Services	11,961.75	12,552.42
Provision for Investment & Off balance Sheet Items	(1,887.90)	(2,867.66)
Total Value Addition	10,073.85	9,684.76
Value Distributed		
To Employees	4,565.75	4,197.62
To Statutory Reserve	954.64	991.95
To Government as Income Tax	2,228.06	2,565.33
Depreciation	740.31	497.98
Retained Earnings	1,585.09	1,431.88
Total Value Distributed	10,073.85	9,684.76

Distribution of Value of Addition

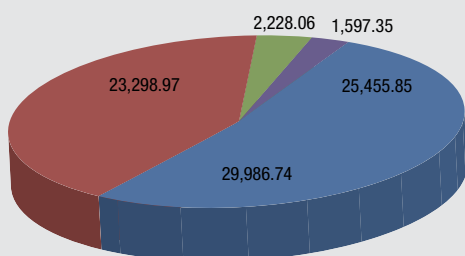


ECONOMIC VALUE ADDED STATEMENT

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of the required minimum return for shareholders at comparable risk. EVA of the Bank stood at BDT 2,862.36 million as on 31 December 2020 as against that of BDT 3,910.92 million in 2019.

(BDT in million)

Particulars	2020	2019
Shareholders' Equity	25,455.85	24,148.24
Total Income	29,986.74	32,849.22
Total Expenses	23,298.97	24,988.60
Corporate Tax	2,228.06	2,565.33
Capital charge	1,597.35	1,384.37
Economic Value Addition	2,862.36	3,910.92



Total Income ■
 Total Expenses ■
 Corporate Tax ■
 Capital Charge ■

* Capital Charge = Paid up Capital x Percentage of Dividend



Honorable Chairman Alhaji Abdul Samad Labu inaugurated the Annual Business Development Conference virtually on January 23, 2021

MARKET VALUE ADDED STATEMENT

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

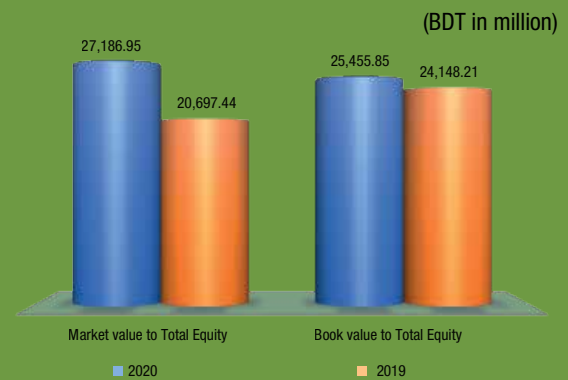
(BDT in million)

Particulars	2020	2019
Market Value of Total Equity	27,186.95	20,697.44
Book Value of Total Equity	25,455.85	24,148.24
Market Value Addition	1,731.10	(3,450.80)



Honorable Chairman Alhaji Abdus Samad Labu inaugurated the Building of Al-Arafah Islamic International School & College and Al-Arafah Tahfizul Quran Madrasah

MARKET VALUE ADDED STATEMENT



Total number of share outstanding: 1,064,902,185 (1,064,902,185)*

Market value per share: BDT 22.20 (17.20)*

Previous Year's figures in brackets.



CHAIRMAN'S ADDRESS

Bismillahir Rahmanir Rahim

All praises be to ALLAH (SWT), The Lord of the universe and peace and blessings of Allah (SWT) be upon the Prophet Mohammad (SM) and his descendants and companions.

Dear Shareholders,
Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu

You all know that despite the global recession, Bangladesh has recorded an enviable growth of more than 5%. Our Bank, in line with the national performance, has also recorded a satisfactory performance during the year ended on 31 December 2020. From the very beginning of the outbreak of Covid 19 we have been very cautious in our every step. We have closely observed how the world has reacted to balancing health issues with business, how the regional cooperation was performing, controlled our cost, took proper health care measures for our employees and moved forward. Though pandemic had curtailed many of our efforts more than we had anticipated, I still believe under the prevailing condition we have done well against all adversities. You would be happy to learn that realizing the importance of rural economy in the overall development of the country, during this pandemic, we have strengthened our rural banking activities under the banner of Al-Arafah Rural Development Program (ARDP) and also emphasized on usage of technology as far as possible to maintain proper hygiene. Without your patronage, support from my colleagues in the Board and overall guidance from Bangladesh Bank it would not have been possible. Thank you all for your generous support.

As there prevails higher-than-usual-degree of uncertainties we are very cautious about every future step we take. We are even more cautious than before. In my opinion we have to strike a perfect balance among our business, compliance and usage of technology. We realize that banking is an essential industry

and as we have to support customers' responses to pandemic, we are accommodating rapid and substantial changes in our operation. Like the many countries of the world we are also evaluating the possibilities of involving Artificial Intelligence, Mobile and Cloud into banking system since these have been underpinned as the future of banking. In the process we are also aware of threat associated with it. We are vigilant about the fraudsters and have installed required precautionary measures to protect our data base from the hackers.

At the same time, we are keeping a vigilant eye on the international arena particularly on the relationship and diplomatic ties of Bangladesh with China, USA and India, the top three countries in the list of Purchasing Power Parity Index. All these countries are major allies of Bangladesh. China, the largest economy and factory of the world, is the biggest supplier of Bangladesh and also our major development and strategic partner. USA is the largest export market for us while India is the biggest trading partner in the region. Therefore, amiable relationship with all these countries will not only ensure a smooth trading route for us but also will establish balance of power in the region which will be eventually conducive to business growth of Bangladesh and thus the Bank. That is the reason why we are closely monitoring these three countries in particular.

We all hope that this current health hazard will be over soon. Nevertheless, its effects are likely to remain for days to come. The scar on the financial industry will be even deeper because recovery of loans and investments will be a big challenge for the Banks. Moreover, there will be changes in customer behavior, technology expectations and working culture. Therefore, we need to be ever-ready for the changes. We need to restructure our old system and practices, retrain our employees and adopt an agile approach to digital banking because those who can act fast and effectively will create a strong platform to serve for years to come. This will undoubtedly take us an extra mile towards achieving our mission of being "The Best Islamic Bank" of the country.

Overall Performance

By the grace of Almighty Allah (SWT) Al-Arafah Islami Bank has overcome the challenges of 2020 and made satisfactory profit and growth in most of the areas of business. The Bank took a strategy of quality growth of its assets by adhering to compliance in all spheres of operation particularly in respect of Shariah and regulatory laws and guidelines. As a continued policy, the Bank remained focused in all the key areas covering capital adequacy, good asset quality, sound management, good earnings and strong liquidity.

The Bank's operating profit stood at Tk. 6,687 million during the year. The return on equity recorded at 10.10% while earnings per share (EPS) stood at Tk. 2.41.

Total assets of the Bank rose to Tk. 418,298.65 million during the year showing a growth of 9.77% over the previous year.

Deposit of the Bank stood at Tk. 326,023.41 million registering an increase by Tk. 28,781.53 million during 2020 with a growth rate of 9.68%.

Our Bank has always maintained investment-Deposit Ratio (IDR) at required level throughout the year. As a result the bank has not only been able to maintain its risk free liquidity and but also been able to maximize its earnings from the deployed fund.

All along we have tried our best to make quality investments. In the process due attention was also given to portfolio diversification which helped us in mitigating various inherent and potential risks associated with the investments. Despite many other industry bottlenecks our investment portfolio has registered a healthy growth of 6.98% during the year.

Overdue investments stood at Tk. 5,959.36 million as on 31st December 2020 as against Tk. 7,234 million as of December, 31 last year. Total overdue decreased by Tk. 1274.64 million during the year 2020 bringing the same to 1.92% of our total investment as against 2.47% in the previous year. Corporate Branch Managers, Zonal Heads and other Branch Managers are advised to take all precautionary measures so that the overdue investments are not inflated and income leakage remains under control.

Rescheduled investments increased by Tk. 2,191.03 million from Tk. 19,768.87 million to Tk. 21,959.90 million (Term investments by Tk. 7,859.30 million plus Continuous and Demand investments by Tk. 14,100.60 million) which was 7.09% of total Investment. Recovery against rescheduled investment during the year 2020 was Tk. 1134.36 million.

Classified investments decreased by Tk. 2,330.84 million in 2020 from Tk. 14,100.42 million to Tk. 11,769.58 million representing 3.80% of total investment as against 4.82% in the previous year. During the year 2020, recovery & regularization against classified investment stood at Tk. 2113.45 million while recovery against written off investments stood at Tk. 61.01 million recording a total recovery of Tk. 3,308.82 million which includes a recovery Tk. 1134.36 million from the rescheduled investments.

SME & Retail Banking

Our Bank is now focusing on investment to SME and Retail sector in line with the policies and guidelines of Bangladesh Bank. During the year we have achieved above 100.89% of our set target in this area by providing investment to major three categories of enterprises viz. Industry, Trade and Services.

Off-Shore Banking Unit (OBU)

Al-Arafah Islami Bank Limited (AIBL) obtained the Off-shore Banking Unit ("the Unit") License from Bangladesh Bank on 17 February, 2014 and commenced its operation from 22 May, 2014. Located at AIBL Motijheel Branch, 161, Motijheel Commercial Area Dhaka 1000, OBU is working as an independent unit. The principal activities of OBU include Mudaraba Investment under UPAS (Usance Payment at Sight) against Usance/Deferred L/Cs opened by an AD branch with the condition that payment will be made at sight by OBU of AIBL against acceptance of LC opening AD branches and Musharaka Documentary Bills in Foreign Currency (MOB F.C) against Accepted

Local Export Bills to the eligible Deemed Exporters of our AD and Non-AD branches. Besides, OBU may also accept FC deposits from eligible customers. As per Bangladesh Bank guidelines the Books of Accounts of OBU is being maintained in foreign currencies of which the base currency is USD.

Risk Mitigation

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

Subsidiary Companies

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

AIBL Capital Market Services Limited

AIBL Capital Market Services Limited was incorporated as subsidiary company of Al-Arafah Islami Bank Limited with an authorized capital of Tk. 10 billion and paid-up capital of Tk. 4 billion of which AIBL's holding is 60.50%. The main objectives of the company are to carry out the business of Stock Broker and Dealer in the Capital Market. During the year 2020 the company earned Operating Profit of Tk. 20.65 million (before provision for investment and taxation) with Earnings per Share (EPS) of Tk.0.04.

AIBL Capital Management Limited

AIBL Capital Management Limited, a subsidiary company of Al-Arafah Islami Bank Limited, was incorporated with an authorized capital of Tk. 2 billion and paid-up capital of Tk. 500 million. The main objectives of the company are to carry out the business of Merchant Banking in all its aspects including Issue Management (IPO, Right Share Issue, and Bond Issue etc.), Portfolio Management, Underwriting, Corporate Advisory Services, Pre-IPO Placement, Investment Analysis and Research etc. During the year 2020 the company earned Operating Profit of Tk. 6.03 million (before provision for investment and taxation) with Earnings per Share (EPS) of Tk.0.09.

AIBL Asset Management Co. Ltd

AIBL Asset Management Co. Ltd. is another subsidiary company of AIBL with an Authorized Capital of Tk. 500 million and Paid up Capital of Tk. 100 million. Its main objective is to carry out the business of Asset Management, Portfolio Management, Capital Market Operation and other financial services. AIBL is holding 90% share in the company. The company is expected to start its operation soon.

Conclusion

We would now like to extend our sincere thanks and appreciation to all the regulatory authorities, our depositors, investment

clients, Shareholders and all other Stakeholders for their utmost confidence on us.

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

Finally, we would like to offer our wholehearted commitment to the fact that that we are accountable to Almighty Allah (SWT) and answerable to our Stakeholders and to the people of our beloved country. May Allah the Almighty bestow his boundless blessings upon all us.

Allah Hafiz.

Ma-assalam
Sincerely,



Alhaji Abdus Samad Labu

Chairman

Date: 09th August 2021



MANAGING DIRECTOR'S ADDRESS

Bismillahir Rahmanir Rahim.

To begin with, I must express my deepest gratitude to Allah (SWT) for keeping us secured and alive during this pandemic. With all HIS Blessings AIBL has been successfully able to sail through the COVID infected year of 2020 and at the same time greatly thankful to HIM for enabling us to do so. We also pray for all the souls who could not survive the onslaught of COVID 19 and left us for good.

Dear Respected Shareholders,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu

I cannot but thank all our Honorable Shareholders, Board of Directors, Bangladesh Bank for their continuous support and guidance all through the troubled year of 2020. By the Grace of Almighty Allah and with all your active supports we have recorded a satisfactory performance even on the face of the pandemic. It is indeed a great pleasure for me to present the Annual Report-2020 before you all, at this juncture.

In line with a quote from my last year's address "Uncertainty is the key word to focus on" the year 2020 was full of uncertainties, as expected, caused by the outbreak of COVID 19. Little did we know how the world would be disrupted, transformed and the management thereof. Infection, lockdown, social distancing, personal hygiene, death, vaccination- all these words have been part and parcel of our daily lives. Despite all these worldwide-impacts of COVID19 and public health restrictions brought about by the pandemic, our economy has recorded an enviable growth of 5% plus as against negative growth of 3.27% for the worlds as a whole during the year 2020. Just when this COVID 19 has been causing tragic loss of many lives, falling harder on the poor and other vulnerable segments of the community, threatening us hard to reverse the country's hard-earned development gains, our country showed much resilience to fight against all the odds.

Following many smart decisions of the Government we have been successfully able to bridge Bangladesh with the world for the good of the common people.

We, at AIBL, have been monitoring the overall scenario very closely. Despite all the bottlenecks we have been able to coordinate our efforts between pandemic control and financial services efficiency to register a reasonable and acceptable result as portrayed in our Annual Report of 2020. Following the spread of COVID 19, we adhered to a coordinated action among our operations, Business and Compliance and continuously arranged for pandemic prevention and employee health protection measures in our work places, business premises and flexibly adopted methods such as work from home, held meetings in digital platform and reinforced our Alternate Delivery Channel including other online services to maintain smooth and orderly business operations across the network.

Our dedicated efforts bear testimony to the fact that amidst so many transformed changes caused by this global health crisis we; AIBL will continue to be with you all as your steadfast and trusted partner. We are committed to leveraging our resources and technology and franchise to deliver for our clients and simultaneously grow alongside.

Overall Banking Scenario

Banks' Deposits: Total Deposit (excluding interbank items) of the scheduled banks increased by Tk. 1,606,540 million representing 13.15% point to point growth from Tk. 12,219,630 million as on 31 December 2019 to Tk. 13,826,170 million as on 31 December 2020.

Islamic Banks' Deposits: All Islamic Banks' deposits stood at Tk. 3,269,222.40 million during the year 2020 as against Tk. 2,802,278.00 million in the previous year 2019 and it increased by Tk. 466,944.40 million registering a growth of 16.66% in 2020. The share of Islamic Banks' deposits as of 31 December 2020 stood at 25.33% as compared to 24.65% on 31 December 2019.

Banks' Advances /Investment: Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 1,336,010 million representing 13.33% point to point growth from Tk. 10,023,730.00 million as on 31 December 2019 to Tk. 11,359,740.00 million as on 31 December 2020.

Islamic Banks' Investments: All Islamic Banks' Investments stood at Tk. 2,940,936.10 million during the year 2020 as against Tk. 2,627,519.90 million in the previous year 2019 and the Investment increased by Tk. 3,13,416.20 million registering a growth of 11.93% in 2020. The share of Islamic Banks' Investments as of 31 December 2020 stood at 25.69% as compared to 24.82 % on 31 December 2019.

Operating Profit: Despite a tough start of the year 2020 Banks in Bangladesh managed to earn a reasonable amount of operating profit for the year. But The growth of profit was slim owing to low credit/investment demand, cautious lending/investment policy, lowering lending/ investment profit rates and the sluggish business environment.

In terms of operating profit earned, Islami Bank Bangladesh Limited (IBBL) is the highest and thus topping the list of Banks. Al-Arafah Islami Bank Limited (AIBL) ended up being on 8th position in 2020. However in an apple to apple comparison (i.e. Islami to islami) AIBL is only second to IBBL, the oldest and biggest Islami Bank in Bangladesh.

Deposits and Borrowings

The total deposit and Borrowings of the bank reached Tk. 348,814.37 million recording 93.02% achievement of the Target of Tk. 375,000.00 million as on 31st December 2020 as against Tk. 323,550.34 million at 31st December 2019. The Deposits and Borrowings increased by Tk. 25,264.03 million registering a growth of 7.81% in 2019 as against national growth of 13.15%. Our deposit target for the year 2020 has been fixed at Tk. 410,000.00 million expecting growth of 17.54%.

Major Business Ratios

Major comparative business ratios i.e. Yield on Investment, Cost of Deposit & Borrowings, Spread, Cost of Admin, Cost of Fund, Non-Funded Income and Net Spread for the year 2020 & 2019 are appended below:

Particulars	2020	2019
Yield on Investment	7.75%	9.40%
Cost of Deposit & Borrowings	5.47%	6.89%
Spread	2.28%	2.51%
Cost of Administration	2.03%	2.13%
Cost of Fund	7.50%	9.02%
Non- Funded Income	1.39%	1.78%
Net Spread	1.64%	2.16%

Deposit Mix

Cost of Fund of the Bank, inter alia, depends on efficient management of Deposit Mix. Deposit Mix of the Bank is shown below:

Deposit Mix	Achievement 2020	Targeted 2021
Cost Free Deposit	11.87%	14.00%
Low cost Deposit	28.58%	31.00%
High Cost	59.55%	55.00%
Total	100.00%	100.00%

Plan and Strategies for Deposit Mobilization:

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

Deposit shall be mobilized giving due importance to deposit mix. For the year 2021 the mix of no cost, low cost and high cost deposit has been set at 14%, 31% and 55% respectively.

- To increase the cost free and low cost deposit, AIBL capitalizes on:
 - Better customer service .
 - Good business relationship with all the local industrialist, businessmen, professionals etc.
 - Focusing on small private/personal deposits for a solid deposit base.
 - Focusing on School Banking.
 - Opening of big Corporate Client Accounts having high volume transactions along with salary accounts.
 - Induction of Clients having large Foreign Exchange Portfolio so that cost free deposit i.e. margin account, FC held etc. may be maintained.
 - Opening of more FC Accounts to keep more current account balance.
 - Expediting the booking of more Current, Savings and SND Accounts.
 - Encouraging the opening of collection accounts of different service oriented institutions like DPDC, DESCO, PDB, NGOs, Schools, Colleges, Universities ,Titas Gas, Bakhraabad Gas, Mosques, Madrasahs etc.

Investments

Total Investments of the bank stood at Tk. 309,762.11 million recording 93.87% achievement of the Target of Tk. 369,000.00

million as on 31st December 2020 as against Tk. 292,597.22 million on the same day of 2019. The investments increased by Tk. 10,613.19 million recording a 5.87% growth in 2020 as against national growth of 13.33%. The target for investment for the year 2020 has been fixed at Tk. 369,000.00 million with anticipated growth of 19.12%.

All the Branches, as they have done in the past, will give their best efforts to make quality investment complying with the Shariah principles and ensure constant follow up and supervision for maintaining the quality and ensuring timely recovery. All concerned are advised to adopt the following policies and strategies for quality investments-

- To motivate the valued clients with potential and satisfactory business reputation to route their business through us
- To boost up SME and Micro investment
- To encourage Women Entrepreneurs.
To ensure diversification of investment portfolio by size, sector, economic purpose and geographical area for minimizing risks of concentration as well as to ensure equitable deployment of fund
- To make investment covered by adequate securities as stated in the norms of existing business discretionary powers
- To change the nature, trend of investment depending on the economic activities
- To sanction investment ensuring proper appraisal as well as actual need of the client

Operating Profit

The bank earned operating profit of Tk.6,687.77 million during the year 2020. The operating profit of the Bank during the year 2019 was Tk 7,860.63 million and thus the Bank attained growth of -14.9% in respect of operating profit. During this challenging year, it was unexpected to earn such a volume of profit. However, with the blessings of Almighty Allah (SWT), it was possible due to the prudent and timely decisions of the Policy Makers and quick implementation of such decisions by the Management along with efficient and effective fund management. Considering all the factors, Operating Profit target for the year 2021 has been fixed at Tk 8,500.00 million which equals a growth of approximately 19.62% from that of the previous year.

Our plan and strategies for increasing operating profit are-

- to ensure quality investment
- to arrest non-performing investment
- to increase ancillary business
- to increase cash recovery from nonperforming investment
- to increase cash recovery from written off and rescheduled investment.
- to comply 100% Shariah principles so that no-income shall be considered doubtful.
- to control expenditure
- focusing on off balance sheet income.

International Banking Wing (IBW)

We are now more capable and confident of handling Foreign Exchange Business. Presently, we have 26 AD Branches through which we have handled total foreign exchange business of Tk. 318,125.30 million

during the year 2020 as against the Target of Tk. 370,000.00 million. Our Foreign Exchange business has decreased by Tk.166.90 million recording a growth of -0.05%. Target of International Trade for the year 2021 has been fixed at Tk. 419,000.00 million with 37.71% growth.

Import Business

Total import business of the bank for the year 2020 stood at Tk. 169,378.90 million as against Tk 171,611.70 million in the previous year. We recorded a -1.30% growth in import business in 2020 over 2019. Target for Import business for the year 2021 has been fixed at Tk. 220,000.00 million with an expected growth of 29.89%.

Export Business

Total Export business of the bank for the year 2020 stood at Tk. 104,939.40 million as against Tk. 108,967.10 million in year 2019 and thus recorded a growth of -3.69% over that of the previous year. Our target for Export business for the year 2021 has been fixed at Tk 145,000.00 million with an expected growth of 38.17%.

Remittance

Total remittance of the bank stood at Tk.43,807.00 million during the year 2020 as against Tk. 37,713.40 million, in the previous year. Our remittance business recorded 16.16% growth in 2020 over 2019. Target for Remittance business for the year 2021 has been fixed at Tk. 54,000.00 million and thus expecting a growth of 23.27%.

Treasury Operations:

The COVID-19 pandemic is damaging economies across the world, including financial markets and institutions in all possible dimensions. For banks in particular, the pandemic generates multifaceted crises, mostly through potentiality increases in default rates, liquidity and profit rate equilibrium and low credit/deposit growth.

In our banking business, movements of the components of balance sheet are an ongoing process which has significant role on the profitability and overall financial strength of the bank. In line with the ever changing regulations and ideas, AIBL Treasury has played a pivotal role in overall fund management of the bank. Each and every day Treasury team has been monitoring all inflows and outflows of the balance sheet components and managed liquidity and deficit situations ensuring banks profitability within the laid down policies and regulations of Bangladesh Bank. AIBL Treasury team is always focused to cater the needs of different treasury solutions in different environments. As an Islamic Bank, AIBL has many limitations and cannot deal with conventional Treasury products like Govt. Treasury Bond, Treasury bill, Call Money, SWAP & Forward Contracts. In spite of all the limitations, Treasury team was committed to offer competitive price, excellent services and time befitting advices to the clients to best fit the changing environment. AIBL Treasury has separate designated desks to provide optimum Treasury solutions.

Desks are as follows:

- Foreign Exchange Desk
- Money Market Desk
- Asset Liability Management Desk and
- Corporate Service Desk

Foreign Exchange Desk

Throughout the Year our Foreign Exchange Desk officials thoroughly monitored exchange rate movements, volatility & liquidity scenario

of USD and other active currencies. Treasury set exchange rates for merchant transactions, successfully managed Net Open Position (NOP), ensured optimum liquidity, provided market based exchange rates to the exchange houses and managed FC liquidity for our Offshore Banking Unit(OBU). The Foreign Exchange desk has maintained close liaison with a set of local and foreign counterparts for ensuring of FC liquidity around the calendar even during pandemic. AIBL Treasury successfully managed FC dealing of cross currencies through its trading platforms like FX Trader of Mashreqbank, FX Markets of ICICI Bank, Straight2Bank of SCB & Deri-X Trader of Landesbank Baden-Wurttemberg. The Desk has also provided FC dealing solutions to the counterparty banks in our local market. Whole of the year they have performed 2,162 no. of USD/BDT & cross currency deals. FX Desk has contributed operating income of BDT 1,468.50 million from cross currency deals, exchange gains & FC funding. In 2020, Treasury Back Office (TBO) team has handled 82,342 nos FX transactions with turnover of USD 3.75 bio. FX transactions were being routed through 34 Nostro accounts in USD, EUR, GBP, CNY,CHF, JPY, AED & SAR currencies. TBO had relentlessly driven it's all out effort for timely reconciliation of all of the nostro transactions aligned with Bangladesh Bank regulations.

Money Market Desk

Ensuring optimum liquidity of local currency to meet asset book requirement as well as earning optimum profitability from the mismatches between maturity buckets of deposits of the bank within regulatory requirements are prime responsibility of the Money Market Desk. AIBL Treasury Money Market Desk also maintained Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of the bank efficiently. Our team has successfully managed liquidity as well as deployed surplus funds to the Islamic banks, Islamic windows & Islamic branches of conventional banks and leasing companies operated under shariah principles. In 2020, Government introduced Bangladesh Government Investment Sukuk (BGIS) first time & AIBL also participated in its first auction of BGIS for SLR maintenance.

Asset Liability Management (ALM) Desk

Managing the risks that arises from maturity mismatches of Asset Liability of the bank is the prime responsibility of ALM Desk. Bank faces several risks like Liquidity Risk, Profit Rate Risk, Credit Risk and Operational Risk etc. ALM Desk mainly manages Liquidity Risk and Profit Rate Risk of the bank through day to day monitoring of market information & future outlooks. It prepares ALCO paper & conducts ALCO meetings each month where all issues related with ALM are discussed and instructions are given accordingly.

2020 was a challenging year from Asset Liability point of view as Bangladesh Bank issued circular regarding fixation of new Investment Deposit Ratio (IDR), Cash Reserve Requirement (CRR). Due to volatile movements of profit/interest rates of Asset and Liabilities in the market, it was a real challenge to maintain a reasonable spread. The ALM Desk was proactive to revise the profit rates of deposits aligning with market rates as well as ensuring liquidity. Facing all challenges ALM Desk has succeeded to maintain a steady and reasonable spread throughout the year. ALM Desk has properly maintained BASEL III ratios like Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Corporate Service Desk

We are providing customized treasury solutions to our corporate client's matching with market practices from the Corporate Service Desk. Mainly our foreign trades clients seek market oriented timely

solutions and appropriate advices for their FX portfolios. The main objective of the desk is to ensure maximum utilization of funds of corporate clients ensuring profitability of the bank as well as strengthening their trust on us.

Besides all of its regular activities, Treasury has prepared and updated following guidelines which had been duly approved by our Board of Directors:

- Foreign Exchange Risk Management Guidelines
- Guidelines on Asset Liability Management
- Wholesale Borrowing and Lending Guidelines
- Management Action Trigger
- Contingency Funding Plan
- Profit Rate Risk Management Guidelines
- Fund Transfer Pricing Policy

Treasury Outlook of 2021

In 2020 BDT vs USD has moved Tk.84.95 to Tk.84.80 resulting appreciation of almost 0.18% but experts opinions are that, BDT is overvalued comparing our peer currencies. Our competitive countries has devalued their currencies significantly which has posed serious threat to our export destinations and country has faced negative growth of exports last year. Due to prevailing COVID-19 pandemic, US-China trade war, Iran Crisis & BREXIT issues, to retain export earnings, BDT may be under pressure for devalue. In 2020 Government has introduced 2% incentive for inward remittances which has contributed in 16.94% growth.

Fixation of Deposit rates @ 6% and Investment rates @ 9% from 1st April, 2020, moratorium in investment repayment, injecting money by B. Bank from buying dollar from banks dampen money market round the year. Money market situation may not change overall liquidity position of the market and may lead to deepen the liquidity crisis further. To cope up with the changing scenario banks have to introduce tech based banking, spread Agent and Sub-Branch outlets countrywide and rush to retail depositors/investment clients.

Foreign Remittance Division:

Foreign Remittance Division is one of the most potential business segments of the bank which contributes overall growth of the Bank, increases the inflow of foreign currency, assists to build up low cost deposit and strengthen customer base of the Bank as well as upholds Bank's image in home & abroad and also makes significant impact towards the sustainable development of the Bank. Foreign Remittance Division is procuring remittance from all the remittance hubs across the globe consisting more than 100 countries through 19 (nineteen) Remittance Arrangements with different exchange houses in abroad and local banks.

1. Remittance Achievement:

Total remittance of the bank stood at Tk. 4,380.70 crore during the year 2020 as against Tk. 3,771.34 crore, Tk. 3,691.72 crore, Tk. 2,070.28 crore and Tk. 1,173.54crorein the previous year 2019, 2018, 2017 and 2016 respectively. Our remittance increased by Tk. 609.36 crore i.e. 16.16% in 2020 as compared to increases of Tk. 79.62 crore i.e. 2.16% in 2019, Tk. 1,621.44 core i.e. 78.32% in 2018, Tk. 896.74 crore i.e. 76.41% in 2017 and Tk. 223.77 crore i.e. 23.56% in 2016 respectively. Target for Remittance business

for the year 2020 has been fixed at Tk. 5,000.00 crore expecting growth 14.14%.

Performance of Foreign Inward Remittance -From 2016 to 2020:

The Branches & Agent Banking Outlets of AIBL have procured foreign remittance BDT 2,941.43 crore in 2020 which is more than 20.42% of the previous year 2019 and procurement of foreign remittance through BEFTN (A/c Credit with other bank) was BDT 1439.27 crore in 2019 which is more than 8.32% of the previous year 2019.

2. Remittance Drawing Arrangement:

We have signed 03 (three) new remittance drawing arrangement agreements with different exchange houses in Qatar, Canada & UK in 2020 and another 10 (ten) more exchange houses from different hubs of the world are under process. In order to boost-up remittance business the division is deploying all-out effort to establish new drawing arrangement with exchange houses in UAE, Oman, Bahrain, Kuwait, Qatar, Malaysia & across the globe.

3. Foreign Remittance Operation at Agent Banking Outlets:

Our all Agent banking outlets have been disbursing foreign remittance under the support of Foreign Remittance Division. Remittance achieved through Agent Banking Outlets during 2019 was BDT 849.47 crore which was 19.39% of total remittance.

4. Marketing & Promotional Activities:

With a view to enable Bangladeshi Expatriates residing and working abroad to remit their hard earn money through our Bank and to boost up our Bank's remittance business and deposit ratio, to elevate the standard of foreign remittance customer services as well as maintaining continuous touch with the existing & prospective remittance clients, clients of other banks, wage earners' beneficiaries and all strata of people at large in the society, we have celebrated "Remittance Service Month -2020" from 1st November to 31st December, 2020. In the "Remittance Service Month -2020" we have provided additional 1% cash incentive against account credit remittance with our bank which will be procured by AIBL through the exchange houses with whom we have drawing arrangement. We have provided BDT 72.89 lac as additional 1% cash incentive against account credit remittance with our bank and 19,842 new remittance beneficiary accounts has been opened during this service month.

5. Cash Incentive:

As per the declaration of the Government of Bangladesh and instruction of Bangladesh Bank through FE circular-31 dated 06.08.2019, we have been providing 2% cash incentive against foreign remittance payment from 23.10.2019. In 2020, we have received BDT 95.59 crore from Bangladesh Bank as Imprest fund for the payment of Cash Incentive against foreign remittance and disbursed BDT 89.21 crore as government cash incentive.

6. RMS (Remittance Management System) Software:

In order to avoid manual intervention in processing & distribution of remittance, minimize risk, maintain compliance, generate reporting in time, ensure better service and to make the whole remittance management operation smoothen, we have successfully launched the RMS software from 24/08/2020. With the collaboration of our ICTD, we are still working for the up gradation of the said Software with Millennium Information Solution Ltd. API integration with the exchange

houses, reconciliation of the accounts, reporting, operation of the Agent Outlets & Sub Branches etc. are under process in our RMS software.

Overseas Banking Division:

Overseas Banking Division of International Banking Wing is working continuously to enhance the business arena of the Bank at home and abroad by establishing Correspondent Banking Relationships with different renowned foreign and domestic Banks subject to compliance with AML-CFT regulations of Bangladesh Bank and other competent authorities. Performance of 2020 in this respect is as under:

New relationship management application (RMA):

Established new 17 RMA (Relationship Management Application) with global banks in 2020 in following regions:

Sl no.	Region	No.RMA established
1.	Asia	6
2.	Middle East	4
3.	Europe	6
4.	North America	1

New Nostro Accounts: In 2020, we have opened new 02 (Two) Nostro Accounts in the following currency as below:

Name of the bank	Currency	City	Country
UBI Banca	Euro	Bergamo	Italy
Riyad Bank	SAR (Saudi Riyal)	Riyadh	Saudi Arabia

New Credit line in 2020:

Sl no.	Name of the bank
1.	Abu Dhabi Islamic Bank, UAE
2.	Banque Cantonale Vaudoise (BCV), Switzerland
3.	Banco Sabadel, France
4.	PBL Finance (Hongkong) Limited

Vessel Tracking Service in AIBL: Since 2019, we have been implementing web based vessel tracking services from Lloyd's List Intelligence (LLI), United Kingdom to prevent our import & export business from involving money laundering and terrorist financing risk as well as to comply with the requirement of Maritime Sanctions screening.

Basic Tracker: Basic Tracker enables us to track all our swift payment messages from end-to-end in real time (some banks in between the transaction may be hidden/undisclosed), confirms if the beneficiary has been paid or not etc.

Asset Quality

Overdue investment stood at Tk. 5,959.36 million as on 31st December 2020 as against Tk. 7,234 million as of December, 31 last year. Total overdue decreased by Tk. 1274.64 million during the year 2020 bringing the same to 1.92% of our total investment as against 2.47% in the previous year. Corporate Branch Manager, Zonal Head and Branch manager are advised for adopting strategies to arrest the situations.

Rescheduled investment increased by Tk. 2,191.03 million from Tk. 19,768.87 million to Tk. 21,959.90 million (Term Tk. 7,859.30

million + Continuous & Demand Tk. 14,100.60 million) which was 7.09% of total Investment. Recovery against rescheduled investment during the year 2020 was Tk. 1134.36 million.

Classified investment decreased by Tk. 2,330.84 million from Tk. 14,100.42 million to Tk. 11769.58 million representing 3.80% of total investment as against 4.82% in the previous year.

During the year 2020, recovery against classified investment stood at Tk. 2,113.45 million while recovery against Written off Tk. 61.01 million building a total recovery of Tk. 3,308.82 million including recovery Tk. 1134.36 million from rescheduled investment. Plan and Strategies to Improve the Asset Quality-

- to ensure constant supervision and follow-up for timely recovery of investment and prevent it from becoming overdue afresh.
- to fix individual target from very beginning of the year for recovery of non-performing investment.
- to give special attention on top classified investment clients for early settlement/ adjustment/regularization.
- to keep constant follow up & monitoring to ensure timely recovery of installment against rescheduled investment.
- to address chronic NPI clients by taking effective steps and applying prudence.
- to initiate necessary steps to settle the court cases quickly and even the cases can be settled outside the court through persuasion and mutual understanding.
- to be more vigilant to keep NPI at the lowest possible level.
- to deploy level best efforts for recovery of Written off investment.
- to keep a close eye on the SMA bucket so that SMAs, do not graduate to classified accounts.

Ancillary Business

The ancillary business contributes a lot in the overall profitability of the Bank. We have earned Tk. 2,627.55 million from Commission Income during the year 2020 as against Tk. 2,916.08 million during 2019. The target for our ancillary business during the year 2021 has been fixed at Tk. 2,850.00 million with an anticipated growth of 13.97%.

As our objective is to cover our entire Salaries and Allowances out of ancillary income, we have no other alternative but to maximize our ancillary business.

Capital Adequacy Ratio (CAR)

As per Bangladesh Bank requirement, Bank has to maintain a Capital of 12.50% of its Risk Weighted Assets or Tk. 4,000.00 million whichever is higher. Accordingly, we have maintained our capital with full compliance. As on 31.12.2020 our Eligible Capital (Solo Basis) stood at Tk. 37,486.33 million as against Tk. 30,802.44 million in December 2019, Tk. 30,564.17 million in December 2018, Tk. 25,104.77 million in December 2017, and Tk. 23,704.16 million in December 2016, recording a growth of 21.70 % in 2020, 0.78 % in 2019, 21.75% in 2018, 5.91% in 2017, and 11.06% in 2016. Risk Weighted Assets (RWA) of Tk. 245,816.84 million (Consolidated Basis) and Tk. 242,083.78 million (Solo Basis) recording a Capital Adequacy Ratio (CAR) of 15.97% (Consolidated Basis) and 15.48 % (Solo Basis) in December 2020 as against 13.88% in 2019, 14.38% in 2018, 12.28% in 2017, 14.41% in 2016 and 15.30% in 2015.

In the year 2015 AIBL issued Mudaraba Subordinated Bond for Tk.

3,000.00 million, in the year 2018 for Tk. 5,000.00 million and in the year 2020 for Tk. 5,000.00 million that meet the qualifying criteria for Tier- 2 Capital as per annex 4 of Basel III Guidelines. Outstanding balance of AIBL Mudaraba Subordinated Bond was Tk.11,200 million as at 31-12-2020.

Money Laundering and Terrorist Financing Prevention

Combating Money Laundering activities have been an integral part of the duties of every banker these days. We are constantly updating ourselves with the rules and regulations of AML/CFT. Nevertheless, it becomes hard to keep up with the culprits. They have always been finding out newer ways to by pass the rules and thus the vigilant eyes of the bankers and other Law Enforcing Agencies.

Of late, the COVID-19 pandemic has changed the way of our lives exhaustively. Keeping in line with the new normal, criminals have also adopted newer ways of laundering money. Criminals are exploiting vulnerabilities opened up by the COVID-19 pandemic, increasing the risks of Cyber attacks, money laundering, and terrorist financing activities. This pandemic has forced us to leverage technology to our best. At the same time also exposed us to newer AML/CFT risks. Our Management has been principally watchful concerning our IT network, non-public data, third party risk, and Cyber security incident response plans and to focus additional efforts on staff training and awareness.

Prominent activities we have done in the year 2020:

- Revised and circulated the "Policy & Guidelines issued by BFIU on AML/CFT Risk Management" to all
- Circulated a number of guidelines on beneficial ownership, PEPs, STR, e-KYC, etc.
- Circulated Master Circular 26 dated 16/06/2020 highlighting with the focal points
- Circulated the new methods of records keeping (22 comprehensive data files) for sound AML/CFT compliance
- Circulated the common lapses in regard to AML/CFT Risk Management for awareness on branch level compliance
- Conducted 04 Central Compliance Committee meetings and adopted multi-level resolutions for strengthening compliance campaign of the Bank
- STR/SAR 19 in number submitted to BFIU and 286 STR settled by branches
- Arranged first BAMLCO Conference with the resource person BFIU
- Conducted AML/CFT related in-house and out-reach virtual training programs for the employees of the Bank and Agent Outlets
- Delivered information on AML/CFT regarding correspondent Banking and vice versa
- Submitted total 158742 CTR successfully in 2020 (report submitted Monthly) through the GoAML web portal
- Corresponded about 80784 letters in number with BFIU and Branches
- 184 Branches were inspected by the Audit and Inspection Division on AML/CFT compliance
- Total 13 branches on AML/CFT compliance conducted virtual evaluations under the pandemic (COVID-19) situation through MLTFP Division

Additionally, we have been and will remain vigilant and aware of AML & CFT compliance issues and perform the following functions, among others, in a more meticulous way:

- Obtain correct and complete information in all Account Opening Forms, KYC, Transaction Profile (TP), etc. both for regular and walk-in customers
- Due Diligence and Enhanced Due Diligence (EDD) for all customers, as the case may be.
- Follow the rules for Customer Acceptance Policy of the Bank.
- Review abnormal, meaningless and suspicious transactions/activities and timely report the same as STR/SAR to the competent authority.
- Review accurately Online Cash Transaction.
- Ensure auto screening of both UN and Local Sanction List.
- Monitor inward and outward foreign remittances.
- Ensure Confirming documentation regarding 'Source of Fund'.
- Ensure proper preventive measures and safeguards against Trade-Based Money Laundering.
- Strictly follow BFIU instruction in case of dealing with Politically Exposed Persons (PEPs), Influential Persons (IPs), High Officials, and Topmost of International Organizations.
- Officials to be more cautious in maintaining secrecy regarding correspondence with BFIU.
- To mitigate the risk of Money Laundering & Terrorist Financing, follow the Risk Register attached to ML & TF Risk Management Guidelines of the Bank.
- Conduct Quarterly Meeting at Branch level as per instructions of BFIU's Master Circular No. 26 dated 16/06/2020.
- Central Compliance Committee (CCC) being engaged in developing bank's Policy, Procedure, and Strategies in preventing ML & TF.
- Branch Anti Money Laundering Compliance Officer (BAMLCO) to ensure all AML & CFT issues at the branch level as he is the responsible and key person in the Branch.
- Proper and timely submission of CTR through "GoAML Software" with assistance from Information Communication and Technology Wing (ICTW).
- Internal Control and Compliance Wing (ICCW) to oversee proper implementation the rules and regulations issued for bank's AML & CFT compliance program including Agent Banking, Agent outlets, and MFS.
- Ensure correct and timely submission of STR/SAR report to BFIU.
- Human Resources Division (HRD) to ensure Employee Screening Mechanism as per BFIU's instruction.
- Agent Banking Division to be watchful on AML & CFT compliance regarding Agent Banking and Agent outlets.
- Overall compliance of AML & CFT issues of the Bank though will be supervised by Money Laundering and Terrorist Financing Prevention Division but it is a duty of every employee of the Bank.
- Knowledge of AML & CFT compliance issues are essential for all employees. As such AIBL, Training & Research Institute (AIBTRI) ensure knowledge enhancement through

- In-house and Outreach training, BAMLCO training, TBML, and Lead Bank Training, workshops, seminars (both physical & virtually), etc. for capacity building.
- Ensure that all AML/CFT awareness related poster, leaflet, festoon, etc. are distributed to branches properly;
- Ensure awareness regarding adverse media news on AML/CFT;
- Half Yearly Reports of actions taken by the Bank on AML/CFT compliance generated for BoD & BFIU;
- Moreover, the Management of the Bank announced Zero tolerance against the AML/CFT offenses.

Shariah Compliance

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

Our Shariah Supervisory Committee contributes a lot to run all the business activities of the Bank in accordance with Islamic Shariah. During the year 2020, Shariah Secretariat of the Bank under the direct supervision of the Shariah Supervisory Committee undertook different programs for Shariah compliance in the Bank.

Al-hamdulillah, during the year 2020, a total of 184 branches (which includes 2 new branches as well) were inspected under the Shariah Supervisory Secretariat by the Shariah Secretary & Muraquibs. As per their report, investment Income of Tk. 37.49 million of 184 Branches and Head Office ID. has been segregated as Doubtful Income.

Financial Inclusion

Financial inclusion is a delivery of financial/banking services at an affordable cost to the vast sections of disadvantaged and low-income segments/group of society. Financial inclusion means that households and businesses have access and can effectively use appropriate financial services. Such services must be provided with responsibility and sustainability, in a well regulated environment.

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

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

Agent Banking

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

We have launched 400 Agent Banking outlets through 264 Agents as on December 2020 with a view to bringing the un-banked population

under banking services. As on December 2020, total accounts of Agent Banking are 3,25,582 which is 14.42% of total Bank's account. We have already covered 185 Upazillas under 48 Districts. With some restrictions and limitations, most of the banking services are available in agent banking operation.

In Agent Banking, most of the beneficiaries are living in rural areas and were totally un-banked at the earlier. But now, their total deposit is Tk. 23524.42 Million and the figure is increasing rapidly. Clients are opening accounts, depositing and withdrawing their expected money, getting foreign remittance from their relatives, paying their utility bills and getting other banking services spontaneously. This is one of the appropriate examples of financial inclusion in Bangladesh.

Agent Banking Performance At a Glance (As on 31-12-2020)

BDT in Million

Particular	Year 2020	Year 2019
Total Number of Agents	264	170
Total Number of Outlets	400	265
Number of Accounts	3,25,582	2,24,687
Total Deposit (Tk.) of Agent Bank	23,524.42	15,436.80
Number of Foreign Remittance disburse through Agent Bank	1,64,392	1,39,373
Amount of Foreign Remittance (Tk.) disburse through Agent Bank	8,875.51	6,122.54
Number of Electricity Bills	39,50,120	16,19,183
Amount of Electricity Bills (Tk.)	2,387.80	1,134.10
Number of Covered District	48	44
Number of Covered Upa-zilla	185	241

Al-Arafah Rural Development program (ARDP)

A stronger and larger rural economy is crucial for employment generation and poverty alleviation. Because this trends to reduce inequality and helps us achieving the desired sustainable development. Realizing the fact AIBL launched its Grameen Small Investment Scheme (GSIS) in 2008. But with the passage of time as the importance of rural economy grew more and more AIBL thought of reinforcing its presence into the sector. Therefore, in order to be more vibrant and visible in the process of improving the life standard of the rural population AIBL launched a new program (encompassing old GSIS) under the banner called "AL-ARAFAH RURAL DEVELOPMENT PROGRAM or ARDP" in late 2020. We anticipate that through ARDP we will be able to enhance our CMSME activities and take AIBL to the remotest corners of the country. As we are learning to live with COVID 19 we are gradually overcoming our obstacles, insha-allah, in a shortest possible time would be able to make our footprint widely visible. Under the program we sanction loans from Tk. 7.00 lac (unsecured) to Tk. 50.00 (lac) at the moment.

Cottage, Micro, Small and Medium Enterprises Investment (CMSME)

Cottage, Micro, Small and Medium Enterprises (CMSME), works as the platform for job creation, income generation, and development of forward and backward industrial linkages and fulfillment of local social needs. MSMEs occupied a unique position in the

economy of Bangladesh. Here, the MSMEs account for about 45% of manufacturing value addition. They account for about 80% of industrial employment, about 90% of total industrial units and about 25% of total labour force.

In the light of the definition given by Bangladesh Bank, Al-Arafah Islami bank Ltd. has put utmost priority over CMSME financing in three categories of enterprises viz. Industry, Trade & Services.

CMSME Investment at a glance

BDT in Million

Description	2020	2019
Total CMSME Portfolio	100196.89	101,467.20
% of CMSME Portfolio to Total Portfolio	34.41%	34.67%
Target of CMSME Investment	60000.00	85,000.00
Total CMSME Disbursement	61005.39	85,761.15
% of Achievement	101.67%	100.89%

Investment on Women Entrepreneurs

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

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

Description	BDT in Million
Total SME Portfolio in Women Entrepreneurs	4264.33
Amount of Disbursement to Women Entrepreneurs	3513.18

Agricultural Investment

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

Rural Agricultural Investment Scheme (RAIS)

On the basis of socio-economic development of marginal and lessee farmers, this agricultural based programme named 'Rural Agricultural Investment Scheme (RAIS)' is running in this Bank. Development of country's internal food production as well as socio-economic sectors of farmers is the main focus here. We have already listed 2,450 farmers under this scheme and total investment is Tk. 30.05 million of which outstanding is Tk. 29.00 million.

Al-Arafah Khamarbari Investment Scheme

To make a priority to invest in the crop sector of Bangladesh, we have launched the product named: "Al-Arafah Khamarbari Investment Scheme (Khamarbari)". With this product, we work for farmer's

community surrounding the Branch. Our field officials motivate farmers to grow the potential crops based on their previous farming experience. This scheme is an innovative action to develop the crop sector of Bangladesh. We have disbursed 75.00 million investments among 1150 farmers under this scheme so far.

Growing spices at a lowest profit rate (4%)

As per instruction of Bangladesh Bank, and to increase the production of different types of spices like Pulse, Oil-seed, Spice and Maize, we started investment at a lowest rate of profit (only 4%) to the marginal farmers. We have disbursed 29.72 million investments among 557 farmers under this sector so far.

Mudaraba Animal Husbandry Scheme

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

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

In this scheme, we have already disbursed Tk. 23.99 million for fattening of 484 Cows and 13 Buffalos among 187 farmers so far. This was a great achievement we think. This is a special scheme in the banking sector of Bangladesh.

Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2020. In response to the overwhelming expansion in Bank's business, we extended our publicity to fulfill the market demand. We brought new dimension in our branding and publicity for establishing a positive image of the Bank. We acquired encouraging national attention towards AIBL throughout the year with our all-around activities. More than 62 news items of the Bank were broadcasted in 520 news coverage through 20 different TV Channels during the year 2020. We continued news branding on 6 major satellites TV channels such as Channel-i, Bangla Vision, ATN Bangla, ATN News, Desh TV and DBC TV. Promotion in the television media got a major hike during the Ramadan in this year. In 11 major TV channels which included NTV, ETV, Bangla Vision, Bangla TV, Independent TV Jamuna TV, Channel-9, Boishakhi TV, SA TV, News 24, Gazi TV and many more. The Bank sponsored 14 different programs to encourage true Islamic values. The initiative was praised by the stakeholders and positively put an effect on business.

Positive branding was one of the vital supports that led the Bank to hold a firm position in the market. The Bank proved its engagements with people by sponsoring several occasions. Banking Fair, SME Fair, School Banking Conference, Anti-Money Laundering Conference, Fair of Chittagong Metropolitan Chamber of Commerce & Industry and many more people-related gatherings were sponsored by the Bank. These activities tightened the relationship with clients and uplifted Bank's faithful image.

Our presence in the print media also was bold as we had 1150 Press Release items published in more than 60 different leading Newspapers and Media throughout the year. Besides, more than 560 advertisements took place in 115 different publications during that year.

As the Bank touched the milestone of 25th Anniversary in 2020, the Board of Directors approved a rebranding campaign for the year. Therefore in 2020, our advertisement plan focused to achieve the most outcome from the Rebranding Campaign. This year the Bank went into Electronic Media vastly. Besides, promotion in social media and put utmost focus on Digital Media via Online Portals, Facebook, YouTube etc. With a new rebranded outfit, AIBL started serving more smartly and dedicatedly at every point of service throughout the country. Unexpectedly, this year the Promotional planning was struck by the negative effect of global pandemic caused by COVID-19. But the Bank had to modify its plan according to the situation.

Moreover, during the adverse circumstances, Bank made its promotion through client service more effective and efficient in 2020. We must remember that, a satisfied client is the best advertiser of the Bank. So, all our promotional steps will be focused to make our customers feel that they are banking with their own bank with all the modern facilities, when they are with Al-Arafah Islami Bank Limited.

Branding Summary of AIBL in 2020

Branding Details	Frequency During 2020
TV News Items	62 events 520 coverage
TV Channel Coverage	20 channels
TV Branding (throughout the year)	6 channels
TV Branding during Ramadan	14 programs 11 channels
PR Published	1150 times
Print media covered	60 media
Promotional Advertising	560 advertisements
Publications used	115 publications

Information Technology

The technology is of great use in banking sector, it has changed the banking industry from paper and branch based banks to digitized and network services. Meaning it has played a very big role in reducing fraud in banks which protects its clients. Banks are investing heavily in digital banking technology, in which customers use mobile, web or digital platforms to use banking services. Artificial intelligence solutions, such as chatbots, often assist customers in simple tasks such as making payments. As such bank can enhance business processes, make managerial decision, and workgroup collaborations which strengthen their competitive positions in rapidly changing and emerging economies.

Every bank is providing their financial services, DATA analysis & classifications, making the ultimate decision with a truly automation system accomplished by the ICT division. AIBL started its Automation journey from 2006 and lived their Online Operation in the 2008 that has been going on successfully since inception.

Beside Core Banking System (CBS) we are also using the below tech

based services to automate, secure and faster our internal activity as well as to offer the better services to our valued customers:

i. RTGS; ii. BEFTN; iii. BACH, iv. ISS Report, v. BPA, vi. CIB, vii. goAML-CTR, viii. RIT Reporting, ix. i-Banking, x. Sylvia (HRMS), xi. Agent Banking, xii. Utility Bill Collection, xiii. Sanction Screening, xiv. FATCA Compliance, xv. SWIFT, xvi. Asset Management, xvii. Centralized Anti Virus Management, xviii. Mail Server, xix. OBU, xx. Treasury, xxi. ATM Service, xxii. Mobile ATM Service, xxiii. Debit Card, xxiv. Credit Card, xxv. SMS Alert etc.

Recently AIBL has launched Islamic Wallet which a Shariah based Mobile Financial Services of Al-Arafah Islami Bank Limited which has gone through the most rigorous security, compliance standards and all regulatory requirements.

Islamic Wallet promises to provide the most innovative services that can be provided in Mobile Financial Services industry of Bangladesh. It is fast, secure and affordable way to send & receive money from anywhere at any time. In addition to 'send and receive money', it provides a total eco-system where people can derive the best use of money. This wallet will be considered as new and innovative payment system to cater all kinds of banking needs for ensuring the maximum convenience of customers specially those who do not have access to banking services.

Services offered by Islamic Wallet

- Cash In, Cash Out, Person to Person (P2P)
- Fund Transfer from Card and Bank Account.
- Person-to-Business payments (P2B) such as utility bill payment, airtime top-up, insurance premiums, loan installments, merchant payments etc.
- Business-to-Person payments (B2P) such as payroll, commission disbursement, etc.
- Government-to-Person (G2P) payments such as subsidies, freedom fighter allowances, social welfare payments, endowments, etc.
- Person-to-Government (P2G) payments such as government duties, taxes, fees, etc.
- Ticketing Service
- Tuition Fees Payment

There are some Technology based initiatives taken by the bank management to improve the customers' services with a view to becoming the best bank in Bangladesh:

1. To become one of the best three Technologically advanced banks in the country within next 3 years
2. To ensure 100% Regulatory Compliance by taking highest possible ICT security measures.
3. To partner with various government & non-government entities so that the unbanked community of the society are brought under formal banking channel through MFS.
4. Full-fledged Internet Banking along with E-Commerce and Payment Gate way will be starting very soon.
5. Introduce Sub Branch Services as per Bangladesh Bank guideline.

Card Division

FinTech is no longer a jargon of the banking industry. Instead, it has become a familiar term in technology in general. The Global investments in FinTech ventures have doubled to a whopping \$112 billion as compared to \$51 billion last year. This is more than an evidence to prove that the digital revolution is at the doorsteps of financial services sector. The term FinTech is derived by joining two words which are financial services and digital technology. In a nutshell, FinTech simply prompts the use of digital technology by startups to come up with innovative products and services such as mobile payments, alternative finance, online banking, and overall financial management. Modern day Banking is unimaginable without digital and alternative payment platform. In busy day to day life, businesses and consumers are interested in faster, safer and more convenient payment methods.

At present we are providing wide range of Card product like Debit Card, Credit Card, Instant Card, Pre-Paid Card and Hajj Card. More than 1.85 lac AIBL card holders can use AIBL own ATMs as well as any Banks ATM through NPSB network & MasterCard enable ATMs. The growth of debit card was 48% and for credit card that was 55%. We already introduced most secure EMV certified chip based card. Chip ATM cards have significantly helped in minimizing the financial loss that occur in the case of mishaps. We are planning to start issuing contactless card for make everyday purchases quickly and safely with just a tap. We will launch "Master INSTANT Card" to facilities our honorable customers, they can collect the pre-embossed Master debit card from Branch at the time of opening account. Like the new slogan of our Bank "Shariah based always", we are strictly maintaining the Shariah principals while issuing La-Riba Credit Card, so we operate on 'Quard' concept. We are offering Credit card to our customer with wide range of modern & digitalized service. We are providing Lounge facility to our honorable La-Riba Platinum Credit Card holders. The Lounge is quiet spaces where our honorable customers can relax and escape the stress of the terminal. We have already signed EMI agreement with almost all renowned Furniture manufacturers, Branded Electronics chain shop, & Lifestyle retailers, Travel Agents, local Airlines and leading Hospitals, Restaurants, Hotels, On-line shops. Addition to that, we already signed discount agreement with almost all renowned Lifestyle retailers and leading Hospitals, Restaurants, Hotels. We are planning to adopt MasterCard 3D SecureCode version 2.0 technology in our Card Management System (CMS) for making secured online transactions and be protected from any unauthorized card usage when customer shop online. MasterCard literally put customers security on the tip of their fingers with two-factor biometric authentication like fingerprint sensors, palm, face recognition and eye recognition. The usage of biometric technology brings a huge sigh of relief for all the customers who get panic even at the thought of losing their card.

Card Division of AIBL working round the clock to provide efficient & satisfactory service to our valued customers by adapting new advanced technology of card industry.

Sustainable Finance Unit

This unit aims at achieving stable economic growth along with social development and preserving natural environment. For sustainability we have to utilize all our resources optimally. From this perspective,

different policies on environmental protection and social welfare are implied in its business operation.

Among those some initiatives are as follows:

In-house Activities:

Under implementation of Green Office Guide, we organized

- (i) all our meeting among branches, higher authority, Board of Directors and even Annual General meeting through online platform.
- (ii) All our workshop and training session under the program of awareness and capacity building were also successfully done through online platform.
- (iii) At present we newly introduced our Islamic Wallet Mobile App under Mobile Financial Services for facilitating easy money transfer, payment of bill, mobile top-up, merchant payment and inclusion of rural area under banking service.
- (iv) Recently we also introduced Internet Banking facilitating all transactions and for availing other banking services to our valued clients through internet staying at home.
- (v) Under Business Process Automation (BPA), we now circulate all our letters, instructions, Investment proposal and Sanction through shared digital platform, email and IP message.

ESRM (Environmental and Social Risk Management):

Considering all the social and environmental aspects as per ESRM Guidelines we have done Environment and Social Risk Rating (ESRR) at the time of processing all the investment proposals properly. Scheduled monitoring and inspections have also been done time to time.

Green Finance:

Green finance as a part of Green Banking makes great contribution to the transition to resource-efficient and low carbon industries i.e. green industry and green economy in general.

Already we are working on 52 green product, Bangladesh Bank Islamic Refinance Scheme and Green Transformation Fund. Ever since the inception of Green Banking, AIBL has financed in diversified Green areas like LED Bulb/Tube Assembly Plant, ETP Construction, Recycling Waste and Green Brick Manufacturing etc. In 2020 total Green Finance disbursement was BDT 1428.05 million.

Islamic Refinance under Green Banking Activities:

For financing in green product we further signed participation agreement on "Refinance Scheme for Islamic Banks & Financial Institutions for Investment in Green Products/Initiatives" on September 06, 2019 with Bangladesh Bank. Under this scheme Bangladesh Bank provides fund for refinance in 52 green products which we can disburse at single digit profit rate to the clients. We availed refinance of BDT 40.00 million in ensuring work environment and security of workers in the factory which is one the green products where present outstanding is 30.00 million.

Corporate Social Responsibility (CSR)

Under CSR activities the bank always focuses social development and fulfilling its needs on priority basis. Our Bank is always responsible for

social development in addition to business activities. During the year 2020 our total expenditure in CSR is BDT 284.14 million which is shown sector wise in the table below:

(Amount in Million BDT)

Sl No.	Particulars	2020	2019
1	Health Sector	16.81	18.71
2	Education Sector	10.07	2.13
3	Disaster Management	8.51	0.98
4	Cultural Activities	6.68	0.53
5	Environment	15.26	13.86
6	Others	226.81	23.42
	Total	284.14	78.62

Special Education Scholarship Program:

AIBL is a trusted partner of the government in its journey to achieve Sustainable Development Goal. In this context, the bank has taken step to spread quality education which is the 4th most prioritized goal of SDG. So from 2018 the bank has successfully begun one most deserving event titled "Al-Arafah Islami Bank Education Scholarship-2018" for underprivileged meritorious students who completed HSC. In 2020 this program scenario is as follows:

Number of Students	Present institute of study	Total Scholarship (BDT in Million)
199	Students are covered from different educational institutions such as Public Universities, Medical Colleges, Engineering Universities, Agricultural Universities, Science and Technology Universities, Open University, National University, Private University etc.	2.57

Human Resources

Well educated and skilled manpower is the best capital of an organization particularly in banking institution. We put utmost importance on recruitment and development of human resources. In recruiting process, we put emphasis on attracting talented youngsters. A total of 120 employees in different categories/ranks joined our fleet during the year 2020 raising our total employees to 3,866 which includes 294 Executives as on 31.12.2020.

We have nominated 343 employees in different outside training courses viz. BIBM, BBTA, BAB etc. in 2019 and they have completed the courses successfully.

We motivate and facilitate our deserving employees to complete international standard professional degrees like CDCS, CSDG and ACAMS. Presently, we have 64 CDCS, 2 CSDG and 6 ACAMS officials of which 4 and 1 officials have completed CDCS and ACAMS respectively during the year 2020.

Activities of AIBTRI

Training is an accepted and effective mechanism for human resources development. Training involves the development of skills that are

usually necessary to perform comprehensive banking activities. It brings positive changes in Knowledge, Skills, Attitude (KSA) and building confidence of the human capital, so that they can be efficient in performing their duties and responsibilities. Al-Arafah Islami Bank Training & Research Institute(AIBTRI) relentlessly working to respond to the need for capacity building of all the officials for achieving the goal of the bank.

At present banking activities are being operated by complying with the management of 6 core risks, Green/Sustainable finances and Environment Risk Management, Basel-III and Islami banking guidelines etc. So, building of capacity, vis-à-vis efficiency and acquiring absolute knowledge of all the officials of the bank on the aforesaid Core Risks and Islami Banking guidelines is very important now-a-days. So, a Training Policy Guidelines 2018 was approved by the Board of Directors of the bank. The purpose of the Training Policy Guidelines is to create awareness and to equip the employees with proper knowledge on all the existing and new issues/products/banking laws/ rules/ regulation/Islamic banking and core risk management guidelines of Bangladesh Bank and other regulators.

Training position in 2020: AIBTRI conducted a total number of 63 Training Courses/Workshops/EDPs and Outreach Training Programs where 5,791 participants attended during the period from January to December, 2020. AIBTRI conducted a total of 4 (four) courses and 49 (forty nine) workshops which includes 9 (nine) outreach training programs (OTP) and 1 (one) EDPs during the year 2020.

Credit Rating

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

Long Term	:	AA (pronounced Double A Two)
Short Term	:	ST-2
Based on	:	Audited Financial Statement 2019
Date of Rating	:	22 July 2020
Validity	:	21 July 2021
Outlook	:	Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2020	AA	ST-2	Stable
30 June 2019	AA	ST-2	Stable
30 June 2018	AA	ST-2	Stable
30 June 2017	AA	ST-2	Stable
30 June 2016	AA	ST-2	Stable

Interpretation:

AA+, AA, AA-(Double A) (High Safety):

Securities rated in this category are adjudged to be of high credit quality and offer higher safety. The level of rating indicates a security with sound credit profile and without significant problems. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

ST-2 (High Grade):

High certainty of timely payment. Liquidity factors are strong and supported good fundamental protection factors. Risk factors are very small.

Concluding Remarks

Finally, I would recall the valuable suggestions and support of all concerned for which we were able to take the Bank to this level and offer my heartfelt thanks to all of them.

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



(Farman R. Chowdhury)

Managing Director & CEO

Date: 09th August 2021



DIRECTORS' REPORT

Bismillahir Rahmanir Rahim

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

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

The Board of Directors of the Bank takes the privilege to welcome you all to the 26th Annual General Meeting and has the pleasure of placing before you the Annual Report and the financial statements comprising the Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity of the Bank along with the report of the Auditors and Shariah Supervisory Committee for the year ended 31 December 2020.

Economy Analyses

World Economy Outlook

The global economy is climbing out from the depths to which it had plummeted during the Great Lockdown in April. But with the COVID-19 pandemic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns to protect susceptible populations. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks.

Global Growth Outlook and Risks

Near-term outlook.

Global growth is projected at -4.4 percent in 2020, a less severe contraction than forecast in the June 2020 World Economic Outlook (WEO) Update. The revision reflects better than anticipated second quarter GDP outturns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter. Global growth is projected at 5.2 percent in 2021, a little lower than in the June 2020 WEO Update, reflecting the more moderate downturn projected for 2020 and consistent with expectations of persistent social distancing. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6 percent above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies.

Medium- term outlook.

After the rebound in 2021, global growth is expected to gradually slow to about 3.5 percent into the medium term. This implies only

limited progress toward catching up to the path of economic activity for 2020–25 projected before the pandemic for both advanced and emerging market and developing economies. It is also a severe setback to the projected improvement in average living standards across all country groups. The pandemic will reverse the progress made since the 1990s in reducing global poverty and will increase inequality. People who rely on daily wage labor and are outside the formal safety net faced sudden income losses when mobility restrictions were imposed. Among them, migrant workers who live far from home had even less recourse to traditional support networks. Close to 90 million people could fall below the \$1.90 a day income threshold of extreme deprivation this year. In addition, school closures during the pandemic pose a significant new challenge that could set back human capital accumulation severely. The subdued outlook for medium-term growth comes with a significant projected increase in the stock of sovereign debt. Downward revisions to potential output also imply a smaller tax base over the medium term than previously envisaged, compounding difficulties in servicing debt obligations. The baseline projection assumes that social distancing will continue into 2021 but will subsequently fade over time as vaccine coverage expands and therapies improve. Local transmission is assumed to be brought to low levels everywhere by the end of 2022. The medium-term projections also assume that economies will experience scarring from the depth of the recession and the need for structural change, entailing persistent effects on potential output. These effects include adjustment costs and productivity impacts for surviving firms as they upgrade workplace safety, the amplification of the shock via firm bankruptcies, costly resource reallocation across sectors, and discouraged workers' exit from the workforce. The scarring is expected to compound forces that dragged productivity growth lower across many economies in the years leading up to the pandemic—relatively slow investment growth weighing on physical capital accumulation, more modest improvements in human capital, and slower efficiency gains in combining technology with factors of production.

Risks

The uncertainty surrounding the baseline projection is unusually large. The forecast rests on public health and economic factors that are inherently difficult to predict. A first layer relates to the path of the pandemic, the needed public health response, and the associated domestic activity disruptions, most notably for contact-intensive sectors. Another source of uncertainty is the extent of global spillovers from soft demand, weaker tourism, and lower remittances. A third set of factors comprises financial market sentiment and its implications for global capital flows. Moreover, there is uncertainty surrounding the damage to supply potential—which will depend on the persistence of the pandemic shock, the size and effectiveness of the policy response, and the extent of sectoral resource mismatches. Progress with vaccines and treatments, as well as changes in the workplace and by consumers to reduce transmission, may allow activity to return more rapidly to pre-pandemic levels than currently projected, without triggering repeated waves of infection. And an extension of fiscal countermeasures into 2021 could also lift growth above the forecast, which factors in only the measures implemented and announced so far. However, the risk of worse growth outcomes than projected remains sizable. If the virus resurges, progress on treatments and vaccines is slower than anticipated, or countries' access to them remains unequal, economic activity could be lower than expected,

with renewed social distancing and tighter lockdowns. Considering the severity of the recession and the possible withdrawal of emergency support in some countries, rising bankruptcies could compound job and income losses. Deteriorating financial sentiment could trigger a sudden stop in new lending (or failure to roll over existing debt) to vulnerable economies. And cross-border spillovers from weaker external demand could amplify the impact of country-specific shocks.

Bangladesh Economic Outlook

GDP growth in Bangladesh is accelerating gradually. But the COVID-19 pandemic severely affected the economy. According to the provisional estimate of BBS, the GDP growth stood at 5.24 percent in FY2019-20, which was 8.15 percent in previous fiscal year. Among the 3 broad sectors, growth of agriculture sector increased to 3.11 percent, which was 3.92 percent in previous fiscal year. According to the provisional data, growth of broad industry sector increased to 6.48 percent in FY2019-20; which was 12.67 percent in preceding fiscal year. Growth of broad service sector moderated to 5.32 percent in FY2019-20 from 6.78 percent in FY2018-19. According to the provisional data sectoral share of broad agriculture, industry and service stood at 12.35 percent, 35.36 percent and 51.30 percent respectively; which were 13.65 percent, 35.00 percent and 51.35 percent respectively in previous fiscal year. In demand side, the consumption expenditure stood at 74.69 percent in FY2019-20. Gross domestic savings increased to 25.31 percent of GDP in FY2019-20, from 25.02 percent a year earlier. However, national savings as percent of GDP increased to 30.11 percent in FY2019-20 from 29.50 percent in FY2018-19. On the other hand, investment-GDP ratio increased to 31.75 percent in FY2019-20, from 31.57 percent in previous fiscal year.

Banking sector analysis

After the independence, banking industry in Bangladesh started its journey with 6 nationalized commercialized banks, 3 State owned specialized banks and 9 Foreign Banks. In the 1980's banking industry achieved significant expansion with the entrance of private banks. Now, banks in Bangladesh are primarily of two types:

Scheduled Banks:

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

Non-Scheduled Banks:

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

There are 60 scheduled banks in Bangladesh who operate under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. Scheduled Banks are classified into following types:

State Owned Commercial Banks (SOCBs):

There are 6 SOCBs which are fully or majorly owned by the Government of Bangladesh. There are now 5 non-scheduled banks in Bangladesh which are:

- Ansar VDP Unnayan Bank,
- Karmashangosthan Bank,

- ProbashiKollyan Bank,
- Jubilee Bank,
- Palli Sanchay Bank

A. Private Commercial Banks (PCBS):

There are 43 private commercial banks which are majorly owned by the private entities. PCBs can be categorized into two groups:

B. Conventional PCBS:

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

C. Islami Shariah Based PCBS:

Al-Arafah Islami Bank Limited

Exim Bank Limited

First Security Bank Limited

Islami Bank Bangladesh Limited

ICB Islami Bank Limited

Shahjalal Islami Bank Limited

Social Islami Bank Limited

Union Bank Limited

Standard Bank Limited

Global Islami Bank Limited

Overall Banking Scenario

Banks' Deposits:

Total Deposit (excluding interbank items) of the scheduled banks increased by Tk. 1,606,540 million representing 13.15% point to point growth from Tk. 12,219,630 million as on 31 December 2019 to Tk.13,826,170 million as on 31 December 2020.

Islamic Banks' Deposits:

All Islamic Banks' deposits stood at Tk. 3,269,222.40 million during the year 2020 as against Tk. 2,802,278.00 million in the previous year 2019 and it increased by Tk. 466,944.40 million registering a growth of 16.66% in 2020. The share of Islamic Banks' deposits as of 31 December 2020 stood at 25.33% as compared to 24.65% on 31 December 2019.

Banks' Advances /Investment:

Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 1,336,010 million representing 13.33% point to point growth from Tk. 10,023,730.00 million as on 31 December 2019 to Tk. 11,359,740.00 million as on 31 December 2020.

Islamic Banks' Investments

All Islamic Banks' Investments stood at TK 2,627,519.90 million during the year 2020 as against Tk. 2,627,519.90 million in the previous year 2019 and the Investment increased by Tk. 3,13,416.20 million registering a growth of 11.93% in 2020. The share of Islamic Banks' Investments as of 31 December 2020 stood at 25.69% as compared to 24.82 % on 31 December 2019.

Operating Profit:

Despite a tough start of the year 2020 Banks in Bangladesh managed to earn a reasonable amount of operating profit for the year. But The growth of profit was slim owing to low credit/investment demand, cautious lending/investment policy, lowering lending/ investment profit rates and the sluggish business environment.

In terms of operating profit earned, Islami Bank Bangladesh Limited (IBBL) is the highest and thus topping the list of Banks. Al-Arafah Islami Bank Limited (AIBL) ended up being on 8th position in 2020. However in an apple to apple comparison (i.e. Islami to islami) AIBL is only second to IBBL, the oldest and biggest Islami Bank in Bangladesh.

Islami Banking Practices

Islami Banking System is becoming more and more attractive day by day to peoples irrespective of nations, religious, colors and species. More than 300 Banks & financial institutions are serving Islami banking throughout the world. At present in our country 11 full fledged Islamic Banks are working successfully. And other traditional banks have Islami Banking Wings conducting Shariah based banking activities. Recent Development of Bangladesh Government Islamic Investment Bond (BGIIIB) is the milestone for shariah based banking practices in Bangladesh.

Al-Arafah Islami Bank Limited

With the objective of achieving success in life here & here after following the way directed by the Holy Quran and the path shown by Rasul (SM) Al Arafah Islami Bank Ltd was established(registered) as a public limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorized capital of the Bank is Tk. 15,000.00 million and the paid up capital is Tk. 10,649.02 million as on 31.12.2020.

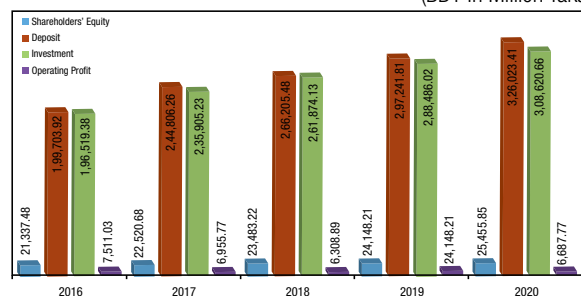
Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capital is being owned by local shareholders.

The equity of the bank has stood at Tk. 25,163.43 million as on 31 December 2020, the manpower was 3,866 and the number of shareholders was 22,142. It has achieved a continuous profit and declared a good dividend over the years. High quality customer service through the integration of modern technology and new products is the tool of the bank to achieve success. The bank has a diverse array of carefully tailored products and services to satisfy customer needs. The Bank is committed to contribute significantly to the national economy. It has made a positive contribution towards the socio economic development of the country with 184 branches of which 26 is AD throughout the country.

We are pledge-bound to convert the Bank into an Islami Bank on global standard which will be dynamic in actions, progressive in ideas, honest in dealings, correct in judgment, futuristic in attitude, fair in approach, polite in behavior and devoted to high quality service to customers. Our aims are for boosting modern management, advanced technology, good profitability and steady growth transparency. We are also firmly committed to disclosure and compliance to shariah and regulatory authorities. Today the bank is an agile organization which promotes innovation, encourages improvement, values sense of urgency and develops people who accept challenges and turns them into opportunities.

Performance at a glance

(BDT In Million Taka)



Special Features of Al-Arafah Islami Bank Ltd.

- All activities of the bank are conducted according to Islamic Shariah where profit is the legal alternative to interest.
- The bank's investment policy follows different modes approved by Islamic shariah based on the Qur'an & Sunnah.
- The bank is committed towards establishing welfare oriented banking system, economic upliftment of the low income group of people, create employment opportunities.
- According to the need and demand of the society and the country as a whole the bank invests money to different 'Halal' business. The bank participates in different activities aiming at creating jobs, implementing development projects of the government and creating infrastructure.
- The bank is committed to establish an economic system resulting in social justice and equitable distribution of wealth. It is committed to bring about changes in the underdeveloped rural areas for ensuring balanced socioeconomic development of the country through microcredit program and financing of SME's as well.
- According to Mudaraba system, the depositors are the partners of the investment income of the bank. About 70% of the investment income is distributed among the Mudaraba depositors.
- To render improved services to the clients imbued with Islamic spirit of brotherhood, peace and fraternity and by developing an institutional cohesion.

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

Activities of Shariah Supervisory committee for the year 2020

Al-hamdulillah, Shariah Supervisory committee consists of 7 members specialized in Fiqhul Muamalat (Islamic Commercial Law) according to guidelines given by the Bangladesh Bank to ensure whether all banking operations are transacted in accordance with Islamic Shariah i.e. Qur'an, Sunnah, Ijma and Iztihad.

Shariah Supervisory committee has by the grace of Al-mighty Allah managed to contribute a lot to run all the business activities of the Bank according to Shariah guidelines. During the year 2020 with some unavoidable circumstances our Honorable Members of the Shariah Supervisory Committee sat in 5(Five) General Meetings and 1(one) Emergency Meeting to discuss the matters of the Bank to give opinions & directives and given solutions thereof from the view point of Shariah Principles.

Muraqib of the Supervisory committee have visited all branches of the Bank during the year to observe the Shariah compliance, give necessary instructions on the spot and submitted report to the Council. They have also submitted corrective measures to rectify the laws in implementing Shariah guidelines into the banking operations. They identified Tk 37.49 million as doubtful income of the branches of the Bank. Besides, after analyzing balance sheet, the Supervisory committee identified Tk. 317.29 million as compensation realized in different branches and Tk. 0.56 million, Tk. 13.51 million as interest income received from NOSTRO A/Cs of foreign correspondent bank and Bangladesh Bank FC Clearing Account respectively. As a result it is advised to finalize the Balance Sheet of 2020 keeping doubtful in-come amounting to Tk. 45.02 million apart from basic income and spend after tax the same on the basis of Shariah prescribed modes. At Last, as per Shariah Inspection Report of 2020, the Doubtful Income of the Bank has been reduced comparatively and we hope that this reducing figure will be continued and necessary steps would be taken time to time, Insha-Allah.

A library has been established in the Shariah Council Secretariat of Al-Arafah Islami Bank having about 500 books on Qur'an, Hadith, Fiqh, Islamic Economics and Islami Banking. Honorable members of the Council give Shariah guidelines to run the Bank's operations taking necessary consultations and data from those books after exhaustive research and study. May Allah give us tawfiq to do all activities at His pleasure, Ameen.

AIBL Capital Market Services Ltd.

AIBL Capital Market Services Limited is a subsidiary company of Al-Arafah Islami Bank Limited. The Company is incorporated under the company's Act, 1994 as a public limited company by shares with an authorized Capital of BDT 10 billion (10,000million) and paid up capital of BDT 4 billion (4,000.00 million) to provide stock brokerage services. The paid up capital of the company is subscribed by Al-Arafah Islami Bank Limited and other individuals at the ratio of 60:50:39:50. During the year 2020 the company earned Operating Profit (Before provision for investment & taxation) of Tk 20.65 million with Earning per Share (EPS) Tk. Tk.0.04

AIBL Capital Management Limited

AIBL Capital Management Limited (AIBLCML), a Subsidiary of Al-Arafah Islami Bank Limited, was incorporated under the companies Act, 1994 on October 25, 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BDT 2 billion (2,000 million) and paid up capital of BDT 500 million (500 million). It aims to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking Services with a high level of professional expertise and integrity. During the year 2020 the company earned Operating Profit (Before provision for investment & taxation) of Tk. 6.02 Million with Earning per Share (EPS) Tk.0.09.

AIBL Assets Management Limited

AIBL Assets Management Limited (AIBLAML), a Subsidiary of Al-Arafah Islami Bank Limited, was incorporated under the companies Act, 1994 on January 01, 2014 with a view to run and manage the operations of Assets Management services with an authorized Capital of BDT 500 billion (500 million) and paid up capital of BDT 100 million (100 million). It aims to be one of the leading Assets Management Services of the country by rendering quality Management Services with a high level of professional expertise and integrity.

Off-shore Banking Unit (OBU)

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

The principal activities of OBU are to provide Mudaraba Investment against payment of import bills under UPAS (Usance Payment at Sight) and Musharaka Documentary Bills in foreign currency (MDB F.C) to its customers. Total finance under UPAS in 2020 was USD 145.06 million and under MDB FC was USD 0.88 million. Our Plan and Strategies for Foreign Exchange Business-

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

Position in the Stock Market

Bank's share sustained a steady strong position since its induction at Dhaka Stock Exchange & Chittagong Stock Exchange in 1998. In Dhaka Stock Exchange the face value of taka 10 of our share was traded at taka 24.00 highest in 2020. The market trend of our bank's share in Dhaka Stock Exchange from January 2020 to December 2020 is stated in the list:

Position in the Stock Market in the list:

Month	Opening	High	Low	Closing
January	17.20	17.30	15.10	15.10
February	15.10	16.50	15.00	16.00
March	16.00	16.00	13.80	14.70
April	Covid-19	Covid-19	Covid-19	Covid-19
May	14.70	14.70	14.70	14.70
June	14.70	15.40	14.70	14.70
July	14.70	16.30	14.70	16.10
August	16.10	18.30	14.70	16.80
September	16.80	17.90	16.70	17.00
October	17.00	18.20	16.80	18.10
November	18.10	23.20	17.80	22.60
December	22.60	24.00	21.50	22.20

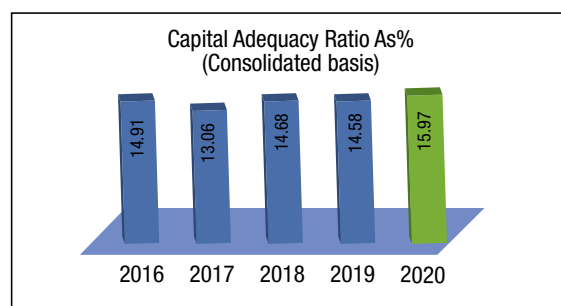
Progress Analysis

At the end of 2020, the number of depositors stood at 2,046,325 and the accumulated deposit was Tk. 326,023.41 million. The total number of investors stood at 163,706 and total investment extended to them

was Tk 30,620.66 million. During the year 2020 the total income was Tk.29,986 million and total expenditure was Tk.23,298.97 million. At the end of the year the profit before tax and provision stood Tk. 6687.77 million.

Capital Adequacy & Reserve Fund

According to BRPD Circular the Bank will have to maintain Tk.4,000.00 million Capitals from 1st July 2011. In compliance with the new provision, the bank has raised its Capital from Tk. 32,553.18 million to Tk. 39,258.09 million (Consolidated Basis) and Tk.30,802.44 million to Tk. 37,486.33 million (Solo Basis). Outstanding balance of AIBL Mudaraba Subordinated Bond Tk. 11,200 million as at 31st December 2020. In the year 2015 AIBL issue Mudaraba Subordinated Bond Tk. 3,000.00 million, in the year 2018 for Tk. 5,000.00 million and in the year 2020 for Tk. 5,000.00 million that meet the qualifying criteria for Tier 2 Capital as per annex 4 of Basel III Guidelines. The paid up capital of the bank was at Tk.10,649.02 million at 31st December 2020. The total reserve fund has stood at Tk.11,418.96 million in the current year against Tk. 10,318.61 million at 31st December 2019. In this account, the bank experienced a growth of 10.66%. The Bangladesh Bank has fixed the ratio of minimum capital adequacy (MCR) against Risk-Weighted Assets at 12.50% or Tk. 4,000 million whichever is higher.



The Consolidated and Solo Basis capital adequacy ratio of the Bank as on 31.12.2020 are appended below:

Consolidated Basis

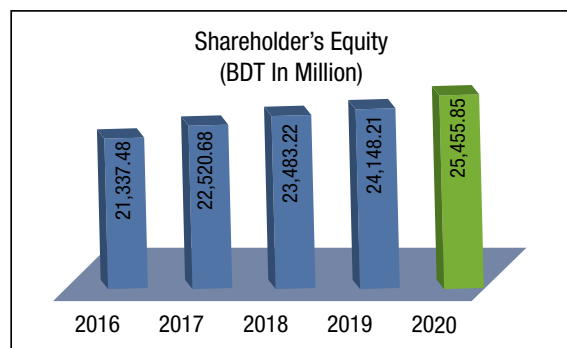
Tk. in million

a) Core Capital (Tier-I)	2020	2019
Paid up Capital	10,649.02	10,649.02
Statutory Reserve	10,334.63	9,379.99
Retained Earnings	1,732.14	1,531.42
Non Controlling Interest	1,655.73	1,649.16
Total	24,371.52	23,209.59
Less Good will and other Intangible assets	440.63	392.18
Total Core Capital	23,930.89	22,817.41
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	4,127.20	2,935.77
Assets Revaluation Reserve	542.17	469.31
AIBL Sub Ordinate Bond	11,200	6,800.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(542.17)	(469.31)
Total Supplementary Capital	15,327.20	9,735.77
Total Capital (a+b)	39,258.09	32,553.18
c) Capital Adequacy Ratio	15.97%	14.58%

Solo Basis

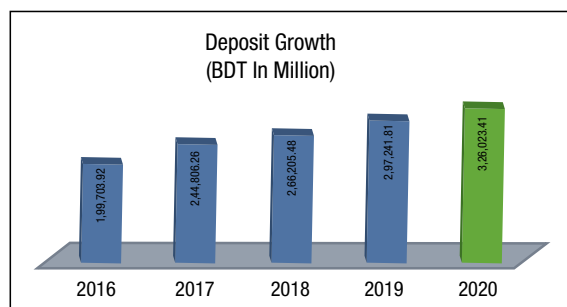
Tk. in million

a) Core Capital (Tier-I)	2020	2019
Paid up Capital	10,649.02	10,649.02
Statutory Reserve	10,334.63	9,379.99
Retained Earnings	1,616.11	1,429.84
Total	22,599.76	21,458.85
Less Good will and other Intangible assets	440.63	392.18
Total Core Capital	22,159.13	21,066.67
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	4,127.20	2,935.77
Assets Revaluation Reserve	542.17	469.31
AIBL Sub Ordinate Bond	11,200.00	6,800.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(542.17)	(469.31)
Total Supplementary Capital	15,327.20	9,735.77
Total Capital (a+b)	37,486.33	30,802.44
c) Capital Adequacy Ratio	15.48%	13.88%



Deposits

The total deposit of the bank was Tk. 326,023.41 million at 31st December 2020 as against Tk. 297,241.81 million at 31st December 2019 a growth of 9.68 % of which Tk. 4,726.57 million was bank deposit and Tk. 321,296.84 million was general deposit. The present strategy is to increase the deposit base through maintaining competitive profit rates and having low cost of funds to ensure a better spread with an average return on investment.



The mix deposit of the bank on December 31, 2020 was as follows:

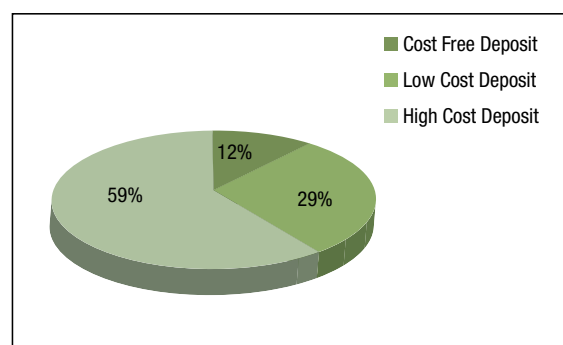
Deposit Mix

Products	Taka in Million
a) Al Wadia Current Account	37,331.44
b) Mudaraba Savings Deposit	54,879.13
c) Other Mudaraba Deposit	164,011.43
d) Mudaraba Term Deposit	66,743.97
e) Bills Payable	3,059.37
Total	326,025.34

Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	38,698.98	11.87%
b) Low Cost Deposit	93,177.49	28.58%
c) High Cost Deposit	194,146.94	59.55%
Total	326,023.41	100.00%

Deposit Mix as %



Various deposit product of the Bank in 2020:

Sl.No	Types of Deposit
1.	Mudaraba Term Deposit
	a. 36 Months
	b. 24 Months
	c. 12 Months
	d. 06 Months
	e. 03 Months
	f. 01 Month
2.	Mudaraba Savings Deposit
3.	Short Notice Deposit (SND)
4.	Monthly Hajj Deposit
5.	Monthly Installment Term Deposit (ITD)
6.	Monthly Profit Based Term Deposit (PTD)
7.	Monthly Savings Investment (SID)
8.	One Time Hajj Deposit

9.	(a) Al-Arafah Savings Bond (3 Years)
10	(b) Al-Arafah Savings Bond (5 Years)
11.	(c) Al-Arafah Savings Bond (8 Years)
12.	Marriage Saving Investment Scheme (MSIS)
13.	Pensioners deposit scheme
14.	Special Saving (Pension) Scheme
15.	Cash WAQF
16.	Lakhopati Deposit Scheme
17.	Kotipati Deposit Scheme
18.	Millionaire Deposit Scheme
19.	Double Benefit Scheme
20.	Triple Benefit Deposit Scheme
21.	ProbashiKallyan Deposit Pension Scheme
22.	Mudaraba Savings Deposit-Student,
23.	Farmers, Freedom fighters.

AIBL Mudaraba Subordinated Bond:

AIBL Mudaraba Subordinated Bond' of Tk. 3,000.00 million:

AIBL Mudaraba Subordinated Bond' of Tk. 3,000.00 million issued in 2015. The total profit/ return on the bond (for bond holders) will be calculated by Benchmark Mudaraba Term Deposit Profit rate of the issuer plus a predetermined additional profit rate. The Benchmark Mudaraba profit rate will be issuer's prevailing highest Mudaraba term deposit profit rate in 6-12 months tenor; to be applied semiannually. The highest prevailing published Mudaraba Term Deposit profit rate in 6-12 months tenor of the issuer will be applicable in semi annual profit rate fixation. Investors are getting an additional profit rate of 2.50% per annum to be paid semi annually along with the benchmark profit by the issuer. The Mudaraba Bond will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively. In the mean time 60% of the Bond amount was redeemed at the end of 31st December 2020. The issue has been proposed to be transferable but will not be listed with any bourses. The Standard Chartered Bank is the lead arranger of this issue and Green Delta Insurance Company Limited is the trustee.

AIBL 2nd Mudaraba Subordinated Bond' of Tk. 5,000.00 million:

AIBL 2nd Mudaraba Subordinated Bond' of Tk. 5,000.00 million issued in 2018. The total profit/ return on the bond will be calculated 1.25 times of highest 6 (six) month term Mudaraba Term Deposit profit rate for the preceding 180 days. After each financial year-end, the Issuer will give adjustment to the Bondholders if there is any additional profit reported in the respective financial year for Mudaraba Term Deposit Profit Rate for 6 months tenor. The Benchmark Mudaraba profit rate will be issuer's prevailing highest Mudaraba term deposit profit rate in 6-12 months tenor; to be applied semiannually. The highest prevailing published Mudaraba Term Deposit profit rate in 6-12 months tenor of the issuer will be applicable in semi annual profit rate fixation. The Mudaraba Bond will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively. The issue has been proposed to be transferable but will not be listed with any bourses. The Prime Bank Investment Limited is the lead arranger of this issue and Green Delta Insurance Company Limited is the trustee.

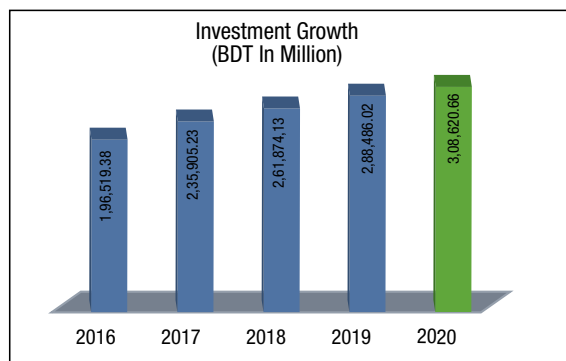
AIBL 3rd Mudaraba Subordinated Bond' of Tk. 5,000.00 million:

AIBL 3rd Mudaraba Subordinated Bond' of Tk. 5,000.00 million issued in 2020. The total profit/ return on the bond will be calculated as the average Rates of 6 months of Full-fledged Shariah based banks collected from latest available "Announced Profit Rate Chart of those Banks (Deposit Rate)" published by Bangladesh Bank in its website at the beginning of any Profit Payment Period with an additional profit rate of 2.00% per annum. After each financial year-end, the Issuer will give adjustment to the Bondholders if there is any additional profit reported in the respective financial year for Mudaraba Term Deposit Profit Rate for 6 months tenor. Payment of profit will be Semi-annually not later than 60 days from expiry of 6 (six) months and 12 (twelve) months of each year from the issuance of Bond .The Mudaraba Bond will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively. The issue has been proposed to be transferable but will not be listed with any bourses. The Prime Bank Investment Limited is the lead arranger of this issue and Green Delta Insurance Company Limited is the trustee. The details of Implementation Schedule of Mudaraba Subordinated Bond are stated as under:

Instrument Name	Particulars	BDT in Million
AIBL Mudaraba Subordinated Bond	Term Deposit with other Banks (from Bond money received).	1,500/-
	Disbursement to the Investment Clients of AIBL against Bond money received	1,500/-
AIBL 2nd Mudaraba Subordinated Bond	Term Deposit with other Banks (from Bond money received).	2,500/-
	Disbursement to the Investment Clients of AIBL against Bond money received	2,500/-
AIBL 3rd Mudaraba Subordinated Bond	Term Deposit with other Banks (from Bond money received).	2,500/-
	Disbursement to the Investment Clients of AIBL against Bond money received	2,500/-

Investment

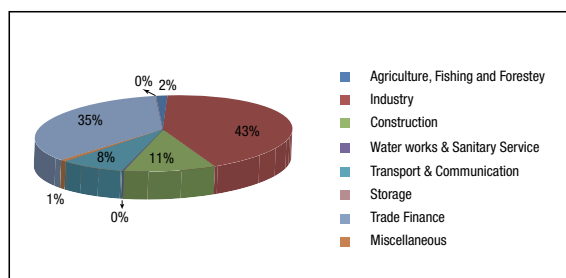
The investment of the bank has stood at Tk. 308,620.66 million as on 31st December 2020 as against Tk. 288,486.02 (Net off PR) million in the previous year showing an increased by 6.98%. The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries including readymade garments, textile, edible oil, ship scraping, steel & engineering, chemicals, pharmaceuticals, cement, telecommunication, construction, health care, real estate, education, transport and investment under consumer schemes. We have geared up efforts to improve the recovery rate of disbursed investment and also taken adequate measures for converting the classified investment into performing assets. As a result, classified investment of the bank could be kept at a low level far below the national average. It is 3.80% in our bank as on 31 December 2020.



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

Sector wise Investment 2020

Sectors	BDT in million
Agriculture, Fishing and Forestry	5,295.10
Industry	135,956.50
Construction	33,552.50
Water works & Sanitary Service	509.00
Transport & communication	25,252.50
Storage	2,575.10
Trade Finance	111,793.14
Miscellaneous	238.52
Total (Including Profit Receivable)	315,172.36
Less Unearned Profit on Investment	6,551.70
Total	308,620.66



Income

Investment income:

The investment income was Tk. 26,331.28 million during the year 2020 which was growth of -8.61 % over the previous year. Investment income is 87.81 % of the total income of Tk.29,986.74 million.

Income from other than investment: The bank has earned Tk. 3,655.46 commission income, exchange income, locker rent etc. in the current year which is 12.19% of the total income. It indicates -9.46% growth over the year 2019.

Expenditure

Profit paid to depositors:

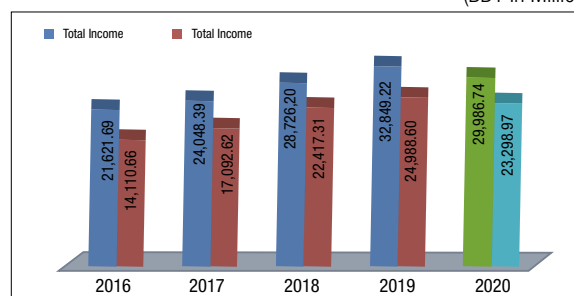
The Bank has paid the depositors Tk. 16,556.64 million which is 62.88% of the investment income and 71.06% of the total expenditure for the year 2020. It was -11.01% growth over the year 2019.

Administrative and Other Expenses:

The administrative and other expenses were Tk. 6,742.33 million during the year showing 5.61% growth over the year 2019. It is 28.94% of the total expenditure.

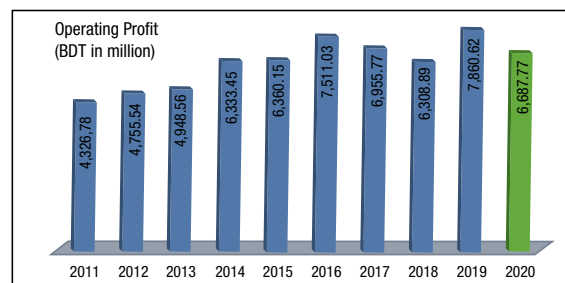
Total Income & Expenditure

(BDT In Million)



Operating Profit

The bank earned operating profit of Tk. 6,687.77 million during the year 2020. The operating profit of the Bank during the year 2019 was Tk.7,860.62 million and thus the Bank attained growth of -14.92.00% in respect of operating profit. The provision for income tax for the year amounted to Tk. 2,228.06 million and divisible profit available for appropriation amounted to Tk. 1,585.09 million.



International Banking Wing (IBW)

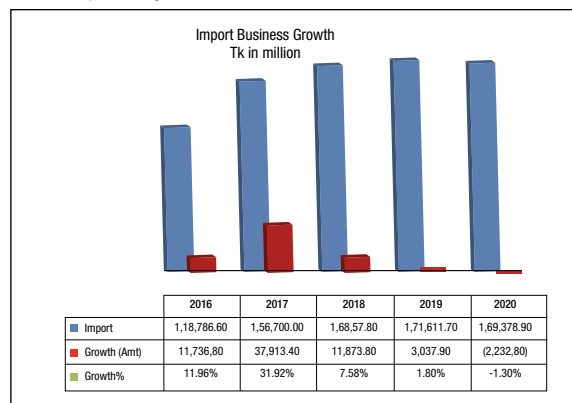
International Trade

We are now more capable and confident of handling Foreign Exchange Business. Presently, we have 26 AD Branches through which we have handled total foreign exchange business of Tk. 318,125.30 million during the year 2020 as against the Target of Tk. 370,000.00 million. Our Foreign Exchange business has decreased by Tk.166.90 million recording a growth of -0.05%. Target of International Trade for the year 2021 has been fixed at Tk. 419,000.00 million with 37.71% growth.

Import Business

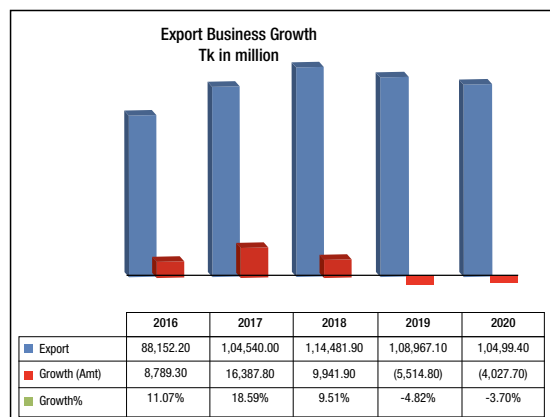
Total import business of the bank stood at Tk. 169,378.90 million during the year 2020 as against Tk. 171,611.70 million, Tk.

168,573.80 million and Tk. 156,700 million in the previous year 2019, 2018 and 2017 respectively. Our import business decreased by Tk. 2232.80 million i.e. -1.30% growth in 2020 as compared to increase of Tk. 3037.90 million i.e. 1.80% growth in 2019 and increase of Tk 9,531.40 million i.e. 5.99% in 2018 respectively. Target for Import business for the year 2021 has been fixed at Tk. 220,000.00 million with an expected growth of 29.89%.



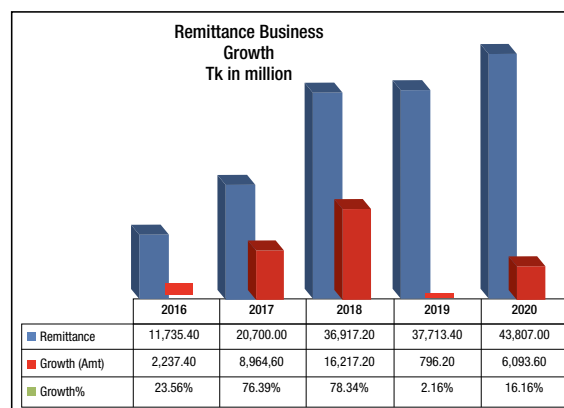
Export Business

Total Export business of the bank stood at Tk. 104,939.40 million during the year 2020 as against Tk. 108,967.10 million, Tk. 114,481.90 million, Tk. 104,540.00 million in the previous year 2019, 2018 and 2017 respectively. Our export business decreased by Tk. 9542.50 million i.e. -3.70% growth in 2019 as compared to decreases of Tk. 5,514.80 million i.e. -4.82% growth in 2019, increases Tk. 9,941.90 million i.e. 9.51% growth in 2018. Our target for Export business for the year 2021 has been fixed at Tk 145,000.00 million with an expected growth of 38.17%.



Remittance

Total remittance of the bank stood at Tk. 43,807.00 million during the year 2020 as against Tk. 37,713.40 million, Tk. 36,917.20 million and Tk. 20,700.00 million in the previous year 2019, 2018 and 2017 respectively. Our remittance increased by Tk. 6093.60 million i.e. 16.16% in 2019 as compared to increases of Tk. 796.20 million i.e. 2.16% in 2019, Tk. 16,217.20 million i.e. 78.34% in 2018 respectively. Target for Remittance business for the year 2021 has been fixed at Tk. 54,000.00 million and thus expecting a growth of 23.27%.



Treasury Operations:

The COVID-19 pandemic is damaging economies across the world, including financial markets and institutions in all possible dimensions. For banks in particular, the pandemic generates multifaceted crises, mostly through potentiality increases in default rates, liquidity and profit rate equilibrium and low credit/deposit growth.

In our banking business, movements of the components of balance sheet are an ongoing process which has significant role on the profitability and overall financial strength of the bank. In line with the ever changing regulations and ideas, AIBL Treasury has played a pivotal role in overall fund management of the bank. Each and every day Treasury team has been monitoring all inflows and outflows of the balance sheet components and managed liquidity and deficit situations ensuring banks profitability within the laid down policies and regulations of Bangladesh Bank. AIBL Treasury team is always focused to cater the needs of different treasury solutions in different environments. As an Islamic Bank, AIBL has many limitations and cannot deal with conventional Treasury products like Govt. Treasury Bond, Treasury bill, Call Money, SWAP & Forward Contracts. In spite of all the limitations, Treasury team was committed to offer competitive price, excellent services and time befitting advices to the clients to best fit the changing environment. AIBL Treasury has separate designated desks to provide optimum Treasury solutions.

Desks are as follows:

- Foreign Exchange Desk
- Money Market Desk
- Asset Liability Management Desk and
- Corporate Service Desk

Foreign Exchange Desk

Throughout the Year our Foreign Exchange Desk officials thoroughly monitored exchange rate movements, volatility & liquidity scenario of USD and other active currencies. Treasury set exchange rates for merchant transactions, successfully managed Net Open Position (NOP), ensured optimum liquidity, provided market based exchange rates to the exchange houses and managed FC liquidity for our Offshore Banking Unit(OBU). The Foreign Exchange desk has maintained close liaison with a set of local and foreign counterparts for ensuring of FC liquidity around the calendar even during pandemic. AIBL Treasury

successfully managed FC dealing of cross currencies through its trading platforms like FX Trader of Mashreqbank, FX Markets of ICICI Bank, Straight2Bank of SCB & Deri-X Trader of Landesbank Baden-Wuerttemberg. The Desk has also provided FC dealing solutions to the counterparty banks in our local market. Whole of the year they have performed 2,162 no. of USD/BDT & cross currency deals. FX Desk has contributed operating income of BDT 1,468.50 million from cross currency deals, exchange gains & FC funding. In 2020, Treasury Back Office (TBO) team has handled 82,342 nos FX transactions with turnover of USD 3.75 bio. FX transactions were being routed through 34 Nostro accounts in USD, EUR, GBP, CNY,CHF, JPY, AED & SAR currencies. TBO had relentlessly driven it's all out effort for timely reconciliation of all of the nostro transactions aligned with Bangladesh Bank regulations.

Money Market Desk

Ensuring optimum liquidity of local currency to meet asset book requirement as well as earning optimum profitability from the mismatches between maturity buckets of deposits of the bank within regulatory requirements are prime responsibility of the Money Market Desk. AIBL Treasury Money Market Desk also maintained Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of the bank efficiently. Our team has successfully managed liquidity as well as deployed surplus funds to the Islamic banks, Islamic windows & Islamic branches of conventional banks and leasing companies operated under shariah principles. In 2020, Government introduced Bangladesh Government Investment Sukuk (BGIS) first time & AIBL also participated in its first auction of BGIS for SLR maintenance.

Asset Liability Management (ALM) Desk

Managing the risks that arises from maturity mismatches of Asset Liability of the bank is the prime responsibility of ALM Desk. Bank faces several risks like Liquidity Risk, Profit Rate Risk, Credit Risk and Operational Risk etc. ALM Desk mainly manages Liquidity Risk and Profit Rate Risk of the bank through day to day monitoring of market information & future outlooks. It prepares ALCO paper & conducts ALCO meetings each month where all issues related with ALM are discussed and instructions are given accordingly.

2020 was a challenging year from Asset Liability point of view as Bangladesh Bank issued circular regarding fixation of new Investment Deposit Ratio (IDR), Cash Reserve Requirement (CRR). Due to volatile movements of profit/interest rates of Asset and Liabilities in the market, it was a real challenge to maintain a reasonable spread. The ALM Desk was proactive to revise the profit rates of deposits aligning with market rates as well as ensuring liquidity. Facing all challenges ALM Desk has succeeded to maintain a steady and reasonable spread throughout the year. ALM Desk has properly maintained BASEL III ratios like Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Corporate Service Desk

We are providing customized treasury solutions to our corporate client's matching with market practices from the Corporate Service Desk. Mainly our foreign trades clients seek market oriented timely solutions and appropriate advices for their FX portfolios. The main objective of the desk is to ensure maximum utilization of funds of corporate clients ensuring profitability of the bank as well as strengthening their trust on us.

Besides all of its regular activities, Treasury has prepared and updated following guidelines which had been duly approved by our

Board of Directors:

- Foreign Exchange Risk Management Guidelines
- Guidelines on Asset Liability Management
- Wholesale Borrowing and Lending Guidelines
- Management Action Trigger
- Contingency Funding Plan
- Profit Rate Risk Management Guidelines
- Fund Transfer Pricing Policy

Treasury Outlook of 2020

In 2020 BDT vs USD has moved Tk.84.95 to Tk.84.80 resulting appreciation of almost 0.18% but experts opinions are that, BDT is overvalued comparing our peer currencies. Our competitive countries has devalued their currencies significantly which has posed serious threat to our export destinations and country has faced negative growth of exports last year. Due to prevailing COVID-19 pandemic, US-China trade war, Iran Crisis & BREXIT issues, to retain export earnings, BDT may be under pressure for devalue. In 2020 Government has introduced 2% incentive for inward remittances which has contributed in 16.94% growth.

Fixation of Deposit rates @ 6% and Investment rates @ 9% from 1st April, 2020, moratorium in investment repayment, injecting money by B. Bank from buying dollar from banks dampen money market round the year. Money market situation may not change overall liquidity position of the market and may lead to deepen the liquidity crisis further. To cope up with the changing scenario banks have to introduce tech based banking, spread Agent and Sub-Branch outlets countrywide and rush to retail depositors/investment clients.

Foreign Remittance Division:

Foreign Remittance Division is one of the most potential business segments of the bank which contributes overall growth of the Bank, increases the inflow of foreign currency, assists to build up low cost deposit and strengthen customer base of the Bank as well as upholds Bank's image in home & abroad and also makes significant impact towards the sustainable development of the Bank. Foreign Remittance Division is procuring remittance from all the remittance hubs across the globe consisting more than 100 countries through 19 (nineteen) Remittance Arrangements with different exchange houses in abroad and local banks.

1. Remittance Achievement:

Total remittance of the bank stood at Tk. 4,380.70 crore during the year 2020 as against Tk. 3,771.34 crore, Tk. 3,691.72 crore, Tk. 2,070.28 crore and Tk. 1,173.54crorein the previous year 2019, 2018, 2017 and 2016 respectively. Our remittance increased by Tk. 609.36 crore i.e. 16.16% in 2020 as compared to increases of Tk. 79.62 crore i.e. 2.16% in 2019, Tk. 1,621.44 core i.e. 78.32% in 2018, Tk. 896.74 crore i.e. 76.41% in 2017 and Tk. 223.77 crore i.e. 23.56% in 2016 respectively. Target for Remittance business for the year 2020 has been fixed at Tk. 5,000.00 crore expecting growth 14.14%.

Performance of Foreign Inward Remittance -From 2016 to 2020:

The Branches & Agent Banking Outlets of AIBL have procured foreign remittance BDT 2,941.43 crore in 2020which is more than 20.42% of the previous year 2019and procurement of foreign remittance through BEFTN (A/c Credit with other bank)was BDT 1439.27 crore in 2019 which is more than8.32% of the previous year 2019.

2. Remittance Drawing Arrangement:

We have signed 03 (three) new remittance drawing arrangement agreements with different exchange houses in Qatar, Canada & UK in 2020 and another 10 (ten) more exchange houses from different hubs of the world are under process. In order to boost-up remittance business the division is deploying all-out effort to establish new drawing arrangement with exchange houses in UAE, Oman, Bahrain, Kuwait, Qatar, Malaysia & across the globe.

3. Foreign Remittance Operation at Agent Banking Outlets:

Our all Agent banking outlets have been disbursing foreign remittance under the support of Foreign Remittance Division. Remittance achieved through Agent Banking Outlets during 2019 was BDT 849.47 crore which was 19.39% of total remittance.

4. Marketing & Promotional Activities:

With a view to enable Bangladeshi Expatriates residing and working abroad to remit their hard earn money through our Bank and to boost up our Bank's remittance business and deposit ratio, to elevate the standard of foreign remittance customer services as well as maintaining continuous touch with the existing & prospective remittance clients, clients of other banks, wage earners' beneficiaries and all strata of people at large in the society, we have celebrated "Remittance Service Month -2020" from 1st November to 31st December, 2020. In the "Remittance Service Month -2020" we have provided additional 1% cash incentive against account credit remittance with our bank which will be procured by AIBL through the exchange houses with whom we have drawing arrangement. We have provided BDT 72.89 lac as additional 1% cash incentive against account credit remittance with our bank and 19,842 new remittance beneficiary accounts has been opened during this service month.

Sl no.	Region	No.RMA established
1.	Asia	6
2.	Middle East	4
3.	Europe	6
4.	North America	1

5. Cash Incentive:

As per the declaration of the Government of Bangladesh and instruction of Bangladesh Bank through FE circular-31 dated 06.08.2019, we have been providing 2% cash incentive against foreign remittance payment from 23.10.2019. In 2020, we have received BDT 95.59 crore from Bangladesh Bank as Imprest fund for the payment of Cash Incentive against foreign remittance and disbursed BDT 89.21 crore as government cash incentive.

6. RMS (Remittance Management System) Software:

In order to avoid manual intervention in processing & distribution of remittance, minimize risk, maintain compliance, generate reporting in time, ensure better service and to make the whole remittance management operation smoothen, we have successfully launched the RMS software from 24/08/2020. With the collaboration of our ICTD, we are still working for the up gradation of the said Software with Millennium Information Solution Ltd. API integration with the exchange houses, reconciliation of the accounts, reporting, operation of the Agent Outlets & Sub Branches etc. are under process in our RMS software.

Overseas Banking Division:

Overseas Banking Division of International Banking Wing is working continuously to enhance the business arena of the Bank at home and abroad by establishing Correspondent Banking Relationships with different renowned foreign and domestic Banks subject to compliance with AML-CFT regulations of Bangladesh Bank and other competent authorities. Performance of 2020 in this respect is as under:

New relationship management application (RMA):

Established new 17 RMA (Relationship Management Application) with global banks in 2020 in following regions:

New Nostro Accounts: In 2020, we have opened new 02 (Two) Nostro Accounts in the following currency as below:

Name of the bank	Currency	City	Country
UBI Banca	Euro	Bergamo	Italy
Riyad Bank	SAR (Saudi Riyal)	Riyadh	Saudi Arabia

New Credit line in 2020:

Sl no.	Name of the bank
1.	Abu Dhabi Islamic Bank, UAE
2.	Banque Cantonale Vaudoise (BCV), Switzerland
3.	Banco Sabadell, France
4.	PBL Finance (Hongkong) Limited

Vessel Tracking Service in AIBL:

Since 2019, we have been implementing web based vessel tracking services from Lloyd's List Intelligence (LLI), United Kingdom to prevent our import & export business from involving money laundering and terrorist financing risk as well as to comply with the requirement of Maritime Sanctions screening.

Basic Tracker:

Basic Tracker enables us to track all our swift payment messages from end-to-end in real time (some banks in between the transaction may be hidden/undisclosed), confirms if the beneficiary has been paid or not etc.

Internal Control & Compliance Wing

Internal control in bank is a broad term with wide coverage. Internal Control implies the whole system of control implemented by the management in order to carry on the business of the organization in an efficient way by having an automatic check and balance of overall activities and transactions.

An ideal internal control system of an organization ensures best possible utilization of the resources and helps to mitigate the risks involved in utilization of organization's fund and other resources.

Framework of Internal Control System:

Committee of Sponsoring Organizations (COSO) of the Treadway Commission has developed an internal control framework that has been accepted as the standard all over the world. The key concepts of COSO framework include:

a. Internal control is a process (or, more accurately, a series of processes)

- b. It is effected by people
- c. It provides reasonable assurance, not absolute assurance
- d. It is objectives-focused

Objectives of Internal Control

The main objectives of Internal Control are to achieve its goal by proper use of its resources (e.g. manpower, assets-liabilities, equipment's etc.), identifying its weakness & taking appropriate measures to overcome the weakness. There are 3 (three) types of objectives:

Internal Control is established and developed for safeguarding the assets from unauthorized use and mishap, preparation of financial statement from free from misstatement, whether due to fraud or error and keeping business performance in line with ultimate objectives of the organization.

Components & Principles of Internal Control

Internal control consists of five integrated components such as (a) Control Environment, (b) Risk Assessment, (c) Control Activities, (d) Information & Communication and (e) Monitoring. There are 17 principles under these 5 interrelated components, which are very important for control process. Those are as follows-

Internal Control Components	Principles
Control Environment	<ol style="list-style-type: none"> 1. Demonstrate commitment to integrity and ethical values 2. Ensure that board exercises oversight responsibility 3. Establish structures, reporting lines, authorities and responsibilities 4. Demonstrate commitment to a competent workforce 5. Hold people accountable
Risk Assessment	<ol style="list-style-type: none"> 1. Specify appropriate objectives 2. Identify and analyze risks 3. Evaluate fraud risks 4. Identify and analyze changes that could significantly affect internal controls
Control Activities	<ol style="list-style-type: none"> 1. Select and develop control activities that mitigate risks 2. Select and develop technology controls 3. Deploy control activities through policies and procedures
Information & Communication	<ol style="list-style-type: none"> 1. Use relevant, quality information to support the internal control function 2. Communicate internal control information internally 3. Communicate internal control information externally
Monitoring	<ol style="list-style-type: none"> 1. Perform ongoing or periodic evaluations of internal controls (or a combination of the two) 2. Communicate internal control deficiencies

Three Lines of Defense Model:

Three International organizations and their publications; (1) Basel Committee on Banking Supervision in their publication "Principles for the Sound Management of Operational Risk", (2) Institute of Internal Auditors (IIA) in their global

positioning paper "The Three Lines of Defense in Effective Risk Management and Control" and (3) COSO in their publication, "Leveraging COSO in Three Lines of Defense" have propagated and supported the Three Lines of Defense Model for Risk Management which has been internationally accepted for managing risk.

Mentionable here that, Bangladesh Bank in its Guidelines on Internal Control & Compliance in Banks has also address this model for effective Internal Control & risk management.

The Three Lines of Defense model distinguishes among three groups (or lines) involved in effective risk management:

- Functions that own and manage risks.
- Functions that oversee risks.
- Functions that provide independent assurance.

Relationship among the objectives, components, principles and model:

Successful and effective Control System is a result of a team work. Internal Auditors are no doubt an active player of the team. In fact, the SMT, the BOD-all like internal auditors play their respective roles toward achieving the desire goals of risk management. Relationship among the objectives, the framework and the model are shown below in a nutshell.

Sustainable Finance Unit

Green Banking

This unit aims at achieving stable economic growth along with social development and preserving natural environment. For sustainability we have to utilize all our resources optimally. From this perspective, different policies on environmental protection and social welfare are implied in its business operation.

Among those some initiatives are as follows:

In-house Activities:

Under implementation of Green Office Guide, we organized

- (i) all our meeting among branches, higher authority, Board of Directors and even Annual General meeting through online platform.
- (ii) All our workshop and training session under the program of awareness and capacity building were also successfully done through online platform.
- (iii) At present we newly introduced our Islamic Wallet Mobile App under Mobile Financial Services for facilitating easy money transfer, payment of bill, mobile top-up, merchant payment and inclusion of rural area under banking service.
- (iv) Recently we also introduced Internet Banking facilitating all transactions and for availing other banking services to our valued clients through internet staying at home.
- (v) Under Business Process Automation (BPA), we now circulate all our letters, instructions, Investment proposal and Sanction through shared digital platform, email and IP message.

ESRM (Environmental and Social Risk Management):

Considering all the social and environmental aspects as per ESRM Guidelines we have done Environment and Social Risk Rating (ESRR) at the time of processing all the investment proposals properly. Scheduled monitoring and inspections have also been done time to time.

Green Finance:

Green finance as a part of Green Banking makes great contribution to the transition to resource-efficient and low carbon industries i.e. green industry and green economy in general.

Already we are working on 52 green product, Bangladesh Bank Islamic Refinance Scheme and Green Transformation Fund. Ever since the inception of Green Banking, AIBL has financed in diversified Green areas like LED Bulb/Tube Assembly Plant, ETP Construction, Recycling Waste and Green Brick Manufacturing etc. In 2020 total Green Finance disbursement was BDT 1428.05 million.

Islamic Refinance under Green Banking Activities: For financing in green product we further signed participation agreement on "Refinance Scheme for Islamic Banks & Financial Institutions for Investment in Green Products/Initiatives" on September 06, 2019 with Bangladesh Bank. Under this scheme Bangladesh Bank provides fund for refinance in 52 green products which we can disburse at single digit profit rate to the clients. We availed refinance of BDT 40.00 million in ensuring work environment and security of workers in the factory which is one the green products where present outstanding is 30.00 million.

Corporate Social Responsibility (CSR)

Under CSR activities the bank always focuses social development and fulfilling its needs on priority basis. Our Bank is always responsible for social development in addition to business activities. During the year 2020 our total expenditure in CSR is BDT 284.14 million which is shown sector wise in the table below:

(BDT in Million)

SI No.	Particulars	2020	2019
1	Health Sector	16.81	18.71
2	Education Sector	10.07	2.13
3	Disaster Management	8.51	0.98
4	Cultural Activities	6.68	0.53
5	Environment	15.26	13.86
6	Others	226.81	23.42
	Total	284.14	78.62

Special Education Scholarship Program:

AIBL is a trusted partner of the government in its journey to achieve Sustainable Development Goal. In this context, the bank has taken step to spread quality education which is the 4th most prioritized goal of SDG. So from 2018 the bank has successfully begun one most deserving event titled "Al-Arafah Islami Bank Education Scholarship-2018" for underprivileged meritorious students who completed HSC. In 2020 this program scenario is as follows:

Number of Students	Present institute of study	Total Scholarship (BDT in Million)
199	Students are covered from different educational institutions such as Public Universities, Medical Colleges, Engineering Universities, Agricultural Universities, Science and Technology Universities, Open University, National University, Private University etc.	2.57

Cottage, Micro, Small and Medium Enterprises Investment (CMSME)

Cottage, Micro, Small and Medium Enterprises (CMSME), works as the platform for job creation, income generation, and development of forward and backward industrial linkages and fulfillment of local social needs. MSMEs occupied a unique position in the economy of Bangladesh. Here, the MSMEs account for about 45% of manufacturing value addition. They account for about 80% of industrial employment, about 90% of total industrial units and about 25% of total labour force.

In the light of the definition given by Bangladesh Bank, Al-Arafah Islami bank Ltd. has put utmost priority over CMSME financing in three categories of enterprises viz. Industry, Trade & Services.

CMSME Investment at a glance

BDT in Million

Description	2020	2019
Total CMSME Portfolio	100196.89	101,467.20
% of CMSME Portfolio to Total Portfolio	34.41%	34.67%
Target of CMSME Investment	60000.00	85,000.00
Total CMSME Disbursement	61005.39	85,761.15
% of Achievement	101.67%	100.89%

Investment on Women Entrepreneurs

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

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

Description	Figure in Million
Total SME Portfolio in Women Entrepreneurs	4264.33
Amount of Disbursement to Women Entrepreneurs	3513.18

Agricultural Investment

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

Rural Agricultural Investment Scheme (RAIS)

On the basis of socio-economic development of marginal and lessee

farmers, this agricultural based programme named 'Rural Agricultural Investment Scheme (RAIS)' is running in this Bank. Development of country's internal food production as well as socio-economic sectors of farmers is the main focus here. We have already listed 2,450 farmers under this scheme and total investment is Tk. 30.05 million of which outstanding is Tk. 29.00 million.

Al-Arafah Khamerbari Investment Scheme

To make a priority to invest in the crop sector of Bangladesh, we have launched the product named: "Al-Arafah Khamerbari Investment Scheme (Khamerbari)". With this product, we work for farmer's community surrounding the Branch. Our field officials motivate farmers to grow the potential crops based on their previous farming experience. This scheme is an innovative action to develop the crop sector of Bangladesh. We have disbursed 75.00 million investments among 1150 farmers under this scheme so far.

Growing spices at a lowest profit rate (4%)

As per instruction of Bangladesh Bank, and to increase the production of different types of spices like Pulse, Oil-seed, Spice and Maize, we started investment at a lowest rate of profit (only 4%) to the marginal farmers. We have disbursed 29.72 million investments among 557 farmers under this sector so far.

Mudaraba Animal Husbandry Scheme

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

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

In this scheme, we have already disbursed Tk. 23.99 million for fattening of 484 Cows and 13 Buffalos among 187 farmers so far. This was a great achievement we think. This is a special scheme in the banking sector of Bangladesh.

Agent Banking

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

We have launched 400 Agent Banking outlets through 264 Agents as on December 2020 with a view to bringing the un-banked population under banking services. As on December 2020, total accounts of Agent Banking are 3,25,582 which is 14.42% of total Bank's account. We have already covered 185 Upazillas under 48 Districts. With some restrictions and limitations, most of the banking services are available in agent banking operation.

In Agent Banking, most of the beneficiaries are living in rural areas

and were totally un-banked at the earlier. But now, their total deposit is Tk. 23524.42 Million and the figure is increasing rapidly. Clients are opening accounts, depositing and withdrawing their expected money, getting foreign remittance from their relatives, paying their utility bills and getting other banking services spontaneously. This is one of the appropriate examples of financial inclusion in Bangladesh.

Agent Banking Performance At a Glance (As on 31-12-2020)

BDT in Million		
Particular	Year 2020	Year 2019
Total Number of Agents	264	170
Total Number of Outlets	400	265
Number of Accounts	3,25,582	2,24,687
Total Deposit (Tk.) of Agent Bank	23,524.42	15,436.80
Number of Foreign Remittance disburse through Agent Bank	1,64,392	1,39,373
Amount of Foreign Remittance (Tk.) disburse through Agent Bank	8,875.51	6,122.54
Number of Electricity Bills	39,50,120	16,19,183
Amount of Electricity Bills (Tk.)	2,387.80	1,134.10
Number of Covered District	48	44
Number of Covered Upa-zilla	185	241

Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2020. In response to the overwhelming expansion in Bank's business, we extended our publicity to fulfill the market demand. We brought new dimension in our branding and publicity for establishing a positive image of the Bank. We acquired encouraging national attention towards AIBL throughout the year with our all-around activities. More than 62 news items of the Bank were broadcasted in 520 news coverage through 20 different TV Channels during the year 2020. We continued news branding on 6 major satellites TV channels such as Channel-i, Bangla Vision, ATN Bangla, ATN News, Desh TV and DBC TV.

Promotion in the television media got a major hike during the Ramadan in this year. In 11 major TV channels which included NTV, ETV, Bangla Vision, Bangla TV, Independent TV Jamuna TV, Channel-9, Boishakhi TV, SA TV, News 24, Gazi TV and many more. The Bank sponsored 14 different programs to encourage true Islamic values. The initiative was praised by the stakeholders and positively put an effect on business.

Positive branding was one of the vital supports that led the Bank to hold a firm position in the market. The Bank proved its engagements with people by sponsoring several occasions. Banking Fair, SME Fair, School Banking Conference, Anti-Money Laundering Conference, Fair of Chittagong Metropolitan Chamber of Commerce & Industry and many more people-related gatherings were sponsored by the Bank. These activities tightened the relationship with clients and uplifted Bank's faithful image.

Our presence in the print media also was bold as we had 1150 Press Release items published in more than 60 different leading Newspapers and Media throughout the year. Besides, more than 560 advertisements took place in 115 different publications during that year.

As the Bank touched the milestone of 25th Anniversary in 2020, the Board of Directors approved a rebranding campaign for the year. Therefore in 2020, our advertisement plan focused to achieve the most outcome from the Rebranding Campaign. This year the Bank went into Electronic Media vastly. Besides, promotion in social media and put utmost focus on Digital Media via Online Portals, Facebook, YouTube etc. With a new rebranded outfit, AIBL started serving more smartly and dedicatedly at every point of service throughout the country. Unexpectedly, this year the Promotional planning was struck by the negative effect of global pandemic caused by COVID-19. But the Bank had to modify its plan according to the situation.

Moreover, during the adverse circumstances, Bank made its' promotion through client service more effective and efficient in 2020. We must remember that, a satisfied client is the best advertiser of the Bank. So, all our promotional steps will be focused to make our customers feel that they are banking with their own bank with all the modern facilities, when they are with Al-Arafah Islami Bank Limited.

Branding Summary of AIBL in 2020

SL	Branding Details	Frequency During 2020
1	TV News Items	62 events 520 coverage
2	TV Channel Coverage	20 channels
3	TV Branding (throughout the year)	6 channels
4	TV Branding during Ramadan	14 programs 11 channels
5	PR Published	1150 times
6	Print media covered	60 media
7	Promotional Advertising	560 advertisements
8	Publications used	115 publications

Information Technology

The technology is of great use in banking sector, it has changed the banking industry from paper and branch based banks to digitized and network services. Means it has played a very big role in reducing fraud in banks which protects its' clients. Banks are investing heavily in digital banking technology, in which customers use mobile, web or digital platforms to use banking services. Artificial intelligence solutions, such as chatbots, often assist customers in simple tasks such as making payments. As such bank can enhance business processes, make managerial decision, and workgroup collaborations which strengthen their competitive positions in rapidly changing and emerging economies.

Every bank is providing their financial services, DATA analysis & classifications, making the ultimate decision with a truly automation system accomplished by the ICT division. AIBL started its Automation journey from 2006 and lived their Online Operation in the 2008 that has been going on successfully since inception.

Beside Core Banking System (CBS) we are also using the below tech based services to automate, secure and faster our internal activity as well as to offer the better services to our valued customers:

i. RTGS; ii. BEFTN; iii. BACH; iv. ISS Report; v. BPA; vi. CIB; vii. goAML-CTR; viii. RIT Reporting; ix. i-Banking; x. Sylvia (HRMS); xi. Agent Banking; xii. Utility Bill Collection; xiii. Sanction Screening; xiv. FATCA

Compliance; xv. SWIFT; xvi. Asset Management; xvii. Centralized Anti Virus Management; xviii. Mail Server; xix. OBU; xx. Treasury; xxi. ATM Service; xxii. Mobile ATM Service; xxiii. Debit Card; xxiv. Credit Card; xxv. SMS Alert etc.

Recently AIBL has launched Islamic Wallet which a Shariah based Mobile Financial Services of Al-Arafah Islami Bank Limited. Islamic Wallet comply with the most rigorous security, compliance standards and all regulatory requirements.

Islamic Wallet promises to provide the most innovative services that can be provided in Mobile Financial Services industry of Bangladesh. It is fast, secure and affordable way to send & receive money from anywhere at any time. In addition to 'send and receive money', it provides a total eco-system where people can derive the best use of money. This wallet will be considered as new and innovative payment system to cater all kinds of banking needs for ensuring the maximum convenience of customers specially those who do not have access to banking services.

Services offered by Islamic Wallet

- Cash In, Cash Out, Person to Person (P2P)
- Fund Transfer from Card and Bank Account.
- Person-to-Business payments (P2B) such as utility bill payment, airtime top-up, insurance premiums, loan instalments, merchant payments etc.
- Business-to-Person payments (B2P) such as payroll, commission disbursement, etc.
- Government-to-Person (G2P) payments such as subsidies, freedom fighter allowances, social welfare payments, endowments, etc.
- Person-to-Government (P2G) payments such as government duties, taxes, fees, etc.
- Ticketing Service
- Tuition Fees Payment

There are some Technology based initiatives taken by the bank management to improve the customers' services with a view to become the best bank in Bangladesh:

1. To become one of the best three Technologically advanced banks in the country within next 3 years
2. Ensure 100% Regulatory Compliance by taking highest possible ICT security measures within a year.
3. Considering a huge unbanked population across the country, AIBL has been working very closely with different government and non-government entity to ensure the availability of Mobile Financial Services (MFS) all over the country.
4. Full-phased Internet Banking along with E-Commerce and Payment Gate way will be started very soon.
5. Introduce Booth Banking Services as per Bangladesh Bank guideline.

Card Division

FinTech is no longer a jargon of the banking industry. Instead, it has become a familiar term in technology in general. The Global investments in FinTech ventures have doubled to a whopping \$112 billion as compared to \$51 billion last year. This is more than an evidence to prove that the digital revolution is at the doorsteps of

financial services sector. The term FinTech is derived by joining two words which are financial services and digital technology. In a nutshell, FinTech simply prompts the use of digital technology by startups to come up with innovative products and services such as mobile payments, alternative finance, online banking, and overall financial management. Modern day Banking is unimaginable without digital and alternative payment platform. In busy day to day life, businesses and consumers are interested in faster, safer and more convenient payment methods.

At present we are providing wide range of Card product like Debit Card, Credit Card, Instant Card, Pre-Paid Card and Hajj Card. More than 1.85 lac AIBL card holders can use AIBL own ATMs as well as any Banks ATM through NPSB network & MasterCard enable ATMs. The growth of debit card was 48% and for credit card that was 55%. We already introduced most secure EMV certified chip based card. Chip ATM cards have significantly helped in minimizing the financial loss that occur in the case of mishaps. We are planning to start issuing contactless card for make everyday purchases quickly and safely with just a tap. We will launch "Master INSTANT Card" to facilities our honorable customers, they can collect the pre-embossed Master debit card from Branch at the time of opening account. Like the new slogan of our Bank "Shariah based always", we are strictly maintaining the Shariah principals while issuing La-Riba Credit Card, so we operate on 'Quard' concept. We are offering Credit card to our customer with wide range of modern & digitalized service. We are providing Lounge facility to our honorable La-Riba Platinum Credit Card holders. The Lounge is quiet spaces where our honorable customers can relax and escape the stress of the terminal. We have already signed EMI agreement with almost all renowned Furniture manufacturers, Branded Electronics chain shop, & Lifestyle retailers, Travel Agents, local Airlines and leading Hospitals, Restaurants, Hotels, On-line shops. Addition to that, we already signed discount agreement with almost all renowned Lifestyle retailers and leading Hospitals, Restaurants, Hotels. We are planning to adopt MasterCard 3D Secure Code version 2.0 technology in our Card Management System (CMS) for making secured online transactions and be protected from any unauthorized card usage when customer shop online. MasterCard literally put customers security on the tip of their fingers with two-factor biometric authentication like fingerprint sensors, palm, face recognition and eye recognition. The usage of biometric technology brings a huge sigh of relief for all the customers who get panic even at the thought of losing their card.

Card Division of AIBL working round the clock to provide efficient & satisfactory service to our valued customers by adapting new advanced technology of card industry.

Asset Quality

Overdue investment stood at Tk. 5,959.36million as on 31st December 2020 as against Tk. 7,234 million as of December, 31 last year. Total overdue decreased by Tk. 1274.64 million during the year 2020 bringing the same to 1.92% of our total investment as against 2.47% in the previous year. Corporate Branch Manager, Zonal Head and Branch manager are advised for adopting strategies to arrest the situations.

Rescheduled investment increased by Tk. 2,191.03 million from Tk. 19,768.87 million to Tk. 21,959.90 million (Term Tk. 7,859.30 million + Continuous & Demand Tk. 14,100.60 million) which was 7.09% of total Investment. Recovery against rescheduled investment during the year 2020 was Tk. 1134.36 million.

Classified investment decreased by Tk. 2,330.84 million from Tk.

14,100.42 million to Tk. 11769.58 million representing 3.80% of total investment as against 4.82% in the previous year.

During the year 2020, recovery against classified investment stood at Tk. 2,113.45 million while recovery against Written off Tk. 61.01 million building a total recovery of Tk. 3,308.82 million including recovery Tk. 1134.36 million from rescheduled investment. Plan and Strategies to Improve the Asset Quality-

- to ensure constant supervision and follow-up for timely recovery of investment and prevent it from becoming overdue afresh.
- to fix individual target from very beginning of the year for recovery of non-performing investment.
- to give special attention on top classified investment clients for early settlement/ adjustment/regularization.
- to keep constant follow up & monitoring to ensure timely recovery of installment against rescheduled investment.
- to address chronic NPI clients by taking effective steps and applying prudence.
- to initiate necessary steps to settle the court cases quickly and even the cases can be settled outside the court through persuasion and mutual understanding.
- to be more vigilant to keep NPI at the lowest possible level.
- to deploy level best efforts for recovery of Written off investment.
- to keep a close eye on the SMA bucket so that SMAs, do not graduate to classified accounts.

Risk Management

Risk is generally defined by the adverse impact on the profitability of several distinct sources of uncertainty. It looks at financial exposures and its inherent risks to the business, and deeply believes profits are in part for successful risk taking in business. A bank must run its operations with two goals- to generate profits and to stay in business. Greater risk and poorly managed risk increase the danger that the bank may incur huge losses and be forced out of business. Risk Management is a tool used by banking institution in the name of good governance, risk mitigation and prudent practice. It focuses a lot on control processes, performance monitoring, collateral value, and decision making policies for credit, market and systemic risks. Risk Management's main objectives are to identify and measuring the risks and advise mitigation there against. Banking operations are mainly exposed to:

- Investment or default Risk (including concentration risk, country risk, and settlement risk)
- Market risk (Including interest rate risk in the banking book, Forex risk, and equity price risk)
- Liquidity risk
- Operational risk
- Other risks (residual risk, compliance risk, strategic risk, reputation risk etc.)

It should not be understood that risk management is only limited to the individuals, who are responsible for overall risk management function. Business lines are equally responsible for the risks they are taking. Because, the line personnel can understand the risks of their activities, any lack of accountability on their part may hinder sound and effective risk management .AIBL risk governance follows three-lines-of-defense-model which is represented as under:

1st line of defense: Business owners

This includes the business units and operation lines of the Bank.

1. To ensure effective processes to identify, assess/measure, monitor, mitigate, and report on their risks.
2. To operate in accordance with the risk policies and delegated mandates.

2nd line of defense: Standard Setters

This includes Internal Control (IC) framework including RMD and RMC.

3. To ensure effective and efficient operations;
4. To ensure adequate control of risks;
5. To ensure prudent conduct of business;
6. To ensure reliability of financial and non-financial information reported or disclosed (both Internally and externally); and,
7. To ensure compliance with laws, regulations, supervisory Requirements and the institution's internal policies and procedures.

3rd line of defense: Assurance Providers

It consists of the bank's internal audit and regulators which

8. Performs independent periodic reviews of the first two lines of defense,
9. Provides assurance
10. Informs strengths and potential weaknesses of the first two lines.

In accordance with the direction of Bangladesh Bank, AIBL has established 'Risk Management Division' and possesses board's approved risk management guidelines designed to ensure that risks are identified, monitored and reported. Risk Management Division exclusively manages 6 (six) core risks in line with core risk Management guidelines of Bangladesh Bank. AIBL formed All Risk Committee at Management level in addition to six separate Core Risk Management Committees to address basic risk management activities like identification, assessment, and mitigation of risks. Besides, Board Risk Management Committee oversees the bank's overall risk management activities, risk appetite and performs their duties with utmost care to minimize the risk level.

Regular meeting of all the committees are held on monthly/quarterly basis. The major concerns of the 6 (six) Core Risks Management Committees are as under:

1. Investment Risk Management Committee :

Investment risk arises from the potential that a bank's borrower may fail to meet its obligations in accordance with agreed terms. IRMC deals with the activities of supervises and monitors Investment concentration, Internal investment risk grading, Corporate clients rating, Non performing investment, Residual risk against investment, Provision against classified investment, Investment mix, Asset quality etc.

2. Asset Liability Risk Management Committee (ALCO):

Asset Liability Management ensures balanced fund mobilization and their deployment with respect to their maturity profile, cost, and yield as well as risk exposure. ALCO looks after the Asset-liability risk, Liquidity risk, Investment Deposit Ratio (IDR), Deposit mix, Investment mix, Gap analysis etc. under direct guidance of the Managing Director & CEO.

3. Foreign Exchange Risk Management Committee:

Foreign Exchange Risk Management in Banks has become inevitable. It oversees Foreign exchange risk, Treasury, Net open position, Import& Export business, Dealing room operations, Anti-money laundering aspects in foreign exchange transactions and remittance etc.

4. Internal Control & Compliance Risk Management Committee:

The primary objective of internal control system in a bank is to help the bank perform better through the use of its resources. Through internal control system, bank identifies its weaknesses and takes appropriate measures to overcome the same. ICC Risk Management Committee assesses and mitigates the risks related to compliance with regulatory requirements, set rules of the Bank, internal checking system, lapses, fraud, forgeries, misappropriation, defalcation, violations of the set rules etc.

5. Central Compliance Committee:

Money laundering risk is the risk of loss of reputation of the Bank. CCC looks after the money laundering and terrorist financing activities, STR (Suspicious Transaction Report), CTR (Cash Transaction Report), KYC (Know Your Customer) and TP (Transaction Profile) related compliances. The committee also supervises and monitors the entire transactional activities of the Bank including money laundering aspects involved with foreign exchange transactions.

6. Information & Communication Technology Risk Management Committee:

ICT risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fires, cyclones or floods. This committee monitors and supervises the risks related to Data security, Physical security, Network security, Disaster recovery, Fraud, Forgery, System failure and Business continuity etc.

Banks always run the risk of insufficient liquidity and investment/ credit defaults. While conducting day to day operation AIBL usually faces the following major risk:

1. Credit/Investment Risk:

This risk occurs whenever a borrower considers paying current debt with future cash flows. In AIBL investment risk are evaluated in 2 ways:

I. Individual client wise: Investment Wing considers the risk on a case-to-case basis. Their sole purpose is to measure the weighted risk of individual clients and disburse loan/investment accordingly. IIRS is approved & verified by CRO of the Bank.

II. Portfolio wise: IAD considers the risk on a sector-to-sector basis or on industry-to- industry basis and is reviewed in ARC/MC meeting. This is what is referred to as portfolio wise investment risk management.

1.1 Credit Concentration Risk:

Credit concentration risk may arise from exposure to a single entity/ group and/or exposures in the same economic or geographic sector and/or credit concentration in dependent industries. AIBL is now exposed to some of specific sectors and regions that are highly inviting concentration risks. Although these regions are economically important, AIBL has the scope to come out from such concentration gradually having a structural strategic perspective investment plan and diversify its investment portfolio in more potential sectors and areas and thus distribution of the risk factors.

2. Market Risk:

The possibility of experiencing of loss due to the factors that affect the overall performance of the financial market is called Market Risk. Market risk can be divided into 3 types- Interest rate risk, Forex risk, Capital market investment risk.

Market risk also called 'Systematic Risk', cannot be eliminated through diversification, nevertheless it can be evaded. Systematic risk refers to the risk inherent to the entire market. The risk that a major natural disaster will cause a decline in the market as a whole is an example of market/systematic risk. This sort of risk is evaluated by the Risk Management Division. As a part to address systematic risk, RMD is analyzing Top-20 investment clients' position and incorporating its review report with risk mitigation road map in 'Credit Risk Assessment and Resolution Report' for placing before the Board of Director's meeting for onward submission to Bangladesh Bank as well quarterly.

2.1 Interest/Profit Rate Risk:

The risk that any investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates or in any other interest rate relationship is called Interest/Profit Rate risk. Such changes usually affect securities inversely and can be reduced by diversifying.

3. Operational risk:

Operational risk is the risk that is not inherent in financial, systematic or market wide risk. It is the risk of loss or harm resulting from inadequate or failure of internal processes, people and systems or from external events. The policy for measuring and managing operational risks including internal control and compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. As a part of continue surveillance, the Management Committee (MANCOM), All Risk Committee (ARC), Board Risk Management Committee regularly review different aspects of operational risks and suggest formulating policies, tools and techniques for mitigation of operational risks. This risk is dealt by the operational desk of the RMD.

Managing other specific risks:

Bangladesh Bank has issued six core risk guidelines and Risk Based Capital Adequacy (RBCA) Guidelines that provides concepts, methods and processes with regards to the respective risk areas. AIBL follows those guidelines and also reviews/updates them on regular basis and gets approval from the Board. Apart from these, there are some other specific risks that are covered by SRP Guidelines and RBCA Guidelines of Bangladesh Bank.

Residual Risk:

Residual risk is the amount of risk that remains in the process after all the risks have been calculated, accounted and hedged. Residual risk arises mainly from error in documentation and error in valuation. As institutions mitigate risks by way of collateral, the collaterals can pose additional risks (legal and documentation risks), which may deteriorate the impact of risk mitigation. AIBL have appropriate governing and control system, valuations procedures, internal regulations and responsible indivxls assigned for the prudent handling of risks.

Liquidity Risk:

The risk arising from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss is called liquidity risk. This type of risk is maintained by FAD, TD and RMD.

Strategic Risk:

Strategic risk means the current and prospective risk to earnings and capital arising from imperfection and unsuccessful in business strategy/plan formulation, inefficiencies in implementing plan targets, or from the overlooking of changes in business environment. Strategic risk induces operational loss that consequently hampers the capital base. The key aim of strategic Risk Management is to strengthen the bank's earnings resilience and protect it against undue earnings volatility to support overall risk appetite targets (especially CET-1 ratio and Leverage Ratio). This is a part of the risk governance incorporated with top level management. AIBL involves all levels of management in formulating and establishing robust strategy planning process, and regularly reviews on incorporating changes to strategic environment.

Reputation Risk:

A thought or danger to the good name or negative media report against the entity is called reputation risk. This risk is managed by operational risk section of RMD.

Environmental Risk:

Actual or potential threat of adverse effects on environment by effluent, emissions, wastes etc. arising out of organization's activities is called environmental risk. This risk is managed by Investment Risk Management and Sustainable Financial Unit (SFU).

Basel Accord Implementation:

AIBL has been following various Basel pact viz. Basel-I, Basel-II, Basel-III, Stress Testing and others core risk guidelines implemented by Bangladesh Bank. To implement Basel III guidelines, AIBL formed units as under:

Basel Implementation Unit (BIU) at Operational Layer and

Supervisory Review Process (SRP) team at Managerial Layer.

The Risk Management Division (RMD), a division headed by Chief Risk Officer (CRO) acts as the center of all risk management function of AIBL and continuously supports BIU/SRP team to be in place to establish supervisory review process under the Basel-III guidelines and to be compliant of Bangladesh Bank's instruction under the supervision of the Chief Risk Officer (CRO).

All Risk Committee (ARC) at Management level:

The All Risk Committee at the Management level sits at least once in a month or more when necessary. In the meeting all the existing/identified and foreseeable/potential risks issues are discussed. Afterwards, recommendations/decisions taken in the meeting are minute and forwarded to the concerned risk taking departments to address, measure and taking necessary steps to mitigate the risk factors. Discussion on non-complied issues are taken place in the next meeting. All the meeting minutes along with Risk Management Papers are reported to the Department of Off-site Supervision (DOS) of Bangladesh Bank duly.

Risk Management and Other regulatory reports:

Risk Management Division prepares Monthly/Quarterly Risk Management Report, Half-Yearly Comprehensive Risk Management Report (CRM), and Stress Testing reports incorporating all risk areas as per directions of the prescribed format of Bangladesh Bank. These risk reports are discussed in depth in All Risk Committee at Management level as well as Board Risk Management Committee and necessary instructions with guidance are given there against.

Besides, AIBL sends Risk Appetite Statement (RAS), Effectiveness of Risk Management functions etc. to Bangladesh Bank annually duly reviewed and approved by the meeting of Board Risk Management Committee and Board of Directors' of the Bank as well.

Money Laundering and Terrorist Financing Prevention:

Combating Money Laundering activities have been an integral part of the duties of every banker these days. We are constantly updating ourselves with the rules and regulations of AML/CFT. Nevertheless, it becomes hard to keep up with the culprits. They have always been finding out newer ways to bypass the rules and thus the vigilant eyes of the bankers and other Law Enforcing Agencies.

Of late, the COVID-19 pandemic has changed the way of our lives exhaustively. Keeping in line with the new normal, criminals have also adopted newer ways of laundering money. Criminals are exploiting vulnerabilities opened up by the COVID-19 pandemic, increasing the risks of Cyber attacks, money laundering, and terrorist financing activities.

This pandemic has forced us to leverage technology to our best. At the same time also exposed us to newer AML/CFT risks. Our Management has been principally watchful concerning our IT network, non-public data, third party risk, and Cyber security incident response plans and to focus additional efforts on staff training and awareness.

Prominent activities we have done in the year 2020:

- Revised and circulated the "Policy & Guidelines issued by BFIU on AML/CFT Risk Management" to all
- Circulated a number of guidelines on beneficial ownership, PEPs, STR, e-KYC, etc.
- Circulated Master Circular 26 dated 16/06/2020 highlighting with the focal points
- Circulated the new methods of records keeping (22 comprehensive data files) for sound AML/CFT compliance
- Circulated the common lapses in regard to AML/CFT Risk Management for awareness on branch level compliance
- Conducted 04 Central Compliance Committee meetings and adopted multi-level resolutions for strengthening compliance campaign of the Bank
- STR/SAR 19 in number submitted to BFIU and 286 STR settled by branches
- Arranged first BAMLCO Conference with the resource person BFIU
- Conducted AML/CFT related in-house and out-reach virtual training programs for the employees of the Bank and Agent Outlets
- Delivered information on AML/CFT regarding correspondent Banking and vice versa
- Submitted total 158742 CTR successfully in 2020 (report submitted Monthly) through the GoAML web portal
- Corresponded about 80784 letters in number with BFIU and Branches
- 184 Branches were inspected by the Audit and Inspection Division on AML/CFT compliance
- Total 13 branches on AML/CFT compliance conducted virtual evaluations under the pandemic (COVID-19) situation through MLTFP Division

Additionally, we have been and will remain vigilant and aware of AML & CFT compliance issues and perform the following functions, among

others, in a more meticulous way:

- Obtain correct and complete information in all Account Opening Forms, KYC, Transaction Profile (TP), etc. both for regular and walk-in customers
- Due Diligence and Enhanced Due Diligence (EDD) for all customers, as the case may be.
- Follow the rules for Customer Acceptance Policy of the Bank.
- Review abnormal, meaningless and suspicious transactions/activities and timely report the same as STR/SAR to the competent authority.
- Review accurately Online Cash Transaction.
- Ensure auto screening of both UN and Local Sanction List.
- Monitor inward and outward foreign remittances.
- Ensure Confirming documentation regarding 'Source of Fund'.
- Ensure proper preventive measures and safeguards against Trade-Based Money Laundering.
- Strictly follow BFIU instruction in case of dealing with Politically Exposed Persons (PEPs), Influential Persons (IPs), High Officials, and Topmost of International Organizations.
- Officials to be more cautious in maintaining secrecy regarding correspondence with BFIU.
- To mitigate the risk of Money Laundering & Terrorist Financing, follow the Risk Register attached to ML & TF Risk Management Guidelines of the Bank.
- Conduct Quarterly Meeting at Branch level as per instructions of BFIU's Master Circular No. 26 dated 16/06/2020.
- Central Compliance Committee (CCC) being engaged in developing bank's Policy, Procedure, and Strategies in preventing ML & TF.
- Branch Anti Money Laundering Compliance Officer (BAMLCO) to ensure all AML & CFT issues at the branch level as he is the responsible and key person in the Branch.
- Proper and timely submission of CTR through "GoAML Software" with assistance from Information Communication and Technology Wing (ICTW).
- Internal Control and Compliance Wing (ICCW) to oversee proper implementation the rules and regulations issued for bank's AML & CFT compliance program including Agent Banking, Agent outlets, and MFS.
- Ensure correct and timely submission of STR/SAR report to BFIU.
- Human Resources Division (HRD) to ensure Employee Screening Mechanism as per BFIU's instruction.
- Agent Banking Division to be watchful on AML & CFT compliance regarding Agent Banking and Agent outlets.
- Overall compliance of AML & CFT issues of the Bank though will be supervised by Money Laundering and Terrorist Financing Prevention Division but it is a duty of every employee of the Bank.
- Knowledge of AML & CFT compliance issues are essential for all employees. As such AIBL, Training & Research Institute (AIBTRI) ensure knowledge enhancement through In-house and Outreach training, BAMLCO training, TBML, and Lead Bank Training, workshops, seminars (both physical & virtually), etc. for capacity building.

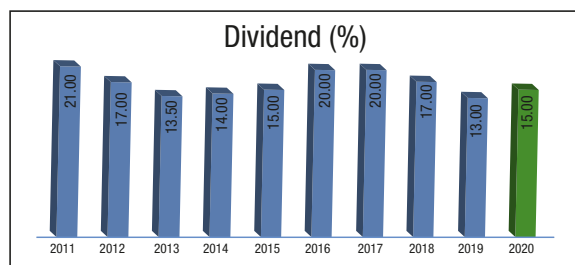
- Ensure that all AML/CFT awareness related poster, leaflet, festoon, etc. are distributed to branches properly;
- Ensure awareness regarding adverse media news on AML/CFT;
- Half Yearly Reports of actions taken by the Bank on AML/CFT compliance generated for BoD & BFIU;
- Moreover, the Management of the Bank announced Zero tolerance against the AML/CFT offenses.

Dividend

The bank has been paying dividend every year since 1998 just after conversion of a public limited company. The Board of Directors of the Bank is pleased to recommend dividend 15% Cash in the year 2020.

Table of Historical Dividend Payment Percentage are as follows:

Year	Dividend
2011	21% Bonus
2012	17% Bonus
2013	13.50% Bonus
2014	14% Cash
2015	10% Cash & 5% Bonus
2016	20% Cash
2017	15% Cash & 5% Bonus
2018	15% Cash & 2% Bonus
2019	13% Cash
2020	15% Cash



Credit Rating

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

Long Term	:	AA (pronounced Double A Two)
Short Term	:	ST-2
Based on	:	Audited Financial Statement 2019
Date of Rating	:	22 July 2020
Validity	:	21 July 2021
Outlook	:	Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
22 July 2020	AA	ST-2	Stable
30 June 2019	AA	ST-2	Stable
30 June 2018	AA	ST-2	Stable
30 June 2017	AA	ST-2	Stable
30 June 2016	AA	ST-2	Stable

Interpretation:

AA+, AA, AA-(Double A) (High Safety): Securities rated in this category are adjudged to be of high credit quality and offer higher safety. The level of rating indicates a security with sound credit profile and without significant problems. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

ST-2 (High Grade): High certainty of timely payment. Liquidity factors are strong and supported good fundamental protection factors. Risk factors are very small.

Human Resources

Well educated and skilled manpower is the best capital of an organization particularly in banking institution. We put utmost importance on recruitment and development of human resources. In recruiting process, we put emphasis on attracting talented young stars. Total 120 employees in different categories/ranks joined and exit 52 during the year 2020 raising our total employees to 3,866 as on 31.12.2020.

We have 3,795 staff in the Bank of whom 300 are executives 2,852 are officers and 643 other staff as on December 31st 2018.

SI No	Designation	Category
1	Executives	294
2	Officers	2,907
3	Others	665
	Total	3,866

We nominated 326 employees in outside training course viz. BIBM, BBTA, BAB etc. in 2020 and they have completed the course successfully.

We motivate and facilitate our deserving employees to complete international standard professional degrees like CDCS, CSDG and ACAMS. Presently, we have 64 CDCS, 2 CSDG and 6 ACAMS officials of which 4 officials completed CDCS and 1 officials ACAMS during the year 2020.

Activities of AIBTRI

AIBTRI: Centre of Excellence for Human Capital Development

After inception in 1996, Al-Arafah Islami Bank Training & Research Institute (AIBTRI) has come a long way to its destination of being an organization of excellence in training and education. Skilled human resources are the cutting-edge assets of any organization. Needless to say, for effective growth of an institution and enhance both soft & hard skills of its employees, there is no alternative to training. AIBTRI's prime objectives, among others, are to impart training to Bank employees to aware them about the functional procedures, policies,

rules, directives and regulation of the financial system. As the banking sector is experiencing various reform measures with a view to coping up with the modern financial complexities like fintech, regtech, crypto currencies etc, need-focused training is imperative to turn the human resources of the Bank into human capital.

Training programs at AIBTRI are scheduled and singled out on need-based assessments by a set of committed faculty members of the institute. AIBTRI has given utmost importance to training for human capital development with cutting-edge skills, knowledge and wisdom. Despite many limitations and shortcomings, AIBTRI is however, moving forward for attaining its desired level of competency through arranging various training courses, seminars, workshops etc. on topical banking and financial issues.

The financial sector of Bangladesh underwent a number of reform measures under new normal scenario in the country. In line with these changed circumstances, the AIBTRI has been adopting new strategies and methods for improving their manpower development services. AIBTRI is also keeping pace by putting its best efforts to respond to the need for capacity building of AIBL officials with new thoughts and innovative ideas to achieve the objectives of the reform measures.

Overall Training Scenario in 2020:

Amidst of the Covid-19 pandemic, AIBTRI conducted a wide range of activities to attain objectives of imparting quality training to the officers of the Bank. AIBTRI conducted a total number of 63 (Sixty three) Training Courses, Workshops, Executive Development Programs and Outreach Programs where 5791 participants attended during the period January – December, 2020. It may be noted that both the online and on-site programs were arranged. Proper health safety measures were taken before arranging on-site programs.

Training Courses (TC):

To develop the professional skill and knowledge of the officials in the fields of shariah, banking, finance, rural and microfinance, customer service development etc. AIBTRI conducted a total of 04 (Four) classroom based as well as virtual courses during the year under report.

Training Workshops (TW):

A total of 49 (Forty Nine) workshops were conducted during the year for fulfilling the requirements of understanding the current issues and challenges relating to banking operations such as new imperatives on International Trade and Finance, impact of fintech applications, National Integrity Strategy, Documentation Errors & Investment Property Valuation, FATCA, Money Laundering & Terrorist financing issues etc. Moreover, with a view to enhancing skill of the employees, AIBTRI has arranged a number of in-house discussions on topical issues of Islamic shariah and banking.

Executive Development Programs (EDP):

To meet the requirements of awaring the bank's executives, managers, manager operations, BAMLCOs about the money laundering preventions and allied fields, AIBTRI conducted 1 (one) EDP in 2020 due to Covid -19 pandemic.

Outreach Training Programs (OTP):

AIBTRI conducted 09 (Nine) outreach training programs (OTP) during the

year 2020 in five different areas based on zonal offices. The programs had their remarkable impact to create awareness among young, brilliant and promising officers regarding Islamic economics and banking, time & stress management, recovery management, environmental Risk Rating as well as Islamic Financial Literacy Program etc.

Future Programs of AIBTRI:

Given the directions of the estimated Board of the Bank, following programs have been undertaken by AIBTRI for the year 2021 to initiate research on the practical operational areas with a view to assisting the Board for its policy making as well as to develop the bank as a knowledge-based Islamic bank in the country:

- a) The Research Division of AIBTRI is being organized to accomplish the research work on new innovative financial products and services for the Bank to cater the growing demands of the customers at large. AIBTRI is undertaken various measures to study different industries to understand their position, contribution etc. These studies will not only help the bank in taking prudent decisions while approving loans and enhancement thereof, but also will be able to prepare contemporary policies for future reference.
- b) To plan, develop and conduct an Executive Diploma program on Islamic Finance and banking for professional development of the employees of the Bank.
- c) To prepare policy papers and important notes analyzing the mechanism and modus operandi of Islamic financial products in vogue in comparison with the present Islamic financial products introduced by the Bank and suggest modifications thereto or develop new modalities of Islamic financial products.
- d) Creation and Management of AIBTRI website and Training Database.

Branches Control Division:-

Branches Control Division (BCD) has been executing following tasks:

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

Branches Control Division (BCD) issued total 33 very important Instruction Circular during the year-2019 some of them are listed below:

1. Up Keeping of Branch Premises and Maintenance of Important Affairs of the Branch.
2. Implementation Progress Report as per Guideline of Core Banking Solution (CBS)-Features & Controls
3. Duties and Responsibilities Branch Manager and Manager Operation.

4. Cash Management & Teller Operation.
5. Type of Deposit Accounts and General Instructions for Maintenance.
6. Banking Booth Policy and operational guideline.
7. Sending SMS to Account holders.

Business Promotion & Marketing Division (BPMD)

Business Promotion and Marketing Division (BPMD) started its journey in the year 2010 under the name and style 'Marketing & Business Development Division (MBDD)'. A full fledged Policy Guideline was introduced on 23.06.2016 with a vision to survive in the market of stiff competition as well as to improve business relentlessly of our Bank using different marketing tools. BPMD has the motto to offer new customized Financial Products and Services to cater the growing needs of common people keeping in mind the strict compliance of Shariah and complex regulatory norms.

BPMD consists of six (6) Departments as:

- i) Business Development & Marketing Department
- ii) Branch Expansion Department
- iii) Product Development & Evaluation Department
- iv) Protocol Department
- v) Financial Literacy & Financial Inclusion Department
- vi) Central Customer Service & Complaints Management Department.

Each department has its own targeted goal to achieve.

Function of BPMD:

The main marketing strategy of BPMD is to build and maintain a long-term relationship with its investment clients, assists Branches regarding prospective investment clients, assist Branches for deposit mobilization growth of the Bank.

However, Business Promotion & Marketing Division focuses the following marketing strategies:

1. Close follow-up, Monitoring, Supervision with the marketing desk of branches and zones regarding business development issues
2. To fix-up a reasonable annual business target considering market situation or all the branches and follow-up, monitor; supervise to achieve the target by the branches
3. To design and develop all marketing communication materials/ gift items and to provide promotional gift items, leaflet, brochure to the branches for maintaining marketing relationship with the existing and prospective investment clients
4. To identify customer need, designing and developing of new products and improvement of existing products
5. To provide assistance/advice/guideline to the branches regarding new investment client for business development of the Bank according to the collected potential client list by the Branch
6. To conduct Financial Literacy program among unbanked people through Branches for increasing "No Frills Accounts" and balance
7. To collect potential client list quarterly in each year from the Branches for maintaining sustainable business growth

8. To evaluate the Branch performance on monthly basis whether the branches are maintaining the point-to-point deposit, investment and operating profit growth
9. To arrange regular monthly business review meeting attended by all Zonal Heads, Corporate Branch Managers and concerned Head Office Officials
10. Provide assistance/advice/guideline to the Branch regarding deposit mobilization for business development of the Bank. List of corporate depositors to be kept at Branch level as well as Head Office
11. Generating several promotional items for specific events and business development/brand development as well such as Ramadan Gift Box, Pohela Boishakh Gift items, Happy New Year Gift items etc.
12. To arrange special service month, awareness program, customer gathering and other program on different development and promotional issues
13. To arrange School Banking Campaign and Conference
14. To set up Banking Booth, Collection Booth
15. To get Evening Banking License
16. To arrange or formulate program for customer awareness and monitor properly
17. Other functions related with Business Promotion.

Some other responsibility of BPMD is worth mentioning here such as it will maintain probable schedule of different National & International Trade Fair, National Book Fair, National Banking Fair, Hajj Fair, other important fair, Bishwaljtema.

The above expresses a whole gamut of functions of BPMD part of which is in practice. If total support and logistics are in place, BPMD will definitely play a pivotal role in the development of ever changing Islamic Banking arena.

Branch Network

At present we have 184 branches all over the country. In a bid to expand our network of Branches we got approval to open 2 (Two) new branches in 2020.

Appointment of Statutory Auditor

In the 25th Annual General Meeting of the Bank M/S Hossain Farhad & Co. Chartered Accountants and M/S Shafiq BASAK & Co. Chartered Accountants was appointed External Auditors of the Bank for a term till conclusion of the 26th Annual General Meeting.

The Board has approved M/S Hossain Farhad & Co. Chartered Accountants and M/S Shafiq BASAK & Co. Chartered Accountants for appointment as External Auditors by the shareholders till the 27th Annual General Meeting.

Board Meeting

During the year 2020, 12 regular Board Meeting had been held. Besides, 14 meetings of Executive Committee, 7 meetings of Audit Committee and 6 Risk management Committee of the Board had also been held during the year.

Appreciation

The Board of Directors expresses its gratitude to the Almighty Allah for enabling us to achieve remarkable progress in all respect during the year→ 2020. Board of Directors takes this opportunity to thank the Shariah and Board Members of the Bank for their relentless whole hearted support. Their collective wisdom contributed extensively to acquiring of strength. The Board of Directors also thanks the management and the staff for their loyalty, support and untiring efforts which has resulted in improved performance. The Board of Directors expresses its thanks to respected shareholders, valued customers, patrons well-wishers, Government, of Bangladesh, Bangladesh Bank, Registrar of Joint Stock Companies & Firms, Securities and Exchange Commission, Auditors, Legal advisers and all others concerned for giving us the benefit of their support and co-operation. We quietly weigh their continued support and co-operation which are constant source of inspiration. We re-assurance

Our vow to remain most disciplined, Shariah compliant and result oriented.

While we look forward to their continuous support and co-operation with trust and confidence, we reassure that our respected shareholders can expect further satisfactory results in 2021. May the Almighty, Allah give us dedication, patience and fortitude to serve the cause of Islam and to go ahead with our mission to run the Bank as per the principles of Islamic Shariah.

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

Allah Hafiz

Ma- Assalam

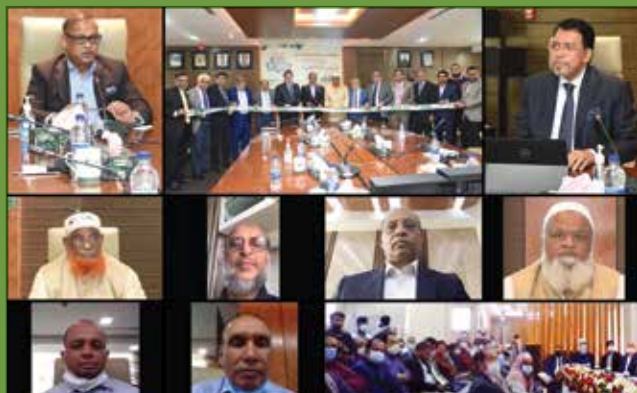
Sincerely,



Alhajj Abdus Samad Labu

Chairman

Date: 09th August 2021



Honorable Chairman inaugurated 183rd Branch of AIBL, at Tejgaon, Dhaka on 15 December, 2020

Honourable Managing Director & CEO of the Bank with the newly recruited ARDP Officials



Honorable Managing Director & CEO handed over the sponsorship cheque to the Vice President of Society for the Popularization of Science, Bangladesh

Dr. Hasan Mahmud, MP- Honorable Minister, Ministry of Information and Broadcasting inaugurated a Motorbike shade sponsored by the Bank for Dhaka Repoters Unity (DRU)





Honorable Managing Director & CEO inaugurated the shifting of Anderkilla Branch to its new premises

Honorable Managing Director & CEO at the virtual Agent Banking Conference



The Bank donated 200 vans to Chattogram City Corporation (CCC)

Honorable Managing Director & CEO inaugurated 184th Branch of AIBL at Tharkurgaon on 24 December, 2020



DIRECTORS' REPORT TO THE SHAREHOLDERS AS PER CONDITION NO. 1.5 OF BSEC NOTIFICATION NO. BSEC/ CMRRCD/2006-158/207/ADMIN/80 DATED 3RD JUNE 2018

The Directors also report that:

- i. Industry outlook and possible future developments in the industry; Page No. 39-40
- ii. The segment-wise or product-wise performance; Page No. 44-47 & 51-53.
- iii. Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; Page No. 120-122
- iv. A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; Page No. 64
- v. A discussion on continuity of any extraordinary activities and their implications (gain or loss); Not applicable.
- vi. A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; Page No. 164-167
- vii. A statement of utilization of proceeds raised through public issues, rights issues and /or any other instruments (AIBL Mudaraba Subordinate Bond) Page: 45
- viii. An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc. Not Applicable;
- ix. An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;

Highlights along with reasons thereof are given below:

Particulars	2020 Amount in million	2019 Amount in million	Growth (%)
Investment income	26,169.24	28,571.10	-8.41%
Profit paid to depositors	16,322.15	18,421.30	-11.40%
Net Investment Income	9,847.09	10,149.80	-2.98%
Commission, Exchange and other Income	3,491.91	3,894.60	-10.34%
Total Operating Income	13,339.00	14,044.40	-5.02%
Total Operating Expense	6,677.91	6,242.63	6.97%
Profit before tax and provision	6,661.09	7,801.77	-14.62%
Provision on Investment and others	1,972.61	2,842.05	-30.59%
Profit Before tax	4,688.48	4,959.72	-5.47%
Provision for taxation	2,459.62	2,546.16	-3.40%
Net Profit after tax	2,228.86	2,413.56	-7.65%
EPS (Restated 2019)	2.09	2.27	(0.18)

The growth rate in 2020 has decreased as a result of combined effect of decrease in net Investment Income compared to previous corresponding year due to implementation of single digit rate

(as directed by Bangladesh Bank) as well as impact of prevailing COVID-19.

- i. A statement of remuneration paid to the directors including independent directors; Page no. 146
- ii. The financial statements prepared by the management of the Bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- iii. Proper books of account of the Bank have been maintained;
- iv. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- v. International Accounting Standards(IAS) or International Financial Reporting Standards(IFRS),as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- vi. The system of internal control is sound in design and has been effectively implemented and monitored;
- vii. The Minority share holders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;
- viii. There is no significant doubt upon the Bank's ability to continue as a going concern;
- ix. The significant deviations from the last year's operating results of the Bank has been highlighted and the reasons thereof is explained serial no. ix of page no 64
- x. A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; Page No. 17
- xi. The Bank has declared dividend (cash or stock) for the year 2020;
- xii. Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; Page No 58
- xiii. The total number of Board meetings held during the year and attendance by each director; Page No 80
- xiv. A report on the pattern of share holding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:
 - a. Parent or Subsidiary or Associated Companies and other related parties(name-wise details); Page No. 164-167

- b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children(name-wise details); page no 82
- c. Executives ; page no 9-11
- d. Shareholders holding ten percent(10%) or more voting interest in the company (name-wise details); Not applicable

Explanation: For the purpose of this clause, the expression “executive” means top5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.

- xv. Appointment or reappointment of a director, a disclosure on the following information to the shareholders:
 - a. Brief resume of the director; Page No. 164-167
 - b. nature of his or her expertise in specific functional areas; and Page No.164-167
 - c. names of companies in which the person also holds the directorship and the membership of committees of the Board; Page No.164-167
- xvi. A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:

- a. Bank has an accounting policies and there in after have been consistently applied in estimation for preparation of financial statements;
- b. Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; Not applicable
- c. Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; Not applicable.
- d. Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; Not applicable
- e. Briefly explain the financial and economic scenario of the country and the globe; Page no 39-40
- f. Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and page no 54-57
- g. Future plan or projection or forecast for Bank's operation, performance and financial position, with justification thereof,

Budgeted Deposit, Investment, Classified Investment, Foreign Exchange and Operating Profit for the year 2021

(BDT in million)

SL. No.	Particulars	Achievement 2019	Budget 2020	Achievement December 2020	Achievement Of Budget 2020	% Growth on 2019	Budget 2021	Budgeted Growth on 2020 (In Taka)	(%) Growth on 2020
1	2	3	4	5	6=(5/4)%	7=(5-3)/3	8	9=(8-5)	10=(8-5)/5
1	Deposit & Borrowings	323,550	375,000	348,814	93.02%	7.81%	410,000	61,186	17.54%
2	Investment	292,597	330,000	309,762	93.87%	5.87%	369,000	59,238	19.12%
3	No. of Accounts	2,048,000	2,437,600	2,259,902	92.71%	10.35%	2,600,000	340,098	15.05%
4	Classified Investment	14,100	16,500	11,770	71.33%	-16.53%	15,000	3,230	27.45%
5	Percentage(%) of Classified Investments	4.82%	5.00%	3.80%	-	-	4.07%	-	-
6	Foreign Exchange Business	318,291	370,000	318,125	85.98%	-0.05%	419,000	100,875	31.71%
	a) Import	171,611	200,000	169,379	84.69%	-1.30%	220,000	50,621	29.89%
	b) Export	108,967	128,500	104,939	81.66%	-3.70%	145,000	40,061	38.17%
	c) Remittance	37,713	41,500	43,807	105.56%	16.16%	54,000	10,193	23.27%
7	Operating Profit	7,801	9,000	6,661	74.01%	-14.61	8,500	1,839	27.61%

Report to The Shareholders of Al-Arafah Islami Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Al-Arafah Islami Bank Limited for the year ended on December 31, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006.-158/207/Admin/80 dated June 3, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institution of Chartered Secretaries of Bangladesh (ICSB) as required by this code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

Place: Dhaka
Dated: 09th May, 2021



Ahsan Manzur & Co.
Chartered Accountants

Compliance Status of BSEC Guidelines for Corporate Governance

Annexure –C
[(As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/ Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	Board of Directors			
1(1)	Board's size shall not be less than 5 and more than 20 (twenty):	✓		
1(2)	Independent Directors			
1(2) (a)	Independent director: At least 1/5th of the total number of directors		✓	The Board of Directors consists of 20 (twenty) members including 3 (three) Independent Directors which is in compliance with Section- 15(9) of the Banking Companies Act, 1991 (Amended upto 2013)
1(2)(b)	Independent Director means			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company	✓		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years	✓		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	✓		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI)	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude?	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	✓		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	✓		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	✓		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			N/A

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	✓		Roles and responsibilities are as per BRPD circular no - 11 dated on 27 October,2013 of Bangladesh Bank guidelines and service rules of the bank
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board’s meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
1(5)	The Directors’ Report to Shareholders shall include			
1(5)(i)	An industry outlook and possible future developments in the industry	✓		
1(5)(ii)	The segment-wise or product-wise performance	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss)	✓		
1(5)(vi)	Discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	✓		
1(5)(vii)	Utilization of proceeds raised through public issues, rights issues and/or any other instruments			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights share Offer, Direct Listing, etc.			N/A
1(5)(ix)	If significant variance that occurs between Quarterly Financial performances and Annual Financial Statements			N/A
1(5)(x)	Remuneration paid to the directors including independent directors	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1(5)(xii)	Proper books of account of the issuer company have been maintained	✓		
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	✓		
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	✓		
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			N/A
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	✓		
1(5)(xxiii)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name-wise details) held by	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		
1(5)(xxiii)(c)	Executives (top 5 (five)) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		
1(5)(xxiii)	Appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	Brief resume of the director	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes.	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	✓		
1(6)	Meetings of the Board of Directors			
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company		N/A	As per the Bangladesh Bank Circular BRPD(R-1) 717/2021-5064 dated 16 June 2021 no such committee is possible to form without the instructions from Bangladesh Bank. As per the circular formation of such committee clearly contradicts with the rules of Bank Company Act 1991 and instructions of Bangladesh Bank. So no NRC is formed by the Board.
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency		N/A	
2	Governance of Board of Directors of Subsidiary Company			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	✓		
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	✓		
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company	✓		
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	✓		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	✓		
4	Board of Directors' Committee For ensuring good governance in the company, the Board shall have at least following sub- committees:			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
5	Audit Committee:			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director	✓		
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM) Meeting (AGM)	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	✓		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process	✓		
5(5)(b)	Monitor choice of accounting policies and principles	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	✓		
5(5)(d)	Oversee hiring and performance of external auditors	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	✓		
5(5)(h)	Review the adequacy of internal audit function	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission. Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a) (i)	The Audit Committee shall report on its activities to the Board	✓		
5(6)(a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any: -			
5(6)(a) (ii) (a)	Conflicts of interests	✓		
5(6)(a) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements	✓		
5(6)(a) (ii) (c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations	✓		
5(6)(a) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	✓		

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(6)(b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier	✓		
5(7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	Nomination and Remuneration Committee (NRC):	As per the Bangladesh Bank Circular BRPD(R-1) 717/2021-5064 dated 16 June 2021 no such committee is possible to form without the instructions from Bangladesh Bank. As per the circular formation of such committee clearly contradicts with the rules of Bank Company Act 1991 and instructions of Bangladesh Bank. So no NRC is formed by the Board.		
6(1)	Responsibility to the Board of Directors			N/A
6(1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			
6(1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			
6(1) (c)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)			
6(2)	Constitution of the NRC			
6(2) (a)	The Committee shall comprise of at least three members including an independent director			N/A
6(2) (b)	All members of the Committee shall be non-executive directors			N/A
6(2) (c)	Members of the Committee shall be nominated and appointed by the Board			N/A
6(2) (d)	The Board shall have authority to remove and appoint any member of the Committee			N/A

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee			N/A
6(2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee			N/A
6(2) (g)	The company secretary shall act as the secretary of the Committee			N/A
6(2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			N/A
6(2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			
6(3)	Chairperson of the NRC			
6(3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director			N/A
6(3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders			
6(3) (c)	Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM			N/A
6(4)	Meeting of the NRC			
6(4) (a)	The NRC shall conduct at least one meeting in a financial year			N/A
6(4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			N/A
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)			N/A
6(4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			N/A
6(5)	Role of the NRC			

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			N/A
6(5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board			N/A
6(5) (b) (i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			N/A
6(5) (b) (i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully			N/A
6(5) (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks			N/A
6(5) (b) (i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals			N/A
6(5) (b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			N/A
6(5) (b) (iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board			N/A
6(5) (b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board			N/A
6(5) (b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria			N/A
6(5) (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies			N/A
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			N/A
7	External or Statutory Auditors :			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			

Compliance Status of BSEC Guidelines for Corporate Governance

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7 (1) (i)	Appraisal or valuation services or fairness opinions;	✓		
7 (1) (ii)	Financial information systems design and implementation;	✓		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7 (1) (iv)	Broker-dealer services	✓		
7 (1) (v)	Actuarial services;	✓		
7 (1) (vi)	Internal audit services or special audit services	✓		
7 (1) (vii)	Any service that the Audit Committee determines	✓		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7 (1) (ix)	any other service that creates conflict of interest.	✓		
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	✓		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	✓		
8	Maintaining a website by the Company –			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8 (2)	The company shall keep the website functional from the date of listing	✓		
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	✓		
9	Reporting and Compliance of Corporate Governance:			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	✓		
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

COMPLIANCE REPORT ON BSEC'S NOTIFICATION

1.Compliance of section 1.5 (xxii)

Board of Directors meeting held during the year 2020 and attendance by each Director:

Annexure-III

Sl. No.	Composition of the Board		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Alhaji Abdus Samad	Chairman	12	12	12
2	Alhaji Mohammad Abdus Salam	Vice Chairman	12	12	12
3	Alhaji Nazmul Ahsan Khaled	Director	12	12	11
4	Alhaji Abdul Malek Mollah	Director	12	12	12
5	Hafez Alhaji Md. Enayet Ullah	Director	12	12	12
6	Jb. Badiur Rahman	Director	12	12	12
7	Alhaji Ahamedul Hoque	Director	12	12	12
8	Alhaji Abu Naser Md. Yeahea	Director	12	12	11
9	Alhaji Niaz Ahamed	Director	12	12	12
10	Alhaji Mohammed Emadur Rahman	Director	12	12	9
11	Alhaji Engr. Khandaker Mesbah Uddin Ahmed	Director	12	12	12
12	Alhaji Mohammed Haroon	Director	12	12	11
13	Alhaji Liakat Ali Chowdhury	Director	12	12	12
14	Alhaji Salim Rahman	Director	12	12	12
15	Alhaji Md. Anwar Hossain	Director	12	12	12
16	Alhaji Md. Harun-ar-Rashid Khan	Nominee Director	12	12	12
17	Jb. Md. Rafiqul Islam	Director	12	5	5
18	Alhaji Md. Amir uddin	Independent Director	12	12	12
19	Jb. M. Kamal Uddin Chowdhury	Independent Director	12	12	11
20	Jb. Mahbubul Alam	Independent Director	12	6	5

Board of Executive Committee meeting held during the year 2020 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Alhaji Salim Rahman	Chairman	14	14	12
2	Hafez Alhaji Md. Enayet Ullah	Vice Chairman	14	14	14
3	Alhaji Abu Naser Mohammad Yeahea	Director	14	14	14
4	Alhaji Mohammad Abdus Salam	Director	14	9	9
5	Alhaji Liakat Ali Chowdhury	Director	14	9	7
6	Alhaji Md. Anwar Hossain	Director	14	9	9
7	Alhaji Md. Harun-ar Rashid Khan (Nominee Director of China Builders & Machineries Ltd.)	Director	14	14	14

COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Board of Audit Committee meeting held during the year 2020 and attendance by each Director:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Jb. Mahbubul Alam	Chairman	7	3	2
2	Jb. Nazmul Ahsan Khaled	Member	7	3	3
3	Jb. Abdul Malek Mollah	Member	7	7	7
4	Jb. Niaz Ahmed	Member	7	7	7
5	Jb. Md. Amir Uddin PPM	Member	7	7	7

Board of Risk Management Committee meeting held during the year 2020 and attendance by each Directors:

Sl. No.	Composition of the Committee		No. of meeting held	Entitlement to attend	Attended
	Name	Position			
1	Jb. Badiur Rahman	Chairman	6	3	3
2	Engr. Khandaker Mesbah Uddin Ahmmmed	Member	6	3	3
3	Jb. Ahamedul Hoque	Member	6	3	3
4	Jb. Md. Rafiqul Islam	Member	6	3	3
5	Jb. M. Kamal Uddin Chowdhury	Member	6	3	3

2 . Compliance of section 1.5 (xxiii)

The pattern of Shareholding:

a. Parent / Subsidiary / Associated Companies and other related party

Sl. No.	Name	Relation	Shares held
1	AIBL Capital Market Services Limited	Related Party	60.50%
2	AIBL Capital Management Limited	Related Party	98%

b. Directors and their spouse and minor children as on 31st December, 2020

Sl. No.	Name	Relation	Shares held
1	Jb. Abdus Samad	Chairman	23,965,115
	Mrs. Sahana Ferdous	Spouse	769,540
2	Jb. Abdus Salam	Vice- Chairman	21,598,392
3	Hafez Md. Enayetullah	Sponsor Director	21,303,874
4	Jb. Salim Rahman	Director	21,298,982
	Tahsina Rahman	Spouse	23,315,376
5	Jb. Md. Liakat Ali Chowdhury	Director	21,304,850
6	Jb. Nazmul Ahsan Khaled	Sponsor Director	22,812,996
7	Jb. Abdul Malek Mollah	Sponsor Director	21,357,454
	Mrs. Laila Begum	Spouse	333
8	Md. Harun-Ar-Rashid Khan (Nominated by China Builders & Machineries Ltd.)	Nominee Director	21,376,917

COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Sl. No.	Name	Relation	Shares held
9	Jb. Md. Anowar Hossain	Sponsor Director	23,578,732
	Shahida Anowar	Spouse	5403
10	Jb. Badiur Rahman	Sponsor Director	29,704,244
	Mrs. Syeda Rashida Yasmin	Spouse	2,918,058
11	Engr. KH. Mesbauddin Ahmed	Director	21,299,266
	Mrs. Ajmeri Ahmed	Spouse	9,423,819
12	Jb. Ahamedul Haque	Director	21,298,448
13	Jb. Abu Naser Mohammad Yeahea	Director	26,300,798
14	Jb. Niaz Ahmed	Director	21,407,921
	Mrs. Shabana Niaz	Spouse	8,604,093
15	Jb. Mohammed Emadur Rahman	Director	21,324,314
16	JB. Md. Rafiqul Islam	Director	21,350,369
17	Jb. Mohammed Haroon	Sponsor Director	21,422,224
	Mrs. Shamsun Nahar Begum	Spouse	71,400
18	Jb.Md. Amir Uddin PPM	Independent Director	-
19	Jb. M. Kamaluddin Chowdhury	Independent Director	-
20	Jb. Mahbulul Alam	Independent Director	-

C. Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance division and their spouses and Minor children (as on 31st December, 2020)

Sl. No.	Name	Relation	Shares held
1	Janab Farman R. Chowdhury	Chief Executive Officer	Nil
2	Janab Md. Mahmudur Rahman	Company Secretary	Nil
3	Janab Mohammed Nadim FCA	Chief Financial Officer	Nil
4	Janab Aktar Kamal	Head of Internal Control & Compliance Wing	Nil

d. Executives (top five salaried employees of the company, other than Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit as on 31 December 2020)

Sl. No.	Name	Relation	Shares held
1	Janab S.M Jaffar	Deputy Managing Director	Nil
2	Janab Shabbir Ahmed	Deputy Managing Director	Nil
3	Janab Md. Shafiqur Rahman	Deputy Managing Director	Nil
4	Janab Syed Masodul Bari	Deputy Managing Director	Nil
5	Janab Md. Abdullah Al-Mamun	Senior Executive Vice President	Nil

e. Shareholders holding ten percent (10%) or more voting interest in the company: None

শরী'আহ সুপারভাইজরী কমিটি-এর বার্ষিক প্রতিবেদন

(৩১ ডিসেম্বর, ২০২০ ইসলামী তারিখে সমাপ্ত বছরের জন্য)

بسم الله الرحمن الرحيم .

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-এর সম্মানিত শেয়ারহোল্ডারবৃন্দ।

السلام عليكم ورحمة الله وبركاته.

আলহামদুলিল্লাহ! আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড কর্তৃপক্ষ ব্যাংকের শরী'আহ সুপারভাইজরী কমিটি প্রদত্ত দিক নির্দেশনা, সিদ্ধান্ত এবং সুনির্দিষ্ট ফতওয়াসমূহ ও শরী'আহর বিধিবিধান যথাযথভাবে বাস্তবায়ন করেছে কিনা সে সম্পর্কে মতামত প্রকাশের জন্য আমরা পর্যালোচনায় মিলিত হয়েছি।

আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড-তার ব্যাংকিং কার্যক্রমের ক্ষেত্রে ইসলামী শরী'আহর নীতিমালা মোতাবেক সার্বিক ব্যবসা-বাণিজ্য পরিচালনার দায়িত্ব মূলতঃ ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষের। আমাদের শরী'আহ সুপারভাইজরী কমিটির দায়িত্ব হচ্ছে ব্যাংকের কার্যাবলী পরিচালনায় শরী'আহসম্মত দিকনির্দেশনা ও সিদ্ধান্ত প্রদান এবং তার ভিত্তিতে ব্যবস্থাপনা কর্তৃপক্ষ ব্যাংকে তাদের যাবতীয় কার্যক্রম পরিচালনা করছে কি না-তা যাচাইকরণে পর্যালোচনাপূর্বক একটি স্বাধীন মতামত আপনাদের নিকট উপস্থাপনা করা।

আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ-এর শরী'আহ সুপারভাইজরী কমিটি ও শরী'আহ সুপারভাইজরী সচিবালয় কর্তৃক বিগত ২০২০ ইসলামী বছর ১৪৪১-১৪৪২ হিজরীতে প্রধান কার্যালয়সহ ব্যাংকের সকল শাখায় অনুসৃত কার্যক্রম পর্যবেক্ষণ, সংশ্লিষ্ট নথিপত্র এবং লেনদেন যাচাই বাছাইসহ ব্যাংক কর্তৃপক্ষ কর্তৃক উপস্থাপিত বার্ষিক ব্যালেন্সশীট পর্যালোচনা করে নিম্নোক্ত অভিমত ও পরামর্শ প্রদান করছেঃ

অভিমত

- বিগত অর্থ বছরে আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ কর্তৃক ব্যাংকিং কার্যক্রমে অনুসৃত ও পরিচালিত যাবতীয় কার্যাবলী, লেনদেন এবং চুক্তিসমূহ, যা আমরা পর্যালোচনা করেছি তা ইসলামী শরী'আহর নীতিমালা অনুযায়ী করা হয়েছে।
- ব্যাংকের বিভিন্ন শ্রেণীর মুদারাবা ডিপোজিটরদের মাঝে যে লাভ বন্টন করা হয়েছে, তা শরী'আহর মুদারাবা নীতিমালার ভিত্তিতে সাহিবুল মাল তথা ডিপোজিটরদের সাথে ব্যাংকের চুক্তি মোতাবেক করা হয়েছে।
- আল-আরাফাহ্ ইসলামী ব্যাংক ডিপোজিটর ও শেয়ারহোল্ডারদের অ্যাকাউন্ট ও ডিপোজিটর কোনো টাকার উপর কোনো যাকাত প্রদান করে না। তাই ডিপোজিট ও শেয়ারের টাকার উপর যাকাত প্রযোজ্য হলে-তা প্রদান করা যথাক্রমে ডিপোজিটর ও শেয়ারহোল্ডারদের নিজ নিজ দায়িত্ব।
- কেন্দ্রীয় ও আন্তর্জাতিক ব্যাংকের বিধিগত বাধ্যবাধকতা এবং ব্যাংকের বিভিন্ন শাখায় বিনিয়োগকালীন কিছু অসতর্কতার ফলে অর্জিত সুদ ও সন্দেহজনক আয় (Doubtful Income) সতর্কভাবে চিহ্নিত করা হয়েছে এবং উক্ত অর্থ যাতে ডিপোজিটর ও শেয়ারহোল্ডারদের মাঝে লভ্যাংশ হিসেবে বন্টিত না হয় সে জন্য ব্যাংকের মূল আয় থেকে তা পৃথক করে শরী'আহ নির্ধারিত পন্থায় খরচের জন্য সিদ্ধান্ত প্রদান করা হয়েছে।

পরামর্শ

- বাই-মুয়াজ্জাল ও বাই-মুরাবাহা বিনিয়োগে পণ্য ক্রয়-বিক্রয়ে গ্রাহককে 'ক্রয়-প্রতিনিধি' নিয়োগ করা হলে শরী'আহ পরিপালনের যথাযথ ব্যবস্থা গ্রহণ করা।
- মুদারাবা ও মুশারাকা তথা ব্যাংক ও গ্রাহকদের মধ্যে যৌথ বিনিয়োগ কার্যক্রম স্বল্প পরিসরে হলেও ব্যাংকে চালু করার যথাযথ ব্যবস্থা গ্রহণ করা।
- দেশের অপেক্ষাকৃত দরিদ্র গ্রাহকদের আর্থ-সামাজিক উন্নয়নের লক্ষ্যে শরী'আহ নীতিমালার আলোকে ক্ষুদ্র বিনিয়োগ প্রকল্প জোরদার করার ব্যবস্থা গ্রহণ করা।
- ব্যাংকের সর্বস্তরের জনশক্তি, ব্যাংকের ডিপোজিট ও বিনিয়োগ গ্রাহককে ভিডিও কনফারেন্স-এর মাধ্যমে ইসলামী ব্যাংকিং বিষয়ে প্রশিক্ষিত করে গড়ে তোলার লক্ষ্যে ইসলামী ব্যাংকিং ও অর্থনীতি বিষয়ে প্রয়োজনীয় প্রশিক্ষণের ব্যবস্থা গ্রহণ করা।
- আল-আরাফাহ্ ইসলামী ব্যাংক ফাউন্ডেশনের মাধ্যমে দেশের দরিদ্র জনগোষ্ঠীর মাঝে জনকল্যাণমূলক যাবতীয় কার্যক্রম আরো জোরদার করা।

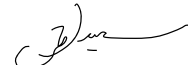
আল্লাহ তা'আলা আমাদের জানা-অজানা ভুল-ত্রুটি ক্ষমা করে যাবতীয় ভালো কাজ একমাত্র তাঁর সন্তুষ্টির জন্য কবুল করুন। ভবিষ্যতে আল্লাহ তা'আলার নির্দেশ বাস্তবায়নে সর্বদা তাঁকে স্বরণ করে ও তাকওয়া অবলম্বনের মাধ্যমে আমাদেরকে দেশ ও জাতির জন্য আরো বেশি অর্থনৈতিক কল্যাণমূলক কাজ করার তাওফীক দান করুন, আমীন।



মো: আন্দুর রহীম খান

সচিব

শরী'আহ সুপারভাইজরী কমিটি



মুফতী ছাইদ আহমদ মুজাহেদী

চেয়ারম্যান

শরী'আহ সুপারভাইজরী কমিটি

Report of the Shariah Supervisory Committee

For the year ended on 31 December 2020

Bismillahir Rahmanir Rahim
Honourable Shareholders Al-Arafah Islami Bank Limited (AIBL)
Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

As a Shariah Council we examine all the banking activities to see whether all Shariah laws, guidelines, directions and Fatwas given by the Shariah Supervisory Committee from time to time have been complied with by the Bank or not. On the other hand it is the responsibility of the Management of the Bank to ensure compliance thereof. On completion of the examination Shariah Committee places an Independent Report based on Islami Shariah before the Shareholders.

As a result we have meticulously scrutinized and examined all the activities including relevant documents, transactions and deals performed by 184 branches of AIBL during the year ended on 31.12.2020 (Esayee) (Hijri 1441-1442). Our Opinions and Suggestions are enumerated below:

Opinions:

- a. Whatever we have audited, on completion we have found that more or less all the activities, transactions and deals have been in accordance with the Shariah Principles and Regulations.
- b. Distribution of profits among various Mudaraba Depositors has been done in line with the Mudaraba Principles as per Sahibul Mal, i.e. as per the contractual agreement between the Bank and the Depositors.
- c. Since the Bank does not pay any Zakath on the money of the Depositors and Shareholders the responsibility of paying Zakath is thus vested with the respective Depositors and Shareholders.
- d. Although all the activities have been in terms with Shariah Principles nevertheless due to ignorance of the obligation of abiding by some internal and international regulatory bindings and lack of proper due diligence there has been few cases where the means of the income earned have not been approved by the Shariah. This has been termed as Doubtful Income and the Bank has been advised to separate the same from its basic income and spend it on the basis of Shariah prescribed ways. This money is not to be distributed among the Depositors or Shareholder as Profit or Dividend.

Suggestions:

1. To ensure buy and sell through Bi-muajjal and Bi-murbaha investment modes and to comply with the Shariah rules clients can even be appointed as "Buying-Agents" if needed.
2. Bank should introduce the Mudaraba and Musharaka investment schemes even in a small scale.
3. To assist in improving the socio-economic condition of the less privileged group of the population Bank should emphasize on the existing small investment schemes and introduce new development schemes based on Islamic Shariah.
4. In order to generally involve more and more people into Islamic Banking and to make them understand the benefit of it in this life and hereafter Bank should arrange various seminars, workshops and client-gathering at the Head Office, Zones and Branch level on a regular basis.
5. To strengthen the welfare and CSR activities of Al-Arafah Islami Bank Foundation by ensuring the implementation of the Shariah rules and regulations.

May Allah (SWT) forgive all our sins and accept all our good deeds for HIS sake and give us Tawfiq to do more and more activities beneficial to mankind. Ameen.



(Md. Abdur Rahim Khan)

Secretary
Shariah Supervisory Committee



(Mufti Sayeed Ahmad Muzaddedi)

Chairman
Shariah Supervisory Committee

IMPLEMENTATION STATUS OF CODE OF INTEGRITY UNDER NATIONAL INTEGRITY STRATEGY

Integrity & National Integrity Strategy:

Integrity generally means behavioral excellence influenced by ethics, morality and honesty. It also implies adherence to time-tested norms, values, customs and principles of a society. At the individual level, it means being duty-bound and honest. Organizations are created by people for achievement of its common goal. For promotion of integrity, strict adherence to remaining morally and ethically correct at individual level is of critical importance. "Homes" can play a vital role in promoting integrity since moral education originates from homes. It is equally true about institutions, as they are the manifestation of the overall goal of the individuals. Laws, regulations, processes, policies, systems and the philosophy may be followed in such a manner that they promote righteousness in life. So, beyond the laws/policies, a movement has to be initiated so that the citizens become ethical in public and private lives and integrity prevails in all organizations, business and civil society. Therefore keeping all these factors in mind, in order to establishing a good governance in all institutions and the in the society at large The Government of the People's Republic of Bangladesh formulated a NATIONAL INTEGRITY STRATEGY to prevent corruption and promote an happy and prosperous Bangladesh.

Purpose of National Integrity Strategy:

The Government of Bangladesh has introduced National Integrity Strategy in the year 2012 to establish rule of law, fundamental human rights, equality, justice and organizational good governance through ensuring political, economical and social rights as well as to develop prosperous Bangladesh. Bangladesh Bank itself and all the scheduled banks are implementing the Strategy through Action Plans since 2013. National Integrity Strategy Action Plan and Implementation Progress Monitoring Structures, 2020-21 at field level, has also been in place.

For implementation of National Integrity Strategy, Al-Arafah Islami Bank Limited has taken the following steps according to the instructions given by Bangladesh Bank to improve ethics in all levels and to establish good governance in the bank:-

01. 7 (seven) member Central Integrity Committee (having a Deputy Managing Director as a Convener) has been formed. Progress on Integrity Strategy implementation is discussed in regular meetings of the Central Integrity Committee.
02. Action Plan regarding integrity has been devised as per format provided by Bangladesh Bank and quarterly implementation progress reports are being sent to Bangladesh Bank.
03. An Instruction Circular has been issued to all the branches/zones/offices to strictly comply with instructions so that the identified existing and potential challenges and problems of the bank can be faced and mitigated.
04. Previous Code of Conducts for the officials and stakeholders of the bank has been updated as per Central Bank instructions and informed all the employees of the bank through instruction circular for meticulous compliance thereof.
05. According to the instructions of the Integrity Committee of Head Office, discussion meetings are being organized in every zones / branches at least quarterly basis to improve the ethics/morality of the officials and minutes of the meetings are being sent to the Member-Secretary, Integrity Committee of Head Office of the bank on a quarterly basis for monitoring and follow up.
06. As per directions of the bank's Central Integrity Committee, classroom sessions are being conducted in each training program of the training institute for development of the morality of all the executive / officials of the bank. The Training Institute of the bank is being organized Executive Development Program (EDP) from time to time with executives of different levels for development of their moral and ethical values.
07. According to the instructions of Bangladesh Bank, a 5-Member Innovation Team has been formed to take new strategies/Innovative Ideas on the deposit/investment & services products from time to time.
08. According to the instructions of Bangladesh Bank, recently, the Obijog Nishpotti Kormokarta (ONIK), Complain Management & Resolving Officer (CMRO) and an Appellate Authority have been appointed for the management of dispute/complaints of the customers and stakeholders under the Right to Information Act, 2009.
09. The particulars (name & designation etc) of the officials who are dismissed / removed / terminated from time to time by the bank are being uploaded to the web portal of Bangladesh Bank and compliance reports is being sent to Bangladesh Bank on quarterly basis as per their instruction.
10. Advertisements are being published in each quarter in the national daily newspaper by AIBL on the Integrity Rhymes introduced by Bangladesh Bank on ethics/morality.

11. In 2016, for the practice of integrity, AIBL awarded crests and certificates to the 38 employees as incentive after fulfilling 13 different criteria. In 2017, 63 officials / executives have been awarded crests and certificates in order to encourage good practice / excellence in the bank. This time the number of determining criteria was 25. In the meantime, to encourage even further BRPD Circular No. 08 of 08/08/2018 was issued by Bangladesh Bank with a direction to give one month's basic salary each to 5 employees/officials of the bank each year as Integrity Award. In order to encourage the integrity practice / excellence in this bank in the light of the instructions of the Bangladesh Bank, the policy of awarding of one month's basic in each year to 5 employees/officials as Integrity Award was approved by the Board of Directors on 24/11/2018 in its 330th Meeting and the award. Accordingly for the year 2018-2029, the award has been given to 05 Executives and officials of the bank. The Award for the year 2019-2020 will also be given as per guidelines.

There is no denying the fact that introduction of financial award for integrity will not only motivate the officials to be behaviorally correct but also will increase the competitiveness and efficiency of the employees and officials. This will inevitably decrease the irregularities of banking activities and will improve the quality of asset as well. Thus the aims and objectives/goals of the bank as well as overall integrity of the officials will be achieved.

REPORT OF THE BOARD AUDIT COMMITTEE (BAC)

In compliance with the guidelines of Banking Companies Act (amended in July 2013), Bangladesh Bank guidelines, notifications of Bangladesh Securities & Exchange Commission (BSEC) and international best practices of Corporate Governance, the Audit Committee of the Board of Al-Arafah Islami Bank Limited was formed by the Board of Directors of the bank with a view to ensuring the achievement of objectives of the bank, enhancing the efficiency of operations and compliance with applicable laws, rules, regulations and internal policies to make the bank a strong and dependable organization for all stakeholders, specially shareholders, depositors and the society as a whole.

Objectives of the Board Audit Committee

1. Review the financial reporting process, the system of internal control and compliance approach to manage risks, the audit process, findings of the Central Bank's comprehensive audit and the Bank's mechanism for monitoring compliance of laws and regulations and its own code of business conduct.
2. Assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies, policies and overall business plans set by the Board for effective functioning of the bank.

Role and Responsibilities of the Committee

The roles and responsibilities of Board Audit Committee of AIBL have been formulated on the basis of BRPD Circular No. 11 dated 27 October 2013, corporate governance notification issued by BSEC, dated 03 June, 2018 and other best practice of corporate governance guidelines and standards. The important roles and responsibilities of the Board Audit Committee are described below:

1. Review the Internal Control system of the bank to ensure that sufficient Risk Management System is in place to manage core risk of the bank.
2. Review the Internal Audit Procedure.
3. Review the efficiency and effectiveness of Internal Control System.
4. Consider the recommendations made by the internal and external auditors.
5. Ensure fair presentation of financial statements in compliance with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards.
6. Review compliance with the applicable rules and regulations of Bangladesh Bank, BSEC, Bank Company Act- 1991 (amended in July, 2013) and Companies Act, 1994.
7. Review the statement of all related party transactions submitted by the management.
8. Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.
9. Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.

Report to the Board of Director

1. Report immediately to the Board of Directors on conflict of interest.
2. Report to the Board of Directors on frauds or irregularities or material defects in the Internal Control System.
3. Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations.

Composition of the Board Audit Committee (BAC)

The Board Audit Committee was reconstituted by the Board of Directors of the bank in its 351st Meeting held on 23 September, 2020. The Board Audit Committee (BAC) consists of the following 05 (five) members:

SL. No.	Name	Educational Qualification	Status with the Bank	Status with the Committee
1	Jb. Mahbubul Alam	B.Com	Independent Director	Chairman
2	Jb. Nazmul Ahsan Khaled	B.Sc Engineer	Director	Member
3	Jb. Abdul Malek Mollah	Intermediate	Director	Member
4	Jb. Niaz Ahmed	M.Com (Accounting), L.L.B.	Director	Member
5	Jb. Md. Amir Uddin PPM	BSS (Hon) Economics, MSS (Economics)	Independent Director	Member

Meetings of Board Audit Committee:

During the Year 2020, 07 (seven) meetings of the Committee were held.

Activities during the year:

The Board Audit Committee carried out the following activities during the year 2020:-

1. Reviewed the comprehensive inspection report of Bangladesh Bank, evaluated compliance status thereof and advised the bank management to take necessary action as required.
2. Reviewed performance of internal audit, 2020.
3. Reviewed audited accounts and report of 2020 and recommended those audited report to place to the Board.
4. Reviewed inspection report of different branches of the bank conducted by Internal Control and Compliance Wing of the bank and advised the bank management to enhance deposit, Investment including reduction of classified Investment.
5. Reviewed the compliance status of audit objections and advised the management to ensure full compliance of regulatory, legal and significant issues meticulously.
6. Reviewed annual financial statements of the bank with appointment of external auditors prior to submission to the Board for their approval.
7. Reviewed and approved Annual Plan of Risk Based Internal Audit, 2020.
8. Reviewed and approved action plan for turning loss-incurring branches into profitable branches.
9. Reviewed comparative position of half yearly income - expenditure statement as on 30 June, 2020 and 30 June, 2019.
10. Recommended various measures for improvement of performance of the bank.
11. Reviewed cost of fund as on June 30, 2020 of the bank.
12. Reviewed half yearly report of Self-Assessment of Anti-Fraud Internal Control.
13. Reviewed Annual Health Report on ICCW and Integrated Health report of the Bank.

Acknowledgement

In conclusion, we would like to extend our sincere thanks and profound gratitude to the members of Board of Directors for allowing the committee to discharge its due role independently.

We also express our gratitude and thanks to the management, auditors, regulatory authorities particularly, Bangladesh Bank and Bangladesh Securities & Exchange Commission for their cordial co-operation in performing the duties with due diligence.

For and on behalf of Board Audit Committee.



Mahbubul Alam
Chairman
Board Audit Committee (BAC)

ACTIVITIES OF THE BOARD RISK MANAGEMENT COMMITTEE IN THE YEAR 2020

The major activities of the Board Risk Management Committee (BRMC) in the year 2020 were as follows:

- a) Reviewed the Bank's Risk Management Guidelines and recommended thereon.
- b) Reviewed all Core Risk Management Guidelines of the Bank.
- c) Reviewed the Capital Management, Bank Resiliency Capacity, and Internal Capital Adequacy Assessment Process (ICAAP) through Comprehensive Risk Management Report (CRMR) of the Bank.
- d) Reviewed the Capital to Risk Weighted Assets Ratio (CRAR) of the Bank from time to time against Minimum Capital Requirement (MCR) through Risk Management Paper/Report of the Bank.
- e) Reviewed the Risk Appetite Statement of the Bank.
- f) Evaluated the Stress Testing Result periodically while reviewing CRMR of the Bank
- g) Evaluated the Risk Based Capital Adequacy (Basel-III) periodically while reviewing CRMR of the Bank.
- h) Evaluated the Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report (CRMR) of the Bank periodically.
- i) Evaluated the implementation status of the decisions taken in the management level Risk Management Committee (RMC) meetings time to time.
- j) Reviewed the status of Bank's Recovery, Classification, Legal position and Written off accounts periodically.
- k) Reviewed the Bank's overall collateral securities and advised the management to obtain additional securities from the large borrowers on best effort basis to reduce additional capital charge of the Bank.
- l) Evaluated the concentration of Investment portfolio of Bank and advised the management to diversify investment portfolio as far as possible and practicable.
- m) Reviewed the Bank's overall rated investment clients and advised the management to improve the number of rated investment clients by pursuing the existing Corporate and SME investment clients to reduce the Risk Weighted Assets (RWA) as well as to reduce additional capital charge on the Bank.
- n) Reviewed the Bank's Top-20 Defaulter Clients and the status thereof.
- o) Reviewed the status of the Top-20/30/50 investments of the Bank and advised the management to closely monitor such investments for further improvement.
- p) Reviewed the CAMELS rating and Comprehensive Risk Management Ratings of the Bank and advised the management for further improvement.
- q) Reviewed the report of Risk Management Policies and Effectiveness of Risk Management functions of the Bank.

The Minutes of the RMC meetings with suggestions were placed for implementation and to the Board of Directors for subsequent approval.

Reporting to the Board

The decisions and recommendations of the Board Risk Management Committee were submitted before the Board of Directors for reviewing and the Board closely reviewed and approved the same as placed.

Acknowledgement

The members of the Board Risk Management Committee (BRMC) express their gratitude and thanks to the Board of Directors, Management and Risk Management Team of the Bank for their cooperation while performing its duties and responsibilities.



Badiur Rahman
Chairman
Board Risk Management Committee

CEO AND CFO'S DECLARATION TO THE BOARD

May 09, 2021

The Board of Directors
Al-Arafah Islami Bank Limited
Al-Arafah Tower,
63, Purana Paltan,
Dhaka 1000.

Subject: Declaration on Financial Statements for the year ended on December 31, 2020

Muhtaram,
Assalamu Alaikum.

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 3, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Al-Arafah Bank Limited for the year ended on December 31, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- i. We have reviewed the financial statements for the year ended on December 31, 2020 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Ma-assalam
Sincerely yours,



Farman R. Chowdhury
Managing Director and CEO



Muhammed Nadim FCA
Chief Financial Officer

DIVIDEND DISTRIBUTION POLICY 2020

Introduction:

This policy is formulated in compliance with the Directives No. BSEC/CMRRCD/2021-386/03 of Bangladesh Security & Exchange Commission (BSEC) dated January 14, 2021.

Purpose:

The purpose of the policy is to comply with the Directives of Bangladesh Security & Exchange Commission (BSEC). So this Dividend distribution policy 2020 is formulated and shall be disclosed in the Annual Report & Official web-side of Al-Arafah Islami Bank Limited.

Manner and Procedure of Dividend Distribution:

In case of Cash dividend:-

- i) Within 10 (ten) days of declaration of cash dividend by the Board of directors, the declared cash dividend payable for the concerned year shall be kept in the separate bank account of Al-Arafah Islami Bank Ltd, dedicated for this purpose only;
- ii) Cash dividend shall be paid directly to the bank account of shareholder or unit holder as available in the BO account maintained with the depository participant (DP) or the bank account as provided by the shareholder through Bangladesh Electronic Fund Transfer (BEFTN). The bank may pay off such cash dividend through bank transfer or any other electronic payment system as recognized by Bangladesh Bank if not possible to pay off through BEFTN ;
- iii) Upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client, the bank shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN;
- iv) In case of non-availability of a valid bank account or not possible to distribute dividends through BEFTN/other electronic system, it will have to be distributed in the form of dividend warrants and send by post to the respective shareholders address;
- v) The bank shall pay off cash dividend to non-resident sponsor, director, shareholder, unit holder or foreign portfolio investment (FPI) through the security custodian in compliance with rules or regulations in this regard;
- vi) A separate bank account will be maintained from which all the dividend payment can be made;

In case of stock dividend:-

- i) Stock dividend will be directly credited to the BO accounts respective shareholders within 30 days of AGM (final approval) or record date as the case may be;
- ii) Undistributed stock dividend will be kept in Suspense BO Account under the Block Module of CDBL system;
- iii) The sale proceeds of fractional bonus dividend shall be paid off as per circular of BSEC or Bangladesh Bank or other regulatory authority from time to time.

Unpaid or unclaimed of unsettled cash/stock dividend

The summary of unpaid or unclaimed and unsettled cash or stock dividends shall be disclosed in the Annual Report and settled as per instructions of BSEC or Bangladesh Bank or other regulatory authority from time to time. The bank shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and send at least 3 (three) reminders to the entitled shareholder.

Any voting rights on undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

Deduction of Tax

Tax will be deducted at source as per applicable tax laws.

Amendments/Modifications

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law of the land. Such amended policy shall be placed before the board for approval.

Dividend distribution policy 2020 is formulated and shall be disclosed in the Annual Report & official website of Al-Arafah Islami Bank Limited as per Bangladesh Securities & Exchange Commission (BSEC) Directive No. BSEC/CMRRCD/2021-386/03 dated, 14 January 2021 as per sub-clause (vii) of clause-3.

DISCLOSURE OF UNPAID OR UNCLAIMED DIVIDEND

i) Different year's Unpaid or Unclaimed (Cash & Fraction) Dividend amounts are as follows:

Sl.	Bank Account Name	Balance as on December, 2020
1	AIBL D/W PAYMENT ACCOUNT-1998 & 1999	5,53,332.50
2	AIBL D/W PAYMENT ACCOUNT-2000	3,78,907.50
3	AIBL D/W PAYMENT ACCOUNT-2001	2,68,405.44
4	AIBL D/W PAYMENT ACCOUNT-2002	4,58,000.00
5	AIBL FRACTION D/W PAYMENT A/C-2003	9,57,150.53
6	AIBL FRACTION D/W PAYMENT A/C-2004	10,01,935.11
7	AIBL FRACTION D/W PAYMENT A/C-2005	6,86,943.75
8	AIBL FRACTION D/W PAYMENT A/C-2006	9,86,536.81
9	AIBL FRACTION D/W PAYMENT A/C-2008	3,68,594.06
10	AIBL FRACTION D/W PAYMENT A/C-2010	57,632.55
11	AIBL FRACTION D/W PAYMENT A/C-2011	64,195.18
12	AIBL FRACTION D/W PAYMENT A/C-2012	56,254.28
13	AIBL FRACTION D/W PAYMENT A/C-2013	72,115.50
14	AIBL CASH DIVIDEND PAYMENT A/C-2014	1,14,79,687.58
15	AIBL CASH AND FRACTION DIVIDEND PAYMENT A/C-2015	1,00,85,603.66
16	AIBL CASH DIVIDEND PAYMENT A/C-2016	1,26,64,486.00
17	AIBL CASH AND FRACTION DIVIDEND PAYMENT A/C-2017	91,32,132.19
18	AIBL CASH AND FRACTION DIVIDEND PAYMENT A/C-2018	1,55,55,120.70
19	AIBL CASH DIVIDEND PAYMENT A/C-2019	1,60,15,662.81

ii) Different year Unpaid or Unclaimed Right/Stock Dividend are as follows:

Sl.	Unclaimed (Right/Stock Bonus) Suspense A/C Name	No. of Shares as on December, 2020
1	AIBL Dividend Bonus Share 2005	133800
2	AIBL Dividend Bonus Share 2006	210800
3	AIBL Dividend Bonus Share 2007	161980
4	AIBL-DIVIDEND BONUS SHARE-2008	277500
5	AIBL, DIVIDEND BONUS SHARE-2009	358236
6	AIBL RIGHTS SHARE-2010	89071
7	AIBL DIVIDEND BONUS SHARE 2010	446312
8	AIBL DIVIDEND BONUS SHARE 2011	463056
9	AIBL DIVIDEND BONUS SHARE 2012	444291
10	AIBL DIVIDEND BONUS SHARE-2013	411572
11	AIBL DIVIDEND BONUS SHARE-2015	184577
12	AIBL DIVIDEND BONUS SHARE-2017	260092
13	AIBL DIVIDEND BONUS SHARE-2018	104996



Auditor's Report and Financial Statements of Al-Arafah Islami Bank Limited

for the year ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al-Arafah Islami Bank limited Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Arafah Islami Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Al-Arafah Islami Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2020 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 02.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Measurement of provision for Investments	
<p>The process for estimating the provision for customer investments associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of collateral provided for availing investment facilities.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>At year end the group and the Bank reported total gross investment of BDT 308,620 million (2019: BDT 288,486 million) and BDT 303,210 million (2019: BDT 283,247 million) respectively and the Bank reported provision for investments of BDT 10,771 million (2019: BDT 8,957 million).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> Investment appraisal, disbursement and monitoring procedures, and provisioning process; Identification of loss events, including early warning and default warning indicators; Reviewed quarterly Classification of Investments (Investment -CL) submitted to Bangladesh Bank; <p>Our substantive procedures in relation to the provision for investment portfolio comprised the following:</p> <ul style="list-style-type: none"> Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines and; Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. Finally, compared the amount of provision requirement as determined by Bangladesh Bank Department of Banking Inspection (DBI) team to the actual amount of provision maintained.

	Considering the unprecedented adverse impact on Bangladesh economy due to COVID 19, Bangladesh Bank has instructed Banks not to further downgrade any Investment/lease/advance from its existing classification applicable as at 1 January 2020. Initially the duration of this moratorium for any further downgrade was up to 30 June 2020 but considering longer adverse impact of COVID 19 this has been further extended to 31 December 2020 vide BRPD Circular no 17, dated 28th September 2020. Accordingly, amount and percentage of classified investment has improved as at 31 December 2020 as compared to 31 December 2019 since no additional classification or further downgrade of classified Investments have been recognized during the current period.
See note no 9 and 15.2 to the financial statements	

Risk	Our response to the risk
Valuation of treasury bill and treasury bond (including Islami Bond)	
The classification and measurement of T-Bill and T-Bond require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds including Islami Bond issued by Bangladesh Bank is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.	The classification and measurement of T-Bill and T-Bond require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds including Islami Bond issued by Bangladesh Bank is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.
See note no 8 to the financial statements	

Risk	Our response to the risk
Valuation of deferred tax liabilities	
The Bank reports net deferred tax liabilities totalling BDT 133.20 million as at 31 December 2020. Significant judgment is required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of DTLs and the assumptions used in estimating the Group's future taxable income. We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTLs. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.
See note no 16 to the financial statements	

Risk	Our response to the risk
IT systems and controls	
Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively	We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Risk	Our response to the risk
Legal and regulatory matters	
<p>We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>

Risk	Our response to the risk
Carrying value of investments in subsidiaries by the Bank	
<p>The Bank has invested in equity shares of its two subsidiaries, AIBL Capital Market Services Ltd & AIBL Capital Management Ltd. As at 31 December 2020 the carrying value of this investment is BDT 2,910 million.</p> <p>At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.</p>	<p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p>We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged.</p>
See note no 11 to the financial statements	

Risk	Our response to the risk
Implementation of IFRS 16 Leases	
<p>IFRS 16 modifies the accounting treatment of operating leases at inception, with the recognition of a right of use (ROU) on the leased asset and of a liability for the lease payments over the lease contract term. With respect to operating leases of premises used by the Bank, at inception of the lease, the lessor receives a right of using the premises, in exchange of a lease debt, using an implicit discount rate.</p> <p>Our key audit matter was focused on all leasing arrangements within the scope of IFRS 16 are identified and appropriately included in the calculation of the transitional impact and specific assumptions applied to determine the discount rates for lease are appropriate.</p>	<p>In responding to the identified key audit matter, we completed the following audit procedures:</p> <p>Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 Leases impact on the financial statements of the Bank;</p> <p>Assessed the appropriateness of the discount rates applied in determining lease liabilities;</p> <p>Verified the accuracy of the underlying lease data by agreeing to original contract and checked the accuracy of the IFRS 16 calculations through recalculation of the expected IFRS 16 adjustment and;</p> <p>Assessed whether the disclosures within the financial statements are appropriate in light of the requirements of IFRS.</p>
See note no 10 and 15 to the financial statements	

Other Matter

The consolidated and separate financial statements of AL Arafah Islami Bank Ltd for the year ended December 31, 2019, were audited by Hussain Farhad & Co. and Rahman Mostafa Alam & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on June 28, 2020.

Moreover, In accordance with clause # 6 of BSEC Notification SEC/CMRRCD/2009-193/150/Admin dated August 18, 2013, revaluation report, as disclosed in note # 2.11, has been prepared and treated as per International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) and other applicable laws, rules, regulations & guideline and related accounting treatments have been properly made in the financial statements based on the report.

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the consolidated and separate financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 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 consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 consolidated and separate 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 Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group 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 Group and its related entities {other than matters disclosed in these financial statements};
- (iii) Consolidated financial statements of the Bank include two subsidiaries, namely AIBL Capital Market Services Limited and AIBL Capital Management Ltd, which has been audited by another auditor who has expressed an unqualified audit opinion. The results of these subsidiaries have been properly reflected in the Group's consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;

- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for investments and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 6,640-person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



A.K.M Fazlul Haque FCA
Partner
Enrolment number: 1090
Hussain Farhad & Co.
Chartered Accountants

DVC:2105091090AS688684



Md. Shafiqul Islam FCA
Partner
Enrolment number: 595
Shafiq Basak & Co.
Chartered Accountants

DVC: 2105090595AS454081

Place: Dhaka
Date: 09th May 2021

CONSOLIDATED BALANCE SHEET

As at December 31, 2020

	Notes	2020	2019
		Taka	Taka
PROPERTY AND ASSETS			
Cash in hand			
Cash in hand (including foreign currencies)	5.A	2,898,207,542	3,063,284,576
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		28,660,902,877	27,705,400,947
		31,559,110,419	30,768,685,523
Balance with other Banks and Financial Institutions	6.A		
In Bangladesh		8,288,025,632	5,473,391,378
Outside Bangladesh		8,273,812,895	6,120,224,007
		16,561,838,527	11,593,615,385
Placement with Banks & Other Financial Institutions	7.A	14,270,010,000	12,000,000,000
Investment in Share & Securities	8.A	21,563,673,525	16,170,519,662
Government		19,583,830,000	14,500,000,000
Others	8.A.i	1,979,843,525	1,670,519,662
Investments	9.A		
General Investments etc.		296,717,853,936	274,017,030,403
Bills purchased and discounted		11,902,810,514	14,468,993,302
		308,620,664,450	288,486,023,705
Fixed assets less Accumulated Depreciation	10.A	5,833,880,252	4,351,926,988
Other Assets	11.A	19,838,600,217	17,630,165,652
Non-Banking Assets	12	50,875,037	50,875,037
Total Assets		418,298,652,427	381,051,811,953
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	13.A	24,000,477,831	27,546,375,561
Deposits and other Accounts	14.A		
Mudaraba Savings Deposits		54,879,126,373	45,211,429,367
Mudaraba Term Deposits	14.A.ii.	164,009,495,781	162,587,885,485
Other Mudaraba Deposits	14.i.	66,743,970,036	55,156,097,027
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	37,331,437,580	30,701,538,200
Bills Payable		3,059,381,492	3,584,858,976
		326,023,411,262	297,241,809,055
Other Liabilities	15.A	31,485,714,465	25,157,583,719
Deferred tax Liabilities/ (Assets)	16.A	133,204,157	157,832,964
AIBL Mudaraba Subordinated Bond		11,200,000,000	6,800,000,000
Total Liabilities		392,842,807,715	356,903,601,299
Capital/Share holders Equity			
Paid -up Capital	17	10,649,021,850	10,649,021,850
Statutory Reserve	18	10,334,627,824	9,379,989,138
Revaluation Reserve	19	1,084,326,967	938,618,920
Retained Earnings	20.A	1,732,137,218	1,531,420,060
Total Equity attributable to equity holders of the bank		23,800,113,859	22,499,049,968
Non-Controlling Interest	17.A	1,655,730,853	1,649,160,686
Total Equity		25,455,844,712	24,148,210,654
Total Liability and Share holders equity		418,298,652,427	381,051,811,953
Net assets value per share (NAV)		22.35	21.13

CONSOLIDATED BALANCE SHEET

As at December 31, 2020	Notes	2020	2019
		Taka	Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		54,176,670,210	41,925,424,721
Letters of Guarantee	21	10,511,211,685	8,274,252,532
Letters of Credit		28,867,356,800	27,646,555,499
Bills for Collection		4,386,736,198	2,552,846,825
Other Contingent Liabilities		-	-
Total		97,941,974,893	80,399,079,577
Other Commitments :			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
Total Off Balance sheet items including Contingent liabilities		97,941,974,893	80,399,079,577

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.



A.K.M Fazlul Haque FCA
Partner
Enrolment number: 1090
Hussain Farhad & Co.
Chartered Accountants

DVC:2105091090AS688684

Place: Dhaka
Date : 09th May, 2021



Md. Shafiqul Islam FCA
Partner
Enrolment number: 595
Shafiq Basak & Co.
Chartered Accountants

DVC: 2105090595AS454081

CONSOLIDATED PROFIT OR LOSS ACCOUNTS

For the year ended December 31, 2020

	Notes	2020	2019
		Taka	Taka
Investment Income	22.A	26,331,277,005	28,811,650,830
Profit paid on deposits & Borrowing	23.A	(16,556,644,305)	(18,604,415,567)
Net Investment Income		9,774,632,700	10,207,235,263
Income from Investment in Shares /Securities	24.A	681,937,628	770,633,006
Commission, Exchange and Brokerage	25.A	2,627,550,022	2,916,079,579
Other Operating Income	26.A	345,976,039	350,858,126
		3,655,463,689	4,037,570,711
Total operating income		13,430,096,389	14,244,805,974
Salaries and allowances & contribution to P.F	27.A	4,546,405,905	4,178,565,228
Directors' fees & expenses	28.A	6,142,217	11,442,877
Shariah Supervisory Committee's fees & expenses	29	298,376	860,014
Rent, taxes, insurance and lighting etc.	30.A	499,303,449	749,851,557
Postage, telegram, telephone and stamp etc.	31.A	68,348,432	78,249,101
Legal charges		16,046,838	9,578,703
Auditors' fee		1,667,500	1,691,000
Salary & Allowances to the Managing Director		19,344,000	19,050,000
Depreciation and repairs to the bank's properties	32.A	836,300,557	584,363,122
Stationery, printing & advertisement etc.	33.A	186,323,511	153,204,020
Other expenses	34.A	562,152,855	597,323,276
Total operating expenses		6,742,333,640	6,384,178,898
Profit/(Loss) before Tax & provision		6,687,762,748	7,860,627,076
Provision against Investments & Contingent Liabilities	35.A	1,878,171,305	2,845,817,167
Provision for diminution in value of investment		9,725,095	21,839,282
Other Provision		-	-
Total provision		1,887,896,400	2,867,656,449
Profit/(Loss) before Tax		4,799,866,349	4,992,970,627
Current tax	15.1.A	2,258,441,408	2,615,089,015
Deferred tax		(30,381,805)	(49,755,758)
Provision for Taxation		2,228,059,603	2,565,333,256
Net Profit/(Loss) after tax		2,571,806,745	2,427,637,371
Net Profit attributable to:			
Equity holders of the bank		2,565,236,578	2,423,824,148
Non-controlling Interest		6,570,167	3,813,223
Profit for the year		2,571,806,745	2,427,637,371
Appropriation			
Statutory Reserve		954,638,686	991,945,042
General Reserve (1 % Start-Up Fund)		25,507,894	-
Non-Controlling Interest		6,570,167	3,813,223
		986,716,747	995,758,265
Transfer to Retained Earnings		1,585,089,999	1,431,879,106
Earning per Ordinary Share (EPS)	40.A	2.41	2.28

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.



A.K.M Fazlul Haque FCA
Partner
Enrolment number: 1090
Hussain Farhad & Co.
Chartered Accountants
DVC: 2105091090AS688684
Place: Dhaka
Date : 09th May, 2021



Md. Shafiqul Islam FCA
Partner
Enrolment number: 595
Shafiq Basak & Co.
Chartered Accountants
DVC: 2105090595AS454081

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2020

	Notes	2020	2019
		Taka	Taka
Cash flows from operating activities			
Investment income receipt in Cash		27,246,795,860	29,387,505,846
Profit paid on deposits and borrowing		(17,792,460,102)	(17,791,075,426)
Dividend received		9,408,411	19,722,257
Fees & Commission received in cash		2,627,550,022	2,881,103,789
Recoveries from written off investments		56,952,186	204,792,398
Cash payments to employees		(4,565,749,905)	(4,197,615,228)
Cash payments to suppliers		(186,323,511)	(153,204,020)
Received from other operating activities (item-wise)		345,976,039	350,858,126
Paid for other operating activities (item-wise)	36.A	(1,246,894,494)	(1,527,637,256)
Advance income tax paid		(2,449,571,990)	(2,031,956,323)
Operating profit before changes in operating assets and liabilities		4,045,682,515	7,142,494,163
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(309,323,863)	(455,849,346)
Increase/(Decrease) of placement to other banks		(2,270,010,000)	(3,800,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(18,920,509,901)	(26,571,019,403)
Increase/(Decrease) of other assets (item-wise)	37.A	(38,804,398)	(7,018,018)
Increase/ (Decrease) of placement from other banks and financial institution		(3,545,897,730)	5,786,539,911
Increase/(Decrease) of Deposits from customers (other than Banks)		30,017,418,004	30,222,976,442
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	38.A	1,073,635,198	12,534,184
Cash receipt from operating activities		6,006,507,310	5,188,163,769
A. Net Cash from operating activities		10,052,189,825	12,330,657,932
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(2,225,318,994)	(367,516,236)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(2,225,318,994)	(367,516,236)
Cash flows from financing activities			
Increase in Exchange Equalization Account		(19,953)	137,136
Issue of AIBL Subordinate Bond		4,400,000,000	(600,000,000)
Dividend paid		(1,384,372,840)	(1,566,032,625)
C. Net cash flows from financing activities		3,015,607,206	(2,165,895,489)
D. Net increase in cash and cash equivalent (A+B+C)		10,842,478,038	9,797,246,207
E. Effects of exchange rate changes on cash and cash-equivalents		-	34,975,790
F. Net increase in cash and cash equivalent D+E		10,842,478,038	9,832,221,997
G. Cash & Cash Equivalents at the beginning of the year		56,862,300,908	47,030,078,911
H. Cash & Cash Equivalents period ended	39.A	67,704,778,946	56,862,300,908
Net Operating Cash Flow per Share (NOCFPS)		9.44	11.58


Chief Financial Officer


Managing Director


Director


Director


Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2020	10,649,021,850	9,379,989,138	1,531,420,060	938,618,920	22,499,049,969	1,649,160,686	24,148,210,655
Changes in accounting policy offload share	-	-	-	-	-	-	-
Restated Adjustment	-	-	-	-	-	-	-
Restated balance	10,649,021,850	9,379,989,138	1,531,420,060	938,618,920	22,499,049,969	1,649,160,686	24,148,210,655
Deferred tax Adjustment	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	(19,953)	(19,953)	-	(19,953)
Share premium	-	-	-	-	-	-	-
Net profit for the year	-	-	2,565,236,578	-	2,565,236,578	6,570,167	2,571,806,745
Cash Dividend	-	-	(1,384,372,840)	-	(1,384,372,840)	-	(1,384,372,840)
Bonus Share	-	-	-	-	-	-	-
Asset revaluation Reserve	-	-	-	145,728,000	145,728,000	-	145,728,000
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transfer to 1 % Start-Up Fund	-	-	(25,507,894)	-	(25,507,894)	-	(25,507,894)
Appropriations during the year	-	954,638,686	(954,638,686)	-	-	-	-
Balance as at December 31, 2020	10,649,021,850	10,334,627,824	1,732,137,218	1,084,326,967	23,800,113,859	1,655,730,853	25,455,844,712
Balance as at December 31, 2019	10,649,021,850	9,379,989,138	1,531,420,060	938,618,920	22,499,049,969	1,649,160,686	24,148,210,655



Chief Financial Officer



Managing Director



Director



Director



Chairman

CONSOLIDATED STATEMENT OF LIQUIDITY

(Maturity Analysis of Assets and Liabilities)

For the year ended December 31, 2020

SL No	Particulars	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
1	2	3	4	5	6	7	8
1	Assets :						
	Cash in hand	31,559,110,419	-	-	-	-	31,559,110,419
	Balance with other Bank and Financial Institution	16,561,838,527	-	-	-	-	16,561,838,527
	Placement with Banks & Other Financial Institutions	-	10,000,000,000	4,270,010,000	-	-	14,270,010,000
	Investments (in Shares & Securities)	-	-	165,100,000	835,864,179	20,562,709,346	21,563,673,525
	Investments	62,041,500,000	89,521,000,000	96,457,600,000	43,788,254,474	16,812,309,976	308,620,664,450
	Fixed Assets including premises (Land & Building)	-	-	-	-	5,833,880,252	5,833,880,252
	Other Assets	1,555,900,000	-	-	-	18,282,700,217	19,838,600,217
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	Total Assets	92,160,718,946	18,521,000,000	100,892,710,000	39,213,864,179	167,510,359,303	418,298,652,427
2	Liabilities :						
	Placement from Banks & Other Financial Institutions	9,273,400,000	4,963,159,046	9,763,918,785	-	-	24,000,477,831
	Deposits	53,060,753,883	114,711,500,000	110,498,200,000	34,489,600,000	13,263,357,379	326,023,411,262
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	38,700,000	-	-	-	31,447,014,465	31,485,714,465
	Deferred tax Liabilities/ (Assets)	-	-	-	-	133,204,157	133,204,157
	AIBL Mudaraba Subordinated Bond	-	-	-	-	11,200,000,000	11,200,000,000
	Total Liabilities	62,372,853,883	119,674,659,046	120,262,118,785	34,489,600,000	56,043,576,001	392,842,807,715
	Net Liquidity Gap	29,787,865,063	(101,153,659,046)	(19,369,408,785)	4,724,264,179	111,466,783,301	25,455,844,712

The Liquidity statement is prepared on contractual basis and which usually renewable. As a result it may not be actually alarming situation due to mismatch of assets & liability.



Chief Financial Officer



Managing Director



Director



Director



Chairman

BALANCE SHEET

As at December 31, 2020

	Notes	2020	2019
		Taka	Taka
PROPERTY AND ASSETS			
Cash in hand	5		
Cash in hand (including foreign currencies)		2,879,721,830	3,052,689,648
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		28,660,902,877	27,705,400,947
		31,540,624,707	30,758,090,595
Balance with other Banks and Financial Institutions	6		
In Bangladesh		8,288,025,632	5,473,391,378
Outside Bangladesh		8,273,812,895	6,120,224,007
		16,561,838,527	11,593,615,385
Placement with Banks & Other Financial Institutions	7	14,270,010,000	12,000,000,000
Investment in Share & Securities	8		
Government		19,583,830,000	14,500,000,000
Others		1,143,979,346	866,251,469
		20,727,809,346	15,366,251,469
Investments	9		
General Investments etc.		291,307,599,462	268,778,582,454
Bills purchased and discounted		11,902,810,514	14,468,993,302
		303,210,409,976	283,247,575,756
Fixed assets less Accumulated Depreciation	10	5,826,875,749	4,342,932,155
Other Assets	11	20,870,178,204	18,641,922,646
Non-Banking Assets	12	50,875,037	50,875,037
Total Assets		413,058,621,546	376,001,263,043
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial institutions	13	22,504,318,785	26,024,573,850
Deposits and other Accounts	14		
Mudaraba Savings Deposits		54,879,126,373	45,211,429,367
Mudaraba Term Deposits		164,296,138,402	162,871,848,585
Other Mudaraba Deposits	14.i	66,743,970,036	55,156,097,027
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	37,331,437,580	30,701,538,200
Bills Payable		3,059,381,492	3,584,858,976
		326,310,053,883	297,525,772,155
Other Liabilities	15	29,226,954,457	23,095,610,493
Deferred tax Liabilities/ (Assets)	16	133,204,157	157,832,964
AIBL Mudaraba Subordinated Bond		11,200,000,000	6,800,000,000
Total Liabilities		389,374,531,282	353,603,789,462
Capital/Share Holders Equity			
Paid up Capital	17	10,649,021,850	10,649,021,850
Statutory Reserve	18	10,334,627,824	9,379,989,138
Revaluation Reserve	19	1,084,326,967	938,618,920
Retained Earnings	20	1,616,113,623	1,429,843,673
Total Share holders equity		23,684,090,264	22,397,473,581
Total Liability and Share holders equity		413,058,621,546	376,001,263,043
Net assets value per share (NAV)		22.24	21.03

OFF BALANCE SHEET

As at December 31, 2020

Notes

OFF BALANCE SHEET ITEMS

Contingent Liabilities

Acceptance and endorsement

Letters of Guarantee

Letters of Credit

Bills for Collection

Other Contingent Liabilities

Total

21

2020	2019
Taka	Taka
54,176,670,210	41,925,424,721
10,511,211,685	8,274,252,532
28,867,356,800	27,646,555,499
4,386,736,198	2,552,846,825
-	-
97,941,974,893	80,399,079,577
-	-
-	-
-	-
-	-
97,941,974,893	80,399,079,577

Other Commitments :

Documentary Credits and other short term trade related transactions

Forward Assets Purchased and forward Deposit placed

Undraw note issuance and Revolving underwriting Facilities

Undraw Formal standing Facilities, Credit lines and others commitments

Total Off Balance sheet items including Contingent liabilities

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer



Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.



A.K.M Fazlul Haque FCA
Partner
Enrolment number: 1090
Hussain Farhad & Co.
Chartered Accountants
DVC : 2105091090AS688684



Md. Shafiqul Islam FCA
Partner
Enrolment number-595
Shafiq Basak & Co.
Chartered Accountants
DVC : 2105090595AS454081

Place: Dhaka
Date : 09th May, 2021

PROFIT OR LOSS ACCOUNTS

For the year ended December 31, 2020

	Notes	2020	2019
		Taka	Taka
Investment Income	22	26,169,242,291	28,571,104,608
Profit paid on deposits & Borrowing	23	(16,385,553,054)	(18,421,296,243)
Net Investment Income		9,783,689,237	10,149,808,365
Income from Investment in Shares /Securities	24	679,338,829	770,279,256
Commission, Exchange and Brokerage	25	2,500,613,283	2,787,219,693
Other Operating Income	26	311,960,495	337,097,966
		3,491,912,607	3,894,596,915
Total operating income		13,275,601,844	14,044,405,280
Salaries and allowances & contribution to P.F	27	4,476,381,093	4,108,877,310
Directors' fees & expenses	28	6,142,217	11,442,877
Shariah Supervisory Committee's fees & expenses	29	298,376	860,014
Rent, taxes, insurance and lighting etc.	30	479,560,573	726,444,943
Postage, telegram, telephone and stamp etc.	31	67,993,484	77,665,294
Legal charges		15,988,510	9,442,428
Auditors' fee		1,667,500	1,656,000
Salary & Allowances to the Managing Director		19,344,000	19,050,000
Depreciation and repairs to the bank's properties	32	832,224,004	576,557,420
Stationery, printing and advertisement etc.	33	185,548,278	152,100,093
Other expenses	34	529,363,979	558,534,319
Total operating expenses		6,614,512,014	6,242,630,699
Profit/(Loss) before Tax & provision		6,661,089,829	7,801,774,582
Provision against Investments & Contingent Liabilities	35	1,878,171,305	2,820,210,089
Provision for diminution in value of investment		9,725,095	21,839,282
Other Provision		-	-
Total provision		1,887,896,400	2,842,049,371
Profit/(Loss) before Tax		4,773,193,430	4,959,725,211
Current tax	15.1	2,253,104,866	2,595,911,070
Deferred tax	16	(30,700,807)	(49,755,758)
Provision for Taxation		2,222,404,059	2,546,155,311
Net Profit/(Loss) after tax		2,550,789,370	2,413,569,900
Appropriation			
Statutory Reserve		954,638,686	991,945,042
General Reserve (1 % Start-Up Fund)		25,507,894	-
		980,146,580	991,945,042
Retained Earnings		1,570,642,791	1,421,624,858
Earning per Ordinary share (EPS)	40	2.40	2.27

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer



Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.



A.K.M Fazlul Haque FCA
Partner
Enrolment number: 1090
Hussain Farhad & Co.
Chartered Accountants
DVC : 2105091090AS688684
Place: Dhaka
Date : 09th May, 2021



Md. Shafiqul Islam FCA
Partner
Enrolment number-595
Shafiq Basak & Co.
Chartered Accountants
DVC : 2105090595AS454081

CASH FLOW STATEMENT

For the year ended December 31, 2020

	Notes	2020	2019
		Taka	Taka
Cash flows from operating activities			
Investment income receipt in Cash		26,746,398,647	28,858,045,733
Profit paid on deposits and borrowings		(17,221,368,851)	(17,207,956,102)
Dividend received		8,761,739	8,340,574
Fees & Commission received in cash		2,500,613,283	2,752,243,903
Recoveries from write off investments		56,952,186	204,792,398
Cash payments to employees		(4,495,725,093)	(4,127,927,310)
Cash payments to suppliers		(185,548,278)	(152,100,093)
Received from other operating activities (item-wise)		311,960,495	337,097,966
Paid for other operating activities (item-wise)	36	(1,192,933,381)	(1,464,619,485)
Advance income tax paid		(2,438,271,566)	(2,011,678,861)
Operating profit before changes in operating assets and liabilities		4,090,839,180	7,196,238,723
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(277,727,877)	(498,645,358)
Increase/(Decrease) of placement to other banks		(2,270,010,000)	(3,800,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(18,855,090,010)	(26,975,633,777)
Increase/(Decrease) of other assets (item-wise)	37	246,484,556	(133,475,637)
Increase/(Decrease) of placement from other banks and financial institution		(3,520,255,065)	5,631,238,200
Increase/(Decrease) of Deposits from customers (other than Banks)		30,020,097,525	30,365,818,076
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	38	608,890,594	713,180,812
Cash receipt from operating activities		5,952,389,723	5,302,482,317
A. Net Cash from operating activities		10,043,228,903	12,498,721,040
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(2,224,248,856)	(535,060,181)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(2,224,248,856)	(535,060,181)
Cash flows from financing activities			
Increase in Exchange Equalization Account		(19,953)	137,136
Subordinate Debt		4,400,000,000	(600,000,000)
Increase in Share Capital		-	-
Dividend paid		(1,384,372,840)	(1,566,032,625)
C. Net cash flows from financing activities		3,015,607,206	(2,165,895,489)
D. Net increase in cash and cash equivalent (A+B+C)		10,834,587,253	9,797,765,370
E. Effects of exchange rate changes on cash and cash-equivalents		-	34,975,790
F. Net increase in cash and cash equivalent (D+E)		10,834,587,253	9,832,741,160
G. Cash & Cash Equivalents at the beginning of the year		56,851,705,980	47,018,964,820
H. Cash & Cash Equivalents at the end of the year	39	67,686,293,234	56,851,705,980
Net Operating Cash Flow per Share (NOCFPS)		9.43	11.74

Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

STATEMENT OF CHANGES EQUITY

For the year ended December 31, 2020

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Revaluation Reserve	Total Taka
Balance at 1st January, 2020	10,649,021,850	9,379,989,138	1,429,843,673	938,618,920	22,397,473,581
Changes in accounting policy	-	-	-	-	-
Issue of the share capital	-	-	-	-	-
Restated balance	10,649,021,850	9,379,989,138	1,429,843,673	938,618,920	22,397,473,581
Deferred tax Adjustment	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences recognized in the Income	-	-	-	(19,953)	(19,953)
Net gain and losses not recognised in Income Statement	-	-	-	-	-
Net profit for the year	-	-	2,550,789,370	-	2,550,789,370
Cash	-	-	(1,384,372,840)	-	(1,384,372,840)
Bonus Share	-	-	-	-	-
Asset revaluation Reserve	-	-	-	145,728,000	145,728,000
Transfer to 1 % Start-Up Fund	-	-	(25,507,894)	-	(25,507,894)
Appropriations during the year	-	954,638,686	(954,638,686)	-	-
Total shareholders' equity as on December 31, 2020	10,649,021,850	10,334,627,824	1,616,113,623	1,084,326,967	23,684,090,264
Total shareholders' equity as on December 31, 2019	10,649,021,850	9,379,989,138	1,429,843,673	977,720,850	22,436,575,511



Chief Financial Officer



Managing Director



Director



Director



Chairman

STATEMENT OF LIQUIDITY

(Maturity Analysis of Assets and Liabilities)

For the year ended December 31, 2020

SL No	Particulars	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
1	2	3	4	5	6	7	8
1	Assets :						
	Cash in hand	31,540,624,707	-	-	-	-	31,540,624,707
	Balance with other Bank and Financial Institution	16,561,838,527	-	-	-	-	16,561,838,527
	Placement with Banks & Other Financial Institutions	-	10,000,000,000	4,270,010,000	-	-	14,270,010,000
	Investments (in Shares & Securities)	-	-	165,100,000	-	20,562,709,346	20,727,809,346
	Investments	62,041,500,000	89,521,000,000	96,457,600,000	38,378,000,000	16,812,309,976	303,210,409,976
	Fixed Assets including premises (Land & Building)	-	-	-	-	5,826,875,749	5,826,875,749
	Other Assets	1,555,900,000	-	-	-	19,314,278,204	20,870,178,204
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	Total Assets	92,142,233,234	18,521,000,000	100,892,710,000	38,378,000,000	163,124,678,312	413,058,621,546
2	Liabilities :						
	Placement from Banks & Other Financial Institutions	9,273,400,000	3,467,000,000	9,763,918,785	-	-	22,504,318,785
	Deposits	53,060,753,883	114,711,500,000	110,498,200,000	34,489,600,000	13,550,000,000	326,310,053,883
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	38,700,000	-	-	-	29,188,254,457	29,226,954,457
	Deferred tax Liabilities/ (Assets)	-	-	-	-	133,204,157	133,204,157
	AIBL Mudaraba Subordinated Bond	-	-	-	-	11,200,000,000	11,200,000,000
	Total Liabilities	62,372,853,883	118,178,500,000	120,262,118,785	34,489,600,000	54,071,458,614	389,374,531,282
	Net Liquidity Gap	29,769,379,351	(99,657,500,000)	(19,369,408,785)	3,888,400,000	109,053,219,698	23,684,090,264

The Liquidity statement is prepared on contractual basis and which usually renewable. As a result it may not be actually alarming situation due to mismatch of assets & liability.



Chief Financial Officer



Managing Director



Director



Director



Chairman

Al-Arafah Islami Bank Limited
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended December 31, 2020

1. The Bank and its activities

- 1.1 Al-Arafah Islami Bank Limited was established in 1995 under the Companies Act, 1994 as a Banking Company with Limited Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all types of commercial banking services under the regulation of Bank Companies Act, 1991 (as amended 2013). The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the precepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Presently the bank has 182 Branches and 2 (two) Subsidiary Companies.

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

1.2 Subsidiaries of the Bank

Al-Arafah Islami Bank Ltd has two subsidiary companies. The financial statements of these subsidiary companies are included in the consolidated financial statements according to IFRS-10.

1.2.1 AIBL Capital Market Services Limited

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

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

Copy of the audited financial statement is attached Appendix A

1.2.2 AIBL Capital Management Limited

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

Copy of the audited financial statement is attached in Appendix B

2. Basis of preparation and significant accounting policies

2.1 Preparation of financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

2.2 Basis of Consolidation

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

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity, so as to obtain economic benefits from its activities.

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

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

2.3 Cash flow statement

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

2.4 Liquidity Statement

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

- i) Balance with other banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;
- ii) Investments are on the basis of their respective maturity;
- iii) Fixed assets are on the basis of their useful lives;
- iv) Other assets are on the basis of their realization / amortization;
- v) Borrowing from other Banks, financial institutions and agents, etc are as per their maturity / repayment terms;
- vi) Provisions and other liabilities are on the basis of their repayment / adjustments schedule.

2.5 Use of estimation and judgment

The preparation of financial statements requires the bank to make certain estimates and to form judgments about the application of accounting policies which may affect the reported amount of assets, liabilities, income and expenses. The most significant areas of estimates and judgments have been made on provision for Investments.

2.6 Reporting period

The financial statements cover particular calendar period from January 01, 2020 to December 31, 2020.

2.7 Offsetting

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

2.8 Assets and basis of their valuation

2.8.1 Cash and cash equivalent

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

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

2.8.2 Investments

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

Investment write-off

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

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

2.8.2.1 Investment in shares and securities

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

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

2.8.2.2 Revaluation gains/losses on Government securities

IFRS: As per requirement of IFRS 9 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.

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

2.8.2.3 Provision on loans and advances/investments

IFRS: As per IFRS 9 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD Circular No.14 (23 September, 2012), BRPD Circular No. 19 (27 December, 2012) and BRPD Circular No. 05 (29 May, 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD Circular No. 10 dated 18 September, 2007 and BRPD Circular No. 14 dated 23 September, 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

2.8.2.4 Investment in subsidiaries

The bank has made investment in subsidiary company named AIBL Capital Market Service Ltd Tk. 242.00 crore holding 60.50% shares. The rest of 39.50% shares are hold by others and another subsidiary Company named AIBL Capital Management Limited Tk 49.00 crore holding 98% shares.

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

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

- ii) Land is recognised at cost at the time of acquisition and subsequently measured at revalued amounts which is the market value at the time of revaluation done on 31st January 2020 by a independent professional valuer on 31st December 2020, any surplus on revaluation is shown as equity component until the disposal/de-recognition of asset. The property is located within:

a) Holding No 63, Purana Paltan Dist : Dhaka, P. S Motijheel, Sub - registry office : Sutrapur, Dhaka collectorate Touzi # 141-B-1, Mouza : Sabek Shahar Dhaka, Sheet # 22, Ward # 03, Sabek Khatian # 6947, 6947 [KA], 6947[Jha], Sabek Dag # 97, 100,101,102 and 110, SA Mouza : Ramna, Sheet # 10, SA Khatian # 362, SA Dag # 1979,1980,1981,2025,1997,1998 and 1979/2039, RS Mouza : Motijheel, RS Khatian # 420, RS Dag # 1314 and 1322, D.P Khatian # 619, D.P Dag # 812 and 804. Mutation Khatian 362/3 and Dag # 1979 and 1980. The area of land measuring about 27.10 Decimal,

b) Holding No 63/1/A, Purana Palton, Dist: Dhaka, P.S Motijheel,Subregistry office: Sutrapur ,Dhaka Collectorate Touzi # 141-B-1, under Mouza: Sabek-Sahar Dhaka then Ramna, Hal-Motijheel, J-L#S.A-04, R.S & City Jarip - 06, Sheet # 22,Ward # 03, Khatian-C.S-6947 (Jha), SA-362, R.S-428, Dhaka City Jarip-103,449, Namjari-542, 362/3/1, Jote-543,687& 437,Dag # C.S-100,101, S.A 1979, 1980, 1981,1997,2025,1979/2039,R.S-1315,1322,1316/1360,1323/1359, Dhaka City Jarip-808,809,811. Deed # 3825 &300, dated: 22.08.2010 & 01.02.2012. The area of land measuring about (11.40+11.60) 23.00 Decimal.

c) Total land measuring 30.36 katha, cost price was Tk. 453,255,000. The land was revalued at tk. 5.00 crore per katha and total land valuation amount Tk. 1,518,000,000. Total asset revaluation gains amounting Tk. 1,129,348,248.

Depreciation of an item of fixed assets and amortization on intangible assets is charged on the basis of estimated useful lives as mentioned in revised fixed asset policy of the bank on monthly basis following straight-line method. The depreciation/amortization method used should reflect the pattern in which the asset's economic benefits are consumed by the Bank. The depreciation charge for each period should be recognized as an expense unless it is included in the carrying amount of another asset.

- iv) **Depreciation/amortization rates used for each type of fixed assets are as follows (per annum):**

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

- v) Depreciation is charged on the addition of fixed assets and intangible assets are amortized from the date of use.

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

- vii) **Presentation of intangible asset**

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

Bangladesh Bank: There is no regulation for intangible assets in BRPD Circular No. 15.

2.8.4 IFRS 16: Leases

AL-Arafah Islami Bank Limited applied IFRS 16: Leases for the first time with the date of initial application of 1 January 2020, using modified retrospective approach where the Bank measured the lease liability at the present value of the remaining lease payments and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Upon lease commencement, the Bank recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Bank. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, the Bank measures the right-of-use asset using a cost model. Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

2.8.5 Other assets

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

2.8.6 Non-banking asset

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

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

2.8.7 Reconciliation of inter bank/branch books of accounts

Books of accounts in regard to Inter-branches are reconciled and there are no material differences, which may affect the financial statements significantly. Unrecognized entries in case of inter-branch transactions as on the reporting date are not mentionable due to the time gap before finalizing the same. (Note -14.4)

2.9 Share Capital

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

2.10 Statutory reserve

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

2.11 Revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the surplus amount should be credited directly to equity under the heading of revaluation surplus/reserve as per IAS-16: "Property, Plant and Equipment". The bank first revalued its land in December 2004, December 2012 and again in December 2020 which is absolutely owned by the bank and the surplus amount transferred to revaluation reserve. (Annexure-A)

2.12 Non-controlling interest

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

2.13 Basis for valuation of liabilities and provisions

2.13.1 Provisions on Investment

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	0.25%
General provision on unclassified loans / investments for housing finance and on loans for professionals	2%
General provision on unclassified BHS/MHS/SDS	2%
General provision on unclassified consumer financing other than housing finance and loans for professionals	0.25% to 5%
General provision on special mention account	0.25% to 5%
Specific provision on substandard loans and advances / investments	20%
Specific provision on doubtful loans and advances / investments	50%
Specific provision on bad / loss loans and advances / investments	100%
General provision for COVID 19	1%
Start-up Fund on Net Profit	1%

2.13.2 Loans and advances/Investments net of provision

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

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

2.13.3 Provision for off balance sheet exposures

BRPD circular no.10 (18 September, 2007) requires a general provision for off balance sheet exposure is to be calculated at 1% (2007:0.50%) on all off balance sheet exposures as defined in BRPD Circular No.10 (24 November, 2002). Accordingly we have recognized a provision of 1% on the following off balance sheet items:

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

iv) Off-balance sheet items

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

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

v) Provision for other assets

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

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

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

vii) Provision for taxation

Current tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act 2020 of the profit made by the bank considering taxable add-back of income and disallowance of expenditure in compliance with IAS-12 "Income Taxes". Tax return for the income year 2019 (Assessment year 2020-2021) has been filed but assessment is to be done by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

Deferred tax

The bank recognized deferred tax in accordance with the provision of IAS-12. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the financial statement. Deferred tax asset or liability is the amount of income tax payable or recoverable in future period(s) recognized in the current period. The deferred tax assets/expenses does not create a legal liability/recoverability to and from the income tax authority. The bank recognizes deferred tax on 100% specific provision investment which will be written off as per Bangladesh Bank Circulars. The detail calculation of deferred tax for the period ended 31st December 2020, has given below:

Particular	As per Books of Account			As PerbTex			Deferred Tax
	Carrying Amount	Assets not Deprecible	Net Carrying Amount	Tax Base	Temporary Difference Taxable/ (Deductible)	Tax Rate	
1. Fixed Assets	5,826,875,750	1,519,150,691	4,307,725,059	4,072,977,789	234,747,270	37.50%	88,030,227
Net deferred tax liability (asset)							88,030,227

a. Profit/(loss) Component		b. Equity Component	
Balance as on 1st January 2020	118,731,034	39,101,930	157,832,964
Provision required as on December 31, 2020	(30,700,807)	6,072,000	(24,628,807)
Balance as on 31st December, 2020	88,030,227	45,173,930	133,204,157

viii) Provision for gratuity

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

ix) Retirement benefit and staff welfare schemes

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

x) Other provision and accrued expenses

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

2.14 Revenue recognition

2.14.1 Profit on Investment

- Income from investments has been accounted for on accrual basis except investment under Musharaka. Income in case of Musharaka is accounted for on realization basis.
- Profit/rent/compensation accrued on classified investment are suspended and accounted for as per Circulars issued by the Bangladesh Bank. Moreover, incomes which are irregular (doubtful) as per Shariah are also not included in the distributable income of the Bank. Bank charges compensation on unclassified overdue Bai-Murabaha and Bai-Muazzal investment. Such compensation is not permissible by Shariah to take into regular income of the bank. Therefore, the amount of compensation treated as a component of provision against bad & doubtful investment. Interest received due to legal obligation is also not taken into regular income of the bank.
- Profit on investment is calculated on daily product basis and charged on yearly basis.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

d) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

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

2.14.2 Fees and commission income

Fees and commission income are recognized when earned. Commission charged on customer on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.14.3 Other comprehensive income

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

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank neither Other Comprehensive Income nor the elements of Other Comprehensive Income are allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

2.14.4 Dividend Income

Dividend Income from investment is recognised at the time when it is declared, ascertained, and right to receive the payment is established.

2.15 Management and other expenses

Expenses incurred by the bank are recognised on actual and accrual basis.

2.16 Sharing of investment income

The investment income (except exchange and commission income) is shared between depositors and the bank at the ratio of 70 : 30.

2.17 Foreign currency transactions

- i) The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates prevailed on the dates of such transactions.
- ii) The assets and liabilities denominated in foreign currencies as at 31 December, 2020 are translated into Taka currencies at the prevailing selling and buying rates of the concerned foreign currencies.
- iii) Gains and losses of translation are dealt with through exchange account.

2.18 Basic Earning per share

This has been calculated by dividing the basic earning attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the year as per IAS-33. Diluted earning per share is required to be calculated for the period, when there is scope for dilution during the period under review.

2.19 Related Party transactions

Related party transaction is a transfer of resources, services, or obligation between related parties, regardless of whether price is charged as per IAS 24. (Annexure-C)

2.20 Events after reporting period

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

2.20.1 Financial instruments – presentation and disclosure

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

2.20.2 Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

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

2.20.6 Balance with Bangladesh Bank: (Cash Reserve Requirement)

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.

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

2.21 Approval of the financial statements

Financial Statements were approved by the Board of Directors on 348th meeting held on 28 June 2020 has approved the audited financial statements for the year ended 31 December 2019. The Board has also recommended 13% cash dividend for the year ended 31 December 2019 subject to approval of the shareholders at the 25th Annual General Meeting (AGM).

2.22 General

- i) The financial statements have been prepared in accordance with the formats prescribed under the Banking Companies Act, 1991 (as amended 2013) and in compliance with the rules of Islamic Law (Shariah) related to the banking business activities.
- ii) The figures appearing in these accounts have been rounded off to the nearest taka.
- iii) Wherever necessary previous years' figures have been rearranged to conform to the current years' presentation.

3.A Risk Management

The risk of Al-Arafah Islami Bank Limited is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers 7 (seven) Core Risk Areas of banking i.e Credit risk management, foreign exchange risk management, Assets Liability Management, prevention of money laundering and establishment of internal control and compliance, information & communication technology and Environmental Risk. The prime objective of the risk management is that the bank takes well calculative business risks while safeguarding the bank's capital, its financial resources and profitability from various risks. In this context, the bank took steps to implement the guidelines of Bangladesh Bank as under :

i) Credit Risk Management

Credit risk is one of the major risks faced by the bank. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the bank. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Therefore, bank's credit risk management activities have been designed to address all these issues. The bank has an investment (Credit) risk management committee at head office. The committee reviews the investment risk issues on monthly basis. The bank has segregated the investment approval, investment administration, investment recovery and legal authority. The bank has segregated duties of the officers/executives involved in credit related activities. A separate business development (marketing) department has been established at head office, which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. In the branches of the bank separate officials are engaged as relationship manager, documentation officer, verification officer, disbursement officer and recovery officer. Their jobs have been allocated and responsibilities have been defined.

Investment (Credit) Risk Grading Manual

The bank has implemented the Investment (Credit) Risk Grading Manual (IRGM) since April 1, 2006 which is made mandatory by Bangladesh Bank vide BRPD Circular No. 18 of December 11, 2005. Investment Officials of the bank have been trained on IRGM. Investment Risk Grading is incorporated in the investment presentation form for all the cases.

ii) Foreign Exchange Risk Management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. As per foreign exchange risk management guideline, bank has established a separate treasury department at head office. Under the treasury department, foreign exchange front office, foreign exchange back office and local money market have been physically demarked. Duties and responsibilities of them have also been defined. All foreign exchange transactions are revalued at mark to market rate as determined by Bangladesh Bank at the month end. All Nostro accounts are reconciled on monthly basis and outstanding entry beyond 30 (thirty) days is reviewed by the management for its settlement. Regulatory reports are submitted on time to Bangladesh Bank.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

iii) Assets Liability Management

The Asset Liability Committee (ALCO) monitors balance sheet risk and liquidity risks of the bank. The balance sheet risk is defined as potential change in earnings due to change in rate of profit, foreign exchange rates which are not of trading nature. ALCO reviews liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The primary objective of ALCO is to monitor and avert significant volatility in net profit income, investment value and exchange earnings.

iv) Internal control and compliance

Effective internal controls are the foundation of safe and sound banking. A properly designed and consistently enforced system of operational and financial internal control helps the bank management to safeguard the bank's resources, produce reliable financial and managerial report, and comply with laws and regulations.

AIBL has taken all-out efforts to mitigate all sorts of risk in line with the guidelines issued by Bangladesh Bank. To this effect, the bank has formed an Internal Control & Compliance (ICC) division headed by Senior Vice President. The ICC division has been segregated to three departments which are audit & inspection department, audit monitoring department and regulatory compliance department. AIBL internal control contains self-monitoring mechanisms and to ensure effective control DCFCL, Investment documentation checklist and quarterly operation report have been developed and implemented. Internal audit and internal control teams carries out regular audit and surprise/special inspection of the branches to mitigate operational risk and restrain the possibility of circumvention or overriding the control procedure. ICC division submits parallel comprehensive internal audit report to the managing director and to the audit committee. Within 02 (two) months after receiving the audit report, audit monitoring department completes the compliance report and submits the report to the audit committee for their review. The committee reviews the system of internal control and the audit process for compliance with rules, regulation and code of conduct, financial reporting process, and also suggests actions to remedy the lapses/irregularities. By this time the ICC division has introduced concurrent audit, surprise inspection, auto information system, Quarterly Audited System, and mandatory leave policy to boost-up the functions of internal control and compliance.

v) Prevention of money laundering

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risk the bank has a Central Compliance Unit (CCU) at head office. The unit reviews the anti money laundering activities of the bank on regular basis. The bank has a designated Chief Anti Money Laundering Compliance Officers (CAMLCO) at head office and Branch Anti Money Laundering Compliance Officers (BAMLCO) at branches. The compliance officers review the Suspicious Transaction (STR) and records them properly. Manuals have been established for the prevention of money laundering and transaction profile has been introduced. Training has been continuously given to all category of officers and executives for developing awareness and skill for identifying suspicious activities. The bank submits the STR, CTR and other periodical reports to Bangladesh Bank on time.

vi) Guideline on information & Communication Technology:

Technology is the process by which humans modify nature to meet their needs and wants. The term Information Technology (IT) means computers, auxiliary equipment, software, hardware and similar procedures, services and related resources. Information Technology (IT) developed in a rapidly changing global environment, and challenges us to courageous initiatives to address a host of vital skilled human resources. To overcome the challenges the bank has a IT policy. The IT policy of the bank includes the purchase policy, hardware policy, software development policy, banking application usage policy, security policy, disaster recovery policy etc. The bank is now implementing its online banking project complying the IT policy.

vii) Internal Audit

As per Internal Control & Compliance (ICC) Risk Management Guideline of Bangladesh Bank, a 'Risk Based Audit Plan' is to be prepared for each calendar year for smooth conducting of Audit & Inspection of all the branches and departments & divisions of Head Office of the bank. Besides the Yearly Auditing, Internal Audit Department Conducts Special Audit, Quarterly Foreign Exchange & Investment Audit, Surprise Audit etc.

To prevent incidence of errors and their recurrences, more emphasis are given on spot rectification of irregularities/lapses while auditing/inspecting of the branches.

For Audit purpose, branches have been segregated into 05 risk categories (Extremely High, Very High, High, Medium & low risk). The regular Audit & Inspection Teams also conduct Core Risks System Audit during their regular Audit & Inspections.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

viii) Fraud and Forgeries:

During the year 1st January to 31st December, 2020 Audit and Inspection department of ICCD, have detected some incidents/irregularities as fraud-forgeries relating to cash misappropriation and investment disbursement in 02 branches of the Bank, which are not material in terms of Bank's overall financial transactions. In order to not jeopardize the bank's interest, all such irregularities were regularized/mitigated by recovery of the defalcated money through strong monitoring and close supervision by the ICC Division. Furthermore, administrative actions were also taken against the delinquent officers/persons involved. Compliances of these issues were duly reported to the Board Audit Committee and Bangladesh Bank in time as per regulatory guidelines.

3.B Risk Based Capital (Basel III)

To comply with the international best practices and to make the bank's capital more risk sensitive as well as to build the banking industry more shock absorbent and stable, Bangladesh Bank is aimed to implement Basel-II reporting from 2010 and Basel-III reporting from 2015. As per the directive of Bangladesh Bank, all scheduled banks in Bangladesh are now required to report risk based capital adequacy for banks under Basel-III along with the existing capital adequacy rules and reporting under Basel-I and Basel-II during the parallel run i.e. 2009 and 2010 respectively. All scheduled banks are also required to disclose capital adequacy in both quantitative and qualitative terms. The first disclosure as per guidelines shall be made as on the effective date viz. January 01, 2015.

3.C Compliance status on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, the bank applied most of IAS and IFRS as adopted by ICAB. Details are given below:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Statement of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investments in Associates & Joint Ventures	28	N/A
Financial Instruments: Presentation	32	Applied
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
Name of the IFRS	IFRS No.	Status
Financial Instruments: Disclosures	7	Applied
Financial Instruments: Recognition and Measurement	9	Applied
Consolidated Financial Statements	10	Applied
Disclosure of interest in other entities	12	Applied
Fair value Measurement	13	Applied
Revenue from contracts with customers	15	Applied
Leases	16	Applied

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

4 Audit Committee:

An Audit Committee was constituted by the Board of Directors of the bank in its 95th meeting held on 24th March, 2003 as per BRPD Circular No. 12 dated 23th December, 2002 and subsequently reconstituted by the Board of Directors in its 351st Meeting held on 23 September, 2020 as per BRPD Circular No. 11 Dated 27.10.2013 as under:

SL	Name	Status with Committee	Educational Qualification
1	Mahbubul Alam	Chairman	B.Com
2	Nazmul Ahsan Khaled	Member	B.Sc Engineer
3	Abdul Malek Mollah	Member	Intermediate
4	Al-hajj Naiz Ahmed	Member	M.com. (Accounting), LLB
5	Md. Amir Uddin PPM	Member	BSS (Hons) Economics, MSS (Economics)

During the period 2020 the audit committee of the bank conducted 07 (seven) meetings in which among others, the following issues were discussed:-

- Reviewing the inspection report of different branches of AIBL conducted by the bank internal inspection team from time to time and status of compliance thereof.
- Reviewing the comprehensive inspection report of different branches of AIBL conducted by Bangladesh Bank and status of compliance thereof.
- Reviewing the financial statements of the bank for the period 31 December, 2020.

5 COVID-19 on disclosure

On 30 January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread worldwide. In response to the outbreak, the Government of Bangladesh and stock exchanges of Bangladesh declared general holiday from 26 March 2020. Since then the Company temporarily closed its office and branches stopping all of its operations due to health concerns associated with COVID-19. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery timeline. Therefore, while the Company expects this matter to negatively impact its business. The Company has considered key accounting considerations related to conditions that may result from the COVID 19.

As at and for the year ended December 31, 2020

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As at and for the year ended December 31, 2020

Islami Bank Bangladesh Ltd.
Social Islami Bank Ltd.
Shahjalal Islami Bank Ltd.
EXIM Bank Ltd.
ICB Islamic Bank Ltd.
Jamuna Bank Ltd.
The City Bank Ltd.
Southeast Bank Ltd.
AB Bank Ltd.
Bank Alfah Ltd.

2020	2019
Taka	Taka
16,116,488	25,995,540
3,210,146,431	2,246,641,714
1,874,198,127	1,549,777,118
111,881,874	214,673,068
162,134,189	162,124,304
58,702,131	223,684,441
12,224,062	8,130,213
1,619,083,538	740,934,979
4,386,784	2,759,725
919,604,341	203,437,814
8,264,657,859	5,423,858,970
8,288,025,632	5,473,391,378

* (AIBL is maintaining constant communication with ICB Islamic Bank and Bangladesh Bank for Recovering their money from ICB Islamic bank)

b) Outside Bangladesh (NOSTRO A/C)

Name of bank	Currency Name	Amount in Foreign Currency	Conversion rate per unit F.C	Amount In BDT.	Amount In BDT.
HABIB BANK AG ZURICH	CSF	6,225	96.20	598,842	1,533,829
COMMERZBANK AG FRANKFURT AM	EURO	198,173	104.19	20,646,771	2,745,386
ABU DHABI COMMERCIAL BANK PJSC	REYAL	19,512	23.08	450,350	424,376
STANDARD CHARTERD BANK LTD,FRANKFURT	EURO	3,028,380	104.19	315,514,199	22,250,331
UNITED BANK OF INDIA,KOLKATA, ACUD	USD	7,812	104.19	813,926	11,555,065
STANDARD CHARTERD BANK LTD,JAPAN	JPY	1,596,827	0.82	1,310,835	2,326,205
SHANGHAI PUDONG DEVELOPMENT BANK	RMB	98,999	13.00	1,287,106	681,324
STANDARD CHARTERD BANK LTD,LONDON	POUND	451,638	114.83	51,860,773	122,688,803
AL RAJI BANKING & INV CORP,SAUDI ARABIA	REYAL	730,269	22.60	16,502,478	20,715,431
AB BANK LTD., MUMBAI	ACUD	618,203	84.80	52,423,873	25,333,707
AXIS BANK LTD.	ACUD	597,893	84.80	50,701,575	34,802,338
BANK OF BHUTAN, ACU	ACUD	170,009	84.80	14,416,835	6,749,447
COMMERZBANK AG FRANKFURT AM MAIN DE	USD	1,239,559	84.80	105,115,091	52,438,203
HABIB BANK AMERICAN BANK ,NEW YORK,USA	ACUD	1,117,580	84.80	94,771,267	80,613,576
ICICI BANK LIMITED, MUMBAI	ACUD	656,611	84.80	55,680,851	172,313,493
ICICI BANK LIMITED,HONGKONG	USD	571,987	84.80	48,504,690	48,427,599
MASHREQE BANK PSC,MUMBAI	ACU D	451,508	84.80	38,288,046	52,074,748
UNITED BANK OF INDIA, KOLKATA, ACUE	ACUD	219,395	84.80	18,604,759	742,785
SONALI BANK LTD. KOLKATA	ACUD	889,555	84.80	75,434,605	17,758,858
STANDARD CHARTERD BANK LTD,KARACHI	ACUD	299,402	84.80	25,389,421	30,960,155
STANDARD CHARTERD BANK LTD,MUMBAI	ACUD	1,080,666	84.80	91,640,935	79,485,240
HABIB METROPOLITAN BANK LTD, KARACHI	USD	170,764	84.80	14,480,822	10,286,558
MASHREQE BANK PSC,NEW YORK	USD	1,749,951	84.81	148,417,846	204,262,580
CITIBANK N.A.,NEW YORK, USA	USD	1,735,948	84.80	147,209,072	109,831,439
STANDARD CHARTERD BANK LTD,NEW YORK	USD	79,554	86.35	6,869,553	162,743,706
STANDARD CHARTERD BANK, KOLKATA (AMEX)	USD	155,899	84.80	13,220,281	13,235,809
UBI BANCA S.P.A. ITALI	USD	86,930	104.19	9,056,872	-
KUMARI BANK LTD, NEPAL	ACUD	137,500	84.80	11,660,055	-
EMIRATES NBD, RIYADH, KSA	SAR	247,242	22.60	5,587,121	12,381,620
				1,436,458,851	1,299,362,613
Placement to OBU-USD				6,837,354,045	4,820,861,394
				8,273,812,895	6,120,224,007
				16,561,838,527	11,593,615,385

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

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

a) In Bangladesh:

Al-Arafah Islami Bank Ltd. [Note-6.a]

AIBL Capital Market Services Ltd.

AIBL Capital Management Ltd.

Less: Inter-Company Adjustment

b) Outside Bangladesh

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

Payable on Demand

Up to 1 (one) month

Over 1 (one) Month but not more than 3 (three) Months

Over 3 (three) Months but not more than 1 (one) year

Over 1 year but not more than 5 years

Over 5 years

7. Placement with Banks & Other Financial institutions

The City Bank

Exim bank Ltd.

Premier bank Ltd.

Ifil

Union bank Ltd mtdr a/c

Social Islami Bank Ltd.

Dhaka Bank

Premier bank Ltd.

Standard bank

F.C. Placement Local (USD)

7.A

Al-Arafah Islami Bank Ltd.

AIBL Capital Market Services Ltd.

8.

Investment in Shares & Securities

Bangladesh Govt. Islami Bond Fund (8.a)

Bangladesh government investment sukuk (BGIS) (8.a)

Investment In Islamic Refinance Fund (8.a)

Investment in Share (8.b)

Central Depository Bangladesh Limited (8.b)

2020	2019
Taka	Taka
8,288,025,632	5,473,391,378
186,642,621	183,963,100
100,000,000	100,000,000
-	-
8,574,668,253	5,757,354,478
(286,642,621)	(283,963,100)
8,288,025,632	5,473,391,378
8,273,812,895	6,120,224,007
16,561,838,527	11,593,615,385
16,561,838,527	11,593,615,385
-	-
-	-
-	-
-	-
16,561,838,527	11,593,615,385
450,000,000	-
6,700,000,000	6,500,000,000
2,000,000,000	-
1,000,000,000	1,000,000,000
1,000,000,000	1,000,000,000
1,000,000,000	500,000,000
-	500,000,000
-	2,500,000,000
-	-
12,150,000,000	12,000,000,000
2,120,010,000	-
14,270,010,000	12,000,000,000
14,270,010,000	12,000,000,000
-	-
14,270,010,000	12,000,000,000
17,500,000,000	14,000,000,000
1,583,830,000	-
500,000,000	500,000,000
1,140,840,456	863,112,579
3,138,890	3,138,890
20,727,809,346	15,366,251,469

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
8.a Investments in Share & Securities		
Government Securities	19,583,830,000	14,500,000,000
Bangladesh Govt. Islami Bond Fund	17,500,000,000	14,000,000,000
Bangladesh government investment sukuk (BGIS) (8.a)	1,583,830,000	
Investment In Islamic Refinance Fund	500,000,000	500,000,000
In shares (quoted and unquoted)		
Quoted		
Private (8.b)	503,902,718	126,174,841
Unquoted		
Private (8.b)	640,076,628	740,076,628
	1,143,979,346	866,251,469
8.b.i Book value of share as on 31 December 2020 as follows		
Quoted shares in (Schedule of Shares and Securities are given Annexure B)		
Dafodilco	186,423,800	-
padmaoil	22,496,986	-
Intech	-	9,061,878
Primetex	20,878,645	20,878,645
Icbamcl 2nd	-	2,312,015
Doreenpw	5,416,784	14,640,469
Shashadnim	-	97,556
primelife	8,071,989	-
Kdsaltd	-	6,699,441
Sinobangla	31,756,505	31,756,505
Premierce	13,105,238	-
ITC	26,505,188	26,160,937
ibnsina	2,746,916	-
AIBI 1st Islamic Mutual Fund	170,000,000	10,000,000
	503,902,718	126,174,841
8.b.ii Unquoted shares in		
Swift Share	7,453,233	7,453,233
Investment in sibl mudaraba sub-ordinated bond	600,000,000	700,000,000
Central Depository Bangladesh Limited	3,138,890	3,138,890
Investment in Millennium Information Solution Limited	29,484,505	29,484,505
	640,076,628	740,076,628
	1,143,979,346	866,251,469
8.A Investment in Shares & Securities		
Al-Arafah Islami Bank Ltd.	20,727,809,346	15,366,251,469
AIBL Capital Market Services Ltd. 8.A.ii	662,120,683	662,120,683
AIBL Capital Management Ltd. 8.A.ii	173,743,496	142,147,510
Millennium information solution Ltd. 8.A.ii	-	-
	21,563,673,525	16,170,519,662

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

8.A.i Investment in Shares & Securities

Al-Arafah Islami Bank Ltd.

AIBL Capital Market Services Ltd.

AIBL Capital Management Ltd.

Millennium information solution Ltd.

8.A Maturity grouping of investments

Payable on Demand

Not more than 3 months

Over 3 (three) months but not more than 1 (one) year

Over 1 year but not more than 5 years

More than 5 years

9. Investments

a) General Investment

i. in Bangladesh

Murabaha Investment

Bai-Muazzal Investment

Hire Purchase Investment

Quard

Other Investment

ii. Out side Bangladesh

Less: Unearned profit on Investment

b) Bill Purchased & Discounted

Payable in Bangladesh

Payable out side Bangladesh

c) Maturity grouping of Investment

Including bills purchased and discounted

Payable on Demand

Up to 1 (one) month

Over 1 (one) month but not more than 3 (three) months

Over 3 (three) months but not more than 1 (one) year

Over 1 year but not more than 5 years

Over 5 years

2020	2019
Taka	Taka
1,143,979,346	866,251,469
662,120,683	662,120,683
173,743,496	142,147,510
-	-
1,979,843,525	1,670,519,662
-	-
165,100,000	165,100,000
835,864,179	804,268,193
20,562,709,346	15,201,151,469
21,563,673,525	16,170,519,662
84,060,687,619	83,514,215,128
109,678,699,174	102,249,139,001
96,221,472,646	88,118,977,803
2,203,972,836	315,923,872
5,694,465,907	3,929,968,807
297,859,298,182	278,128,224,611
-	-
297,859,298,182	278,128,224,611
6,551,698,720	9,349,642,157
291,307,599,462	268,778,582,454
10,685,972,770	12,267,683,039
1,216,837,744	2,201,310,263
11,902,810,514	14,468,993,302
303,210,409,976	283,247,575,757
62,041,500,000	50,378,800,000
89,521,000,000	91,193,100,000
96,457,600,000	94,070,300,000
38,378,000,000	38,749,400,000
16,812,309,976	8,855,975,756
303,210,409,976	283,247,575,756

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

d) An analysis to disclose following Significant concentration :

- i. Investment to Directors and others
- ii. Investment to Managing Director and Chief Executive
- iii. Investment to customer (No. of clients with amount of outstanding and classified loan to whom loans and Investment sanctioned more than 10% of total capital of the Bank)

iv. Investments to customers for more than 10% of Bank's Total Capital

Number of clients

Amount of outstanding Investment

Amount of Classified Investment

2020	2019
Taka	Taka
44,115,238	44,115,238
-	-
132,086,200,000	123,304,600,000
38	34
132,086,200,000	123,304,600,000
-	-

Name of Clients		Funded	Non-Funded	Figure in crore	Figure in crore
01	Meghna Group	10.91	98.12	109.03	55.99
02	City Group	326.83	294.27	621.10	708.03
03	Thermax Group	446.91	54.07	500.98	458.44
04	Majumder Traders	223.58	9.82	233.40	226.65
05	T K Group	135.16	14.45	149.61	66.84
06	Abul Khair Steel Industries Ltd.	206.74	244.49	451.23	608.68
07	AIBL Capital Market Services Ltd.	365.37	40.00	405.37	425.35
08	Noapara Traders	82.32	249.22	331.54	528.19
09	Techno Electricals Ltd	90.41	113.06	203.47	310.48
10	Badsha Group	275.39	182.60	457.99	290.08
11	Aman Tex Limited	327.13	229.60	556.73	-
12	Masihata Sweaters Ltd.	376.95	73.67	450.62	401.62
13	Tafid Cotton Mills Ltd.	393.95	92.94	486.89	461.82
14	The Rani Concast, Rani Re-Rolling & RRM Electron	236.26	74.02	310.28	310.29
15	Sheikh Brother & its Sister Concern	111.39	140.79	252.18	250.00
16	Runner Motors Ltd. & Promita	377.53	12.72	390.25	434.75
17	Bangladesh Steel Re-rolling Mills	48.13	163.21	211.34	127.41
18	NICE Denim Mills Ltd.	453.91	168.96	622.87	450.07
19	Younus Paper Mills Ltd & its sister concern	221.16	31.28	252.44	205.45
20	Momtex	322.32	54.21	376.53	344.83
21	Kader Compact Spinning Mills	308.95	-	308.95	290.92
22	Kabir Steel Re-rolling Mills	416.91	-	416.91	429.89
23	IBN Sina	263.17	66.33	329.50	353.53
24	Ayman Textile & Hosiery Ltd.	402.94	0.77	403.71	388.95
25	Aman Group	-	-	-	474.79
26	Nitol Motors Ltd.	297.69	-	297.69	310.25

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

				2020	2019
				Taka	Taka
27	Robiul Islam, M/S. Rahman Traders & M/S. Zobari Traders	271.85	-	271.85	251.77
28	Creative paper Mills	231.75	90.20	321.95	294.34
29	Biswas Poultry & Fish Feeds Ltd.	150.43	565.96	716.39	819.22
30	PRAN-RFL Group	85.04	205.24	290.28	184.52
31	Delta Group	356.17	0.72	356.89	330.55
32	Bandar Steel Industries Ltd	156.87	171.25	328.12	380.84
33	Mahmud Fabrics And Finishing Ltd.	466.59	28.55	495.14	440.26
34	S Suhi industrial Park Ltd	396.91	212.42	609.33	467.32
35	Smile Food Products Ltd	52.53	367.51	420.04	248.34
36	H.R. Re-Rolling Mills	19.73	17.17	36.90	-
37	Healthcare pharmaceuticals Ltd.	76.93	4.53	81.46	-
		8,986.81	4,072.15	13,058.96	12,330.46

v) Industry/Sector wise Investments

Agriculture	5,295,100,000	5,104,800,000
Industry	135,956,500,000	158,327,600,000
Constraction	33,552,500,000	32,090,300,000
Power,Gas,Water & Sanatary Services	509,000,000	1,769,400,000
Transport & communication	25,252,500,000	20,096,540,000
Trade Service	106,382,508,696	72,346,800,000
Storage	2,575,100,000	1,500,400,000
Professional & Miscellaneous Service	238,900,000	1,361,377,913
	309,762,108,696	292,597,217,913
Less: Unearned profit on Investment	6,551,698,720	9,349,642,157
	303,210,409,976	283,247,575,756

vi) Geographical Location -wise Investment

Urban:	279,733,284,696	265,438,177,000
Dhaka Region	229,158,499,696	214,429,292,000
Chittagong Region	30,868,768,000	31,679,571,000
Sylhet Region	701,366,000	1,068,739,000
Rajshahi Region	6,756,778,000	6,717,144,000
Mymensing	1,709,600,000	1,557,493,000
Khulna Region	1,604,789,000	6,558,463,000
Rangpur Region	6,790,241,000	1,335,028,000
Barisal Region	2,143,243,000	2,092,447,000
Rural:	30,028,824,000	27,159,040,913
Dhaka Region	12,655,339,000	12,034,754,913
Chittagong Region	6,962,517,000	5,368,243,000

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

Sylhet Region
Mymensing
Rajshahi Region
Khulna Region
Rangpur Region
Barisal Region

Less: Unearned profit on Investment

e) Classification of Investment including bills purchased and discounted

Unclassified

Standard including (Staff investment)
Special Mention Accounts (SMA)

Classified

Sub Standard
Doubtful
Bad / Loss

Less: Unearned profit on Investment

f) Required Provision on Investment & Off -balance sheet exposures

Unclassified

General provision on unclassified Investment
General provision on small enterprise Investment
General provision on Housing financing Investment
General provision on consumer financing Investment
General provision on Micro Investment
General provision on special mention Investment
General provision on BHS/MHS/SDS

1% General Provision -COVID-19 :

Classified

Specific provision on substandard Investment
Specific provision on doubtful Investment
Specific provision on bad/loss Investment

Unclassified

General provision on Off-balance sheet

2020	2019
Taka	Taka
612,328,000	634,181,000
2,675,891,000	2,386,950,000
309,873,000	302,269,000
3,698,801,000	1,887,202,000
2,177,094,000	3,652,868,000
936,981,000	892,573,000
309,762,108,696	292,597,217,913
6,551,698,720	9,349,642,157
303,210,409,976	283,247,575,756
297,992,531,696	278,496,802,914
292,884,970,696	268,722,777,913
5,107,561,000	9,774,025,000
11,769,577,000	14,100,415,000
1,699,551,000	2,694,191,000
1,051,252,000	746,695,000
9,018,774,000	10,659,529,000
309,762,108,696	292,597,217,914
6,551,698,720	9,349,642,157
303,210,409,976	283,247,575,757
2,391,238,001	1,690,861,000
220,660,000	222,052,000
27,071,000	25,409,000
6,378,000	35,195,000
26,456,000	21,581,000
25,475,000	67,443,000
89,822,000	94,736,000
2,787,100,001	2,157,277,000
404,650,000	-
3,191,750,001	2,157,277,000
294,903,000	144,418,000
85,100,000	88,117,000
6,264,354,000	5,789,488,000
6,644,357,000	6,022,023,000
935,500,001	778,500,000
10,771,607,001	8,957,800,000

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

g) Provision made on Investment & Off-balance sheet exposures

Unclassified

General provision on unclassified Investment	2,391,238,001	1,690,861,000
General provision on small enterprise Investment	220,660,000	222,052,000
General provision on Housing financing Investment	27,071,000	25,409,000
General provision on consumer financing Investment	6,378,000	35,195,000
General provision on Micro Investment	26,456,000	21,581,000
General provision on special mention Investment	25,475,000	67,443,000
General provision on BHS/MHS/SDS	89,822,000	94,736,000

2,787,100,001 **2,157,277,000**

1% General Provision -COVID-19:

404,650,000 **-**

3,191,750,001 **2,157,277,000**

Classified

Specific provision on substandard Investment	294,903,000	144,418,000
Specific provision on doubtful Investment	85,100,000	88,117,000
Specific provision on bad/loss Investment	6,264,354,000	5,789,488,000

Unclassified

General provision on Off-balance sheet	935,500,001	778,500,000
	10,771,607,001	8,957,800,000

Provision Excess/(Shortfall)

- **-**

h) Particulars of Investments

i) Investment considered good in respect of which of the bank company is fully secured;	213,929,647,146	183,660,760,711
ii) Investment considered good against which the banking company holds no security other than the debtors personal guarantee.	95,832,461,579	108,936,457,206
iii) Investment considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors;	-	-
iv) Investment adversely classified; provision not maintained thereagainst;	-	-
v) Investment due by directors or officers of the Banking company or any of these either separately or Jointly with any other persons;	-	-
vi) Investment due from companies or firms in which the directors of the banking company have interests as directors, partners or managing or in the case of private companies as members;	39,033,331	39,033,331
vii) Maximum total amount of Investments including temporary Investments made at any time during the year to directors or managers or officers of the banking companies or any of them either agents severally or jointly with any other persons;	-	-
viii) Maximum total amount of Investment including temporary Investment granted during the year to the companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members;	-	-
ix) Due from banking companies;	-	-
x) Amount of Classified Investment on which profit has not been charge, are mentioned as follows;	-	-
a) An amount of Bad Investment on which profit has not been charged	9,018,774,000	10,659,529,000
i) Decrease/Increase in provision (Specific)	622,334,000	2,075,934,387
ii) Amount of Investment written off;	7,328,753,936	7,230,385,257
iii) Amount realised against Investment previously written off;	56,952,186	204,792,398

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
b) Amount of provision kept against Investment classified as "bad/loss" on the date of preparing the balance sheet ;	6,264,354,000	5,789,488,000
c) Profit creditable to the profit suspense/Compensation A/c;	-	-
xi) i) Cumulative amount of the written of Investment;	8,627,064,415	8,467,793,181
ii) Amount written off during the current year;	121,316,489	594,091,100
iii) The amount of written off Investment for which lawsuit has been filed;	7,328,753,936	7,230,385,257
9.A. Investments		
Al-Arafah Islami Bank Ltd.	303,210,409,976	283,247,575,757
AIBL Capital Market Services Ltd.	8,805,970,320	8,633,904,178
AIBL Capital Management Ltd.	3,384,154	3,643,771
	312,019,764,450	291,885,123,706
Less: Inter company Adjustment	(3,399,100,000)	(3,399,100,000)
	308,620,664,450	288,486,023,706
9.A.i Maturity grouping of Investment Including bills purchased and discounted		
Payable on Demand	-	-
Up to 1 (one) month	62,041,500,000	50,378,800,000
Over 1 (one) month but not more than 3 (three) months	89,521,000,000	91,193,100,000
Over 3 (three) months but not more than 1 (one) year	96,457,600,000	94,070,300,000
Over 1 year but not more than 5 years	43,788,254,474	38,749,400,000
Over 5 years	16,812,309,976	14,094,423,705
	308,620,664,450	288,486,023,705
10. Fixed Assets		
Tangible Assets		
Land	1,519,150,690	1,367,350,690
Building	1,221,316,331	1,221,316,331
Furniture (Wood)	992,423,925	922,187,142
Furniture (Steel)	173,781,745	122,677,690
Computer	317,880,563	297,909,562
Computer (Accessories)	124,487,860	114,598,645
Motor Car	206,274,578	199,415,854
Machine equipment & appliance	1,236,705,711	1,191,061,753
Online Hardware	931,105,123	746,231,373
Interior Decoration	177,608,111	174,348,035
Right of use Assets as per IFRS-16*	1,623,800,000	-
Books & Library	9,234,557	9,234,557
	8,533,769,194	6,366,331,632
Intangible Assets		
Online Software	440,632,105	392,178,585
Total	8,974,401,299	6,758,510,217
Less Accumulated Depreciation & Amortization	3,147,525,550	2,415,578,062
	5,826,875,749	4,342,932,155
Schedule of Fixed Assets are given in Annexure - A.		
10.A. Fixed Assets		
Al-Arafah Islami Bank Ltd.	5,826,875,749	4,342,932,155
AIBL Capital Market Services Ltd.	6,879,749	8,744,600
AIBL Capital Management Ltd.	124,754	250,233
Millennium Information	-	-
	5,833,880,252	4,351,926,988

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

11. Other Assets

	2020	2019
	Taka	Taka
Master card Settlement Account	126,991,506	147,019,114
Suspense Account	60,233,028	72,167,324
Stock of Stationery	82,703,538	52,602,867
Stamp in hand	7,780,094	7,975,407
Advance Deposit	-	4,411,842
Advance Rent	365,452,182	436,441,647
Master card	-	128,867,841
Investment for Subsidiary Companies	2,910,000,000	2,910,000,000
Advance Income Tax & TDS [Note 11.3]	14,617,955,826	12,179,684,260
Protested Bills	16,146,242	5,706,700
Prepaid Expenditure	1,799,998	2,033,926
Balance with cmsl for portfolio account	1,395,696,176	1,375,187,044
Accrued Income	1,143,667,847	1,107,199,299
Stock of ATM Card	1,050,000	1,050,000
Clearing adjustment	140,701,767	211,575,375
Adjustment a/c debit balance	-	-
Due from off-shore Banking unit	13,101,216,877	10,059,700,882
	33,971,395,081	28,701,623,528
Less: Balance with OBU for elimination investment with OBU	13,101,216,877	10,059,700,882
	20,870,178,204	18,641,922,646
11.01 Investment in Millennium Information Solution Ltd.		
Investment in subsidiary	29,484,505	150,000,000
Less: Sale of Investment	-	(120,515,495)
	29,484,505	29,484,505

Millennium Information Solution Limited was a subsidiary of Al-Arafah Islami Bank Limited. This year Al-Arafah Islami Bank sold out it's 41% holdings shares to different parties. As a result the Millennium Information Solution Limited is not a subsidiary of Al-Arafah Islami Bank Limited this year. Hence, consolidated financial statements did not consider the financial statement of Millennium Information Solution Limited. Al-Arafah Islami Bank also reduce it's investment of the said subsidiary accordingly. So this investment in subsidiary has been reclassified as investment is share.

11.2 Classification of other Assets under the following catagories

i) Investment in shares of subsidiary companies;	2,910,000,000	2,910,000,000
In Bangladesh	-	-
ii) Stationery, Stamps, Printing materials etc.	91,533,632	61,628,274
iii) Advance rent and advertisement;	365,452,182	436,441,647
iv) Profit accrued on Investment but not collected, commision & brokerage receivable on shares and debenture and other income receivable	1,143,667,847	1,107,199,299
v) Security deposit	-	4,411,842
vi) Preliminary, formation and organization expenses, renovaiton	1,799,998	2,033,926

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
vii) Master card Settlement Account	126,991,506	147,019,114
viii) Suspenses account	60,233,028	72,167,324
ix) DD Paid without advice	-	-
x) Protested Bills	16,146,242	5,706,700
xi) Dividend Receivable	-	-
xii) Capital Work In Progress	-	128,867,841
xiii) Others	16,154,353,769	13,766,446,679
xiv)	20,870,178,204	18,641,922,646
xiii) Others		
Adjustment a/c cost of borrowing	140,701,767	211,575,375
Remittance adjustment a/c	-	-
Investment in sibl mudaraba sub-ordinated bond	-	-
Advance Income Tax & TDS	14,617,955,826	12,179,684,260
Parking for overdue claims (ibw)	-	-
Balance with cmsl for portfolio account	1,395,696,176	1,375,187,044
Revaluation adjustment a/c	-	-
	16,154,353,769	13,766,446,679
11.3 Advance Income Tax & TDS		
i) Begining of the year	12,179,684,260	10,168,005,399
Advance tax paid during the year	2,256,760,016	1,837,930,317
Tax deducted at Source during the year	181,511,550	173,748,544
Settlement for previous year	-	-
Advance income tax at the end of the year	14,617,955,826	12,179,684,260
11.A. Consolidated Other Assets		
Al-Arafah Islami Bank Ltd.	20,870,178,204	18,641,922,646
AIBL Capital Market Services Ltd.	1,716,724,790	1,704,003,997
AIBL Capital Management Ltd.	261,697,223	294,239,009
Millennium information solution Ltd.	-	-
	22,848,600,217	20,640,165,652
Less: Inter-Company Adjustment	(3,010,000,000)	(3,010,000,000)
	19,838,600,217	17,630,165,652
12. Non-Banking Assets	50,875,037	50,875,037

13. Placement from Banks & Other financial Institutions

The Bank has taken finance from Islami Investment Bond (Islami Bond) at banks' own mudaraba savings rate (i.e.as on 31st December 2020 MTDR provisional rate) for 180 days tenure which introduced by the Government for islami banks and financial institutes in september 2004 through Bangladesh Bank. The borrowing has been secured by MTDR, Accepted bills and Demand Promissory Note.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

			2020	2019
			Taka	Taka
	Name of the Bank	Mature Date	Amount	Amount
a.	In Bangladesh			
	Borrowing from Bangladesh Bank	10-Jan-2021	1,000,000,000	1,000,000,000
	Borrowing from Bangladesh Bank	17-Jan-2021	2,000,000,000	2,000,000,000
	Borrowing from Bangladesh Bank	19-Jan-2021	2,000,000,000	2,000,000,000
	Borrowing from Bangladesh Bank	25-Jan-2021	2,000,000,000	2,000,000,000
	Borrowing from Bangladesh Bank		-	2,000,000,000
	Borrowing from Bangladesh Bank		-	2,000,000,000
	Borrowing from Bangladesh Bank		-	1,000,000,000
	Borrowing from Bangladesh Bank		-	1,000,000,000
	Borrowing from Bangladesh Bank		-	1,000,000,000
	Borrowing from Bangladesh Bank		-	1,000,000,000
	Borrowing from Bangladesh Bank		-	1,000,000,000
	Borrowing from Bangladesh Bank		-	1,000,000,000
	Borrowing from Bangladesh Bank		-	1,000,000,000
	Borrowing from Bangladesh Bank		-	1,000,000,000
			7,000,000,000	19,000,000,000
b.	F.C. BORROWING FROM BANGLADESH BANK		15,504,318,785	7,024,573,850
	MUDARABA F.C. DEPOSIT A/C (EDF FROM BB)		11,200,658,264	6,799,938,129
	BORROWING FROM B. BANK, STIMULUS		1,711,372,719	-
	BORROWING FROM B. BANK, STIMULUS		170,403,000	-
	BORROWING FROM B. BANK REFINANCE		799,661,178	-
	FC Borrowing From B. Bank (LTFF)		1,622,223,623	224,635,721
c.	Out side Bangladesh		-	-
			22,504,318,785	26,024,573,850
13.A	Placement from Banks & Other financial Institutions			
	Al-Arafah Islami Bank Ltd.		22,504,318,785	26,024,573,850
	AIBL Capital Market Services Ltd.		1,496,159,046	1,521,801,711
			24,000,477,831	27,546,375,561
14.	Deposit and Other Accounts			
	Mudaraba Savings Deposits		54,879,126,373	45,211,429,367
	Mudaraba Term Deposits		164,296,138,402	162,871,848,585
	Other Mudaraba Deposits [Note :14.i]		66,743,970,036	55,156,097,027
	Al-Wadia Current Accounts and Others Accounts etc.[Note: 14.ii]		37,331,437,580	30,701,538,200
	Bills Payable		3,059,381,492	3,584,858,976
			326,310,053,883	297,525,772,155
14.i.	Other Mudaraba Deposits			
	Mudaraba Short Term Deposit		26,533,627,259	17,582,274,443
	Installment Term Deposit (It'd)		21,472,769,922	19,744,254,390

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
Savings Inv. Deposit (Sid)		
P/P Term Deposit (Ptd)		
Monthly Hajj Deposit (Mhd)	232,468,349	218,782,097
Term Hajj Deposit (Thd)	3,086,982	3,582,995
Marriage Savings & Invt. Scheme	610,238	885,146
Special Pension Dep. Scheme	-	36,955,880
Mudaraba Term Cash Waqf Deposi	70,862,881	33,246,773
Lakhapati Deposit Scheme (Lds)	181,909,800	279,813,916
Millionaire Dep. Scheme (Mmnds)	3,374,519,941	3,477,583,012
Kotipoti Deposit Scheme (Mkds)	2,159,841,416	2,202,412,781
Double Benefit Dep. Scheme (Dbds)	1,312,742,366	2,010,646,881
Pension Dep. Scheme (Pds)	3,095,763,445	2,631,045,702
Triple Benefit Dep. Scheme (Tbds)	239,656,558	239,542,239
	66,743,970,036	55,156,097,027
14.ii Al-wadeeah Current Accounts and Other Accounts		
Al-wadeeah Current Deposits	18,914,518,753	14,570,122,564
Sundry Deposit	11,804,905,539	9,813,178,197
Profit Payable For All Deposit Ac	3,407,206,402	4,489,676,767
F.C Held against EDF	185,135,669	151,683,051
F.C Deposit Account :	3,019,671,217	1,676,877,621
	37,331,437,580	30,701,538,200
14.A. Consolidated Deposit and other Accounts		
Mudaraba Savings Deposits	54,879,126,373	45,211,429,367
Mudaraba Term Deposits [Note :14.A.ii]	164,009,495,781	162,587,885,485
Other Mudaraba Deposits	66,743,970,036	55,156,097,027
Al-Wadia Current Accounts and Others Accounts etc.	37,331,437,580	30,701,538,200
Bills Payable	3,059,381,492	3,584,858,976
	326,023,411,262	297,241,809,055
14.A.i Maturity-wise Classification of Deposits		
i. Repayable on Demand with a residual maturity of	13,303,500,000	8,063,000,000
ii. Repayable within 1 (one) month	39,757,253,883	41,905,300,000
iii. Over 1 (one) month but within 6 (six) months	133,550,120,000	110,007,160,000
iv. Over 6 (six) months within 1 (one) year	91,659,580,000	86,749,740,000
v. Over 1 (one) year within 5 (five) years	34,489,600,000	33,831,200,000
vi. Over 5 (five) years within 10 (ten) years	13,262,418,753	16,683,958,702
vii. Unclaimed Deposits 10 (ten) years and above	938,626	1,450,354
	326,023,411,262	297,241,809,055

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

- 14.A.ii** Mudaraba Term Deposits
Less: Inter-Company Adjustment

15. Other Liabilities

- Provision for unclassified investment
1% General Provision -COVID-19 :
Provision for classified investment
Provision for off balance sheet item
Provision for diminution in value of investment
Provision for Outstanding expense
Provision for taxation
provision for Others
Provident fund
Clearing adjustment
Cib collection charge
Vat/Tax Payable Account
F.c. held against bb l/c
Supervision fees (sme)
B.B. Borrowing Settlement A/c
Electronic govt procurement
Profit rent suspense
Compensation receivable
Mastercard Settlement Account
1 % strat-Up fund
Lease Liabilities as per IFRS-16 Leases *

15.1 Provision for income Tax

- Current tax
Provision held at the begining of the year
Provision made during the year
Settlement for previous year

Provision held at the end of the year

15.1.a Provision for Current Tax made during the year

- Income Tax on Business income
Capital gain
Cash Dividend
Excess Profit Tax (+)

Estimated Provision Required as at December 31,2020 (i)

2020	2019
Taka	Taka
164,296,138,402	162,871,848,585
(286,642,621)	(283,963,100)
164,009,495,781	162,587,885,485
2,787,100,000	2,157,277,000
404,650,000	-
6,644,357,001	6,022,023,000
935,500,000	778,500,000
32,199,990	22,474,895
5,101,558	6,693,043
14,573,608,012	12,320,503,146
18,747,964	18,747,964
98,209	40
299,931,381	279,276,371
23,036,634	16,423,703
10,903	-
94,973	94,973
556,066	532,016
157,695,559	251,934,833
4,054,623	5,887,088
605,761,304	188,204,688
1,212,529,229	1,013,164,329
74,513,157	13,873,402
25,507,894	-
1,421,900,000	-
29,226,954,457	23,095,610,493
12,320,503,147	9,724,592,077
2,253,104,866	2,595,911,070
-	-
14,573,608,013	12,320,503,147
2,040,894,923	2,518,005,348
825,991	1,606,003
1,752,348	1,668,115
-	-
2,043,473,262	2,521,279,466

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

Balance as at January 1, 2019	
Tax for previous year (-)	
Actual provision for tax held (II)	
Estimated provision needs to be made (I-II)	
Provision actually made during the year	
A. Computation of Taxable Profit	
Profit before tax	
Add: Inadmissible expenditure	
Less: Item of income for separate Consideration	
Less: Further allowable Expenditure	
Estimated Business income other than 82(C)	
Add: Capital Gain	
Add: Cash dividend	
Total Taxable Income	
15.2 Provision on Investment & Others	
Provision against Classified Investments (Specific) [15.2.a.i]	
Provision against Unclassified Investments (general) [15.2.a.ii]	
Provision against Off-balance Sheet exposures [15.2.a.iii]	
Provision for diminution in value of investments [15.3]	
Total Provision Held (a)	
a) The movement in Specific provision on classified Investment :	
i) Provision held at the beginning of the year	
Fully provision debt written off	
Recoveries of amount previously written off	
Specific provision for the year	
Provision transferred from diminution in value of investment	
Provision held at the end of the year	
ii) a. The movement in general provision on unclassified Investment:	
Provision held at the beginning of the year	
Provision during the year	
Provision transferred from classified investment	
Provision held at the end of the year	
ii) b. 1% General Provision -COVID-19:	
iii) The movement in provision against Off-balance sheet exposures	
Provision held at the beginning of the year	
Provision during the year	
Provision held at the end of the year	
Total general provision on Investment	

2020	2019
Taka	Taka
12,320,503,147	9,724,592,077
12,320,503,147	9,724,592,077
14,573,608,013	12,320,503,147
2,253,104,866	2,595,911,070
2,043,473,262	2,521,279,466
	-
4,773,193,430	4,959,725,211
2,016,627,451	3,431,034,383
17,021,649	24,400,603
771,395,159	1,092,660,452
6,001,404,073	7,273,698,539
825,991	1,606,003
1,752,348	1,668,115
6,003,982,412	7,276,972,657
6,644,357,001	6,022,023,000
2,787,100,000	2,157,277,000
935,500,000	778,500,000
32,199,990	21,839,282
10,399,156,991	8,979,639,282
6,022,023,000	3,946,088,613
(121,316,489)	(594,091,100)
56,952,186	204,792,398
686,698,303	2,465,233,089
-	-
6,644,357,001	6,022,023,000
2,157,277,000	1,891,000,000
629,823,001	266,277,000
-	-
2,787,100,001	2,157,277,000
404,650,000	
3,191,750,001	2,157,277,000
778,500,000	689,800,000
157,000,001	88,700,000
935,500,001	778,500,000
10,771,607,002	8,957,800,000

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
b) Provision for Others		
Provision held at the beginning of the year	18,747,964	18,747,964
Provision during the year	-	-
	18,747,964	18,747,964
Less, Adjustment during the year	-	-
Provision held at the end of the year	18,747,964	18,747,964
15.3 Provision for diminution in value of invevtment in Share		
Provision held at the beginning of the year	22,474,895	635,613
Provision transfered to classified Investment	9,725,095	21,839,282
Provision held at the end of the year	32,199,990	22,474,895
15.A. Consolidated Other Liabilities		
Al-Arafah Islami Bank Ltd.	29,226,954,457	23,095,610,493
AIBL Capital Market Services Ltd.	2,317,497,394	2,122,652,644
AIBL Capital Management Ltd.	41,262,614	39,320,582
Millennium information solution Ltd.	-	-
	31,585,714,465	25,257,583,719
Less: Inter-Company Adjustment	(100,000,000)	(100,000,000)
	31,485,714,465	25,157,583,719
15.I.A Consolidated Current tax		
Al-Arafah Islami Bank Ltd.	2,253,104,866	2,595,911,070
AIBL Capital Market Services Ltd.	3,927,898	18,324,030
AIBL Capital Management Ltd.	1,408,644	853,915
	2,258,441,408	2,615,089,015
15.3.A Provision for diminution in value of investment		
Al-Arafah Islami Bank Ltd.	32,199,990	22,474,895
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	-	-
	32,199,990	22,474,895
16. Deferred tax Liabilities/ (Assets)		
Opening balance	157,832,964	168,486,792
Add: Addition for the year	(30,700,807)	(49,755,758)
Deferred tax Liabilities on revaluation Reserve	6,072,000	39,101,930
Provision held at the end of the year	133,204,157	157,832,964
Presented after appropriate offsetting as follows:		
Deferred tax Liabilities(+)	(30,700,807)	(49,755,758)
Deferred tax Liabilities on revaluation Reserve	6,072,000	39,101,930
Deferred tax Liabilities	133,204,157	157,832,964
Deferred Tax Liabilities(net)		

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

16.A Deferred tax Liabilities/ (Assets)

Al-Arafah Islami Bank Ltd.

AIBL Capital Market Services Ltd.

Provision held at the end of the year

17. a) Authorised Capital

The Authorized Capital of the Bank is 1,500,000,000 Ordinary Share of Tk. 10 each.

b) Issued, Subscribed and Fully Paid - up Capital

Issued for Cash

Issued for other than Cash (Bonus Share)

2020	2019
Taka	Taka
133,204,157	157,832,964
-	-
133,204,157	157,832,964
15,000,000,000	15,000,000,000
2,819,339,680	2,819,339,680
7,829,682,170	7,829,682,170
10,649,021,850	10,649,021,850

c) Issued and paid up Capital of the Bank is 106,49,02,185 nos. of shares of Tk. 10 each as follows

Description	2020	2019	2020	2019
	No. of Shares	No. of Shares	Total Taka	Total Taka
Sponsors / Promoters	445,921,227	442,370,858	4,459,212,270	4,423,708,580
Institution	233,005,304	252,897,318	2,330,053,040	2,528,973,180
General Public	385,975,654	369,634,009	3,859,756,540	3,696,340,090
Total	1,064,902,185	1,064,902,185	10,649,021,850	10,649,021,850

d) Break-up of Shares Classification of shareholders by holding as on 31-12-2020

Range of Holding	Number of Shareholders	No. of Shares	No. of Shares
Less than 50,000	21,534	64,081,097	6.02%
50,001 to 100,000	215	14,849,996	1.39%
100,001 to 200,000	136	18,900,908	1.77%
200,001 to 300,000	34	8,424,313	0.79%
300,001 to 400,000	37	12,498,863	1.17%
400,001 to 500,000	23	10,205,210	0.96%
500,001 to 1,000,000	39	26,231,165	2.46%
1,000,001 to 10,000,000	93	281,323,098	26.42%
10,000,001 to 20,000,000	31	628,387,535	59.01%
Total	22,142	1,064,902,185	100.00%

e) Minimum Capital Requirement Capital Adequacy Ratio

1.Tier-I (Core Capital)

Paid-up Capital

Statutory Reserve

General Reserve

Retained Earnings

Less : Regulatory Adjustment (Goodwill and al other Intangible Assets)

10,649,021,850	10,649,021,850
10,334,627,824	9,379,989,138
-	-
1,616,113,623	1,429,843,673
(440,632,105)	(392,178,585)
22,159,131,192	21,066,676,076

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

2.Tier- II (Supplementary Capital)

General Provision

Assets Revaluation Reserves

AIBL Mudaraba Subordinated Bond

3.Tier- III

A. Total Eligible Capital (1+2)

B. Total Risk weighted Assets (a+b+c)

a. Credit Risk

i. Balance sheet Exposure

ii. Off-balance sheet Exposure

b. Market Risk (From WS-3)

c. Operational Risk (From WS-4)

C. Capital Adequacy Ratio (CAR) (A / B)

D. Core Capital to RWA

E. Supplementary Capital to RWA

F. Minimum Capital Requirement (MCR) 10.00% of RWA

G. Capital surplus on risk weighted assets based (A-F)

H. Required Capital with Conservation Buffer @ 12.50% on RWA

I. Excess Over Capital with Conservation Buffer (A-H)

17.A. Non-Controlling Interest

Opening balance

Add: Non-Controlling Interest in Profit for the year

18. Statutory Reserve

Opening balance beginning of the year

Add. Reserve @ 20% (on pre-tax profit)

Balance at the end of the year.

19. Revaluation Reserve

Asset revaluation Reserve

Less. revaluation Reserve

Add. Asset revaluation Reserve 2020

Total Asset revaluation Reserve

FC Revaluation Reserve

2020	2019
Taka	Taka
4,127,200,000	2,935,777,000
-	-
11,200,000,000	6,800,000,000
15,327,200,000	9,735,777,000
37,486,331,192	30,802,453,076
242,083,778,518	221,854,124,080
	-
218,473,996,456	198,693,186,969
206,004,491,706	191,498,834,816
12,469,504,750	7,194,352,153
3,852,100,000	4,138,299,962
19,757,682,062	19,022,637,149
15.48%	13.88%
9.15%	9.50%
6.33%	4.39%
24,208,377,852	22,185,412,408
13,278,003,341	8,617,040,668
30,260,472,315	27,731,765,510
7,225,908,879	3,070,687,566
1,649,160,686	1,768,421,008
6,570,167	(119,260,322)
1,655,730,853	1,649,160,686
9,379,989,138	8,388,044,096
954,638,686	991,945,042
10,334,627,824	9,379,989,138
938,446,318	977,548,248
(6,072,000)	-
151,800,000	39,101,930
1,084,174,318	938,446,318
152,649	172,602
1,084,326,967	938,618,920

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
20. Retained Earnings		
Opening balance beginning of the year	1,429,843,673	1,783,055,791
Less : Cash Dividend	(1,384,372,840)	(1,566,032,625)
Less : Bonus Share	-	(208,804,350)
Add: Net Profit / (loss) after tax during the year	2,550,789,370	2,413,569,900
	2,596,260,203	2,421,788,715
Less : Transfer to Statutory Reserve	954,638,686	991,945,042
Less : transfer to 1 % Start-Up Fund	25,507,894	-
	1,616,113,624	1,429,843,674
20.A. Consolidated Retained Earnings		
Al-Arafah Islami Bank Ltd.	1,531,420,060	1,908,962,937
Add: Net profit after tax during the year	2,565,236,578	2,423,824,148
Add: adjustment	-	(34,585,008.40)
Less: Stock dividend to equity holders of the bank	-	(208,804,350)
Less: Cash dividend to equity holders of the bank	(1,384,372,840)	(1,566,032,625)
Less: Transfer to statutory reserve	(954,638,686)	(991,945,042)
Less : transfer to 1 % Start-Up Fund	(25,507,894)	-
	1,732,137,218	1,531,420,060
21. Letter of Guarantee		
a) Claim against the bank which is not acknowledged as debt		
b) Money for which is the bank is contingently liable in respect of guarantees given favoring		
i. Directors	-	-
ii. Government	-	-
iii. Bank and other financial institution	-	-
iv. Others	10,511,211,685	8,274,252,532
	10,511,211,685	8,274,252,532
22. Investment Income		
i. Income from General Investments		
Murabaha	956,400,707	1,001,825,319
Bai-Muazzal	8,609,387,246	8,253,352,734
Hire-Purchase	7,140,486,725	9,255,409,788
Others mode income	8,190,599,917	8,654,334,268
	24,896,874,595	27,164,922,109
ii. Profit received from other Islamic Bank	1,272,367,696	1,406,182,499
Total (i + ii)	26,169,242,291	28,571,104,608
22.A. Consolidated Investment Income		
Al-Arafah Islami Bank Ltd.	26,169,242,291	28,571,104,608
AIBL Capital Market Services Ltd.	201,661,411	255,089,186
AIBL Capital Management Ltd.	6,945,439	8,460,744
Millennium information solution Ltd.	-	-
	26,377,849,141	28,834,654,538
Less : Inter company Adjustment	(46,572,136)	(23,003,708)
	26,331,277,005	28,811,650,830

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

23. Profit paid on Deposits & Borrowing

Mudaraba Savings Deposit
Mudaraba Short Term Deposit
Mudaraba Term Deposit
Mudaraba Special Deposit
AIBL Mudaraba subordinate debt.
Mudaraba BD. Govt. Islamic Bond fund
Profit Expenses of Lease Liabilities (as Per IFRS 16 Leases)

23.A. Profit paid on Deposits & Borrowing

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.
Millennium Information

Less : Inter company Adjustment

24. Income from Investment in Share /Securities

Dividend income (cash)
Gain on sale of Shares/Securities
Profit received from other Islamic Bond

24.A. Income from Investment in Share /Securities

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.

Less : Inter company Adjustment

25. Commission, Exchange & Brokerage Income

Commission
Exchange
Brokerage commission

25.A Commission, Exchange & Brokerage Income

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.

Less : Inter company Adjustment

26. Other Operating Income

Processing fee on investment
Supervision fee
Service charge

2020	2019
Taka	Taka
941,831,308	1,307,139,948
625,070,485	772,123,894
10,151,872,162	12,007,342,010
2,824,683,287	2,655,463,415
539,888,191	708,833,257
1,238,807,621	970,393,718
63,400,000	-
16,385,553,054	18,421,296,243
16,385,553,054	18,421,296,243
217,663,387	206,123,032
-	-
-	-
16,603,216,441	18,627,419,275
(46,572,136)	(23,003,708)
16,556,644,305	18,604,415,567
8,761,739	8,340,574
8,259,910	16,060,030
662,317,180	745,878,652
679,338,829	770,279,256
679,338,829	770,279,256
-	-
2,598,799	353,750
681,937,628	770,633,006
-	-
681,937,628	770,633,006
1,259,857,835	1,431,315,601
1,240,755,448	1,355,904,092
-	-
2,500,613,283	2,787,219,693
2,500,613,283	2,787,219,693
124,563,647	122,701,879
2,373,092	6,158,007
2,627,550,022	2,916,079,579
-	-
2,627,550,022	2,916,079,579
-	16,663
74,850	162,021
8,169	11,212

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
Capital gain or loss from fixed asset	305,162	276,991
Passbook sales(gsis)	40,865	72,534
Application form sales(seis)	138,100,106	28,030
Telephone/ fax charge	150	-
legal expenses recovered	16,379,916	26,718,402
Printing & stationary	73,900	418,858
P & t charge recovered	36,738,266	41,389,326
Account maintenance fee	3,151,338	161,087,821
Card income	95,905,368	73,130,424
Misc.earning	21,182,405	33,785,684
	311,960,495	337,097,966
26.A. Other Operating Income		
Al-Arafah Islami Bank Ltd.	311,960,495	337,097,966
AIBL Capital Market Services Ltd.	34,015,544	13,760,160
AIBL Capital Management Ltd.	-	-
Millennium information solution Ltd.	-	-
	345,976,039	350,858,126
Less : Inter company Adjustment	-	-
	345,976,039	350,858,126
27. Salaries, Allowances & Contribution to P.F		
Basic Pay	1,694,088,275	1,338,789,455
House Rent Expenses	731,982,953	662,770,906
House Maintenance	292,000,108	264,369,657
Medical Expenses	258,298,752	248,941,818
Bonus	426,220,502	628,527,842
Bank's contribution to P.F	148,161,310	134,281,573
Utility	214,448	1,926,232
Conveyance Expenses	95,497,579	89,915,954
LFA Allowance (Salary)	275,976,247	246,561,260
Lunch and entertainment allowance	96,284,980	92,340,556
Leave encashment expenses	106,294,540	84,025,085
Car Expenses	195,407,818	169,318,772
Gratuity Expenses	155,953,581	147,108,200
	4,476,381,093	4,108,877,310
27.A. Salaries, Allowances & Contribution to P.F		
Al-Arafah Islami Bank Ltd.	4,476,381,093	4,108,877,310
AIBL Capital Market Services Ltd.	65,349,066	62,549,145
AIBL Capital Management Ltd.	4,675,746	7,138,773
Millennium information solution Ltd.	-	-
	4,546,405,905	4,178,565,228

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

		2020	2019
		Taka	Taka
28. Director & Sharia Council Fees & Expenses			
i. Directors fees for attending Board/executive Committee/other committee meeting		2,723,499	2,509,049
ii. TA/DA/ Hotel fare & Foreign Directors		3,418,718	8,933,828
iii. Others		-	-
		6,142,217	11,442,877
28.A. Director & Sharia Council Fees & Expenses			
Al-Arafah Islami Bank Ltd.		6,142,217	11,442,877
AIBL Capital Market Services Ltd.		-	-
AIBL Capital Management Ltd.		-	-
Millennium information solution Ltd.		-	-
		6,142,217	11,442,877
29. Sharia Supervisory Committee's Fees & Expenses			
i. Sharia fees for attending meeting		298,376	537,127
ii. TA/DA/ Hotel fare & Foreign Directors		-	-
iii. Others		-	322,887
		298,376	860,014
30. Rent,Taxes,Insurance & Electricity Bill			
Rent Office	42,06,20,787		
Less :Transfer to depreciation and profit expenses under IFRS-16*	26,53,00,000	155,320,787	395,966,621
Electricity Bill		102,938,980	121,308,415
Insurance		221,300,806	209,169,907
		479,560,573	726,444,943
30.A. Rent,Taxes,Insurance & Electricity Bill			
Al-Arafah Islami Bank Ltd.		479,560,573	726,444,943
AIBL Capital Market Services Ltd.		19,742,876	23,406,614
AIBL Capital Management Ltd.		-	-
Millennium information solution Ltd.		-	-
		499,303,449	749,851,557
31. Postage,Telegram,Telephone & Stamp			
Stamp and Catridge paper		-	-
Postage		13,455,317	18,982,865
Fax Charges		75	4,836
Telephone (Office)		3,444,999	4,980,660
Telephone (Residence)		-	1,100
Telephone (Mobile)		6,295,445	11,335,982
SWIFT Charge		3,979,418	1,856,800
Internet Charges		297,670	258,367
Online Charge		40,520,560	40,244,684
		67,993,484	77,665,294

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

31.A. Postage, Telegram, Telephone & Stamp

Al-Arafah Islami Bank Ltd.

AIBL Capital Market Services Ltd.

AIBL Capital Management Ltd.

32. Depreciation Repairs to the Bank's property

Repairs to the Bank's property

R.R. Furniture & Fixture (Wooden)

R.R. Furniture & Fixture (Steel)

R.R. Computer

Maint. of Motor Car and other Vehicle

R.R. Machine equipment & appliances

Maintenance of Land & Building

Maintenance of Rented Premises

R.R. Computer Accessories

R.R. Others

Software Maintenance Fee

Hardware Maintenance Fee

Depreciation to the Bank's property

Depr. Furniture (Wood)

Depr. Furniture (Steel)

Depr. Computer

Depr. Motor Car

Depr. Machine equip & Appliance

Depr. Books & Library

Depr. Land & Building

Depr. Online Hardware

Depr. Online Software

Depr. Computer Accessories

Right of use (ROU) Assets*

Depr. Interior Decoration

32.A Depreciation Repairs to the Bank's property

Al-Arafah Islami Bank Ltd.

AIBL Capital Market Services Ltd.

AIBL Capital Management Ltd.

Millennium information solution Ltd.

33. Stationery, Printing & Advertisement

Printing & Stationery

Paper & Table Stationery

Advertisement & Publicity Expenses

2020	2019
Taka	Taka
67,993,484	77,665,294
317,218	530,711
37,730	53,096
68,348,432	78,249,101
1,668,371	3,222,427
1,415,162	3,216,428
1,306,037	2,736,773
842,577	1,503,244
35,954,599	31,715,091
64,220	295,812
-	2,700
795,944	1,195,889
983,812	1,510,447
47,053,580	32,668,449
1,834,440	506,350
91,918,742	78,573,610
89,493,472	80,970,913
11,297,083	9,055,757
26,211,176	23,558,142
23,533,557	21,017,274
147,499,163	154,305,425
62,791	113,999
30,665,652	30,644,904
123,308,414	103,691,581
58,082,225	44,874,143
15,702,666	15,093,287
201,900,000	-
12,549,063	14,658,386
740,305,262	497,983,811
832,224,004	576,557,421
832,224,004	576,557,421
3,951,074	7,537,228
125,479	268,474
-	-
836,300,557	584,363,123
41,198,965	35,276,993
38,193,139	43,353,093
106,156,174	73,470,007
185,548,278	152,100,093

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

33.A. Stationary, Printing & Advertisement

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.

34. Other expenses

Local conveyance expenses
Petroleum oil lubricant motors
Cng motor car
Entertainment expenses
Travelling expenses
Bank charge
Wages (salary-casual staff)
Security guard service
Subscription
Leveries & uniforms
Petroleum oil & lubricants
Donations
Wasa charge
Gas charge
Excise duty
News paper journal & periodical
Evining banking expenses
Upkeep branches premises
Washing charge
Direct expenses on investment
Computer Accessories
Photo Copy Machine Accessories
Business development
Closing expenses
Agent banking incentive
Exchange loss
Office expenses (Various Purchase)
Registration expenses
Remittance expense through agent
Agm/egm
Crocarige
Creditrating charge
Tax token expenditure
Misc. Expenses
Training expenses
Card expense
It allowance
Saturday working allowance (Overtime)
Charge expenses
Risk expenses
Account opening commision throu
Data info service charge
Electronics & fittings item
Honorarium

2020	2019
Taka	Taka
185,548,278	152,100,093
737,312	1,067,791
37,921	36,136
186,323,511	153,204,020
10,501,672	13,778,167
12,065,249	10,502,926
2,122,200	2,989,768
21,576,260	30,396,386
16,156,750	41,993,520
12,945,186	14,581,446
54,948,195	50,339,377
133,168,957	124,915,326
14,266,550	16,982,353
312,200	413,904
8,413,110	10,622,788
404,035	470,599
6,259,411	7,027,394
1,389,486	1,554,063
82,000	77,000
2,728,127	4,943,902
824,425	819,385
3,861,063	4,074,598
2,942,511	2,801,850
-	379,223
9,928,681	13,550,354
1,476,921	1,743,443
22,028,761	28,706,227
-	9,549,440
926,280	-
1,185,200	844,872
140,618	583,872
27,041,979	12,721,766
20,369,472	152,194
632,792	1,564,179
394,774	1,647,314
806,250	690,000
980,503	1,259,010
2,356,619	3,068,968
5,008,905	4,396,638
101,621,778	94,570,371
5,299,377	5,354,000
4,974,789	7,897,333
4,203,500	3,874,616
2,089,100	2,038,971
6,904,900	6,737,600
1,690,240	1,235,371
3,087,555	14,227,806
1,247,600	2,456,000
529,363,979	558,534,319

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

34.A. Consolidated Other expenses

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.
Millennium information solution Ltd.

35. Provision against Investments & Off-Balance sheet exposures

On Classified Investment as per Bangladesh Bank Circular
On Un-classified Investment as per Bangladesh Bank Circular
On Off-balance sheet as per Bangladesh Bank Circular

35.A. Provision against Investments & Off-Balance sheet exposures

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.

36. Paid for other operating activities

Directors' fees & expenses
Shariah Supervisory Committee's fees & expenses
Rent, taxes, insurance and lighting etc.
Postage, telegram, telephone and stamp etc.
Legal charges
Auditors' fee
Repairs to the bank's properties
Other expenses

36.A. Paid for other operating Activities

Al-Arafah Islami Bank Ltd.
Inter company Adjustment

37. Increase/Decrease of other assets (item-wise)

Master card Settlement Account
Suspense Account
Adjustment a/c debit balance
Stock of Stationery
Stamp in hand
Advance Deposit
Advance Rent
Capital Work In Progress
Master card
Investment in sibl mudaraba sub-ordinated bond
Investment for Subsidiary Companies
Advance Income Tax & TDS [Note 11.3]
Protested Bills
Prepaid Expenditure
Adjustment a/c cost of borrowing
Balance with cmsl for portfolio account
Acquiring settlement
Clearing adjustment

2020	2019
Taka	Taka
529,363,979	558,534,319
31,832,421	36,965,767
956,455	1,823,190
-	-
562,152,855	597,323,276
686,698,303	2,465,233,089
1,034,473,001	266,277,000
157,000,001	88,700,000
1,878,171,305	2,820,210,089
1,878,171,305	2,820,210,089
-	25,607,078
-	-
1,878,171,305	2,845,817,167
6,142,217	11,442,877
298,376	860,014
479,560,573	726,444,943
67,993,484	77,665,294
15,988,510	9,442,428
1,667,500	1,656,000
91,918,742	78,573,610
529,363,979	558,534,319
(1,192,933,381)	(1,464,619,485)
(1,192,933,381)	(1,464,619,485)
(53,961,113)	(63,017,771)
(1,246,894,494)	(1,527,637,256)
(20,027,608)	(9,956,038)
(11,934,296)	39,624,506
(17,092,695,939)	-
30,100,671	7,799,648
(195,313)	2,710,883
(4,411,842)	63,000
(70,989,465)	54,386,266
(128,867,841)	-
2,910,000,000	128,867,841
11,707,955,826	-
2,438,271,566	(150,000,000)
10,439,542	-
(233,928)	-
-	(280,408)
20,509,132	-
36,468,548	(53,104,273)
(70,873,608)	-
-	113,364,212
246,484,556	(133,475,637)

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
37.A Increase/Decrease of other assets (item-wise)		
Al-Arafah Islami Bank Ltd.	246,484,556	(133,475,637)
Inter company Adjustment	(285,288,953)	126,457,618
	(38,804,398)	(7,018,018)
38. Increase/Decrease of Trading liabilities (item-wise)		
Clearing adjustment	20,655,010	269,754,319
Interest income	-	(7,274,586)
Cib collection charge	6,612,931	3,602,236
Vat/Tax Payable Account	10,903	-
Supervision fees (sme)	24,050	176,015
B.B. Borrowing Settlement A/c	(94,239,274)	202,709,120
Electronic govt procurement	(1,832,465)	(4,375,858)
Profit rent suspense	417,556,616	(57,478,705)
Compensation receivable	199,364,900	451,990,936
Mastercard Settlement Account	60,639,754	(145,922,705)
	608,890,594	713,180,812
38.A Increase/Decrease of Trading liabilities (item-wise)		
Al-Arafah Islami Bank Ltd.	608,890,594	713,180,812
Inter company Adjustment	464,744,603	(700,646,629)
	1,073,635,198	12,534,184
39. Cash and Cash Equivalent at the end of the year		
Cash in hand	2,879,721,830	3,052,689,648
Balance with Bangladesh Bank & Sonali Bank Ltd.	28,660,902,877	27,705,400,947
Balance with Other Banks	16,561,838,527	11,593,615,385
Bangladesh Government Islamic Investment Bond	19,583,830,000	14,500,000,000
	67,686,293,234	56,851,705,980
39.A Cash and Cash Equivalent at the end of the year		
Al-Arafah Islami Bank Ltd.	67,686,293,234	56,851,705,980
AIBL Capital Market Services Ltd.	6,982	6,982
AIBL Capital Management Ltd.	18,478,730	10,587,946
Millennium information solution Ltd.	-	-
	67,704,778,946	56,862,300,908
40. Calculation of Earning Per Share (EPS)		
The earning per share of the bank has been calculated in accordance with BAS-33 under basic Earning per share method as follows:		
Earnings Per Share (EPS)		
Basic earning (net profit after tax) for the year	2,550,789,370	2,413,569,900
Number of ordiner shares outstanding as of the reportng date	1,064,902,185	1,064,902,185
Earning per Share	2.40	2.27

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended December 31, 2020

	2020	2019
	Taka	Taka
40.A Consolidated Earnings Per Share (CEPS)		
Net profit after tax	2,565,236,578	2,423,824,148
Number of ordiner shares outstanding as of the reporting date	1,064,902,185	1,064,902,185
Consolidated earnings per share as per share	2.41	2.28
41 Reconciliation of Operating Cash flow:		
Profit before provision & tax (A)	6,661,089,829	7,801,774,582
Adjustment of Non-Cash Items (B):		
Depreciation	740,305,262	497,983,810
Net loss/(gain) on sale of fixed assets	(305,162)	(276,991)
Foreign Exchange gain/ loss	(25,963,976)	(34,975,790)
Total Non-Cash Items (B)	714,036,124	462,731,029
Adjustment of accrued income /expenses (C) :		
(increase)/decrease of profit income receivable on investment	1,425,454,075	1,703,795,355
Increase/(decrease) of profit payable on deposits	(2,272,020,303)	(761,516,619)
Increase/(decrease) of accrued expenses payable	551,021	1,133,237
Total adjustment of accrued income/expenses (C)	(846,015,207)	943,411,973
Income tax payment (D)	(2,438,271,566)	(2,011,678,861)
Cash flows before changes in operating assets and liabilities (A+B+C+D)	4,090,839,180	7,196,238,723

42. Events after the balance sheet date

The Board of Directors in its 358th meeting held on 9th May, 2021 has approved the audited financial statements for the year ended 31 December 2020. The Board has also recommended 15 % cash dividend for the year ended 31 December 2020 subject to approval of the shareholders at the 26th Annual General Meeting (AGM).

As at December 31, 2020

Annexure - A.I

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31-12-20
		Balance at 1st January 2020	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31 st December 2020	Charge for the year	Transfer/ Disposal during the year	Balance at 31 st December 2020	
A. Fixed Assets										
1	Land	389,802,442	-	-	-	389,802,442	-	-	-	389,802,442
2	Building	1,221,316,331	-	-	-	1,221,316,331	125,324,810	30,665,652	155,990,462	1,065,325,869
3	Furniture & Fixture (Wood)	995,448,160	-	72,807,731	2,570,948	995,684,943	287,927,998	89,819,574	1,539,721	619,477,192
4	Furniture & Fixture (Steel)	123,151,832	-	51,553,906	449,851	174,255,887	74,342,041	11,342,223	359,798	88,931,421
5	Computer	304,597,259	-	22,359,620	2,179,819	324,777,060	229,379,488	26,211,577	1,937,045	71,123,040
6	Computer Accessories	113,899,945	-	10,030,100	140,885	123,789,160	72,279,272	15,702,666	33,428	35,840,650
7	Motor Car	217,478,793	-	6,858,724	-	224,337,517	152,705,802	24,624,893	177,330,685	47,006,832
8	Machine Equipment & Appliance	1,202,545,706	-	48,659,045	2,738,217	1,248,466,534	745,277,657	147,604,937	2,738,217	358,322,157
9	Books & Library	9,234,557	-	-	-	9,234,557	8,896,904	62,791	8,959,695	274,862
10	Online Hardware	749,178,257	-	184,873,750	-	934,052,007	410,384,152	123,308,414	533,692,566	400,359,441
11	Interior Decoration	190,614,298	-	5,433,314	1,749,565	194,298,047	142,873,121	14,175,689	1,749,565	38,998,802
12	Right of use Assets (ROU)			1,623,800,000		1,623,800,000		201,900,000	-	1,421,900,000
Sub-Total		5,447,267,580	-	2,026,376,190	9,829,285	7,463,814,485	2,249,391,144	685,418,406	8,357,774	4,537,362,709
B. Intangible Assets										
13	Online Software	394,279,453	-	48,768,520	-	443,047,973	217,777,148	58,101,529	-	167,169,296
Sub-Total		394,279,453	-	48,768,520	-	443,047,973	217,777,148	58,101,529	-	167,169,296
C. Revaluation of Property, Plant & Equipment										
14	Land	977,548,248	151,800,000	-	-	1,129,348,248	-	-	-	1,129,348,248
Sub-Total		977,548,248	151,800,000	-	-	1,129,348,248	-	-	-	1,129,348,248
December 31, 2020		6,819,095,281	151,800,000	2,075,144,710	9,829,285	9,036,210,706	2,467,168,292	743,519,935	8,357,774	5,833,880,252
December 31, 2019		6,284,049,170	-	536,872,052	1,825,941	6,819,095,281	1,964,188,134	504,798,599	1,818,441	4,351,926,988

SCHEDULE OF FIXED ASSETS

As at December 31, 2020

Annexure - A

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31-12-2020
		Balance at 1st January 2020	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st December 2020	Charge for the year	Transfer/ Disposal during the year	Balance at 31st December 2020	
A. Fixed Assets										
1	Land	389,802,443	-	-	-	389,802,443	-	-	-	389,802,443
2	Building	1,221,316,331	-	-	-	1,221,316,331	30,665,652	-	155,990,462	1,065,325,869
3	Furniture & Fixture (Wood)	922,187,142	-	72,807,731	2,570,948	992,423,925	89,493,472	1,539,721	373,558,238	618,865,687
4	Furniture & Fixture (Steel)	122,677,690	-	51,553,906	449,851	173,781,745	11,297,083	359,798	85,317,127	88,464,618
5	Computer	297,909,562	-	22,150,820	2,179,819	317,880,563	26,211,176	1,937,045	247,723,446	70,157,117
6	Computer Accessories	114,598,645	-	10,030,100	140,885	124,487,860	15,702,666	33,428	87,837,806	36,650,054
7	Motor Car	199,415,854	-	6,858,724	-	206,274,578	23,533,557	-	159,259,089	47,015,489
8	Machine Equipment & Appliance	1,191,061,753	-	48,382,175	2,738,217	1,236,705,711	147,499,163	2,738,217	878,636,782	358,068,929
9	Books & Library	9,234,557	-	-	-	9,234,557	62,791	-	8,946,171	288,386
10	Online Hardware	746,231,373	-	184,873,750	-	931,105,123	123,308,414	-	530,500,905	400,604,218
11	Interior Decoration	174,348,035	-	5,009,641	1,749,565	177,608,111	12,549,063	1,749,565	144,316,272	33,291,839
12	Right of use Assets (ROU)	-	-	1,623,800,000	-	1,623,800,000	201,900,000	-	201,900,000	1,421,900,000
Sub-Total		5,388,783,385	-	2,025,466,847	9,829,285	7,404,420,947	682,223,037	8,357,774	2,873,986,298	4,530,434,649
B. Intangible Assets										
13	Online Software	392,178,585	-	48,453,520	-	440,632,105	58,082,225	-	273,539,252	167,092,853
Sub-Total		392,178,585	-	48,453,520	-	440,632,105	58,082,225	-	273,539,252	167,092,853
C. Revaluation of Property, Plant & Equipment										
14	Land	977,548,248	151,800,000	-	-	1,129,348,248	-	-	-	1,129,348,248
Sub-Total		977,548,248	151,800,000	-	-	1,129,348,248	-	-	-	1,129,348,248
December 31, 2020		6,758,510,218	151,800,000	2,073,920,367	9,829,285	8,974,401,300	740,305,262	8,357,774	3,147,525,550	5,826,875,750
December 31, 2019		6,225,268,476	-	535,067,681	1,825,941	6,758,510,216	497,983,810	1,818,441	2,415,578,062	4,342,932,155

Off-shore Banking Unit (OBU)

BALANCE SHEET

As at December 31, 2020

Notes	31/12/2020		31/12/2019	
	Taka	Taka	Taka	Taka
PROPERTY AND ASSETS				
Cash in hand				
Cash in hand (including foreign currencies)	-	-	-	-
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	-	-	-	-
	-	-	-	-
Balance with other Banks and Financial Institutions				
In Bangladesh	667,236	56,581,852	597,788	50,752,168
Outside Bangladesh	-	-	-	-
	667,236	56,581,852	597,788	50,752,168
Placement with Banks & Other Financial institutions		-	10,190,339	865,159,742
Investment in Share & Securities				
Government	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Investments				
General Investments etc.	-	-	-	-
Bills purchased and discounted	153,819,518	13,043,956,622	107,700,695	9,143,788,972
	153,819,518	13,043,956,622	107,700,695	9,143,788,972
Fixed assets including Premises	-	-	-	-
Other Assets	-	-	-	-
Non-Banking Assets	-	-	-	-
Total Assets	154,486,753	13,100,538,474	118,488,821	10,059,700,882
LIABILITIES AND CAPITAL				
Liabilities				
Placement from Banks & Other Financial institutions	4	153,819,662	13,043,968,884	117,891,093
Deposits and other Accounts				
Mudaraba Savings Deposits	-	-	-	-
Mudaraba Term Deposits	-	-	-	-
Other Mudaraba Deposits	-	-	-	-
Al-Wadia Current Accounts and Others Accounts etc.	-	-	-	-
Bills Payable	-	-	-	-
	-	-	-	-
Other Liabilities	-	-	-	-
Deferred tax Liabilities/ (Assets)	-	-	-	-
Total Liabilities	153,819,662	13,043,968,884	117,891,093	10,008,953,835
Capital/Share Holders Equity				
Paid up Capital	-	-	-	-
Statutory Reserve	-	-	-	-
Foreign Currency Transaction gain/(Loss)	-	-	-	-
Other Reserve	-	-	-	-
Retained Earnings	667,091	56,569,590	597,727	50,747,047
Total Share holders equity	667,091	56,569,590	597,727	50,747,047
Total Liability and Share holders equity	154,486,753	13,100,538,474	118,488,821	10,059,700,882

Off-shore Banking Unit (OBU)
OFF-BALANCE SHEET
As at December 31, 2020

	31/12/2020		31/12/2019	
	Taka	Taka	Taka	Taka
PROPERTY AND ASSETS				
OFF BALANCE SHEET ITEMS				
Contingent Liabilities				
Acceptance and endorsement	-	-	-	-
Letters of Guarantee	-	-	-	-
Letters of Credit	-	-	-	-
Bills for Collection	-	-	-	-
Other Contingent Liabilities	-	-	-	-
Total	-	-	-	-
Other Commitments :				
Documentary Credits and other short term trade related transactions	-	-	-	-
Forward Assets Purchased and forward Deposit placed	-	-	-	-
Undraw note issuance and Revolving underwriting Facilities	-	-	-	-
Undraw Formal standing Facilities, Credit lines and others commitments	-	-	-	-
Total off Balance sheet items including Contingent liabilities	-	-	-	-

Off-shore Banking Unit (OBU)
PROFIT OR LOSS ACCOUNTS
For the year ended December 31, 2020

	Notes	31/12/2020		31/12/2019	
		Taka	Taka	Taka	Taka
Investment Income		6,708,563	568,888,800	5,975,182	507,292,917
Profit paid on deposits & Borrowing	5	(6,037,472)	(511,980,009)	(5,377,454)	(456,545,870)
Net Investment Income		671,091	56,908,791	597,727	50,747,047
Income from Investment in Shares /Securities		-	-	-	-
Commission, Exchange and Brokerage		-	-	-	-
Other Operating Income		-	-	-	-
		-	-	-	-
Total operating income		671,091	56,908,791	597,727	50,747,047
Salaries and allowances & contribution to P.F		-	-	-	-
Directors' fees & expenses		-	-	-	-
Shariah Supervisory Committee's fees & expenses		-	-	-	-
Rent, taxes, insurance, lighting etc.		-	-	-	-
Postage, telegram, telephone and stamp etc.		4,000	339,202	-	-
Legal charges		-	-	-	-
Auditors' fee		-	-	-	-
Salary & Allowances to the Managing Director		-	-	-	-
Depreciation and repairs to the bank's properties		-	-	-	-
Stationery, printing, advertisement etc.		-	-	-	-
Other expenses		-	-	-	-
Total operating expenses		4,000	339,202	-	-
Profit/(Loss) before Tax & provision		667,091	56,569,590	597,727	50,747,047
Provision against Investments & Contingent Liabilities		-	-	-	-
Provision for diminution in value of investment		-	-	-	-
Other Provision		-	-	-	-
Total provision		-	-	-	-
Profit/(Loss) before Tax		667,091	56,569,590	597,727	50,747,047
Current tax		-	-	-	-
Deferred tax		-	-	-	-
Provision for Taxation		-	-	-	-
Net Profit/(Loss) after tax		667,091	56,569,590	597,727	50,747,047
Appropriation					
Statutory Reserve		-	-	-	-
General Reserve		-	-	-	-
		-	-	-	-
Retained Earnings		667,091	56,569,590	597,727	50,747,047
Earning per Ordinary share (EPS)					

Off-shore Banking Unit (OBU)
CASH FLOW STATEMENT
For the year ended December 31, 2020

	31/12/2020		31/12/2019	
	Taka	Taka	Taka	Taka
Cash flows from operating activities				
Investment income receipt in Cash	6,708,563	568,888,800	5,975,182	507,292,917
Profit paid on deposits	(6,037,472)	(511,980,009)	(5,377,454)	(456,545,870)
Dividend recieved	-	-	-	-
Fees & Commission received in cash	-	-	-	-
Recoveries from write off investments	-	-	-	-
Cash payments to employees	-	-	-	-
Cash payments to suppliers	-	-	-	-
Received from other operating activities (item-wise)	-	-	-	-
Paid for other operating activities (item-wise)	(4,000)	(339,202)	-	-
Advance income tax paid	-	-	-	-
Operating profit before changes in operating assets and liabilities	667,091	56,569,590	597,727	50,747,047
Changing in Operating assets & liabilities				
Increase/Decrease of trading securities	-	-	(10,190,339)	(865,159,742)
Increase/Decrease of investment and advances to other banks	153,819,662	13,043,968,884	117,891,093	10,008,953,835
Increase/Decrease of Investment and advances to customers (other than Banks)	(153,819,518)	(13,043,956,622)	(107,700,695)	(9,143,788,972)
Increase/Decrease of other assets (item-wise)	-	-	-	-
Increase/Decrease of Deposits from other banks	-	-	-	-
Increase/Decrease of Deposits from customers (other than Banks)	-	-	-	-
Increase/Decrease of Other liabilities account of customers	-	-	-	-
Increase/Decrease of Trading liabilities (item-wise)	-	-	-	-
Cash receipt from operating activities	145	12,262	60	5,121
A. Net Cash from operating activities	667,236	56,581,852	597,788	50,752,176
Cash flows from investing activities:				
Proceeds from sale of securities	-	-	-	-
Payments for purchases of securities	-	-	-	-
Purchase of property, plant and equipment	-	-	-	-
Sales proceeds of Fixed assets	-	-	-	-
Purchase-sale of subsidiary	-	-	-	-
B. Net cash flows from investing activities	-	-	-	-
Cash flows from financing activities				
Increase in Exchange Equalization Account	-	-	-	-
Increase in Share Capital	-	-	-	-
Dividend paid	-	-	-	-
C. Net cash flows from financing activities	-	-	-	-
D. Net increase in cash and cash equivalent (A+B+C)	667,236	56,581,852	597,788	50,752,176
E. Effects of exchange rate changes on cash and cash-equivalents	-	-	-	-
F. Net increase in cash and cash equivalent (D+E)	667,236	56,581,852	597,788	50,752,176
G. Cash & Cash Equivalents at the beginning of the year	0	0	0	0
H. Cash & Cash Equivalents at the end of the year	667,236	56,581,852	597,788	50,752,176

	31/12/2020		31/12/2019	
	Taka	Taka	Taka	Taka
Cash				
a) Cash in hand				
In local currency	-	-	-	-
In Foreign currency	-	-	-	-
b) Balance with Bangladesh Bank				
In local currency				
In Foreign currency	-	-	-	-
c) Balance with Sonali Bank Ltd.	-	-	-	-
In local currency				
In Foreign currency	-	-	-	-
Balance with other Banks and Financial Institutions				
In Bangladesh:	667,236	56,581,852	597,788	50,752,168
Outside Bangladesh				
	667,236	56,581,852	597,788	50,752,168
Placement with Banks & Other Financial institutions	-	-	10,190,339.00	865,159,742.00
Investments in Share & Securities				
Government Securities				
Bangladesh Govt. Islami Bond Fund				
Investment In Islamic Refinance Fund	-	-	-	-
In shares (quoted and unquoted)	-	-	-	-
Quoted	-	-	-	-
Private (8.b)	-	-	-	-
Unquoted	-	-	-	-
Investments				
a) General Investment				
i. in Bangladesh				
Murabaha Investment	-	-	-	-
Bai-Muazzal Investment	-	-	-	-
Hire Purchase Investment	-	-	-	-
Quard	-	-	-	-
Other Investment	-	-	-	-
	-	-	-	-
ii. Out side Bangladesh				
b) Bill Purchased & Discounted				
Payable in Bangladesh				
Payable out side Bangladesh	153,819,518	13,043,956,622	107,700,695	9,143,788,972
	153,819,518	13,043,956,622	107,700,695	9,143,788,972

	31/12/2020		31/12/2019	
	Taka	Taka	Taka	Taka
Fixed Assets				
Tangible Assets				
Land	-	-	-	-
Building	-	-	-	-
Furniture (Wood)	-	-	-	-
Furniture (Steel)	-	-	-	-
Computer	-	-	-	-
Computer (Accessories)	-	-	-	-
Motor Car	-	-	-	-
Machine equipment & appliance	-	-	-	-
Online Hardware	-	-	-	-
Interior Decoration	-	-	-	-
Books & Library	-	-	-	-
Intangible Assets				
Online Software	-	-	-	-
Total	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Other Assets				
Placement from Banks & Other financial Institutions	-	-	-	-
Parent Bank	80,628,939	6,837,366,304	56,782,880	4,820,866,515
Other Bank OBU	9,000,000	763,203,600	3,000,000	254,700,000
Out Side Bangladesh	64,190,723	5,443,398,980	58,108,213	4,933,387,319
	153,819,662	13,043,968,884	117,891,093	10,008,953,835
Deposit and Other Accounts				
Mudaraba Savings Deposits	-	-	-	-
Mudaraba Term Deposits	-	-	-	-
Other Mudaraba Deposits	-	-	-	-
Al-Wadia Current Accounts and Others Accounts etc	-	-	-	-
Bills Payable	-	-	-	-
Other Liabilities				
a) Authorised Capital				
The Authorized Capital of the Bank is Ordinary Share of Tk. 10 each.	-	-	-	-
b) Issued, Subscribed and Fully Paid - up Capital				
Issued for Cash	-	-	-	-
Issued for other than Cash (Bonus Share)	-	-	-	-
Statutory Reserve				
Opening balance beginning of the year	-	-	-	-
Add. Reserve @ 20% (on pre-tax profit)	-	-	-	-
Balance at the end of the year.	-	-	-	-
Other Reserve				

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	31/12/2020		31/12/2019	
	Taka	Taka	Taka	Taka
Depreciation Repairs to the Bank's property				
Repairs to the Bank's property	-	-	-	-
R.R. Furniture & Fixture (Wooden)	-	-	-	-
R.R. Furniture & Fixture (Steel)	-	-	-	-
R.R. Computer	-	-	-	-
Maint. of Motor Car and other Vehicle	-	-	-	-
R.R. Machine equipment & appliances	-	-	-	-
Maintenance of Land & Building	-	-	-	-
Maintenance of Rented Premises	-	-	-	-
R.R. Computer Accessories	-	-	-	-
R.R. Others	-	-	-	-
Software Maintenance Fee	-	-	-	-
Hardware Maintenance Fee	-	-	-	-
Depreciation to the Bank's property				
Depr. Furniture (Wood)	-	-	-	-
Depr. Furniture (Steel)	-	-	-	-
Depr. Computer	-	-	-	-
Depr. Motor Car	-	-	-	-
Depr. Machine equip & Appliance	-	-	-	-
Depr. Books & Library	-	-	-	-
Depr. Land & Building	-	-	-	-
Depr. Online Hardware	-	-	-	-
Depr. Online Software	-	-	-	-
Depr. Computer Accessories	-	-	-	-
Depr. Interior Decoration	-	-	-	-
Stationary,Printing & Advertisement				
Printing & Stationerty	-	-	-	-
Paper & Table Stationery	-	-	-	-
Advertisement & Publicity Expenses	-	-	-	-
Other expenses				
Cash and Cash Equivalent at the end of the year				
Cash in hand	-	-	-	-
Balance with Bangladesh Bank & Sonali Bank Ltd.	-	-	-	-
Balance with Parent Banks	667,236	56,581,852	597,788	50,752,168
Bangladesh Government Islamic Investment Bond				
	667,236	56,581,852	597,788	50,752,168

Off-shore Banking Unit (OBU)
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 December 2020

1 Status of the unit

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

1.1 Principal activities

The principal activities of OBU are to provide Mudaraba Investment against payment of import bills under UPAS (Usance Payment at Sight) and Musharaka Documentary Bills in foreign currency (MDB F.C) to its customers.

2 Significant accounting policies and basis of preparation of financial statements

2.1 Basis of accounting

The Off-shore Banking Unit maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act, 1991, Bangladesh Accounting Standards, Bangladesh Financial Reporting Standard (BFRS) and other applicable directives issued by the Bangladesh Bank, in particular, Banking Regulations and Policy Department (BRPD) Circular No. 15 (09 November 2009).

2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.3 Foreign currency transaction

a) Foreign currency transactions are converted into equivalent taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 84.8004 closing rate as at 31 December 2020.

a) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

b) Translation gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account, except those arising on the translation of net investment in foreign subsidiary.

2.4 Cash and cash equivalents

Cash and cash equivalents are accounted for notes and coins in hand, highly liquid financial assets, unrestricted balances held with other banks/financial institutions and Bangladesh Bank.

3 Investments

a) General investments of Off-shore Banking Units are stated in the Balance Sheet net off unearned income. Provisions for investments are made as per instructions contained in Bangladesh Bank BRPD Circular No. 14 dated 23 September 2012 and BRPD Circular No. 19 dated 27 December 2012.

b) Profit is calculated on a daily product basis but charged and accounted for on accrual basis. Profit is not charged on bad and loss investments as per guidelines of the Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) A provision is recognized in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

4. Placement from Banks & Other Financial institutions

The OBU has borrowed fund from different Banks & Other Financial institutions reside in Bangladesh and outside Bangladesh in the mode of Placement.

Off-shore Banking Unit (OBU)

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2020

Name of the Bank	31.12.2020		31.12.2019	
In Bangladesh	USD	TK	USD	TK
Al-ArafahIslami Bank Ltd.	8,06,28,939.30	683,73,66,304.21	56,782,880	4,820,866,515
Other OBU	90,00,000.00	76,32,03,600.00	3,000,000	254,700,000.00
Outside Bangladesh	6,41,90,722.92	544,33,98,980.00	58,108,213	4,933,387,319

5. Profit income

In terms of the provisions of the BAS-18 "Revenue", the profit income is recognized on accrual basis.

5.1 Fees and commission income

Fees and commission income arises on services provided by the units are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

5.2 Profit paid and other expenses

In terms of the provisions of the BAS - 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

5.3 Allocation of common expenses

Establishment expenses in the nature of rent, rates, taxes, management expenses, printing and stationery, electricity, postage, stamps, telecommunication and audit fees etc. have not been separately accounted for in the financial statements, but staff costs (salaries and allowances) are separately accounted for OBU

6. Profit paid on deposits & Borrowings

	31.12.2020		31.12.2019	
	USD	TK	USD	TK
AIBL Treasury Division	5702043.50	483535569.4	5078695	431181223
AIBL AD Branches	335428.14	28444440.03	298759	25364645
	6037471.64	511980009.43	5377454	456545868

7. Principles of Shariah

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

8. Cash flow statement

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

9. General

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

10. Reporting period

The financial statements cover from 1st January 2020 to December 31, 2020.

Related party disclosure (Annexure-C)
NAME OF THE DIRECTORS & THE ENTITIES IN WHICH THEY HAVE INTEREST
as on 31st December, 2020.

SI	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/ interest in the concerned	Remarks
1	Alhaji Abdus Samad S.Alam Bhaban, 57-C Sugandha R/A Chottogram	Chairman	Director: a. AIBL Capital Market Services Ltd. b. AIBL Capital Management Ltd. c. Millennium Information Solution Limited Proprietor : d. Samad Trading Agency	0.50% -- 2.00% 100.00%	
2	Al-haji Abdus Salam Mir Ahmed Building 234, Khatungong, Chittagong.	Vice-Chairman	Managing Director: a. Mir CNG & Filling Station b. Mir Pulp & Paper industries Ltd. c. Mir Filling Station Ltd. Director: d. Karnafully Filling Stations e. AIBL Capital Market Services Ltd. CEO: f. M/S Hajee Mir Ahmed Sowdagar Proprietor: g. M/S M.A Salam & Co h. Mir Bonaspati Products i. Mir Food & Beverage Industries	40.00% 25.00% 100.00% 15.00% 1.50% 30.00% 100.00% 100.00% 100.00%	
3	Al-haji Nazmul Ahsan Khaled 760, Satmasjid Road, Dhanmondi R/A , Dhaka	Director	Managing Director : a. Moonlight Garments Ltd. b. Ehsan Garments Ltd. c. Khaled Shipping Lines Ltd. d. Engineers Enterprise Ltd. e. Nourish Poultry & Hatchery Ltd. f. Nourish Agro Ltd. g. Telnet Communication Ltd. h. Nourish Grand Parents Ltd. i. Nourish Feeds Ltd. j. Nourish Fisheries Ltd. k. Nourish Foods Ltd. l. Agrow Breeders Ltd. m. Agrow Layers Ltd. n. Artisan Enterprise Ltd. o. Ehsan Packaging & Printing Ind. Ltd. p. Aquafarm Shrimp Ltd. q. Executive Travel Solutions Ltd r. Agrow Fruits & Vegetables Ltd. Director: s. Mohammadi Navigation Ltd. t. AIBL Capital Market Services Ltd.	20.00% 10.00% 30.00% 20.00% 25.00% 20.00% 40.00% 20.00% 25.00% 30.00% 20.00% 20.00% 20.00% 25.00% 16.67% 20.00% 20.00% 20.00% 46.15% 0.50%	

SI	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/ interest in the concerned	Remarks
4	Alhajj Abdul Malek Mollah House-12-14, Road-6, Block-E, Niketon, Gulshan-1, Dhaka	Director	Managing Director : a.The Mollah Trading Ltd. Shareholder: b.AIBL Capital Market Services Ltd.	15.00% 0.50%	
5	Hafez Alhajj Md. Enayet Ullah 2, MukimKatra, Moulvi Bazar, Dhaka.	Director	Active Owner: M/S Hadyet& Brothers	100.00%	
6	Alhajj Badiur Rahman Priya Prangon, Building No. -A, Flat No: 0506, 2 Paribagh, Dhaka.	Director	Proprietor: a.M/S Oceanlink Services Director : b.Central Hospital Ltd. c.Human Resources Dev Co. Ltd. d.AIBL Capital Market services Ltd. Chairman/Director: e. Baidene Pvt. Ltd. f. Ocean Trade Ltd. Director : g. Millennium Information Solution Limited CEO/Director h. Ariel Maritime PTE Ltd.	100.00% 2.45% 2.00% 0.625% 16.16% 15.00% 5.00% 100.00%	
7	Alhajj Ahamedul Hoque M/s. A.H. Syndicate 16/1, Amir Market, Khatungonj, Chittagong.	Director	Chairman: a.AIBL Capital Management Services Ltd. Proprietor: b.M/S. A.H. Syndicate Shareholder: c.AIBL Capital Market Services Ltd.	-- 51.00% 0.25%	
8	Alhajj Abu Naser Mohammad yeahea 232-234, Tejgoan Industrial Area, Dhaka-1208.	Director	Managing Director: a. Purbachal Steel Mills Ltd. b. Purbachal Exclusive Ltd. c. .Purbachal Drillers Ltd. d. Beco Feed Ltd. Director: e. AIBL Capital Market Services Ltd. Proprietor: f. Purbachal Gas Filling g. Beco Electronics	99.82% 99.50% 50.00% 42.50% 4.50% 100.00% 100.00%	
9	Alhajj Niaz Ahmed House # 24, Road # 1, Block # i, Chairman Bari, Banani, Dhaka.	Director	Chairman a. Millennium Information Solution Limited Managing Director: b. Golden Oil Mills Ltd. c. Savoy Ice Cream Factory Ltd. Director: d. AIBL Capital Market Services Ltd. e.South East University f.Bangla Tel Limited g.BD Link Communication Limited h. Jibondhara Solution Limited Proprietor: i. Broadway Marketing Co. j.Golden Trading Co. k. Khaja Corporation	70.00% 77.00% 0.75% -- 10.00% 5.00% 10.00% 100.00% 100.00% 100.00%	

SI	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/ interest in the concerned	Remarks
10	Alhajj Mohammed Emadur Rahman Kazi Castle, Islampur, Shaporan, Sylhet.	Director	Director a. Al Haramain Perfumes (Pvt) Co. Ltd. b. Millennium Information Solution Limited c. Al Haramain Hospital Managing Director: d. Rich & Ruitz Perfumes Trading L.L.C. e. Al Halal Perfumes Industry f. Hamidia Tea Company Limited CEO: g. 4 Corners Distribution UK Limited Deputy Managing Director: h. Al Haramain Perfumes Mgf.& Oudh Processing Ind. L.L.C. Partner: i. Al Haramain Trading LLC Shareholder: j. AIBL Capital Market Services Ltd.	40.00% 5.00% 40.00% 49.00% 24.00% 34.00% 50.00% -- 10.00% 0.75%	
11	Alhajj Engr. Kh. Mesbahuddin Ahmed House # 2-E, Road # 8, Sector # 7, Uttara Model Town, Dhaka.	Director	Managing Director a. M/S Aqua Consultant and Association Ltd. Director : b. Takaful Islami Insurance Ltd. c. Human Resources Development Co. Ltd (HURDCO) d. Central Hospital Ltd. e. AIBL Capital Market services Ltd. f. Millennium Information Solution Ltd	34.25% 3.20% 5.00% 4.88% 1.75% 2.00%	
12	Alhajj Mohammed Haroon 1025/B, Housing Society, Nasirabad, Chattogram.	Director	Owner a. Rising Star Trading Est (U.A.E.) Shareholder b. AIBL Capital Market Services Ltd.	100.00% 1.00%	
13	Alhajj Md. Liakat Ali Chowdhury As-Salam Tower (9th Floor), 57, Agrabad C/A, Chattogram.	Director	Managing Partner: a. Asadi steel Enterprise b. Jamuna Ship Breakers Managing Director c. Bangladesh Ship Breaking Ltd. d. L & M Builders (Pvt) Ltd. Proprietor e. Regal Oxygen Vice Chairman f. AIBL Capital Market Services Ltd.	90.00% 83.34% 90.00% 25.00% 100.00% 0.25%	

SI	Name	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/ interest in the concerned	Remarks
14	Alhaji Salim Rahman 255, Nasirabad I/A, Chittagong	Director	Chairman a. KYCR Coil Ind. Ltd. b. KDS Textile Mills Ltd. c. SKYS Securities Ltd. Managing Director d. KDS Accessories Ltd. e. KDS Garments Ind. Ltd. f. KDS Apparels Ltd. g) KDS Fashions Ltd. h) KDS IDR Ltd. i) KDS Cotton PolyThread Ind. Ltd. j.KDS Poly Ind. Ltd. k.KDS Steel Accessories Ltd. l.KDS Logistics Ltd. Director m.Millennium Information Solution Limited Representative Director n. AIBL Capital Market Services Ltd. Shareholders o .Eastern Bank Ltd. p. Pragati Insurance Ltd. q. Pragati Life Insurance Ltd.	13.74% 0.67% 3.61% 14.09% 49.85% 50.12% 1.71% 45.00% 10.00% 21.00% 50.00% 0.07% 5.00% -- 0.33% 1.12% 2.13%	
15	Alhaji Md. Anowar Hossain House # 6,Road # 1, Dhanmondi, Dhaka-1205.	Director	Managing Director a. Tania Textiles Ltd. b. A.G. Textile Mills Ltd. c. Dubai Bangla L P Gas Ltd d. Ashik Shipping Lines Ltd. e. Dubai Bangladesh Cement Mills Ltd. f. Dubai Bangladesh Bag Factory Ltd. Director g. Islami Commercial Insurance Co. Ltd. h. Southeast University i. Anowar Hossain Secondary School j. Sultan Hossain Memorial Hospital	62.50% 54.00% 40.00% 60.00% 18.00% 80.00% 10.00% -- -- --	
16	Alhaji Md. Harun-ar-Rashid Khan (Nominee Director of China Builders & Machineries Ltd.) House-19/A, Road-18, Banani, Dhaka	Director	Nil		
17	Md. Rafiqul Islam 1025/C, Housing Society, Nasirabad, Chattogram.	Director	Nil	1.75%	
18	Md. Amir Uddin PPM A 11 Nasreen Villa, 08 Baily Road, Dhaka	Independent Director	a. AIBL Capital Market Services Ltd. b. AIBL Capital Management Ltd.	-- --	
19	M. Kamal Uddin Chowdhury Flat no: 0015/C2, 14th Floor, Baily Heights, 2 Nawratan Colony, New Baily Road, Dhaka-1217	Independent Director	Trustee: a. South-East University, Dhaka		
20	Mahbubul Alam Niraloy Prova, Apt# C2W, House#75, Road # 8/A, Dhanmondi, Dhaka	Independent Director	Nil	--	
21	Farman R. Chowdhury ACME Concord, Flat # 3B, House # 10, Road # 121, Gulshan-1, Dhaka-1214.	Ex-Officio Director	Nil	N/A	

NAME OF THE DIRECTORS AND THEIR SHAREHOLDINGS IN THE YEAR- 2020

Sl	Name of Directors	Status	Ending position on 31/12/2020	Opening position on 01/01/2020	Remarks
1	Jb. Abdus Samad	Chairman	23965115 shares of Tk. 10/- each Tk. 239651150/-	23965115 shares of Tk. 10/- each Tk. 239651150/-	
2	Jb. Abdus Salam	Vice-Chairman	21598392 shares of Tk. 10/- each Tk. 215983920/-	21598392 shares of Tk. 10/- each Tk. 215983920/-	
3	Hafez Md. Enayetullah	Sponsor Director	21303874 shares of Tk. 10/- each Tk. 213038740/-	21303874 shares of Tk. 10/- each Tk. 213038740/-	
4	Jb. Salim Rahman	Director	21298982 shares of Tk. 10/- each Tk. 212989820/-	21298982 shares of Tk. 10/- each Tk. 212989820/-	
5	Md. Harun-Ar-Rashid Khan (Nominated by China Builders & Machineries Ltd.)	Nominee Director	21376917 shares of Tk. 10/- each Tk. 213769170/-	21376917 shares of Tk. 10/- each Tk. 213769170/-	
6	Jb. Md. Liakat Ali Chowdhury	Director	21304850 shares of Tk. 10/- each Tk. 213048500/-	21304850 shares of Tk. 10/- each Tk. 213048500/-	
7	Jb. Nazmul Ahsan Khaled	Sponsor Director	22812996 shares of Tk. 10/- each Tk. 228129960/-	22812996 shares of Tk. 10/- each Tk. 228129960/-	
8	Jb. Abdul Malek Mollah	Sponsor Director	21357454 shares of Tk. 10/- each Tk. 213574540/-	21357454 shares of Tk. 10/- each Tk. 213574540/-	
9	Jb. Md. Anowar Hossain	Sponsor Director	23578732 shares of Tk. 10/- each Tk. 235787320/-	23578732 shares of Tk. 10/- each Tk. 235787320/-	
10	Jb. Badiur Rahman	Sponsor Director	29704244 shares of Tk. 10/- each Tk. 297042440/-	29704244 shares of Tk. 10/- each Tk. 297042440/-	
11	Engr. Kh. Mesbahuddin Ahmed	Director	21299266 shares of Tk. 10/- each Tk. 212992660/-	21299266 shares of Tk. 10/- each Tk. 212992660/-	
12	Jb. Ahamedul Haque	Director	21298448 shares of Tk. 10/- each Tk. 212984480/-	21298448 shares of Tk. 10/- each Tk. 212984480/-	
13	Jb. Abu Naser Mohammad Yeahea	Director	26300798 shares of Tk. 10/- each Tk. 263007980/-	26300798 shares of Tk. 10/- each Tk. 263007980/-	
14	Jb. Niaz Ahmed	Director	21407921 shares of Tk. 10/- each Tk. 214079210/-	21407921 shares of Tk. 10/- each Tk. 214079210/-	
17	Jb. Mohammed Haroon	Sponsor Director	21422224 shares of Tk. 10/- each Tk. 214222240/-	21422224 shares of Tk. 10/- each Tk. 214222240/-	
15	Jb. Mohammed Eamador Rahman	Director	21324314 shares of Tk. 10/- each Tk. 213243140/-	21324314 shares of Tk. 10/- each Tk. 213243140/-	
16	Jb. Md. Rafiqul Islam	Director	21350369 shares of Tk. 10/- each Tk. 213503690/-	Nil	
18	Jb. Md. Amir Uddin PPM	Independent Director	Nil	Nil	
19	Jb. M. Kamaluddin Chowdhury	Independent Director	Nil	Nil	
20	Jb. Mahbubul Alam	Independent Director	Nil	Nil	
21	Jb. Farman R. Chowdhury	Ex. Officio Director	Nil	Nil	

DISCLOSURES ON

Risk Based Capital (Basel-III)

The public disclosure of prudential information is an important component of Basel Committee on Banking Supervision's framework of capital measurement and capital adequacy, known as Basel III. Bangladesh Bank has specified the standard of disclosure through Guidelines on Risk Based Capital Adequacy (December 2010) which revised in Basel III Guideline on December 2014 with effect from January 2015. The standard aims to enhance the transparency in Bangladeshi financial market by setting minimum requirement for the disclosure of information on the risk management practice and capital adequacy.

To cope up with the international best practices and to make the bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel II) was introduced from January 01, 2009 as a parallel run with BRPD Circular No. 10, dated November 25, 2002 (Basel I). At the end of parallel run, Basel II regime started from January 01, 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with Basel III) vide its BRPD Circular 18 dated December 21, 2014 that Basel III reporting start from January 2015 and full implementation will start from January 2020. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance.

An Action Plan/Roadmap was issued by Bangladesh Bank for implementation of Basel-III in Bangladesh vide BRPD Circular No: 18 Dated: 21 December, 2014. For effective implementation of Basel-III, the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III) has been issued by Bangladesh Bank.

Action Plan/Roadmap Action

Action	Deadline
Issuance of Guidelines on Risk Based Capital Adequacy	December 2014
Commencement of Basel III Implementation process	January 2015
Capacity Building of the Banks	January 2015- December 2019
Initiation of Full Implementation of Basel III	January 2020

Phase-in Arrangements

The phase-in arrangements for Basel III implementation will be as follows:

	2015	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%	2.50%
Minimum CET-1 plus Capital Conservation Ratio	4.50%	5.125%	5.75%	6.375%	7.00%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%	12.50%

The Basel III framework consists of three-mutually reinforcing pillars:

Pillar 1 : Minimum capital requirements for credit risk, market risk and operational risk

Pillar 2 : Supervisory review process (SRP)

Pillar 3 : Market discipline

Market discipline (Pillar 3) comprises a set of disclosures on the Capital Adequacy and Risk Management framework of the Bank. Pillar 3 disclosures as per BB circular on Basel-III Capital Regulations are set out in the following sections for information.

The disclosures (qualitative and quantitative) under the revised Risk Based Capital Adequacy (RBCA) framework as advised by Bangladesh Bank based on the audited financial position of the bank as of 31st December, 2020 are presented below:

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

1. Scope of application:

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

	<p>Al-ArafahIslami Bank Limited has 4 (Four) subsidiaries viz.</p> <p>AIBL Capital Market Services Ltd. AIBL Capital Management Ltd. AIBL Asset Management Co. Ltd. Millennium Information Solution Limited (MISL).</p> <p>Al-ArafahIslami Bank holds 60.50%, 98%, 98% and 51% AIBL Capital Market Services Ltd. AIBL Capital Management Ltd. AIBL Asset Management Co. Ltd. Millennium Information Solution Limited (MISL).</p> <p>A brief description of the Bank and its subsidiary are given below:</p> <p>a. AIBL Capital Market Services Limited</p> <p>AIBL Capital Market Services Limited was incorporated as subsidiary company of Al-ArafahIslami Bank Limited with an authorized capital of Tk. 10 billion and paid-up capital of Tk. 4 billion of which AIBL holding is 60.50%. The main objectives of the company are to carry out the business of Stock Broker and Dealer in the Capital Market.</p> <p>b. AIBL Capital Management Limited</p> <p>AIBL Capital Management Limited, a subsidiary company of Al-ArafahIslami Bank Limited, was incorporated with an authorized capital of Tk. 2 billion and paid-up capital of Tk. 500 million. The main objectives of the company are to carry out the business of Merchant Banking in all its aspects including Issue Management (IPO, Right Share Issue, Bond Issue etc.), Portfolio Management, Underwriting, Corporate Advisory Services, Pre-IPO Placement, Investment Analysis and Research etc.</p> <p>c) AIBL Asset Management Co. Ltd.</p> <p>Another subsidiary company in the name of AIBL Asset Management Co. Ltd. has already been incorporated with Authorized Capital of Tk. 500 million and Paid up Capital of Tk. 100 million to carry out the business of Asset Management, Portfolio Management, Capital Market Operation and other financial services. The shareholding ratio of AIBL and its another subsidiary AIBL Capital Market Services Limited is 9:1. We hope that the company will start its functioning very soon.</p> <p>d) Millennium Information Solution Limited (MISL)</p> <p>Al-ArafahIslami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-ArafahIslami Bank Limited. Millennium Information Solution Limited, a private limited Company was incorporated in Bangladesh under the Companies Act 1994 on February 11, 2001. The main objective of company is to carry on activities relating to developing software products and providing maintenance and support services both the domestic and international clients. Over the years, MILS has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah.</p>
c) Any restrictions, or other major impediments on transfer of funds or regulatory capital within the group.	Not Applicable
b. Quantitative Disclosures	
The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to and alternative method) included in the capital of the consolidated group.	Not Applicable

2) Capital structure:

1. Qualitative Disclosures:																				
a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2	<p>For the purpose of calculating capital under capital adequacy framework, the capital of banks shall be classified into two tiers. The total regulatory capital will consist of sum of the following categories:</p> <p>1) Tier 1 Capital (going-concern capital):</p> <p>a) Common Equity Tier 1</p> <p>b) Additional Tier 1</p> <p>2) Tier 2 Capital (gone-concern capital)</p>																			
	<p>Common Equity Tier 1 Capital: It is called 'Core Capital' comprises of highest quality of capital elements consists of –</p> <p>Fully Paid-up Capital Statutory Reserve Non-Repayable Share Premium Account General Reserve Retained Earnings Minority Interest in Subsidiaries Dividend Equalization Account Less: Regulatory adjustments applicable on CET1</p>																			
	<p>Additional Tier 1:</p> <p>i) Non-cumulative irredeemable preference share ii) Instruments issued by the banks that meet the qualifying criteria for AT1 iii) Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (For Consolidated Reporting) Less: Regulatory adjustments applicable on AT1</p>																			
	<p>Tier-2 Capital: It is called 'gone-concern capital' represents other elements which fall short of some of the characteristics of the core capital consists of-</p> <p>i) General Provision ii) All other preference shares iii) Subordinated debt iv) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties (For Consolidated reporting only) v) Revaluation Reserves as on 31st December, 2017 (50% of Fixed Assets and Securities and 10% of equities) vi) Other (if any item approved by Bangladesh Bank) Less: Regulatory adjustments applicable on Tier-2 capital</p>																			
	<p>Compliance status of AIBLAs per condition for maintaining regulatory capital:</p> <table> <tr> <td>1</td><td>Common Equity Tier 1 of at least 4.5% of the Total RWA</td><td>Complied</td></tr> <tr> <td>2</td><td>Tier 1 will be at least 6.00 % of the Total RWA</td><td>Complied</td></tr> <tr> <td>3</td><td>Minimum CRRA will be 10.00 % of the Total RWA</td><td>Complied</td></tr> <tr> <td>4</td><td>Additional Tier 1 Capital can be admitted maximum up to 1.5% of the Total RWA or 33.33% of CEFI whichever higher</td><td>Complied</td></tr> <tr> <td>5</td><td>Tier 2 Capital can be admitted maximum up to 4% of the Total RWA or 88.89% of CEFI whichever higher</td><td>Complied</td></tr> <tr> <td>6</td><td>Addition to Minimum CRRA, Capital Conservation Buffer (CCB) of 2.50% of the Total RWA is being introduced which will be maintain in the form of CET1.</td><td>Complied</td></tr> </table>		1	Common Equity Tier 1 of at least 4.5% of the Total RWA	Complied	2	Tier 1 will be at least 6.00 % of the Total RWA	Complied	3	Minimum CRRA will be 10.00 % of the Total RWA	Complied	4	Additional Tier 1 Capital can be admitted maximum up to 1.5% of the Total RWA or 33.33% of CEFI whichever higher	Complied	5	Tier 2 Capital can be admitted maximum up to 4% of the Total RWA or 88.89% of CEFI whichever higher	Complied	6	Addition to Minimum CRRA, Capital Conservation Buffer (CCB) of 2.50% of the Total RWA is being introduced which will be maintain in the form of CET1.	Complied
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6	Addition to Minimum CRRA, Capital Conservation Buffer (CCB) of 2.50% of the Total RWA is being introduced which will be maintain in the form of CET1.	Complied																		

2. Quantitative Disclosures:

The amount of Regulatory Capital 2020 as follows:

(BDT In million)

1. Common Equity Tier-1 (Going Concern Capital):	Solo Basis	Consolidated Basis
Fully Paid-up Capital	10,649.02	10,649.02
Statutory Reserve	10,334.62	10,334.62
Retained Earnings	1,616.11	1,732.13
Non Controlling Interest	-	1,655.73
Less: Deferred Tax Assets (DTA)	-	-
	22,599.76	24,371.50
Good will and other Insensible assets	(440.63)	(440.63)
Total Common Equity Tier-1 Capital	22,159.13	23,930.87
2. Tier-2 Capital:		-
General Provision	4,127.25	4,127.25
Subordinated debt	11,200.00	11,200.00
Revaluation Reserves for Securities up to 50%	469.31	469.31
Less: 100% of Revaluation Reserves for Fixed Assets, Securities & Equity Securities. 60%	469.31	469.31
Total Admissible Tier-2 Capital	15,327.25	15,327.25
Total eligible capital	37,486.38	39,258.12

3) Capital Adequacy:

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

(BDT In million)

Quantitative Disclosures :		
Capital requirement under following Risk:	Solo Basis	Consolidated Basis
a) Capital requirement for Credit Risk	2,18,473.99	2,21,389.21
b) Capital requirement for Market Risk	3,852.10	4,327.10
c) Capital requirement for Operational Risk	19,757.68	20,072.24
d) Total Capital Requirement (a+b+c)	2,42,083.78	2,45,788.55
e) Capital to Risk –weighted Asset Ratio:	15.48%	15.97%
1. Common Equity Tier 1 (CET 1) Ratio	9.15%	9.74%
Tier 1 Capital Adequacy Ratio	9.15%	9.74%
Tier-2 Capital Adequacy Ratio	6.33%	6.24%
Capital to Risk-weighted Asset Ratio (CRAR)	15.48%	15.97%
f) Capital Conservation Buffer	3.15%	3.74%
Available Capital under Pillar 2 Requirement	13,278.00	14,679.27
Minimum Capital Requirement (MCR)	24,208.38	24,578.85

4) Credit Risk

1. Qualitative Disclosures:

a) Definition of past due and impaired assets (for accounting purposes)

A loan payment that has not been made as of its due date is termed as past due. Payment may be made for repayment/renewal/rescheduling or as an installment of a claim.

The past due claims are discussed below:

Special Mention Accounts (SMA):

A claim which is overdue for 90 days or more will be classified as Special Mention Account. When a loan is classified as SMA, it needs constant monitoring and supervision as the repayment probability decreases.

Sub-Standard (SS):

The repayment of the loan has been put in doubt but the recovery is not unlikely.

Doubtful (DF):

There is less possibility of recovery of the overdue amount and probability of loss is high.

Bad /Loss (B/L):

These are the loans which have almost turned unrecoverable.

Approaches followed for specific and general allowances:

i) Specific provision:

a) Substandard	:	20%
b) Doubtful	:	50%
c) Bad/Loss	:	100%

ii) General Provision:

- a) 0.25% to 5% on different categories of unclassified loans.
- b) 1% on Off Balance sheet exposure.
- c) 5% on the outstanding amount of loans kept in the 'Special Mention Account' after netting off the amount of Interest Suspense.

For classification of loan, specific and general allowances the bank follows Master Circular-Loan Classification and Provisioning vide BRPD circular no. 06 dated June 14, 2012; and as advised by Bangladesh Bank from time to time.

In addition to the above mentioned objective criteria, loans can be classified on the basis of subjective judgment taking into consideration the factors such as uncertainty or doubt of repayment, continuous loss of capital, adverse situation, decrease of value of securities, legal suit etc.

However, Bangladesh Bank can classify any claim on the basis of their subjective judgment as well as can ask the Bank to buildup additional provision on non-performing loans.

Credit Risk Management Policy

The bank has established Credit Risk Management framework as directed by Bangladesh Bank through introduction of Risk Management (CRM) policy guide along with implementation of the Credit Risk Grading (CRG). This framework defines CRM structure, role, responsibilities and the processes to identify, quantify, and manage risk within the framework under the given policy. The CRM policy is reviewed from time to time for adoption of new techniques/policies for measurement and management of risk in line with the socio-economic scenario and investment environment of the country.

2) Quantitative Disclosures:

(BDT In million)

a) Funded:	
General Investment	
Murabaha Investment	84,060.67
Bai-Muazzal Investment	1,09,678.70
Hire Purchase Investment	96,221.47
Quard	2,203.97
Other Investment	5,694.47
Sub Total	2,97,859.28
Outside Bangladesh	-
	2,97,859.28
Less: Unearned profit on Investment	6,551.69
	2,91,307.59
Bill Purchased & Discounted	
Payable in Bangladesh	10,685.97
Payable outside Bangladesh	1,216.83
Sub Total	11,902.80
Total Funded:	3,03,210.40
b) Total Non- Funded:	97,941.97
c) Geographical distribution of exposures	
Region Based	
Dhaka Region	2,36,699.28
Chittagong Region	37,031.11
Sylhet Region	1,285.89
Rajshahi Region	6,917.18
Khulna Region	5,191.41
Rangpur Region	8,777.66
Barisal Region	3,015.07
Total	3,03,210.41
d) Country based funded	
Domestic	3,03,210.41
Overseas	-
e) Country based Non-funded	73,047.95
Domestic	97,941.97
Overseas	-
f) Major Industry wise distribution of exposures	
Agriculture, Fishing and Forestry	5,295.10
Industry	1,35,956.50
Construction	33,552.50
Water works & Sanitary Service	509.00
Transport & communication	25,252.50

Storage	2,575.10
Trade Finance	1,06,382.50
Miscellaneous	238.90
Total	3,09,762.10
Less Unearned Profit on Investment	6,551.69
Total	3,03,210.41
g) Distribution of risk exposure by claims	
a) Claims on sovereigns and central banks	28,660.90
b) Claims on PSE -	-
c) Claims on banks and securities firms	23,593.62
d) Claims on corporate	1,82,431.69
e) Claims included in the retail portfolio & small enterprises	70,828.35
f) Claims secured by residential property	13,980.50
g) Claims secured by commercial real estate	5,319.30
h) Consumer Investment	373.34
i) Off-balance sheet items	29,792.69
h) Credit risk mitigation	
Claims secured by financial collateral	1,017.12
Net exposure after the application of haircuts	1,417.73
Claims secured by eligible guarantee	-
g) Residual contractual maturity breakdown of the whole portfolio	
Repayable on demand	-
Up to 1 month	42,483.87
More than 1 month but less than 3 months	8,521.00
More than 3 months but less than 1 year	96,457.60
More than 1 year to less than 5 year	38,378.00
More than 5 year	1,17,369.93
Total	3,03,210.41
Gross Non Performing Assets- (NPAs)	
Non-performing assets to outstanding Investment (loans and advances)	11,769.60
Movement of Non Performing Assets (NPAs)	
Opening balance	14,100.40
Additions	2,060.15
Less Cash Recovery	(1,248.33)
Less RSDL from CL	(2,983.37)
Less Written Off	(159.27)
Closing balance	11,769.58

(BDT In million)

Movement of specific provisions for NPAs	
Provision held at the beginning of the year	6,002.02
Fully provision debt written off	(121.32)
Recoveries of amount previously written off	56.95
Specific provision for the year	686.70
Closing balance	6,644.36

5) Equities: Disclosures for Banking Book Positions

a) Qualitative Disclosures:

The bank holds unquoted equities intent of which is not trading and the same are shown as banking book asset in balance sheet. As these securities are not quoted or traded in the bourses they are shown in the balance sheet at the cost price and no revaluation reserve has been created against these equities.

b) Quantitative Disclosures:

Values of investments (for unquoted securities) as disclosed in the Balance Sheet:

(Figure In million)

Name of the Scrip	value
Swift Share	7.4
Investment in SIBL mudaraba sub-ordinated bond	600.00
Central Depository Bangladesh Ltd	3.13
Investment in Millenium Information Solution Ltd	29.48
Total	640.07

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

6) Interest Rate Risk in the Banking Book (IRRBB)

a) Qualitative Disclosures:

Interest rate risk is the exposure of a bank's financial condition due to adverse movements in interest rates. Changes in interest rates affect a bank's earnings by changing its net interest income and the level of other interest sensitive income and operating income. Changes in interest rates also affect the underlying value of the bank's assets, liabilities and off-balance-sheet instruments because the economic value of future cash flows changes when interest rates change.

1. Interest rate risk in the banking book can be measured on the basis of:

2. Economic value perspective- net interest income measured in a given point in time such as Economic Value of Capital

b) Quantitative Disclosures:

**Maturity GAP on Banking Book Assets & Liabilities
As on December 31, 2020**

(BDT In million)

Particulars	Up to 1 month	1 to 3 month	3 to 12 month	1 to 5 years	Above 5 years	Total
Asset						
Cash in hand	31,559.11	-	-	-	-	31,559.11
Balance with other banks & Financial Institute	16,561.83	-	-	-	-	16,561.83
Placement with other banks & Financial Institute	-	10,000.00	4,270.01	-	-	14,270.01
Investment in Sharea& Securities (only HTM)	-	-	165.10	835.86	20,562.70	21,563.66
Investment (Loans and Advances)	42,483.87	8,521.00	96,457.60	38,378.00	1,22,780.19	3,08,620.66
Fixed Assets	-	-	-	-	5,833.88	5,833.88
Non Banking Asset					50.88	50.88
Other Assets	1,555.90	-	-	-	18,282.70	19,838.60
Total	92,160.71	18,521.00	1,00,892.71	39,213.86	1,67,510.35	4,18,298.65
Liabilities						
Placement from other banks & Financial Institute	9,273.40	4,963.15	9,763.91	-	-	24,000.46
Deposits and Other accounts	53,060.75	1,14,711.50	1,10,498.20	34,489.60	13,263.35	3,26,023.41
Provision and other liabilities	38.70	-	-	-	31,447.01	31,485.71
Deferred Tax Liabilities/Assets	-	-	-	-	133.20	133.20
AIBL Subordinate Bond	-	-	-	-	11,200.00	11,200.00
Total	62,372.85	1,19,674.65	1,20,262.11	34,489.60	56,043.57	3,92,842.80
GAP	29,787.86	(1,01,153.65)	(19,369.40)	4,724.26	1,11,466.78	25,455.84
Cumulative Gap	29,787.86	(71,365.79)	(90,735.19)	(86,010.93)	25,455.85	-

Impact of Upward Interest Rate on Banking Book for One Year in Different Time Buckets:

(BDT In million)

Particular/ shock	Minor	Moderate	Major
Increase in interest rate	1.00%	2.00%	3.00%
Period	Up to 1 month		
GAP	29,787.86	29,787.86	29,787.86
Impact on NII (Net Interest Income)	24.82	49.65	74.47
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	9.31	18.62	27.93
Period	1 to 3 month		
GAP	(1,01,153.65)	(1,01,153.65)	(1,01,153.65)
Impact on NII(Net Interest Income)	(168.59)	(337.18)	(505.77)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	(63.22)	(126.44)	(189.66)
Period	3 to 12 month		
GAP	(19,369.40)	(19,369.40)	(19,369.40)
Impact on NII(Net Interest Income)	(145.27)	(290.54)	(435.81)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	(54.48)	(108.95)	(163.43)

Impact of Downward Interest Rate on Banking Book for One Year in Different Time Buckets

(BDT In million)

Particular/ shock	Minor	Moderate	Major
Decrease in interest rate	(1.00%)	(2.00%)	(3.00%)
Period	Up to 1 month		
GAP	29,787.86	29,787.86	29,787.86
Impact on NII (Net Interest Income)	(24.82)	(49.65)	(74.47)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on Net Interest Income	(9.31)	(18.62)	(27.93)
Period	1 to 3 month		
GAP	(1,01,153.65)	(1,01,153.65)	(1,01,153.65)
Impact on NII (Net Interest Income)	168.59	337.18	505.77
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	63.22	126.44	189.66
Period	3 to 12 month		
GAP	(19,369.40)	(19,369.40)	(19,369.40)
Impact on NII(Net Interest Income)	145.27	290.54	435.81
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	54.48	108.95	163.43

Impact of Upward Interest Rate on Banking Book for up to One Year (Cumulative)

(BDT In million)

Particular/shock	Minor	Moderate	Major
Increase in interest rate	1.00%	2.00%	3.00%
GAP	(90,735.19)	(90,735.19)	(90,735.19)
Period(Year)	1 Year		
Impact on NII (Net Interest Income)	(907.35)	(1,814.70)	(2,722.06)
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	(340.26)	(680.51)	(1,020.77)

Impact of Downward Interest Rate on Banking Book for up to One year (Cumulative)

(Figure In million)

Particular/shock	Minor	Moderate	Major
Decrease in interest rate	(1.00%)	(2.00%)	(3.00%)
GAP	(90,735.19)	(90,735.19)	(90,735.19)
Period(Year)	1 Year		
Impact on NII (Net Interest Income)	907.35	1,814.70	2,722.06
Applicable tax rate	37.50%	37.50%	37.50%
Tax adjusted impact on NII	340.26	680.51	1,020.77

7) Market Risk:

a) Qualitative Disclosures:

Views of BOD on trading/ investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transactions. Trading book consists of positions in financial instruments held with trading intent or in order to hedge other elements of the Trading Book. The portfolio of investment includes Government Treasury Bills and Bonds, Prize Bonds, Shares of listed Public Limited Companies etc. Bank always desires to invest in high yield areas and also has ensured maintenance or Statutory Liquidity Requirements (SLR) as fixed by Bangladesh Bank.
Methods used to measure Market Risk.	<p>Market risk is the possibility of losing assets in the balance sheet and off- balance sheet positions due to volatility in the market variables viz. interest rate, foreign exchange rate, reinvestment and price. The bank measures impact on profitability and impact on asset prices under market risk through Maturity GAP Analysis, Sensitivity Analysis, VAR, and Mark to Market and has adopted Standardized Measurement approach for measuring Market Risks under Basel-III.</p> <p>Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:</p> <p>Capital charges for interest rate risk= Capital Charge for General Market Risk Capital charges for Equity Position Risk= Capital Charge for Specific Risk+ Capital Charge for General Market Risk Capital charges for Foreign Exchange Risk=Capital Charge for General Market Risk Capital charges for Commodity Position Risk=Capital Charge for General Market Risk</p>
Market Risk Management System:	The Bank has its own Market Risk Management System which includes Asset Liability Risk Management (ALM) and Foreign Exchange Risk Management under core risk management guidelines. The Treasury Division manage market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.
Policies and processes for mitigating market risk:	Risk Management and reporting is based on parameters such as Duration, PV, Exposure and Gap Limits, VaRetc, in line with the global best practices. Risk Profiles are analyzed and mitigating strategies/ processes are suggested by the Asset Liability Committee (ALCO). Their effectiveness is monitored on an on-going basis.Forex Open Position limits (Day limit / Overnight limit), Deal-wise cut-loss limits, Stop-loss limit, Profit / Loss in respect of cross currency trading are properly monitored and exception reporting is regularly carried out. Holding of equities is monitored regularly so that the investment remains within the limit as set by Bangladesh Bank. Asset liability management committee (ALCO) analyzes market and determines strategies to attain business goals. Reconciliation of foreign currency transactions.

b) Quantitative Disclosures:

The capital requirements for Market Risk:

(BDT In million)

	SOLO Basis	Consolidated Basis
Interest rate risk	-	-
Equity position risk	58.16	105.66
Foreign exchange risk	327.05	327.05
Commodity risk	-	-
Total	385.21	432.71

8) Operational risk:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The way operational risk is managed has the potential to positively or negatively impact a bank's customers, its financial performance and reputation. The Bank has put in place Board approved governance and organizational structure with clearly defined roles and responsibilities to mitigate operational risk arising out of the Bank's business and operations.																				
ii) Performance gap of executives and staffs	<p>The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop corporate culture where employees can exert their highest involvement and commitment to work and organization with high ethical standards in order to build a congenial atmosphere.</p> <p>The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.</p>																				
iii) Potential external events	No potential external events are expected to expose the Bank to significant operational risk																				
iv) Policies and Processes for mitigating operational risk:	<p>The Bank has adopted policies which deal with managing different Operational Risk. Bank strongly follows KYC norms for its customer dealings and other banking operations. The Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh Bank and External Auditors conduct inspection of different branches and divisions at Head Office of the Bank and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. In 2020 ICC Division conducted following No. of audit:</p> <table> <tr> <th>Nature of Audit</th><th>No of Frequencies</th></tr> <tr> <td>Compressive & Risk based Internal Audit Annually</td><td>182 branches i.e 100% as per Audit Plan</td></tr> <tr> <td>Surprise Inspection</td><td>27 branches i.e 104% as per Audit Plan</td></tr> </table> <p>For audit purpose, we have segregated the branches into 05 (Five) risk categories as per level of Composite Risk by fixing of a reasonable Inherent Business & Control Risk Score. Risk gradation/ category of the branches is summarized below:</p> <table> <tr> <th>Nature of Risk</th><th>No of Branches</th></tr> <tr> <td>Extremely High Risk</td><td>10</td></tr> <tr> <td>Very High Risk</td><td>41</td></tr> <tr> <td>High Risk</td><td>70</td></tr> <tr> <td>Medium Risk</td><td>43</td></tr> <tr> <td>Low Risk</td><td>18</td></tr> <tr> <td>Total</td><td>182</td></tr> </table>	Nature of Audit	No of Frequencies	Compressive & Risk based Internal Audit Annually	182 branches i.e 100% as per Audit Plan	Surprise Inspection	27 branches i.e 104% as per Audit Plan	Nature of Risk	No of Branches	Extremely High Risk	10	Very High Risk	41	High Risk	70	Medium Risk	43	Low Risk	18	Total	182
Nature of Audit	No of Frequencies																				
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Nature of Risk	No of Branches																				
Extremely High Risk	10																				
Very High Risk	41																				
High Risk	70																				
Medium Risk	43																				
Low Risk	18																				
Total	182																				
v) Approach for calculating capital charge for operational risk	<p>The Bank follows the Basic Indicator Approach (BIA) in terms of BRPD Circular No. 18 dated 21 December 2014 Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III). The BIA stipulates the capital charge for operational risk is a fixed percentage, denoted by (alpha) of average positive annual gross income of the Bank over the past three years. It also states that if the annual gross income for any year is negative or zero, that should be excluded from both the numerator and denominator when calculating the average gross income. The capital charge for operational risk is enumerated by applying the following formula:</p> $K = [(GI_1 + GI_2 + GI_3) / n]$																				

b) Quantitative Disclosures:

(BDT In million)

b) The capital requirements for operational risk (Basic Indicator Approach)			
Year	Gross Income (GI)	Average GI	15% of Average GI
December-2020	13,275.60		
December-2019	14,044.41		
December-2018	12,195.36		
Total GI	39,515.37	13,171.79	1,975.76

9. Liquidity Ratio:

a) Qualitative Disclosures:

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

b) Quantitative Disclosures:

(BDT In million)

Liquidity Coverage Ratio	141.13%
Net Stable Funding Ratio (NSFR)	121.21%
Stock of High quality liquid assets	49,600.49
Total net cash outflows over the next 30 calendar days	35,145.24
Available amount of stable funding	3,36,928.60
Required amount of stable funding	2,77,980.46

10. Leverage Ratio:

a) Qualitative Disclosures:

i) Views of BOD on system to reduce excessive leverage	Excessive leverage by banks is widely believed to have contributed to the global financial crisis. Thus Basel III rules have introduced leverage ratio as a non-risk-based backstop measure, to supplement risk-based capital requirements. Board of Directors of our Bank continuously is monitoring the exposure limit of lending, capital strength of our Bank in order to avoid building-up excessive on- and off-balance sheet leverage.
ii) Policies and processes for managing excessive on and off balance sheet leverage	Many regulators are considering raising the leverage ratio. This means that banks will have to keep more capital reserves. To increase capital reserves in order to meet higher leverage ratios requires selling assets to get cash or reducing lending. Higher leverage ratio can decrease the profitability of banks because it means banks can do less - profitable lending. However, increasing the leverage ratio means that banks have more capital reserves and can more easily survive a financial crisis. In view of the impact of leverage into the business, our bank management takes decision about future investment. Considering the financial strength, Bank also make Capital planning and business budget to go on a right way.
iii) Approach for calculating exposure	<p>The leverage ratio is a volume-based measure and is calculated as Basel III Tier I capital divided by total on and off-balance sheet exposures.</p> <p>A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.</p> $\text{Leverage Ratio} = \frac{\text{Tier-1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$

b) Quantitative Disclosures:

(BDT In Million)

	Solo	Consolidated
Leverage Ratio	5.08%	5.42%
On Balance Sheet Exposure	4,06,414.26	4,11,654.29
Off- Balance Sheet Exposure	30,231.28	30,231.28
Total Deduction	(440.63)	(440.63)
Total Exposure	4,36,204.91	4,41,444.94

11. Remuneration:

The following remuneration disclosures have been prepared in accordance with 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' provided by Bangladesh Bank. The prudential disclosures require that all banks meet the minimum requirements for public disclosure of qualitative and quantitative information of the remuneration practices. The qualitative remuneration disclosures are broader in scope and cover all the individuals included whereas the quantitative information relates to senior managers and material risk takers of the Al-ArafahIslami Bank Limited, for the financial year ended December 31, 2018.

a) Qualitative Disclosures:

	<p>a) Information relating to the bodies that oversee remuneration:</p> <p>Managing Director, MANCOM & Head of Human Resources division governs the remuneration related policies and practices in alignment of the banks' short & long term objectives. They plays an independent role, operating as an overseer; and if required, makes recommendation to the Board of Directors of the Bank for its consideration and final approval for any remuneration related policy. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of senior Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance based compensation by ensuring effective remuneration policy, procedures and practices aligned with the Banks' strategy and applied consistency for all employee levels. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to all branches.</p> <p>A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.</p> <p>Risk Takers are senior employees who can take, or influence the taking of, material risk for Al-ArafahIslami Bank or for a material business unit:</p> <table><tr><td>Managing Director</td><td>:</td><td>01</td></tr><tr><td>Deputy Managing Director</td><td>:</td><td>06</td></tr><tr><td>Senior Executive Vice President</td><td>:</td><td>06</td></tr><tr><td>Executive Vice President</td><td>:</td><td>16</td></tr><tr><td>Senior Vice President</td><td>:</td><td>29</td></tr></table>	Managing Director	:	01	Deputy Managing Director	:	06	Senior Executive Vice President	:	06	Executive Vice President	:	16	Senior Vice President	:	29
Managing Director	:	01														
Deputy Managing Director	:	06														
Senior Executive Vice President	:	06														
Executive Vice President	:	16														
Senior Vice President	:	29														
	<p>b) Information relating to the design and structure of remuneration processes: Key features of remuneration policy:</p> <p>We target a fair human resources management by using a performance based system. Our salary policy is the same in all branches and service points for the beginner level. In addition, to drive further development of individual skill sets and competencies, speaking foreign languages is compensated. There is no incident of discrimination has been occurred in terms of remuneration provided to male and female employees.</p> <p>Al-ArafahIslami Bank compensation program focuses on individual short-term goals vis-a-vis long-term success and overall profitability of the Bank. Both our short-term annual incentive and long-term compensation plans promote our pay-for-performance philosophy, as well as our goal of having a meaningful amount of pay at-risk, and we believe both plans provide us a competitive advantage in talent acquiring and retaining.</p> <p>Objectives of remuneration policy:</p> <p>The overall objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits. Performance is judged, not only on what is achieved, but also on how it is achieved as well as alignment to the Bank's values.</p> <p>Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:</p> <p>The remuneration committee reviewed the firm's remuneration on 2018 and revised the remuneration by conducting a survey considering the following facts:</p> <ol style="list-style-type: none">Oversee Banks remuneration position and revise the structure according to the Competitive market.Align compensation strategy with business strategyDetermine the percentage of increment at each job gradeGet acquaint with the economy inflation. <p>Based on the survey, Bank changes the remuneration on COMPA-Ratio based of its existing employees.</p> <p>A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee :</p> <p>Control function of internal control and compliance directly respond of Audit Committee of the Board and dotted report to the President and Managing Director. Credit Risk Officer report to President and Managing Director directly.</p>															

	<p>c) Description of the ways in which current and future risks are taken into account in the remuneration processes.</p> <p>The Bank's remuneration practices are carefully managed takes into account the following key risks when implementing remuneration measures:</p> <ul style="list-style-type: none"> • Financial Risks • Compliance Risks <p>Risk and compliance requirements represent a gateway to whether an incentive bonus payment is made and the size of the payment. Despite, if the individual does not meet or only partially meets compliance requirements, no award or a reduced award may be made.</p>
	<p>d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:</p> <p>Employees' performance is appraised annually in line with the achieved objectives, which have a positive and direct impact in their pay package. So, individual's remuneration may vary according to their performance. The payment is dependent on the Board's discretion, taking into account the recent performance of the Bank.</p>
	<p>e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance:</p> <p>The Bank's remuneration system is designed to reward long-term as well as short-term performance, encourage retention and recognize special performance in the organization. The Bank provides reasonable remuneration for short-term performance besides for long-term performance the bank has some deferred payment options (i.e. incentive bonus, gratuity, superannuation etc.).In case of following situation remuneration can be adjusted before vesting:</p> <ul style="list-style-type: none"> • Disciplinary Action (at the discretion of Enquiry committee) • Resignation of the employee prior to the payment date. <p>At the same time previously paid or already vested variable pay can also be recovered under the case of disciplinary action.</p>
	<p>f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms:</p> <p>A summary of Short-term and Long-term compensation plan are as follows: Total Compensation = Fixed Pay (Salary)+Variable Pay (Bonus)+Variable Pay (Long term incentive) Form of variable remuneration offered by Al-ArafahIslami Bank:</p> <p>Cash Form:</p> <p>Short-Term Incentives / Rewards</p> <ol style="list-style-type: none"> 1. Yearly Increment 2. Yearly fixed and incentive bonus 3. Car, fuel and car maintenance allowance for executives 4. Accelerated promotion/Special increment for especial assignments/ accomplishment; 5. Cash Risk allowance for cashier; 6. Charge allowance for Head of Branches 7. Leave Encashment. <p>Long-Term Incentives / Rewards</p> <ol style="list-style-type: none"> 1. Provident fund; 2. Gratuity; 3. Social Security& Benevolent(SSBF) fund 4. Staff House building Investment Scheme(SHBIS) reduce profit rate 5. Provident fund Quard(Investment) with zero profit rate 6. 6 Yearly professional membership fees for professional certificates holder <p>Non-Cash Form:</p> <p>Short-Term Incentives / Rewards</p> <ol style="list-style-type: none"> 1. Accelerate promotion for top talents; 2. Study leave. <p>Long-Term Incentives / Rewards</p> <ol style="list-style-type: none"> 1. Foreign training award;

b) Quantitative Disclosures:

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



Auditor's Report and Financial Statements of AIBL Capital Market Service Ltd.

for the year ended 31 December 2020

INDEPENDENT AUDITORS' REPORT

To the Shareholders of AIBL Capital Market Service Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AIBL Capital Market Services Limited (the Company), which comprise the Statement of Financial Position as at 31 December 2020 and Statements of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at 31 December, 2020 and (of) its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC), the Companies Act 1994 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.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matter:

Initial application of **IFRS-16 Leases** came into effect in 1st January 2019. IFRS-16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

However, the management of the company opted not to adopt the new standard in the current financial year leading to the understatement of Assets and Liabilities, Understatement of Expense, Overstatement of Profit, further references in note 8.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our assessed key audit matters and how we addressed them are outlined below:

Risk	Our response to the risk
<p>Investments:</p> <p>The investment of AIBL Capital Market Services Limited comprises of investment in Margin investment, Investment in ICB Fund, investment in Dealer A/C & Investment in AIBL Capital Management Ltd</p> <p>Investment in Margin, at the end of 31 December 2020 are valued at BDT. 8,564,718,212, which has been increased during the year by 0.36% compared to last year, and representing 75% of total assets.</p> <p>Investment in ICB Fund, at the year-end, are valued at BDT 241,252,108, which has been increased by 141% in comparison with last year, and representing 2.12% of total assets.</p> <p>Investments in Dealer A/C, at the end of 31 December 2020 are valued at BDT. 94,746,058, which has been increased by 128% than what was in the last year, and representing 0.83% of total assets.</p> <p>This was an area of focus for our audit and significant audit effort was directed.</p> <p>Refer to the note no. 6 to the financial statements.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting and valuing their investment portfolio.</p> <p>Additionally, we performed the following:</p> <ul style="list-style-type: none"> ● Our audit approach was a combination of test of internal control and substantive procedures. ● We confirmed financial statement assertions regarding investment- existence, completeness, right and obligation, valuation and allocation. ● We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range and that valuation the management of the company consistently applied policies. ● Reviewed the carrying balance of the total outstanding margin Investment.

Investment Income:

Investment Income of BDT 201,661,411 is recognised in the Statement of Profit or Loss and Other Comprehensive Income of the Company for the year ended 31st December 2020. Investment Income has been decreased by 21% compared to last year due to the COVID-19 global pandemic situation. This was an area of focus for our audit and significant audit effort was directed.

There is also a risk that income may be overstated due to errors or fraud through manipulation or management bias. We focused on this area because of the significance of the Margin Profit Income, Profit from MSND in the financial statements.

Refer to the note no. 16 to the financial statements.

- We tested the calculations of provision for negative equity, unrealised loss and checked the presentation and disclosure of investment in compliance with BSEC circular #SEC/CMRRCD/2009-193/196, dated- 28 December 2016, and circular# SEC/CMRRCD/2009-193/203) dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July, 2020.

Our audit procedures included obtaining our understanding of the process of Margin Profit Income, Profit from MSND and ascertaining the balance. Additionally, we performed the following:

- We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers.
- Carried out cut-off testing to ensure the income was recognized in correct period.
- Reviewed the carrying balance of the total figure.
- Recalculated Profit charged during the year.
- We also tested journal entries recognised to income focusing on unusual or irregular transactions.
- Performed audit trial to understand the adequacy and the design of the investment income cycle.
- We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the determination of income are within a reasonable range and that policies were consistently applied by the management of the company.

Other Matter

There has been an outbreak of the global pandemic COVID-19 on 11 March 2020, which is a force majeure event, unique in nature and has divested the world and humankind. The surge of COVID-19 has negatively affected almost all types of businesses across the world. During the year, AIBL Capital Market Services Limited has taken margin provision facilities against Margin Investment as per BSEC circular # SEC/CMRRCD/2009-193/196, dated 28 December 2016, and circular# SEC/CMRRCD/2009-193/203 dated, 28 December 2017 and subsequent extension up to 2023 through press release on 16 July 2020. As the COVID-19 global pandemic situation had an unfavourable impact on the capital market trading, AIBL Capital Market Services Limited have been suffering a reduction in their investment income by 21% than that of previous year.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's reports thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we will review the director's report in the annual report for the year ended 31 December 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Managements responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, Companies Act 1994, the Securities and Exchange Rules 1987, Financial Institution Act 1993 and other applicable laws and regulations as explained in note #2 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.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 Company'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 Company 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 Company 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.
- Taking into consideration the impact of the outbreak of the Corona virus pandemic (COVID-19) and suggesting to the company to make any required financial adjustments & any relative disclosures to consider the view on the possible impacts of COVID-19.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994, we also report the following:

- i) We have obtained 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) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii) The Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of account.

Firm Name:	Syful Shamsul Alam & Co. Chartered Accountants
Firm Registration No:	I/ICAB-2003(1)
Auditor's Sign:	
Engagement Partner Name:	Md. Syful Islam, FCA
Enrolment No:	615
Place:	Dhaka
Dated:	8TH May 2021
DVC:	2105090615AS598336

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Particulars

Notes

Amount (In Taka)

31.12.2020

31.12.2019

ASSETS:

Non - Current Assets:

Property, Plant & Equipment

Deferred Tax Assets

Current Assets:

Account Receivable

Investment

Investment in Share (DSE & CSE)

Advance, Deposits & Prepayment

Advance Income Tax

Cash and Cash Equivalent

Total Assets:

EQUITY AND LIABILITIES:

Capital and Reserve:

Paid -up Capital

Retained Earning

Current Liabilities:

Borrowing from Bank

Accounts Payable

Provision for Investments

Provision for Taxation

Total Equity and Liabilities:

10,176,166

12,360,019

6,879,749

8,744,600

3,296,417

3,615,419

11,368,168,979

11,180,383,521

19,711,801

73,305,122

8,910,716,378

8,685,508,005

662,120,683

662,120,683

10,579,975

16,142,703

1,578,390,539

1,559,336,926

186,649,603

183,970,082

11,378,345,145

11,192,743,540

4,165,588,705

4,149,189,185

4,000,000,000

4,000,000,000

165,588,705

149,189,185

7,212,756,440

7,043,554,355

4,895,259,046

4,920,901,711

344,797,539

153,880,687

503,822,672

503,822,672

1,468,877,183

1,464,949,285

11,378,345,145

11,192,743,540

The annexed notes 1 to 27 form an integral part of these financial statements.


Director


Director


Managing Director


Company Secretary

Place : Dhaka
Date: 8th May 2021



Syful Shamsul Alam & Co.

Chartered Accountants

Engagement Partner: Md. Syful Islam, FCA

Enrolment No: 615

DVC: 2105090615AS598336

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

Particulars

Notes

Amount (In Taka)

Jan-Dec'2020

Jan-Dec'2019

Investment Income	16	201,661,411	255,089,186
Profit Paid on Borrowing	17	(217,663,387)	(206,123,032)
Net Investment Income		(16,001,976)	48,966,154
Income from Commission, Exchange & Others:			
Brokerage Commission	18	119,953,683	118,210,005
Documentation & Maintenance Fees	19	4,609,964	4,491,874
Other Operating Income	20	34,015,544	13,760,160
		158,579,191	136,462,039
Total operating Income (A)		142,577,215	185,428,193
Hawla, Laga & CDBL Charges	21	16,715,393	17,260,775
Salary Allowances & Contribution to P.F	22	65,349,066	62,549,145
Rents, Taxes, Insurance, Lighting etc.	23	19,742,876	23,406,614
Honorarium & Meeting Expense	24	3,280,000	4,757,500
Law Charges		828	11,500
Postage, Telegram, Telephone & Stamps etc	25	317,218	530,711
Depreciation, Amortization & Repairs to Properties	26	3,951,074	7,537,228
Stationary, Printing, Advertisement etc.		737,312	1,067,791
Other Expenses	27	11,837,028	15,952,559
Total operating expenses (B)		121,930,795	133,073,823
Profit/(loss) before provision and Tax C = (A - B)		20,646,420	52,354,370
Provision for Investment		-	25,607,078
Provision for Taxation		3,927,898	18,324,030
Deferred Tax (Income)/Expense	9.2	319,002	(995,066)
Net Profit after Tax		16,399,520	9,418,328
Retained Earning Brought forward		149,189,185	139,770,856
Retained earning Carried forward		165,588,705	149,189,184
Earning per Share (EPS)		0.041	0.024

The annexed notes 1 to 27 form an integral part of these financial statements.


Director


Director


Managing Director


Company Secretary

Place : Dhaka
Date: 8th May 2021



Syful Shamsul Alam & Co.
Chartered Accountants
Engagement Partner: Md. Syful Islam, FCA
Enrolment No: 615
DVC: 2105090615AS598336

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020

Particulars	Share Capital	Retained Earning	Total
Balance as on 1st January, 2020	4,000,000,000	149,189,185	4,149,189,185
Net profit for the Period	-	16,399,520	16,399,520
Balance as at December 31, 2020	4,000,000,000	165,588,705	4,165,588,705

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2019

Particulars	Share Capital	Retained Earning	Total
Balance as on 1st January, 2019	4,000,000,000	139,770,856	4,139,770,856
Net profit for the Period	-	9,418,328	9,418,328
	4,000,000,000	149,189,184	4,149,189,184
Balance as at December, 2019	4,000,000,000	149,189,184	4,149,189,184

The annexed notes 1 to 27 form an integral part of these financial statements.



Director



Director



Managing Director



Company Secretary

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

Particulars

Cash flows from operating activities

Investment Income Receipt in Cash	201,661,411	255,089,186
Profit Paid on Deposits and Borrowing	(217,663,387)	(206,123,032)
Commission Received in Cash	119,953,683	118,210,005
Cash Payments to Employees	(65,349,066)	(62,549,145)
Cash Payments to Suppliers	(737,312)	(1,067,791)
Received From Other Operating Activities (Item-wise)	38,625,508	18,252,034
Paid For Other Operating Activities (Item-wise)	(52,755,224)	(62,910,574)
Advance Income Tax Paid	(19,053,613)	(19,954,283)

Operating profit before changes in operating assets and liabilities

Changing in Operating assets & liabilities

Increase/Decrease Investment	(225,208,373)	(457,563,832)
Increase/Decrease of Accounts Receivable	53,593,321	360,067,374
Increase/Decrease of Borrowing	(25,642,665)	155,301,711
Increase/Decrease of Accounts Payable	190,916,852	12,798,334
Increase/Decrease of Other Assets (Item-wise)	5,562,728	4,817,648
Increase/Decrease of Other Liabilities (Item-wise)	-	-

Cash receipt from operating activities

A. Net Cash from operating activities

Cash flows from investing activities:

Purchase of Property, Plant and Equipment

B. Net cash flows from investing activities

Cash flows from financing activities

Increase in Share Capital

Interim Dividend Paid

C. Net cash flows from financing activities

D. Net increase in cash and cash equivalent (A+B+C)

E. Effects of exchange rate changes on cash and cash-equivalents

F. Net increase in cash and cash equivalent D+E

G. Cash & Cash Equivalents at the beginning of the period

H. Cash & Cash Equivalents at the end of the period

Amount (In Taka)	
Jan-Dec'2020	Jan-Dec'2019
201,661,411	255,089,186
(217,663,387)	(206,123,032)
119,953,683	118,210,005
(65,349,066)	(62,549,145)
(737,312)	(1,067,791)
38,625,508	18,252,034
(52,755,224)	(62,910,574)
(19,053,613)	(19,954,283)
4,682,000	38,946,400
(225,208,373)	(457,563,832)
53,593,321	360,067,374
(25,642,665)	155,301,711
190,916,852	12,798,334
5,562,728	4,817,648
-	-
(778,137)	75,421,235
3,903,863	114,367,635
(1,224,343)	(1,804,371)
(1,224,343)	(1,804,371)
-	-
-	-
-	-
2,679,520	112,563,264
-	-
2,679,520	112,563,264
183,970,083	71,406,818
186,649,603	183,970,082

The annexed notes 1 to 27 form an integral part of these financial statements.


Director


Director


Managing Director


Company Secretary

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31 December 2020

1.00 Reporting entity

1.01 Company Profile

The Company is incorporated under the Companies Act 1994 as a public limited company by share namely AIBL Capital Market Services Limited on 21st September 2010. The company was entitled to commence the business also from 21st September 2010. The Company is a subsidiary company of Al-Arafah Islami Bank Limited.

1.02 Address of Registered Office and Principal Place of Business

The principal place of business is the Registered Office at Peoples Insurance Bhaban (4th floor), 36 Dilkusha C/A, Dhaka-1000.

1.03 Nature of Business Activities

The main objective of the company is to act as a member of Dhaka Stock Exchange and Chittagong Stock Exchange to carry on the business of broker, or dealers in stocks, shares and secure commercial papers, bonds, debentures stock, foreign currencies, treasury bills and/or any instruments. The company has eight branches in Bangladesh.

2.00 Basis for preparation of financial statements

2.01 Components of financial statements:

According to International Accounting Standards (IAS)-1, as adopted by ICAB as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i. Statement of Financial Position.
- ii. Statement of Profit or Loss and Other Comprehensive Income.
- iii. Statement of Changes in Equity.
- iv. Statement of Cash Flows.
- v. Notes, comprising a summary of significant accounting policies and other explanatory information.
- vi. Comparative Figures.

2.02 Statement of Compliance

The financial statements of AIBL Capital Market Services Limited have been prepared in accordance with the DFIM circular No. 11 dated 23 December 2009 and requirement of the Financial Institution Act 1993, the Companies Act 1994, the Security and Exchange Commission (Amendment) Act 2012, the listing rules of Dhaka Stock and Chittagong Stock Exchange, guideline from BB, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), and other applicable laws and regulations. In case of any rules and regulations issued by Bangladesh Securities and Exchange Commission differs from those of other regulatory authorities, the rules and regulations issued by Bangladesh Securities and Exchange Commission shall prevail.

2.03 Measurement bases used in preparing the Financial Statements

The elements of financial statements have been measured on "Historical Cost" convention, which is one of the most commonly adopted base provided in "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standards Board (IASB).

2.04 Reporting Currency and Level of Precision:

The figures in the financial statements represent Bangladesh Currency (Taka), which have been rounded-off to the nearest Taka.

2.05 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

2.06 Going Concern

Financial statements have been prepared on going concern basis as there was no significant doubt or uncertainty to continue the operation of the company in the foreseeable future.

2.07 Materiality and aggregation

Each material item as considered significant by management, has been presented separately in financial statements. No amount has been set off unless the Company 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.

2.08 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, AIBL Capital Market Services Limited applies the accounting disclosure principles consistently from one period to the next. In case of selecting and applying new accounting policies, changes in accounting policies applied and correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS-8.

2.09 Contingent asset and contingent liability

The Company does not recognize any Contingent Asset and Contingent Liability, but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from the past events and whose existence will be confirmed by the occurrence of uncertain future events beyond the control of the Company or a present obligation that is not recognized because of outflow of resources is not likely or obligation cannot be measured reliably.

2.10 Books of account

The Company maintains its books of account for main business in Electronic Form through soft automation.

2.11 Reporting period

The financial period of the Company has been determined to be from 1st January to 31 December each period. These financial statements cover the period from 01 January 2020 to 31 December 2020.

2.12 Events after balance sheet date (IAS-10)

Events after the reporting period, dividend declared after the reporting period should not be classified as a liability at the reporting period as the proposed dividend does not represent an Obligation under "IAS-37: Provision, Contingent Liabilities and Contingent Assets". Where necessary, all the material events after the reporting period is considered and appropriate adjustments/disclosures is made in the financial statements in accordance with "IAS 10 - Events After Balance Sheet Date".

2.13 Comparative figures of financial statements

Comparative information has been disclosed in respect of the period ended 31 December 2020 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current years financial statements. Figures of the period ended 31 December 2020 have been rearranged whenever considered necessary to ensure comparability with the current period.

3.00 Principal Accounting Policies

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

3.01 Recognition and measurement (PPE)

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with "IAS 16- Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the asset to its working condition for its intended use. Expenditures incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all upgradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.02 Fixed assets and depreciation

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on the cost of fixed assets in order to write off such amounts over the estimated useful lives, using the straight-line method in accordance with IAS-16. Depreciation for full month is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal and addition during the year.

Depreciation is recognized in Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. For addition to property, plant and equipment, depreciation is charged from the month of capitalization and no depreciation is charged in the month of disposal.

The rates of depreciation used to write off the amount of assets are as follows:

Interior Decoration	10%
Computer Accessories	20%
Online Hardware	20%
Motor Car	20%
Furniture & Fixture - Steel	10%
Office Equipment	20%
Furniture Fixture - Wood	10%
Computer	20%
Online Software	20%

3.03 Disposal of PPE

Gains and losses on disposal of an item of property, plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment disposed off and are recognized net with "Other Non-Operational Income" in profit or loss.

3.04 Impairment of PPE

The carrying amounts of PPE are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in Statement of Profit or Loss and Other Comprehensive Income if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.05 Investment in security

Investment in security are classified broadly in two categories and accounted under as follows:

I) Investment in listed securities:

Investment in listed security is carried at the lower of cost or market value in accordance with IAS-39; accordingly for investment, adequate provision is being made at the end of each calendar year considering each individual investment (where cost is less than market price). Unrealized gain or loss is not recognized in the Statement of Comprehensive Income.

II) Margin Investment:

AIBL Capital Market Service Limited extended margin loan to the portfolio investors at an agreed ratio (between investor deposit and loan amount) of purchases securities against the respective investor account. The investors are to maintain the margin as per set rules and regulation The margin is monitored on daily basis as it changes due to change in market price of share.

3.06 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or expenses. Deposits are measured at present value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

3.07 Cash & Cash equivalent

Cash and cash equivalent includes cash in hand, cash at bank and fixed deposits which are held and are available for use by the company without any restriction. There is insignificant risk of change in the value of the above items.

3.08 Corporate Tax

I) Current tax:

Income tax expense is recognized in Statement of Profit or Loss and Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The applicable corporate tax rate is 32.5% as per the Finance Act 2018 for the Company.

II) Deferred tax:

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, 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 and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset/liabilities is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets/liabilities is reviewed at each reporting date and are reduced to the extent that it is probable that the related tax benefit will be realized.

III) Tax exposures:

In determining the amount of current and deferred tax, the Company 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 Company 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.

3.09 Provision on expenses

Provision for expenses is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligations and reliable estimate of the amount can be measured.

3.10 Revenue Recognition

As per IFRS 15: Revenue, revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

I) Income from margin loan:

Income from margin loan is recognized on accrual basis. Such income is calculated considering daily margin loan balance respective parties. Income is recognized on monthly rest. Interest charged to margin loan that results to negative equity is not probable that the economic benefit associated with that portion will not flow to the company. So, "IFRS-16 : Revenue" this is not recognized in income.

II) Income from gain on sale of securities:

Capital gain or loss on disposal of security listed in the stock exchange is recorded on realized basis i.e. only when the securities are sold in the market. Unrealized capital gain or losses are not accounted for in the Statement of Comprehensive Income.

3.11 Earnings Per Share (EPS)

Earnings Per Share (EPS) is calculated by dividing total earnings available for ordinary shareholders by weighted average number of shares outstanding for the year.

3.12 Statement of Cash Flows

Cash Flow Statement is prepared in accordance with "IAS-7 Cash Flow Statement". The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(b) of IAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

3.13 Financial risk management

The company has provided in separate notes the information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risks and the company's management of capital.

- Credit risk
- Liquidity risk
- Market risk

		Amount (In Taka)																																																																													
		31.12.2020	31.12.2019																																																																												
4.00	Fixed Assets:																																																																														
	Property, Plant & Equipment																																																																														
	a) Tangible Asset																																																																														
	Interior Decoration	16,689,936	16,266,263																																																																												
	Computer Accessories	1,223,174	1,223,174																																																																												
	Online Hardware	2,946,884	2,946,884																																																																												
	Motor Car	18,062,939	18,062,939																																																																												
	Furniture & Fixture - Steel	451,400	451,400																																																																												
	Office Equipment	11,254,696	10,977,826																																																																												
	Computer	4,628,895	4,420,095																																																																												
	Furniture & Fixture - Wood	3,261,018	3,261,018																																																																												
	Less : Accumulated Depreciation	51,954,194	48,865,000																																																																												
		6,564,748	8,744,599																																																																												
b)	Intangible Assets																																																																														
	Online Software	315,001	1																																																																												
		315,001	1																																																																												
	Less : Accumulated Depreciation																																																																														
	Total (a+b)	6,879,749	8,744,600																																																																												
	Details have been shown in Annexure-"A"																																																																														
5.00	Accounts Receivable:																																																																														
	Receivable from DSE	1,583,612	1,684,091																																																																												
	Receivable from CSE	12,065,947	-																																																																												
	Profit Charged but not Realised	-	66,312,014																																																																												
	Dividend Receivable	6,062,242	5,309,017																																																																												
		19,711,801	73,305,122																																																																												
6.00	Investments:																																																																														
	Margin Investment	8,564,718,212	8,533,904,178																																																																												
	Investment ICB Fund	241,252,108	100,000,000																																																																												
	Investment in Dealer A/C (6.01)	94,746,058	41,603,827																																																																												
	Investment In AIBL Capital Management Ltd.	10,000,000	10,000,000																																																																												
		8,910,716,378	8,685,508,005																																																																												
6.01	<table border="1"> <thead> <tr> <th>Name of the Instrument</th><th>Quantity</th><th>Cost Value</th><th>Market Value</th></tr> </thead> <tbody> <tr><td>GHAIL</td><td>51345</td><td>513,450</td><td>857,461</td></tr> <tr><td>LHBL</td><td>268492</td><td>14,310,940</td><td>12,833,918</td></tr> <tr><td>AMANFEED</td><td>376974</td><td>24,884,906</td><td>11,271,523</td></tr> <tr><td>VFSTD</td><td>361</td><td>2,902</td><td>8,122</td></tr> <tr><td>KTL</td><td>5943</td><td>45,482</td><td>64,779</td></tr> <tr><td>SSSTEEL</td><td>7571</td><td>60,678</td><td>139,306</td></tr> <tr><td>SILCOPHL</td><td>16045</td><td>145,870</td><td>385,080</td></tr> <tr><td>NEWLINE</td><td>15548</td><td>138,399</td><td>264,316</td></tr> <tr><td>SILVAPHL</td><td>4229</td><td>40,284</td><td>77,391</td></tr> <tr><td>RUNNERAUTO</td><td>3024</td><td>216,000</td><td>153,922</td></tr> <tr><td>INTECH</td><td>1313823</td><td>52,868,334</td><td>48,085,922</td></tr> <tr><td>DAFFODILCOM</td><td>5000</td><td>236,837</td><td>369,000</td></tr> <tr><td>MLDYEING</td><td>2575</td><td>17,777</td><td>128,750</td></tr> <tr><td>COPPERTECH</td><td>9216</td><td>87,773</td><td>194,458</td></tr> <tr><td>SEAPEARL</td><td>7102</td><td>67,646</td><td>561,768</td></tr> <tr><td>CRYTALINES</td><td>10878</td><td>108,780</td><td>428,593</td></tr> <tr><td>ROBI</td><td>100000</td><td>1,000,000</td><td>2,980,000</td></tr> <tr><td></td><td></td><td>94,746,058</td><td>78,804,309</td></tr> </tbody> </table>	Name of the Instrument	Quantity	Cost Value	Market Value	GHAIL	51345	513,450	857,461	LHBL	268492	14,310,940	12,833,918	AMANFEED	376974	24,884,906	11,271,523	VFSTD	361	2,902	8,122	KTL	5943	45,482	64,779	SSSTEEL	7571	60,678	139,306	SILCOPHL	16045	145,870	385,080	NEWLINE	15548	138,399	264,316	SILVAPHL	4229	40,284	77,391	RUNNERAUTO	3024	216,000	153,922	INTECH	1313823	52,868,334	48,085,922	DAFFODILCOM	5000	236,837	369,000	MLDYEING	2575	17,777	128,750	COPPERTECH	9216	87,773	194,458	SEAPEARL	7102	67,646	561,768	CRYTALINES	10878	108,780	428,593	ROBI	100000	1,000,000	2,980,000			94,746,058	78,804,309		
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		Amount (In Taka)	
		31.12.2020	31.12.2019
7.00	Investment in Share (DSE & CSE):		
	Investment in Share (DSE)	487,120,683	487,120,683
	Investment in Share (CSE)	175,000,000	175,000,000
		662,120,683	662,120,683
Investment in Shares of Dhaka & Chittagong Stock Exchange Limited as shown above is based on acquisition cost from the parent company Al-Arafah Islami Bank Limited, face value of which was Tk. 2,000 (Two thousand) and Tk. 300,000 (Three lac) per share respectively. After Demutualization, DSE allotted 5,411,329 number of ordinary shares (of which 2,525,288 shares blocked with DSE Demutualization Blocked Account) and CSE also allotted 4,287,330 number of ordinary shares (of which 2,572,398 shares are blocked with CSE) at face value of Tk. 10/- each.			
8.00	Advance, Deposit & Prepayments:		
	Advance against Office Space at Nikunja, Dhaka.	100,000	100,000
	Advance against Office Space Head Office.	855,420	4,276,860
	Advance against Office Space Gulshan(old).	344,080	344,080
	Advance rent Gulshan Br.(New)	807,338	1,057,334
	Advance Rent Khulna	2,069,760	2,672,208
	Advance Rent Uttara Br.	1,968,930	2,054,196
	Advance Rent Barisal Br.	930,849	734,681
	Advance Rent Dhanmondi Br.	1,154,009	2,002,250
	Advance Rent B. Baria	209,655	377,379
	Advance Rent Khatungonj	446,176	617,796
	Advance Against Petty Cash	1,693,758	1,905,919
		10,579,975	16,142,703
9.00	Advance Income Tax:		
	Opening Balance	1,559,336,926	1,539,382,643
	Tax deducted at source DSE	17,162,761	16,540,870
	Tax deducted at source CSE	399,465	151,958
	TDS against Dividend	1,028,428	1,225,834
	Tax deducted at source Bank	462,959	269,557
	Tax paid for previous year	-	1,766,064
		1,578,390,539	1,559,336,926
		1,578,390,539	1,559,336,926
9.01			
	Tax paid 2019 through Chalan & Source	18,188,219	18,188,219
	Tax paid 2018 through Chalan & Source	24,176,626	22,410,562
	Tax paid 2017 through Chalan & Source	80,447,999	80,447,999
	Tax paid 2016 through Chalan & Source	414,413,240	414,413,240
	Tax paid 2015 Through Challan & Source	415,952,141	415,952,141
	Tax paid 2014 through challan & Source	306,367,030	306,367,030
	Tax paid 2013 through challan & Source	299,791,671	299,791,671
		1,559,336,926	1,557,570,862
		1,559,336,926	1,557,570,862

		Amount (In Taka)	
		31.12.2020	31.12.2019
9.02	Deferred Tax Assets		
	Opening Balance	3,615,419	2,620,353
	Addition During the year	(319,002)	995,066
		3,296,417	3,615,419
	Adjustment during the year	-	-
		3,296,417	3,615,419
10.00	Cash and Cash equivalent:		
	Al-Arafah Islami Bank Limited	186,642,621	183,963,100
	Shajalal Islami Bank Limited	6,982	6,982
		186,649,603	183,970,082
10.01	Balance at Bank:		
	Al-Arafah Islami Bank Limited, Motijheel Br. Dhaka (2693)	17,292	16,939
	AIBL Capital Market Services Limited Cons.cust. (2927)	162,665,106	78,775,860
	AIBL Capital Market Services Limited. (2936)	1,003,149	4,243,674
	AIBL Capital Market Services Ltd. Dividend A/C ()	483,159	474,378
	AIBL Capital Market Services Limited, Dhanmondi	1,950,000	630,000
	AIBL Capital Market Services Limited, Amborkhana	-	-
	AIBL Capital Market Services Limited, Khatunginj	2,724,000	167,000
	AIBL Capital Market Services Ltd. Public Issue Application A/C	14,542,957	532,741
	AIBL Capital Market Services Limited, Dlear AC	1,943,762	-
	AIBL Capital Market Services Limited, ICB Pronodona Scheme	185,090	96,056,547
	AIBL Capital Market Services Limited, Barishal	-	668,500
	AIBL Capital Market Services Limited, B. Baria	528,000	-
	AIBL Capital Market Services Limited, Uttara	400,000	1,491,000
	AIBL Capital Market Services Limited SIBL	106	7,701
	AIBL Capital Market Services Limited Khulna	200,000	898,760
		186,642,621	183,963,100
11.00	Share Capital:		
11.01	Authorised Capital:		
	The authorised Capital of the Company is 100,00,00,000 Ordinary Share of TK. 10 each.	10,000,000,000	10,000,000,000
11.02	Issued, Subscribed and fully Paid-up Capital:		
	Issued, Subscribed and fully Paid-up Capital is 40,00,00,000 share of TK. 10 each.	4,000,000,000	4,000,000,000

11.03

Share Holding Position: As at 31 December, 2020

		Amount (In Taka)	
		31.12.2020	31.12.2019
Name of the Share Holder	% of Share holdings	No. of Shares	Amount (In Taka)
Al-Arafah Islami Bank Limited	60.50%	242,000,000	2,420,000,000
KDS Garment industries Ltd.	5.00%	20,000,000	200,000,000
Alhaj Abu Naser Mohammad Yeahea	4.50%	18,000,000	180,000,000
Alhaj Kazi Md. Mofizur Rahman	2.00%	8,000,000	80,000,000
Badshah Meah	1.75%	7,000,000	70,000,000
Alhaj Eng. Kh. Mesbahuddin Ahmed	1.75%	7,000,000	70,000,000
Alhaj Abus Salam	1.50%	6,000,000	60,000,000
Mohammed Mahtabur Rahman	1.50%	6,000,000	60,000,000
Islamic Commercial Insurance Co. Ltd.	1.25%	5,000,000	50,000,000
Mohammed Haroon	1.00%	4,000,000	40,000,000
Norrish Poultry and Hatchery Ltd.	1.00%	4,000,000	40,000,000
P & I International Limited	1.00%	4,000,000	40,000,000
Niaz Ahmed	0.75%	3,000,000	30,000,000
Mohammed Emadur Rahman	0.75%	3,000,000	30,000,000
Mohammed Oliur Rahman	0.75%	3,000,000	30,000,000
Badiur Rahman	0.63%	2,500,000	25,000,000
Chaina Builders & Machineries LTD	0.63%	2,500,000	25,000,000
KYCR Coils Industries Ltd.	0.50%	2,000,000	20,000,000
Alhaj Abdul Malek Mollah	0.50%	2,000,000	20,000,000
Bangladesh Ship Brake Limited	0.50%	2,000,000	20,000,000
Alhaj Nazmul Ahsan Khaled	0.50%	2,000,000	20,000,000
Alhaj Abdus Samad	0.50%	2,000,000	20,000,000
Md. Ashik Hossain	0.50%	2,000,000	20,000,000
Farid Ahmed	0.50%	2,000,000	20,000,000
A S M Mainuddin Monem	0.50%	2,000,000	20,000,000
Kazi Abu Kauser	0.50%	2,000,000	20,000,000
Mollah Mahmood Malek	0.50%	2,000,000	20,000,000
Galco Steel Bangladesh Ltd.	0.50%	2,000,000	20,000,000
Faisal Ahmed	0.50%	2,000,000	20,000,000
Kh Sakib Ahmed	0.50%	2,000,000	20,000,000
Md. Liakat Ali Chowdhury	0.25%	1,000,000	10,000,000
Ahmedul Haque	0.25%	1,000,000	10,000,000
Sarker Mohammad Shameem Iqbal	0.25%	1,000,000	10,000,000
Master Abul Kashem	0.25%	1,000,000	10,000,000
Naba knit Composite Limited	0.25%	1,000,000	10,000,000
Jainul Abedin Jamal	0.25%	1,000,000	10,000,000

		Amount (In Taka)	
		31.12.2020	31.12.2019
Kamal Uddin	0.25%	1,000,000	10,000,000
N.Nasir Uddin	0.25%	1,000,000	10,000,000
Majbura Begum	0.25%	1,000,000	10,000,000
Asma Begum	0.25%	1,000,000	10,000,000
Afroza Sultana	0.25%	1,000,000	10,000,000
Shajjad Mustafa	0.25%	1,000,000	10,000,000
Azad Mustafa	0.25%	1,000,000	10,000,000
Farhana Irin	0.25%	1,000,000	10,000,000
Tanveer Nawaz	0.25%	1,000,000	10,000,000
Sk. Md. Samiul Islam	0.25%	1,000,000	10,000,000
Mohammad Jahangir	0.25%	1,000,000	10,000,000
Mollah Mazharul Malek	0.25%	1,000,000	10,000,000
Mohammed Oheidul Alam	0.25%	1,000,000	10,000,000
Sahana Ferdous	0.25%	1,000,000	10,000,000
Md.Nurul Hoque	0.25%	1,000,000	10,000,000
Mrs. Shamsun Nahar Begum	0.25%	1,000,000	10,000,000
Md. Rafiqul Islam	0.25%	1,000,000	10,000,000
Mohammad Fazlur Rahman	0.25%	1,000,000	10,000,000
Anower Hossain	0.25%	1,000,000	10,000,000
Akram Hussain	0.25%	1,000,000	10,000,000
Miss Ruksana Mumtaz Hussain	0.25%	1,000,000	10,000,000
Akhter Hussain	0.25%	1,000,000	10,000,000
Akbar Hossain	0.25%	1,000,000	10,000,000
TOTAL	100.00%	400,000,000	4,000,000,000

12.00 Borrowing from Bank:

Borrowing from Al-Arafah Islami Bank Limited, Motijheel	3,399,100,000	3,399,100,000
Borrowing from Union Bank Ltd.	800,000,000	800,000,000
Borrowing from SIBL	471,690,598	465,801,711
ICB pronodona Scheme 2	164,468,448	196,000,000
Borrowing from Hajj Finance	60,000,000	60,000,000
	4,895,259,046	4,920,901,711

13.00 Accounts Payable :

Profit Payable for SIBL	94,280,088	48,913,788
Profit Payable for AIBL Motijheel Br.	36,660,432	1,622,946
Profit Payable for UNION Bank	30,238,239	29,155,092
Profit Payable for HAJJ Finance	-	99,496
Profit Payable for ICB Pronodona Scheme 2	4,770,895	177,146
VAT, Salary Tax & AIT Payable	323,978	334,916
Payable to DSE	27,063,524	21,989,594

		Amount (In Taka)	
		31.12.2020	31.12.2019
	Payable to CSE	2,111,111	
	Clients Payable	121,975,534	49,316,559
	Bonus & Incentive & Accrued Exp.	105,310	141,310
	Audit Fees	50,000	57,500
	Dividend Adjustment Clients	458,689	1,754,801
	Security Money	117,539	117,539
	IPO Application Process Account	26,642,200	200,000
		344,797,539	153,880,687
14.00	Provision for Investment:		
	Openig Balance	503,822,672	478,215,594
	Add : Provision for Investment	-	25,607,078
	Closing Balance	503,822,672	503,822,672
15.00	Provision for Taxation :		
	Openig Balance	1,464,949,285	1,446,625,255
	Add: Income tax provision during the year	3,927,898	18,324,030
	Closing Balance	1,468,877,183	1,464,949,285
16.00	Investment Income		
	Margin Profit Income	197,031,463	252,392,990
	Profit on MSND	4,629,948	2,696,196
		201,661,411	255,089,186
17.00	Profit paid on Borrowing :		
	SIBL	62,255,188	61,205,764
	Union Bank Ltd	103,078,703	99,510,649
	AIBL Motijheel Branch	35,037,486	34,941,755
	Hajj Finance	9,400,583	10,288,222
	ICB Pronodona Scheme 2	7,891,427	176,642
		217,663,387	206,123,032
18.00	Brokerage commission		
	DSE	117,257,603	117,156,259
	CSE	2,696,080	1,053,746
		119,953,683	118,210,005
19.00	Documentation & Maintenance Fess		
	BO Documentation and Maintenance fees	4,540,964	4,449,874
	Margin Documentation Fees	69,000	42,000
		4,609,964	4,491,874
20.00	Other Operating Income		
	CDBL Income	445,521	1,598,638
	Cheque Dishonour Charge	70,000	108,000
	Dividend Income	5,895,364	10,443,461
	IPO Process Income	111,040	174,640
	Realized Capital gain	27,488,247	1,409,772
	Others	5,372	25,649
		34,015,544	13,760,160

		Amount (In Taka)	
		31.12.2020	31.12.2019
21.00	Hawla, Laga & CDBL Charges		
	Laga Charge	8,908,945	8,897,647
	CDBL Charges	7,806,448	8,363,128
		16,715,393	17,260,775
22.00	Salary allowances & Contribution to P.F		
	Salary allowances & Contribution to P.F	63,690,174	60,409,554
	Wages	1,061,163	1,438,329
	Security Services	597,729	701,262
		65,349,066	62,549,145
23.00	Rents, Taxes, Insurance, Electricity etc.		
	Rent	17,671,591	20,835,342
	Insurance	75,903	87,423
	Electricity Bill	1,995,382	2,483,849
		19,742,876	23,406,614
24.00	Honorarium & Meeting Expense		
	Meeting & Honorarium	3,280,000	4,757,500
		3,280,000	4,757,500
25.00	Postage, Telegram, Telephone & Stamps etc		
	Postage, Telegram, Telephone & Mobile	310,680	528,918
	Stamps	1,200	-
	Photocopy	5,338	1,793
		317,218	530,711
26.00	Depreciation & Repairs to Properties		
	Depreciation	3,089,194	6,546,314
	Repair & Maintenance	861,880	990,914
		3,951,074	7,537,228
27.00	Other Expenses		
	Computer Charge	6,500	70,905
	Bank Charge	188,336	323,691
	Petroleum Oil, Lubricant & WASA/ Gas.	733,612	1,260,442
	Entertainment	697,114	1,813,075
	Bonus & Incentive	5,138,602	4,894,611
	Employees Gratuity fund	-	-
	Leave Encashment	-	2,117,455
	Travelling, Conveyance, Transportation & Saturday Allowance	144,715	447,149
	Internet & Online Charge	2,210,343	2,362,742
	Registration & AR Licence Expenses	150,000	-
	Training Expenses	-	22,500
	Employees Welfare Exp.	-	100,000
	Audit Fees	50,000	67,500

		Amount (In Taka)	
		31.12.2020	31.12.2019
	Utilities Bill	215,640	173,700
	VAT	3,600	1,500
	Miscellaneous (Note-27.01)	2,298,566	2,297,289
		11,837,028	15,952,559
27.01	Miscellaneous		
	Subscription Renewal	589,346	831,833
	Newspaper	86,629	61,890
	Uniform Exp.	-	82,800
	Mandatory Leave	344,625	545,130
	Business Development Exp.	223,000	-
	Agent Commission	743,530	319,929
	Upkeep, Wasing & Cleaning	24,320	40,734
	Miscellaneous	32,816	43,043
	Investors Protection	-	48,580
	Closing Allowances	9,000	43,500
	EID Garcia	15,300	49,850
	Bank Guarantee	230,000	230,000
		2,298,566	2,297,289

AIBL Capital Market Services Ltd.
FIXED ASSETS SCHEDULE

As at December 31, 2020

Particular	Cost				Rate %	Depreciation				Written Down Value as on December 31, 2020
	Balance as on January 1, 2020	Addition during the Year	Disposal/ Adjustment	Balance as on December 31, 2020		Balance as on January 1, 2020	Charge during the Year	Adjustment	Balance as on December 31, 2020	
Tangible Asset										
Interior Decoration	16,266,263	423,673	-	16,689,936	10%	9,570,715	1,626,626	-	11,197,341	5,492,595
Computer Accessories	1,223,174	-	-	1,223,174	20%	1,223,173	-	-	1,223,173	1
Online Hardware	2,946,884	-	-	2,946,884	20%	2,946,883	-	-	2,946,883	1
Motor Car	18,062,939	-	-	18,062,939	20%	16,971,612	1,091,326	-	18,062,938	1
Furniture & Fixture - Steel	451,400	-	-	451,400	10%	226,502	45,140	-	271,642	179,758
Office Equipment	10,977,826	276,870	-	11,254,696	20%	10,977,825	-	-	10,977,825	276,871
Computer	4,420,095	208,800	-	4,628,895	20%	4,420,094	-	-	4,420,094	208,801
Furniture & Fixture - Wood	3,261,018	-	-	3,261,018	10%	2,528,196	326,102	-	2,854,298	406,720
	57,609,599	909,343	-	58,518,942		48,865,000	3,089,194	-	51,954,194	6,564,748
Intangible Assets										
Online Software	1,633,093	315,000	-	1,948,093	20%	1,633,092	-	-	1,633,092	315,001
	1,633,093	315,000	-	1,948,093		1,633,092	-	-	1,633,092	315,001
Total	59,242,692	1,224,343	-	60,467,035		50,498,092	3,089,194	-	53,587,286	6,879,749



Auditor's Report and Financial Statements of AIBL Capital Management Limited

for the year ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the company which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AIBL Capital Management Limited (the Company) as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The financial statements of AIBL Capital Management Limited for the year ended December 31, 2019 were audited by HUSSAIN FARHAD & CO., Chartered Accountants; who expressed an unmodified opinion on those financial statements on March 05, 2020.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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.

In preparing the financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 planning and performance of 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- 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 Company'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 Company 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.

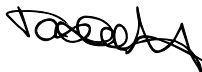
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, we also report the following:

- We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books; and
- The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and return;

Firm Name	:	Hussain Farhad & Co., Chartered Accountants
Registration no	:	4/452/ICAB-84
Signature of the auditor	:	
Name of the auditor	:	A. K. M. Fazlul Haque FCA, Partner/Enrollment No: 1090
DVC No	:	2104251090AS924105
Place	:	Dhaka
Date	:	25 April, 2021

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Particulars	Notes	Amount (In Taka)	
		As at 31 Dec, 2020	As at 31 Dec. 2019
ASSETS:			
Non-current Assets			
Property, plant & equipment	4.00	124,753	230,928
Intangible assets	4.01	1	19,305
		124,754	250,233
Current Assets			
Investment in listed securities	5.00	163,755,496	132,159,510
Cash and cash equivalents	6.00	18,478,730	10,587,946
Trade and other receivables	7.00	1,300,344	1,504,911
Accrued income	8.00	16,054,929	9,257,902
Investment	9.00	113,372,154	113,631,771
Advance income tax	10.00	15,231,050	14,167,659
Balance with AIBL CMSL		229,110,900	269,308,536
		557,303,603	550,618,236
Total Assets		557,428,357	550,868,469
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' Equity			
Share capital	11.02	500,000,000	500,000,000
Retained earning	12.00	16,165,743	11,547,887
		516,165,743	511,547,887
Current Liabilities			
Trade and Other Liabilities	13.00	911,136	377,748
Provision for investment	22.00	15,572,332	15,572,332
Provision for taxation	23.00	24,779,146	23,370,502
		41,262,614	39,320,582
Total Shareholders' Equity and Liabilities		557,428,357	550,868,469
NAV		10.32	10.23

The Annexed notes from an integral part of these financial statements.


Director


Director


CEO

Place: Dhaka
Date: 25 April 2021
DVC: 2104251090AS924105


Hussain Farhad & Co.
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December, 2020

Particulars	Notes	Amount (In Taka)	
		As at 31 Dec, 2020	As at 31 Dec. 2019
Investment income	14.00	6,945,439	8,460,744
Less: Borrowing expenses	15.00	-	-
Net Investment Income		6,945,439	8,460,744
Operating Income	16.00	4,971,891	6,511,757
Total Operating Income		11,917,330	14,972,501
Less: Operating Expenses			
Salary allowances & contribution to P.F	17.00	4,675,746	7,138,773
Board meeting expense		161,195	367,450
Rent, insurance, lighting etc.		-	-
Postage, telegram, telephone, stamps etc.	18.00	37,730	53,096
Legal and audit expenses	18.01	57,500	149,775
Stationary, printing, advertisement etc.	19.00	37,921	36,136
Depreciation, Amortization & Repairs to Properties	20.00	125,479	268,474
Other Expenses	21.00	795,260	1,455,740
Total operating expenses (B)		5,890,831	9,469,444
Operating Profit/(Loss) before provision and Tax		6,026,499	5,503,057
Provision for investment for the year	22.00	-	-
Profit/(Loss) before tax		6,026,499	5,503,057
Expenses for taxation	23.01	1,408,644	853,915
Net Profit after Tax & Provision		4,617,855	4,649,142
Retained earning Carried forward		4,617,855	4,649,142
Earning per Share (EPS)		0.09	0.09

The annexed notes from an integral part of these financial statements


Director


Director


CEO

Place: Dhaka
Date: 25 April 2021
DVC: 2104251090AS924105


Hussain Farhad & Co.
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December, 2020

Particulars	Share Capital	Retained Earning	Total
Balance as at 01 January, 2020	500,000,000	11,547,887	511,547,887
Net profit for the period	-	4,617,855	4,617,855
Balance as at 31 December, 2020	500,000,000	16,165,743	516,165,743

For the year ended 31 December, 2019

Particulars	Share Capital	Retained Earning	Total
Balance as at 01 January, 2019	500,000,000	6,898,745	506,898,745
Net profit for the period	-	4,649,142	4,649,142
Balance as at 31 December, 2019	500,000,000	11,547,887	511,547,887


Director


Director


CEO

Sign subject to our separate report of even date annexed.

STATEMENT OF CASH FLOWS

For the year ended 31 December, 2020

Particulars

Cash flows from operating activities

Investment income receipt in Cash
Profit paid on deposits and borrowing
Dividend Received
Fees & Commission received in cash
Cash payments to employees
Cash payments to suppliers
Received from other operating activities (item-wise)
Paid for other operating activities (item-wise)
Paid for preliminary expenses
Advance income tax paid

Operating profit before changes in operating assets and liabilities

Changing in Operating assets & liabilities
Increase/Decrease Investment
Increase/Decrease of Accounts receivable
Increase/Decrease of Borrowing
Increase/Decrease of Borrowing (MTDR)
Increase/Decrease of Accounts payable
Increase/Decrease of other assets (item-wise)
Increase/Decrease of other liabilities (item-wise)

Cash receipt from operating activities

A. Net cash flows from operating activities

Cash flows from investing activities:

Purchase of property, plant and equipment

B. Net cash flows from investing activities

Cash flows from financing activities

Increase in Share Capital

C. Net cash flows from financing activities

D. Net increase in cash and cash equivalent (A+B+C)

E. Effects of exchange rate changes on cash and cash-equivalents

F. Net increase in cash and cash equivalent (D+E)

G. Cash & Cash Equivalents at the beginning of the year

H. Cash & Cash Equivalents at the end of the year

Net Operating Cash Flow per Share

Amount (In Taka)	
As at 31 Dec, 2020	As at 31 Dec. 2019
6,945,439	8,460,744
-	-
-	-
-	-
(4,675,746)	(7,138,773)
-	-
4,971,891	6,511,757
(1,089,606)	(2,062,197)
-	-
(1,063,391)	(603,127)
5,088,587	5,168,405
(31,336,368.52)	(77,462,786)
(6,592,460)	(8,304,703)
-	-
-	-
533,389	59,939
40,197,637	80,369,829
-	-
2,802,198	(5,337,721)
7,890,784	(169,316)
-	-
-	-
-	-
7,890,784	(169,316)
-	-
7,890,784	(169,316)
10,587,946	10,757,261
18,478,730	10,587,946
0.016	(0.0003)

The annexed notes from an integral part of these financial statements


Director


Director


CEO

Place: Dhaka
Date: 25 April 2021
DVC: 2104251090AS924105


Hussain Farhad & Co.
Chartered Accountants

AIBL Capital Management
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 31, December, 2020

01 Significant Accounting Policies and Other Materials Information

1.01 Legal Form of the Enterprise :

The Company has been incorporated under the Company Act (Act XVIII) of 1994 as a private limited company namely AIBL Capital Management Limited on 25th October 2011. The Company obtained the certificate of Commencement of Business on 25th October, 2011. The Company is a subsidiary of Al-Arafah Islami Bank Limited.

1.02 Address of Registered Office and Principal Place of Business:

The Principal place of business is the Registered office at Level-15, Al-Arafah Tower 63, Purana Paltan Dhaka -1000.

1.03 Nature of Business Activities:

AIBL Capital Management Limited is a full –fledged merchant bank licensed by Bangladesh Securities & Exchanges Commission (BSEC). The main objective of the company is to carry out the activities of a full-fledged merchant banking such as Issue Management, Portfolio Management, Underwriting and Corporate Advisory services etc. as per Securities & Exchanges Commission (Merchant Banker and portfolio management) Regulation 1996.

02 Basis for Preparation of Financial Statements

2.01 Statements of Compliance:

The financial statements of AIBL Capital management Limited have been prepared in accordance with the DFIM Circular on 11 Dated 23rd December 2009 and requirement of the Companies Act 1994, the Security Exchange Rules 1987. Guidelines from Bangladesh Bank, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and other applicable laws and regulations of Bangladesh Securities & Exchanges Commission.

2.02 Measurement Bases Used in Preparing the Financial Statements:

The elements of financial statements have been measured on "Historical Cost" basis, which is the of the most commonly adopted base provided in the framework for the preparation and presentation of financial statements" Issued by the International Accounting Standards Board (IASB).

2.03 Going Concern:

Financial Statements have been prepared on going concern basis as there is no significant doubt of uncertainty to continue the operation of the company in the foreseeable future.

2.04 Reporting Period

The financial statements cover the period from 01 January 2020 to 31 December 2020

2.05 Financial and Presentation Currency:

a) The financial statements are presented in Bangladesh Taka (BDT) currency, which is both functional currency and presentation currency of the company.

b) Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

c) Figures relating to previous year have been rearranged wherever considered necessary to confirm with current year's presentation.

2.06 Fixed Assets and Depreciation:

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on the cost of fixed assets in order to write off such amounts over the estimated useful lives, using the straight line method in accordance with IAS-16. Depreciation for full month is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. The rates of depreciation used to write off the amount of assets are as follows:

Office Equipment	20%
Computer	20%
Online Software	20%

2.07 Related Party Disclosure:

The company in the normal course of operation has entered into transactions with others entities that fall within the definition of related party transaction under IAS 24 "Related Party Disclosure". The Company believes that the effect and term of these related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions during the year are disclosed in Schedule-C.

2.08 Components of the Financial Statements:

According to International Accounting Standard (IAS)-1 "Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

- a) Statement of Financial Position;
- b) Statement of Profit or Loss and Other Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows; and
- e) Notes, comprising a summary of significant accounting policies and other explanatory information.

03 Principal Accounting Policies:**3.01 Cash Flow Statements:**

Cash flow statements is prepared in accordance with IAS-7 "Cash Flow Statements". The cash flow from the operating activities have been presented under Direct method as prescribed by the Securities Exchange Rules 1987 and considering the provisions of paragraph 18(a) of IAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method.

3.02 Revenue Recognition:

Income is recognized on accrual basis, such income is calculated considering daily margin loan balance of the respective parties. Income is recognized on quarterly basis.

3.03 Events after Balance Sheet Date IAS-10:

Events after the reporting period dividend declared after the reporting period should not be classified as a liability at the reporting period as the proposed dividend does not represent an obligation IAS-37 Provision Contingent Liabilities and Contingent Assets.

3.04 Cash & Cash Equivalent:

Cash and Cash equivalents includes cash in hand, cash at bank and fixed deposits which are held and are available for use by the company without any restriction . There insignificant risk of change in the value of the above items.

3.05 Provisions on Expenses:

Provisions for expenses is recognized when the company has a present obligation economic benefit will be required to settle the obligations and reliable estimates of the amount can be measured.

3.06 Provision for Taxation:

Provision for current income tax is made on the tax base profit of the company with consideration of taxable add-back of income and allowances and disallowances of expenditures in compliance of IAS 12 "Income Tax".

3.07 Rent Insurance and Lighings

The company uses its parents company's buildings as its office for which no rent, insurance expenses and lightinhs expenses are paid to the parents company, though these were paid for the previous years.

4.00: Property, Plant & Equipment

Particulars	Cost			Depreciation				WDV as at 31st December 2020	WDV as at 31st December 2019
	Opening Balance as at 1st January, 2020	Addition during the year Taka	Disposal	Closing Balance as at 31 Dec 2020 Taka	Rate %	Opening Balance as at 1st January, 2020	Charged During the year	Disposal	Closing Balance as at 31 Dec 2020
Office Equipment	528,869	-	-	528,869	20%	298,344	105,774	-	404,118
Computer	345,728	-	-	345,728	20%	345,326	401	-	345,727
Total	874,597	-	-	874,597		643,669	106,175	-	749,844
									230,928

4.1: Intangible Asset

Particulars	Cost			Amortization				WDV as at 31st December 2020	WDV as at 31st December 2019
	Opening Balance as at 1st January 2020	Addition during the year Taka	Disposal	Closing Balance as at 31 Dec 2020 Taka	Rate %	Opening Balance as at 1st January, 2020	Charged During the year	Disposal	Closing Balance as at 31 Dec 2020
MB Operating Software	467,775	-	-	467,775	20%	448,470	19,304	-	467,774
Total	467,775	-	-	467,775		448,470	19,304	-	467,774
								1	19,305

	As at 31 Dec 2020	As at 31 Dec 2019
5.00 Investment in listed securities:		
Investment in listed securities (Schedule-B)	163,755,496	132,159,510
	163,755,496	132,159,510

This amount represents investment in listed securities at cost price, market value of which is BDT 158,734,844 as at 31 December 2020, resulting an unrealized loss of BDT 5,02,0,652 on which at least 20% provision should be made as per BSEC circular No. SEC/CMRRCD/2009-193/203 dated 28 December 2017, subsequently time extended by circular No. BSEC/SRI/MB/Policy-5/2020/132. Nevertheless, no provision has been made for diminution in value of investment in listed securities for the year ended 31 December 2020 as provision made on the same BDT 15,557,332 as at 31 December 2018 is more than the required provision BDT 1,004,130.

6.00 Cash and cash equivalents		
AIBL Capital Management Ltd. (Corporate A/C)	13,773,268	6,357,883
AIBL Capital Management Ltd. Customers Portfolio A/C	4,705,463	4,230,063
	18,478,730	10,587,946
7.00 Trade and other receivable		
Receivable from Dividend income	1,300,344	1,504,911
	1,300,344	1,504,911
8.0 Accrued Income		
Accrued Profit on MTDR(8.01)	16,054,929	9,257,902
	16,054,929	9,257,902
8.01 Accrued Profit on MTDR		
Opening balance	9,257,902	965,833
Add: Accrued profit during the year	6,797,027	8,292,069
Closing balance	16,054,929	9,257,902
9.0 Investment		
Margin Investment	3,384,154	3,643,771
Investment in Placement Share	9,988,000	9,988,000
IPO FPM Bidding and Subscription	-	-
Investment in Al-Arafah Islami Bank Ltd. for MTDR	100,000,000	100,000,000
	113,372,154	113,631,771
10 Advance Income Tax		
Opening Balance	14,167,659	13,564,532
Additions during the year	1,063,391	603,127
	15,231,050	14,167,659

		As at 31 Dec 2020	As at 31 Dec 2019
11.00	Share Capital		
11.01	Authorised Capital		
	The authorised Capital of the Company is 20,00,00,000 Ordinary Share of TK. 10 each.		
	The authorised Capital of the Company is 20,00,00,000 Ordinary Share of TK. 10 each.	2,000,000,000	2,000,000,000
11.02	Issued, Subscribed and fully Paid-up Capital		
	Issued, Subscribed and fully Paid-up Capital is 5,00,00,000 share of TK. 10 each.	500,000,000	500,000,000
		500,000,000	500,000,000
11.03	Share Holding Position :		
	Name of the Share Holder	Amount in Tk.	Amount in Tk.
	Al-Arafah Islami Bank Limited	490,000,000	490,000,000
	AIBL Capital Market services Limited	10,000,000	10,000,000
	TOTAL	500,000,000	500,000,000
	Percentage of Share Holding Position :		
	Name of the Share Holder	% of Shareholdings	% of Shareholdings
	Al-Arafah Islami Bank Limited	0.98	0.98
	AIBL Capital Market services Limited	0.02	0.02
	TOTAL	1.00	1.00
12.00	Retained earning		
	Opening Balance	11,547,887	6,898,745
	Add: Net profit for the year	4,617,855	4,649,142
	Closing Balance	16,165,743	11,547,887
13.00	Accounts Payable		
	Al-Arafah Islami Bank Ltd. For Bata Shoe Dividend wrongly credited amount	42,338	42,338
	Client Deposit	811,298	277,910
	Provision for Audit fee	57,500	57,500
		911,136	377,748
		For the year 2020	For the year 2019
14.00	Investment Income		
	Profit from Cash at Bank	107,676	105,903
	Margin Profit Income	40,737	62,772
	Service Charge Income	-	-
	Profit Bai-Muazzel with AIBL CMSL	-	-
	Profit on MTDR	6,797,026	8,292,069
		6,945,439	8,460,744

		As at 31 Dec 2020	As at 31 Dec 2019
15.00	Borrowing Expense		
	Profit paid on Bai-Muazzel with AIBL	-	-
		-	-
16.00	Operating Income		
	Capital Gain	2,598,799	3,652,881
	Dividend Income	2,345,307	2,443,135
	IPO Process income	-	75
	BO Closing	1,124	-
	Underwriting Commission	-	410,000
	BO Documentation	1,000	2,500
	CDBL for yearly rebates & Charge Income	24,261	-
	BO Maintenance, Renewal Fee	1,400	3,166
		4,971,891	6,511,757
17.00	Salary Allowances & Contribution to P.F.		
	Salary and Allowance	4,169,364	6,392,778
	Leave Encashment	159,120	149,900
	Mandatory Leave Allowance	-	62,180
	Bangla Noboborsho Bonus	32,832	59,920
	Incentive & Festival Bonus	314,430	473,995
		4,675,746	7,138,773
18.00	Postage, Telegram, Telephone, Mobile & Stamps etc.		
	Mobile Bill & Telephone	37,730	53,096
		37,730	53,096
18.01	Legal and audit fees		
	Legal expenses	-	67,275
	Audit fees	57,500	82,500
		57,500	149,775
19.00	Stationary, Printing, Advertisement etc.		
	Advertisement Exp.		7,000
	Printing & Stationary	37,921	29,136
		37,921	36,136
20.00	Depreciation, Amortization & Repairments to Properties		
	Depreciation	106,175	174,919
	Amortization	19,304	93,555
		125,479	268,474

		As at 31 Dec 2020	As at 31 Dec 2019
21.00	Other Expense		
	BMBA Membership & Annual fees	100,000	100,000
	Subscription, Renewal Fees	-	57,500
	RJSC return file & other exp	-	75,887
	Entertainment	26,605	530,483
	Travelling Allowance	-	20,959
	Local Conveyance	12,300	12,080
	Newspaper, Journal, Periodicals & Books	1,506	3,820
	EID Gracia	2,000	4,000
	Trade license renewal Fees	19,180	21,867
	Office shifting Expenses	-	-
	Crockery	-	-
	Bank Charges & Fees	18,706	7,752
	Saturday Allowances	-	6,000
	Car Battery, Tyre, Fitness and Renewal	-	-
	Computer Accessories	-	-
	Repair & Maintenance	1,600	12,785
	TDS Exp.	-	2,500
	Vat Exp.	-	3,750
	Wages	157,500	151,000
	Internet and CDBL wan connectivity charges	180,362	166,488
	CDBL Charge	27,501	14,869
	IPO Bidding fee.	-	15,000
	Company secretariat Honorarium	240,000	240,000
	Closing Allowance	8,000	9,000
		795,260	1,455,740
22.00	Provision for diminution in value of investments		
	Opening balance	15,572,332	15,572,332
	Addition of provision for the year	-	-
	Less: Adjustment from Provision for Investment	-	-
	Closing balance	15,572,332	15,572,332
23.00	Provision for Tax		
	Opening Balance	23,370,502	22,516,587
	Add: Income tax provision during the year	1,408,644	853,915
	Closing Balance	24,779,146	23,370,502
23.01	Income Tax expense		
	Operating Profit	6,026,499	5,560,557
	Less: Gain on Sale of Securities	2,598,799	3,652,881
	Less: Profit on MTDR	6,797,026	-
	Less: Dividend Income	2,345,307	2,443,135
	Total Business Income	(5,714,633)	(535,458)
	Income Tax of @ 37.50% on estimated Business Income	-	-
	Add: Gain on Sale of Securities (10%)	259,880	365,288
	Add: Profit on MTDR (10%)	679,703	-
	Add: Dividend Income (20%)	469,061	488,627
		1,408,644	853,915

AIBL Capital Management Limited
INVESTMENT IN SHARES & SECURITIES
 Stock at hand as on 31 December, 2020

Schedule- B

SL.	Name of Company	No. of Shares	Amount (at cost)	Market Rate	Market Amount
1	LANKABAFIN*	112,875	4,069,173	31.40	3,544,275
2	SQURPHARMA*	66,117	16,620,494	219.50	14,512,682
3	ACFL	1,883	75,320	36.50	68,730
4	RUNNERAUTO	3,024	216,000	50.90	153,922
5	RINGSHINE	46,705	402,120	6.40	298,913
6	DAFODILCOM*	1,269,413	84,119,544	73.80	93,682,679
7	ACIFORMULA	103,657	18,902,723	118.10	12,241,892
8	RSRMSTEEL*	55,523	3,695,943	24.60	1,365,866
9	ENVOYTEX	358,906	14,031,564	24.60	8,829,088
10	INTECH	122,718	4,508,083	36.60	4,491,479
11	YPL	500,000	4,065,347	12.70	6,350,000
12	SEAPEARL	1,865	17,764	79.10	147,522
13	PRIMETEX	1,000	39,337	17.30	17,300
14	ICBAMCLC1U	1,303,050	12,992,085	10.00	13,030,500
	Total		163,755,496		158,734,844

SCHEDULE OF RELATED PARTY TRANSACTIONS

For the year and as at 31 December, 2020

Schedule- C

Name of the party	Relationship	Nature of Transaction	Receivables (Payables)		Assets /(Liabilities) Expenses / (Income)		Receivables (Payables)	
			Opening Balance as at 01 January		Transaction Value during the year		Outstanding balance as at 31 December	
			2020	2019	2020	2019	2020	2019
Al- Arafah Islami Bank Limited (AIBL)	Parent Company	Bank Transaction:						
		A/C-0021220003350	6,357,883	5,147,775			13,773,268	6,357,883
		Credit / Deposit/			14,762,085	77,661,001		
		Dabit/ Withdraw			(7,346,701)	(76,450,892)		
		Bank Transaction:						
		A/C-0021020054796	4,230,063	5,609,487			4,705,463	4,230,063
		Credit / Deposit			8,254,394	6,708,670		
		Dabit/ Withdraw			(7,778,994)	(2,478,607)		
AIBL Capital Market Ser- vices Limited	Sister Concern	Investment in Al-Arafah Islami Bank Ltd. for MTDR	100,000,000	51,000,000	-	49,000,000	100,000,000	
		MTDR Profit	9,257,902	965,833	(5,835,611)	(8,292,069)	15,093,514	9,257,903
		Office Rent	The AIBL Capital Management Limited uses it's parent company's building as its office for which no rent is paid to it's parent company.					
AIBL Capital Market Ser- vices Limited	Sister Concern	Own Portfolio:						
		Matured Fund	269,308,536	349,678,365			229,110,890	269,308,536
		Investment at cost	132,159,510	104,367,120			163,755,496	132,159,510
		Buy			191,094,028	42,118,256		
		Sale			29,937,317	20,188,241		
AIBL Capital Market Ser- vices Limited	Sister Concern	Commission				236,364,07		

BRANCHES OF AIBL

DHAKA DIVISION

Abdullahpur SME Branch

Minnat Plaza, Abdullahpur Bazar, Abdullahpur,
Keranigonj, Dhaka-1311
01811487862

Alenga Branch

Alenga Bus Stand, Alenga
Kalihati, Tangail
01911035196

Amin Bazar Branch

MA Hossain Tower, Amin Bazar,
Savar, Dhaka-1348
9034411-2, 01841123004

Ati Bazar Branch

Manik Plaza, Ati Bazar, Keranigonj
Dhaka-1312
01833-330274

Azampur Branch

272 Shah Kabir Majar Road, Azampur, Chalaban
Daxminkhan, Dhaka
48954592-3, 01817143928

Baligaon Branch

Bismillah Plaza, Baligaon Bazar Tongibari
Munshigonj.
01819151630

Banani Branch (AD)

16, Kamal Ataturk Avn, Banani, Dhaka
9822250, Fax- 9822357, 01819255587

Bandar SME Branch

555/1, Wilson Road, Bandar Bazar
Narayanganj
766-1317-8, 01826-180327

Barmi Branch

Shahjahan Fakir Bhaban, Barmi Bazar,
Sreepur, Gazipur; 01847054694

Bashundhara Branch

H # 262-263, Block-B, Bashundhara R/A, Dhaka
01841226660

Bhagyakul Branch

A Rashid Tower, Balasur Chowrasta, Sreenagar, Munshigonj
01841226671

Banglamotor Branch

Rupayan Trade Center; H # 114;
Kazi Nazrul Islam Avenue, Ramna, Dhaka
01793592994

Bhairab Branch

Munshi Bhaban, Kolapatty Mor
Bhairab, Kishorgonj
9471178, 01817-032726

Bhelanagar Branch

R. I. Shopping Complex (1st floor)
Bhelanagar, Narshingdi
9452295, 01811-487868

Daxminkhan Branch

L.K. Plaza, Daxminkhan Bazar
Daxminkhan, Dhaka-1230
8999042, 01817032728

Dhanmondi Branch (AD)

H#54/1, R # 4/A, Dhanmondi, Dhaka
01841131231

Dilkusha Branch (AD)

63, Dilkusha C/A, Dhaka-1000
01766677411

Faridpur Branch

15/75, Mujib Sarak, Niltuli, Faridpur
0631-65366, 01864554466

Fulbaria Branch

Haji Joynal Abedin Sarker Plaza
Fulbaria, Kaliakoir, Gazipur
01847054692

Gawsia Branch

Bhai Bhai Complex, Rupgonj
Narayanganj
01791418011

Gazipur Branch

Holding # K-280, BDC Road, Gazipur
4926-1102, 4926-1140, 01811-448051

Gulshan Branch (AD)

South Bridge Squire, 52 Gulshan Avenue
Dhaka-1212
9863236, 01814652647

Gulshan Link Road Branch

H # 204/B, Tejgaon, Gulshan Link Road, Dhaka
01711351761

Hazaribagh Branch

149, Hazaribagh bazar
Dhaka-1209
9611758-9, 01819-255297

Head Office Corporate Branch (AD)

Al-Arafah Towar (1st & 2nd Floor)
63, Purana Paltan (Daynik Bangla Mor)
Dhaka-1000
02-44 85 00 01(D), 01811409593

Hemayetpur Branch

Asha Plaza (1st Floor), Hemayetpur Bus Stand
Hemayetpur, Savar, Dhaka
01811-448052

Islampur Branch

29-31, Islampur Road
Dhaka-1100
57393800, 57393754, 01841226653

Jatrabari Branch (AD)

6 S.F. Sharak, West Jatrabari
Dhaka-1204
7554510, 7554477, 01847054693

Jamgora Branch

Mollah Tower, Chhaitola Bus Stand
Jamgora, Ashulia, Dhaka
01889171075

Joydebpur Chowrasta Branch Chandon Chowrasta

Joydebpur, Gazipur-1700
49263958, 01912000458

Kalatia SME Branch

Kabir Bazar, Kalatia Bazar, Keranigonj, Dhaka
7769157, 01760-938299

Kaliakoir Branch

College Road, Kaliakoir Bazar
Kaliakoir Gazipur
01716342805

Kaligonj Branch

Twin Tower Market, Aganagar
Kaligonj, Keranigonj Dhaka
01819677740

Kamrangirchar Branch

Hazi Kamal Super Market
Kamrangirchar, Dhaka-1211
55160200, 01825928909

Kapasias Branch

Kapasias Bazar, Kapasias, Gazipur
029209393, 01671973077

Kathgora Bazar Branch

Sarkar Plaza, Kathgora Bazar
Ashulia, Dhaka-1341
7792573, 01972582013

Kazirhat Branch

Mosjid Market, Kazirhat
Jajira Shariatpur-8010
01717527797

Kawranbazar Branch

Dhaka Trade Centre, 99, Kazi Nazrul Islam Avenue
Kawran Bazar, Tejgaon, Dhaka-121
9135309, 01748414849

Keranigonj Branch

Haridia Shopping Complex
Kadamtoli, Keranigonj, Dhaka-1310
7763100, 01956587196

Khilkhet Branch

B-34/Ka, Khilkhet Super Market
Khilkhet, Dhaka-1229
58950051, 01937777077

Konapara Branch

958, Konapara Bazar
Demra, Dhaka
01811-409592

Louhajang Branch

Dowlat Khan Complex
Louhajang, Munshiganj
01711733734

Madhabdi Branch

691-694 Madhabdi Bazar, Narshingdi
9446005, 01711-613484

Manda Branch

152 South Manda, Dhaka-1214
7277772, 7277388, 01811-458743

Manikgonj Branch

Shwargo Tower, H # 129, Shahid Rafiq Sarak
Manikgonj Sadar, Manikgonj
01716068686

Mirpur Branch

3/A, Darus-Salam Road
Mirpur-1, Dhaka-1216
9008123, 9010623, 01811-449493

Mirpur-10 Golchattar Branch

9/1 Adarsha School Market
Mirpur-10, Dhaka-1216
9011766, 01811487861

Mohakhali Branch

Arzed Chember, 13 Mohakhali C/A, Dhaka-1212
9852243, 9852259, 01811417659

Mohammadpur Krishi Market Branch

32/8(Ka), T.M. Road, Mohammadpur, Dhaka-1207
9142732, 01814652446

Mostafapur Branch

Saim Super Market, Mostafapur Bus Stand
Madaripur
0661-61206-7, 01714067411

Motijheel Branch (AD)

161, Motijheel C/A, Dhaka-1000
9569350 (D), 01811413963

Motijheel Corporate Branch (AD)

125, Motijheel C/A, Dhaka-1000
9563884, 01811417660

Moulvibazar Branch (AD)

130, Chawk Mogoltuly, Moulvibazar, Dhaka-1211
57311989, 01819-211828

Mouchak Branch

76 D.I.T. Road, Malibagh, Dhaka-1217
9339006, 01819556379

Nandipara Branch

Akkel Ali Shopping Complex
Nandipara Bazar, Dhaka
7811053, 01819457729

Narayangonj Branch (AD)

71, B.B. Road, Narayangonj
7645821, 01811487867

Natun Bazar Baridhara Branch

1209 Madani Avenue, Natun Bazar Dhaka
01911711950

Nawabpur Road Branch (AD)

85/87, Nawabpur Road, Dhaka-1100
01787-697347

Nayapur Branch

Nayapur Shopping Center
Nayapur Bazar Narayangonj
01811-487863

New Elephant Road Branch (AD)

91, New Elephant Road, Dhaka-1205
9665323-4, 01819238220

New Market Branch

Kazi Mansion 2/1 Elephant Road
New Market, Dhaka
01716256929

North South Road Branch (AD)

96, Nazrul Islam Sharoni
Bongshal, Dhaka-1100
9580875, 01811410075

Pagla Branch

Alhajj Afser Karim Bhaban, Pagla, Narayangonj
47696133, 01819-253591

Pallabi Branch

Plot # 81, Block # A, Section # 12, Pallabi, Mirpur Dhaka
9023611, 9023511

Panchdona SME Branch

Hira Plaza, Panchdona Chowrasta, Narshingdi
029446452-3, 01619556567

Panthapath Branch

F R Tower, 8/C Shukrabad, Panthapath, Dhaka-1207
9138682, 01833330271

Progati Sharani Branch (AD)

Ga-133/3 Progati Sharani, Dhaka
9863317, 01713-204935

Rampal Branch

Mujibur Rahman Super Market (1st floor)
Shipahipara, Rampal, Munshigonj
7611855, 01716753106

Rampura Branch

5/1, Pashchim Chowdhury Para
D.I.T. Road, Rampura Dhaka-1219
9361356, 01819157536

Rajbari Branch

F. N. Tower H # 256, Main Road
Rajbari Sadar, Rajbari
01712652099

Ruhitpur Branch

Sun Plaza Market, Ruhitpur Bazar
Keranigonj Dhaka
7766882-3, 01811418222

Signboard Branch

Signboard, Fatulla, Narayangonj
01712032254

Shokhipur Branch

Shokhipur Bazar, Kachua Road
Shokhipur Tangail
01758039606

Shyamoli Branch

13/1 Ring Road, Shyamoli, Dhaka-1207
9136517, 01718711511

Sonargaon Janapath Road Branch

Plot#30, Sector#11, Sonargaon Janapath road
Uttara, Dhaka-1230
01937100100

South Jatrabari Branch

314-A/4 South Jatrabari, Dhaka-1204
7545161, 01811418204

Tangail Branch

77-78, Victoria Road, Tangail
092161435, 01819-556372

Tekerhat Branch

H # 975, Tekerhat Bazar, Rajoir, Madaripur
01726408722

Tongi Branch

Holding # 8, Charag Ali Market
Tongi, Gazipur
01711642356

Tejgaon Branch

Famroze Tower, 159/D
Tejgaon I/A, Dhaka
01716313337

Uttara Model Town Branch (AD)

H#13 R # 14/A, S-4, Uttara, Dhaka-1230
58950583, 01819-261382

VIP Road Branch (AD)

50/1, Inner Cercular (VIP) Road, Dhaka-1000
9345871-2, 01833330272

MYMENSINGH DIVISION**Mymensingh Branch**

70, Choto Bazar, Mymensingh
091-66714, 01819261297

Masterbari Branch

Masterbari, Bhaluka, Mymensingh.
01713572333

Netrokona Branch

274, Choto Bazar, Netrokona
0951-615 48, 0951-615 49, 01777754849

CHATTOGRAM DIVISION**Agrabad Branch (AD)**

96, Agrabad C/A, Chattogram
031-713372-3

Akhaura SME Branch

S. R. Complex (1st floor) Sarak Bazar
Akhaura, B. Baria
08522-56155, 01740-619012

Aman Bazar Branch

Amanat Sha Palza (1st Floor)
Hathazari Road, Chattogram
031-2580870-1, 01811418371

Anderkilla Branch

813/1451 Nazir Ahmed Chowdhury Road
Anderkilla, Chattogram
01817210879
Anwara Branch
Chaturi Bazar, Anwara, Chattogram
01841226659

Ashugonj Branch

Jalal Khar Building,
Ashugonj Bazar, Brahmanbaria
01747296951

Azadi Bazar Branch

Jamey Masjid Market, Azadi Bazar
Fatikchhari, Chattogram
016 29 40 89 98

Bandartila Branch

2638, Airport Road, Ba. Naw. Ja. Isha khan
EPZ, Chattogram
031 74 03 83

Barura Branch

Madina Market, Hospital Road
Barura, Cumilla
0802752305-6, 01847-054695

Bashurhat SME Branch

34, Main Road, Bashurhat, Noakhali
0322-356070, 01811-448041

Bahaddar Hat Branch

H # 4592 Shah Amanat Concreted Road
Bahaddarhat, Chattogram
01720150975

Bhatiary Branch

Bhatiary Station, Sitakunda, Chattogram
01877185532

Brahmanbaria Branch

Mosjid Road, Bhuiyan Mansion
Brahmanbaria Sadar
0851-59330, 01827-563888

Chambol Branch

Chambol, Bashkhali, Chattogram
01841226670

Chandina Branch

Ahmed Ali Complex
Chandina, Cumilla
01716387752

Chawkbazar Branch

Shajada Market (1st Floor)
178/182 College Road, Chawkbazar, Chattogram
031-2853784-5, 01811458741

Chowmuhani Branch

857,858 Hazipur, Feni Road, Noakhali
0321-51000

Companigonj Branch Companigonj Bazar

Muradnagar, Cumilla-3542
08026-59076, 01712235569

Cox's Bazar Branch

902, Saiket Tower, East Bazarghata
Cox's Bazar
0341-51081-2, 01819-320289

Cumilla Branch

257,240, Monoharpur
Kotwali, Cumilla-3500
081-64546, 01711-431174

Dohazari Branch

Dohazari Bazar, Chandanish, Chattogram
01862888193

Eidgaon Branch

Eidgaon Bazar, Cox's Bazar Sadar
Cox's Bazar
01839656396

Feni Branch

33-34 S.S.K Road, Feni
0331-63548-9, 01811-418216

Firingi Bazar Branch

H # 211, 220, Kobi Nazrul Islam Sarak, Chattogram
01841123008

Gallai Branch

Abeda Noor Foundation Complex
Gallai Chandina, Cumilla
01886219672

Gohira Branch

Gohira Digri College Market
Raujan, Chattogram
01847310192

Gouripur Branch

Maa Complex (1st Floor)
Gouripur Bazar, Daudkandi, Cumilla
01811418206

Hathazari Branch

Salamatullah Bhaban, Kachari Road
Hathazari Bazar Chattogram
031-2601679, 01811-408492

Hajigonj Branch

Hajigonj Tower, 762 Hajigonj, Chandpur
0842-475145-6

Halishahar Branch

Holding: 1655, Port Connecting Road
Halishahar, Chattogram
031-715662-3, 01833-149150

Hatiya Branch

Moulvi Shafiullah Super Market, H # 1510
Main Road, Hatiya, Noakhali
01720630088

Jubilee Road Branch (AD)

221, Jubilee Road, Chattogram
031-637680, 01819-315480

Kadamtoli Branch

376, D. T. Road, Kadamtali, Chattogram
031-2522835, 031-2522861-2, 01847114430

Karnafuly Branch

Anowar City, Charpaharghata
Karnafuly, Chattogram
01886330315

Khatungonj Branch (AD)

146, Khatungonj, Chattogram
031-617103, 01819-315481

Kutibazar Branch

Siraj Plaza, Kutibazar, Kasba B.Barua
01768722151

Lakshmipur Branch

Akota Super Market, 1310-12 Bazar Main Road
Lakshmipur Sadar, Lakshmipur
0381-62290, 01720561020

Laksham Branch

H # 639, Bank Road, Laksham, Cumilla.
01844584333

Lichubagan Branch

Toiyabia Complex, Lichubagan
Rangunia, Chattogram
0184782968

Matiranga Branch

B. Nawab Shopping Complex
196, Matiranga Bazar, Matiranga, Khagrachhari.
01819175952

Muradpur Branch

Islam Tower, 59, CDA Avenue
Muradpur, Panchlaish, Chattogram
031-657966, 01965-881111

Nabinagar Branch

Nabin Super Market, Sadar Road
Nabinagar, Brahmanbaria
0852575504, 01766-678445

Nangalkot Branch

H – 50, College Road, Nangalkot, Cumilla
01712796757, 0803366471-2

O.R. Nizam Road Branch

943, O.R. Nizam Road, Nasirabad
Panchlaish Chattogram
031-656567-8, 01819-345030

Padua Bazar Branch

Seven Star Shopping Complex
Padua Bazar, Lohagara, Chattogram
01833-175500

Pahartali Branch

S. S. Tower, H # 6103/6882, Sagorika Road
Pahartali Chattogram
01919297699

Patiya Branch

H # 2329 Awami Super Market
Patiya Upazilla Sadar, Chattogram
01880003045

Patherhat Branch

Patherhat, Rauzan, Chattogram-4346
031-671150, 01811-424739

Pekua Branch

Pekua Baza, Cox's Bazar
01855885557

Rahimanagar Branch

Rahimanagar Bazar, Kachua, Chandpur
01811-487870

Rangamati Branch

Kalpotoru Holyday Int. Ltd. Banarupa
Rangamati Sadar, Rangamati
01792253088

Shiberhat Branch

Idris Complex (1st Floor) Shiberhat
Sandwip, Chattogram
01847114428, 01796399377

Sitakunda Branch

H # 518, Kabir Plaza, D. T. Road
Sitakunda, Chattogram
01711306700

Station Road Branch

108, Station Road, Chattogram
01814651011

Tantarbazar SME Branch

Haji Lal Mia Market
Tantar Bazar Akhaura, Brahmanbaria
01743-244344

Teknaf Branch

Al-Jamia Market, Teknaf, Cox's Bazar
034-2675120, 034-2675121, 01833-112924

SYLHET DIVISION**Amborkhana Branch**

4877, 4874 Amborkhana, Sylhet
01777-767929

Beanibazar Branch

825, South Beani Bazar, Sylhet
08223-56114-5, 01713-409987

Laldighirpar Branch (AD)

Reasot Tower, 1795 Laldighirpar, Sylhet
01819-550426

Madhabpur SME Branch

H-0006-000 Kalibari Road, W-07
Madhabpur Hobigonj
0832-756352, 01926-697968

Moulvibazar Branch

73 Farhad Plaza, Dhaka-Sylhet Highway, Moulvibazar
0861-54106-7, 01714-000907

Sreemangal Branch

1450 Central Road, Sreemangal, Moulvibazar
08626-71242, 01711431173

Shahjalal Upashahar Branch

H # 0706-00 R # 35 B # D
Shahjalal Upashahar, Sylhet
01712487493

Zindabazar Branch

Jalalabad House, Zindabazar, Sylhet
0821-722078-9, 01711-431175

KHULNA DIVISION**Benapole Branch**

283, 284, Benapole Bazar, Jashore
04228-75686, 01711-431176

Chuadanga Branch

Molla Tower-2, Hotel Royal Blue (1st Floor)
Shahid Alaul Islam Khokon Sarak
(VJ School Road), Chuadanga
0761-81146-7

Chuknagar Branch

Chuknagar Bazar, Dumoria, Khulna
01750-024499

Gallamari Branch

219/1, Sher-E-Bangla Road, Gallamari, Khulna
041-2832181, 01830886633

Jashore Branch

27, M.K. Road, Jashore
0421-68571, 01711-431060

Jhaudanga Branch

Zaman Market, Jhaudanga Bazar, Satkhira
01751751357

Jhinaidaha Branch

33, Sher-E-Bangla Sarak
Jhinaidaha Sadar, Jhinaidaha
01911929293

Khulna Branch (AD)

4, Sir Iqbal Road, Khulna
041-721249, 01765-063340

Kushtia Branch

147, N. S. Road, Harun Market
(Infront of Sadar Thana), Kushtia
07172262, 01799368224

Kolaroa Branch

H # 5839, Kolaroa Bazar, Kolaroa, Satkhira
01718383840

Magura Branch

S.M Plaza (1st Floor), 177, M.R Road
(College Road), Magura
0488-510 70

Mongla Branch

19/A, Mongla Port I/A
Mongla, Bagerhat
04662-75105-6, 01738-933588

Monirampur Branch

G. N. Super Market, H. # 03-005-0134
Monirampur Bazar Main Road
Monirampur, Jashore
04227-783 60

Nolta Branch

Nolta Sharif Super Market
Nolta Kaligonj, Satkhira
01732569143

Satkhira Branch

466, Bara Bazar Sarak, Satkhira
0471-63606, 01712-514660

Sharankhola Branch

Panch Rasta Mor, Rayenda Bazar
Sharankhola, Bagerhat
01953359768

Shyamnagar Branch

J. C. Complex, Shyamnagar Main Road
Shyamnagar, Satkhira
01980746172

BARISHAL DIVISION**Alipur Branch**

Alipur Bazar, Kalapara, Patuakhali
044-2856234-5, 01755906755

Banaripara Branch

Haji Sobhan Market, Falpatti Road
Banaripara, Barishal
0433-25 62 90 (D), 0433-25 62 91, 017 15 63 29 60

Barguna Branch

Holding # 075, Sadar Road, Borguna
044 85 13 39-40, 017 27 42 19 43

Barishal Branch

442 K. B. Hemayetuddin Road, Barishal
0431-64476, 01727379119

Bhandaria Branch

Salah Al-Zubayer Market (1st Floor)
Kapuriapatty Bhandaria, Pirojpur
0462-356469, 01726-265060

Bhola Branch

Jahangir Plaza, Sadar Road, Bhola
0491-61244-5, 01796863911

Jhalakathi Branch

68, Monoharipatti Road, Jhalakathi
0498-62808, 01754-015565, Fax : 0498-62807

Mathbaria Branch

407 Kapuriapatty, Mathbaria, Pirojpur
04625-75374, Fax - 04625-75373

Patharghata Branch

2/1 Hospital Road, Patharghata, Barguna
01716706576

Patuakhali Branch

95/1, Sadar Road, Patuakhali Sadar, Patuakhali
0441-639 55-6, 01793205621

Pirojpur Branch

H # 420 Lawer's Plaza
Post Office Road, Pirojpur
01811418209

RAJSHAHI DIVISION**Bogura Branch (AD)**

Talukder Mansion, H # 60/70
Barogola Bogura-5800
051-69994-5, 01713-203754

Chapainawabganj Branch

Teacher's Plaza (1st Floor)
42/14, Baten Khar More
Chapainawabganj Sadar, Chapainawabganj
0781-515 45 (D), 0781-515 46, 017 28 50 40 26

Mohadevpur Branch

Plot No. 245, Mohadevpur, Noagaon
07426-75136, 01711-425675

Natore Branch

Holding # 0363-01, Kanaikhali
Natore Sadar, Natore
0771-61533-4, 01811417662

Pabna Branch

Plot # 355, Sonapotti, Pabna
0731-62047, 01765700080

Rajshahi Branch (AD)

239,248 Shaheb Bazar, Boalia, Rajshahi
0721-775171, 01727-179771

Shahjadpur Branch

Chowdhury Plaza, Dariapur Bazar Shahjadpur, Sirajgonj
07527-64052, 07527-64053, 01762-331990, 01557-718828

Sherpur Branch

Dhunat More, Sherpur, Bogura
0502977185-6, 017283303 31

RANGPUR DIVISION**Badarganj SME Branch**

Upazila Road, Badarganj, Rangpur
05222-56573-4, 01761-730189

Dinajpur Branch

333, Nimtola, Dinajpur
01718219226

Palashbari Branch

Rabbi Super Market (1st Floor)
Bogura-Rangpur Highway, Palashbari, Gaibandha
01740015795

Rangpur Branch

15, Central Road, Payrachattar, Rangpur .
0521-55830

Saidpur Branch (AD)

Shahed Dr. Zikrul Haque Road
Saidpur, Nilphamari
05526-72804, 01716-236334

Thakurgaon Branch

M. H. Tower, H # 37, Bangabandhu Road
Chowrasta, Thakurgaon Sadar, Thakurgaon
01911747435



আল-আরাফাহ ইসলামী ব্যাংক লিমিটেড
Al-Arafah Islami Bank Limited

স্বতন্ত্র শ্রীহাফ

Head Office: 63, Purana Paltan, Dhaka-1000

PROXY FORM

I/We.....of (address).....
.....being a shareholders) of Al-Arafah Islam Bank Limited do
hereby appoint Mr/Mrs.....
..... of (address)
..... as my/our proxy on my/our behalf to attend and vote for me/us at the 26th Annual General Meeting (AGM) to be held on
Monday the 9th August, 2021 at 11.30 a.m. through Digital Platform (link [https:// aibl.bdvirtualagm.com](https://aibl.bdvirtualagm.com)) at any adjournment thereof.

Signed this in my/our presence on day of 2021

Signature of the Shareholder

Revenue
Stamp of
Tk. 20/-

Signature of the Proxy

Folio No.

BO/A/C No.

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No. of Shares held on Record Date (i.c. June 10, 2021)

Notes:

1. This form of Proxy duly signed (as recorded with the bank), stamped and completed must be submitted to the Registered office or Share Department Al-Arafah Tower, Level-4, 63 Purana Paltan, Dhaka-1000 of the Company at list 48 (Forty eight) hours before the AGM.



আল-আরাফাহ ইসলামী ব্যাংক লিমিটেড
Al-Arafah Islami Bank Limited

স্বতন্ত্র শ্রীহাফ

Head Office: 63, Purana Paltan, Dhaka-1000

ATTENDANCE SLIP

I do hereby record my attendance of the 26th Annual General Meeting (AGM) of the Company to be held on Monday the 9th August 2021 at 11.0 a.m. respectively through Digital Platform.

Name of the Shareholder/Proxy (in Block Letter)

No. of Shares held on Record Date (i.c. June 10, 2021)

Folio No.

BO A/C No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature Verified by

Signature of the Shareholder/Proxy

Authorized Signature of the the Bank



Al-Arafah Tower, 63, Purana Paltan, Dhaka-1000
PABX: +88-02-44850005 (Hunting), Fax: +88-02-44850063
E-mail: info@al-arafahbank.com,
Web: www.al-arafahbank.com

