

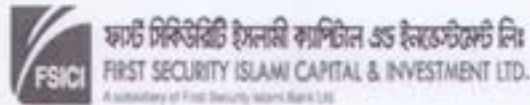
Information Memorandum

**Private placement of Non-Convertible, Unsecured, Mudaraba
Subordinated Bond of 5,000,000,000 (Five Thousand Million Taka)**

Issuer: Al-Arafah Islami Bank Limited



Trustee to the Issue: First Security Islami Capital & Investment Limited



Registrar, Paying Agent, Transfer Agent: First Security Islami Capital & Investment Limited

Type of Security: Non-Convertible, Unsecured, Mudaraba Subordinated Bond

Total Issue Amount: BDT 5,000,000,000

Credit Rating status of the Bond: AA- (Indicative)

Validity Date: From May 31, 2022 To: May 30, 2023

Joint Arrangers:

UCB Investment Limited



Prime Bank Investment Limited



"If you have any query about this document, you may consult the issuer and the trustee"

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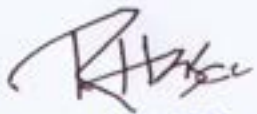
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Md. Mahmudur Rahman
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Managing Director & CEO
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First Security Islami Capital & Investment Limited

NOTICE & DISCLAIMER

Al-Arafah Islami Bank Limited hereinafter referred as the "Bank" or the "AIBL" or the "Issuer") has authorized UCB Investment Limited and Prime Bank Investment Limited (hereinafter referred as "UCBIL" & "PBIL" or the "Joint Arrangers" to distribute this Information Memorandum (IM) in connection with the proposed transaction outlined in it (the "Transaction") and the bonds proposed to be issued in the Transaction (the "Bonds")

This Information Memorandum is provided to prospective investors on a private and confidential basis for use solely in connection with the issue, offer, sale or invitation to subscribe or purchase the Subordinated Bonds. This Information Memorandum shall not be, in whole or in part, reproduced or used for any other purpose without prior written consent of the Arranger.

The Issuer has prepared this information memorandum and is solely responsible for its contents. The issuer will comply with all rules, laws and regulations and is responsible for obtaining all regulatory, governmental and corporate approvals for the issuance of the Bonds. The Issuer, having made all reasonable inquiries, confirms that this Information Memorandum contains all the information with respect to itself and the Bonds to be issued by it, which is material in the context of the Bonds; that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading; that the opinions and intentions expressed in this Information Memorandum are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

The Arrangers has relied on the information provided by the Issuer and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or any affiliate of the Arranger for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaim, to the fullest extent permitted by law, any responsibility for the contents of this Information Memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions therefore. By accepting this Information Memorandum, investors agree that the Arranger will not have any such liability.

Neither this Information Memorandum nor any other information supplied in connection with the Issue is intended to provide the complete basis of any credit or other evaluation, nor should it be considered as a recommendation by the Arranger to the Issue that any recipient of this Information Memorandum (or any other information supplied in connection with the Issue) should purchase or subscribe for any Bonds. Each investor contemplating purchasing or subscribing for a Bond should make their own independent investigation of the financial condition and affairs, and their own appraisal of the creditworthiness of the Issuer. Investors are advised not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice. Investors are also advised to consult with their own advisors as to all legal, accounting, regulatory, tax, financial and related matters, concerning an investment in the Bonds.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR INVESTING IN THE SUBORDINATED BONDS.

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ISSUER'S DISCLAIMER

ALL THE FEATURES OF AIBL 4th MUDARABA SUBORDINATED BOND ARE DRAFT ONLY AND FINALIZATION OF THESE FEATURES ARE SUBJECT TO THE APPROVALS OF COMPETENT REGULATORS. THESE FEATURES MAY BE MODIFIED AS PER THE DIRECTIONS OF BANGLADESH BANK AND BANGLADESH SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER COMPETENT REGULATORS.

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Prime Bank Investment Limited	
Joint Arranger	
Khandoker Raihan Ali, FCA SEVP & Chief Operating Officer Contact: 01730031810 Email: raihan@pbil.com.bd	Registered Office: Tajwar Centre (5th Floor), Block; E, Road, 19/A, House, 34 Kemal Ataturk Ave, Dhaka 1212

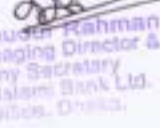
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K M Rasidul Hasan Chief Executive Officer Contact: ceo@fscibd.com Email: 01770001103	Registered Office: 12th Floor, Al-Amin Center 25/A, Dilkusha C/A, Dhaka-1000, Bangladesh.

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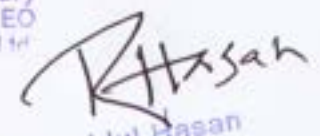
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ABBREVIATIONS

ALCO	ASSET LIABILITY MANAGEMENT COMMITTEE
ATM	Automated Teller Machine
BDT	Bangladeshi Taka
BRMC	Board Risk Management Committee
BSEC	Bangladesh Securities and Exchange Commission
CAGR	Compound Annual Growth Rate
CRAR	Capital to Risk-weighted Asset Ratio
CRM	Credit Risk Management
CRR	Cash Reserve Requirement
FBP	Foreign Bill Purchase
FDBP	Foreign Documentary Bills for Purchase
FDR	Fixed Deposit Receipts
IBP	Inland Bill Purchase
IC	Investment Committee
LATR	Loan Against Trust Receipt
MAT	Management Action Triggers
MCR	Minimum Capital Requirement
NFCD	Non-Resident Foreign Currency Deposit
NII	Net Interest Income
NIM	Net Interest Margin
NPA	Non-performing Assets
NPL	Non-performing Loan
OBU	Off-shore Banking Unit
OD	Over Draft
PCB	Private Commercial Bank
POS	Point of Sale
RFCD	Resident Foreign Current Deposit
RMU	Risk Management Unit
RWA	Risk Weighted Assets
SLR	Statutory Liquidity Ratio
SME	Small and Medium-sized Enterprises
SOD	Secured Over Draft
VAR	Value at Risk

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Legal, Security, Asset Capital & Investment Liaison

SECTION 1: REPORT TO THE ELIGIBLE INVESTOR

By investing in the Bonds, you are hereby deemed to have acknowledged, represented and warranted to, and agree (as the case may be) for the benefit of the Arranger, as set out below:

High risk: You are fully aware that investment in the Bonds involves a high degree of risk.

Consultation with advisers: You have (i) consulted with your own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent you have deemed necessary, (ii) collected and reviewed all information that you or your advisers believe is necessary or appropriate in connection with the purchase of the Bonds, and (iii) made your own investment decisions based upon your own judgment, due diligence and advice from such advisers as you have deemed necessary and not upon any view expressed by or on behalf of the Arranger.

No reliance: You acknowledge and agree that you may not rely on any investigation that the Arranger or any of its affiliates or any person acting on their behalf may have conducted with respect to the Issuer or any of their affiliates, and neither the Arranger nor its affiliates, employees, officers, directors, legal advisers or representatives have made any representation to you, express or implied, with respect to your investment in the Bonds.

Informed decision: You are in possession of all the information that you believe is necessary or appropriate in order to make an informed decision regarding your purchase of the Bonds, including without limitation, adequate information concerning the Issuer's business, financial condition, results of operations and prospects.

Knowledge and experience: You have such knowledge and experience in financial, business and international investment matters that you are capable of evaluating the merits and risks of purchasing the Bonds and are aware that you may be required to bear, and are able to bear, all risks including economic risk of an investment in the Bonds.

Information of the Company: You acknowledge that the information provided to you with regard to the Issuer and the Bonds in this Information Memorandum has been supplied to you by the Arranger only on behalf of the Issuer and that neither the Arranger nor any of its affiliates, employees, officers, directors, legal advisers or representatives has verified such information or makes any representation or warranty as to its accuracy or completeness.

Review of Information Memorandum: You have reviewed this Information Memorandum in its entirety, including the risks associated with investment in the Bonds, and you understand and acknowledge all of the risks described herein. By investing in the Bonds, you have determined that:

- i. the Bonds are a suitable investment for you and your investment in the Bonds does not and will not, when consummated, violate any investment or other guidelines, policies or restrictions (corporate or otherwise), or any law, rule, regulation or order applicable to you; and
- ii. you have obtained all approvals and consents (whether internal or external) and have made all notifications necessary for you to invest in the Bonds as contemplated; and you can bear the

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economic risk of the investment and are able to sustain a complete loss in connection with your investment.

Own account: You are purchasing the Bonds for your own account and not with a view to any distribution thereof.

No representation or warranty: The Arranger has not made, and you have not relied upon any representation, warranty or condition (express and/or implied), and the Arranger shall not owe any duty whatsoever to you in connection with the Bonds.

No obligation to purchase: The Arranger shall have no obligation to purchase or acquire all or any part of the Bonds purchased by you or to support losses, if any, directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Bonds, including the non-performance by the issuance, whether to you or otherwise.

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Chief Executive Officer
Al-Arafah Islamic Bank Limited

SECTION 2: RISK FACTORS AND MANAGEMENT PERCEPTION ABOUT RISK

An investment in capital market involves a high degree of risk. The Bank is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the investments made by the investors. Potential investors of AIBL 4th Mudaraba Subordinated Bond are strongly encouraged to carefully evaluate all the information in this Information Memorandum, specially the risk factors both internal and external on their own merit and not by referent to any other debt securities whether of a comparable nature or otherwise before making any investment decision.

This section addresses the possible risks an investor might have to bear by investing in the bonds and each risk factor is followed by management's perception regarding the risk. If any of the risks described below materialize, it could have a serious impact on the Issuer's financial results, and the ability of the Issuer to fulfill its obligations under the Bonds to be issued. However, the list of risk factors is not meant to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

(a) Profit / Interest Rate Risks:

Profit/interest rate risk concerned with borrowed funds of short term and long-term maturity. Profit/interest rate risk is the risk that the Bank faces due to unfavorable movements in the profit/interest rates. Volatility in money market and increased demand for investment funds raise the rate of profit/interest. The Bank's financing in different sectors is generally structured at fixed and variable rates for specified terms. A change in the Government's monetary policy also tends to increase the rates. Increase in profit/interest rates of borrowing could narrow or eliminate the spread or result in a negative spread, and hence, may have material adverse effect on the Bank's business, financial condition and/or results of operations.

Management perception:

Although the consequences of unusual and abrupt increase in the borrowing rate cannot be avoided, Al-Arafah Islami Bank Ltd. (AIBL) takes all the appropriate measures to minimize the negative consequences. For profit/interest rate risks, the Bank currently pursues a policy under which profit/interest rate can be revised for any unusual and abrupt change at its own discretion as and when required.

(b) Foreign Exchange Rate Risks:

Exchange Rate fluctuation may reduce the profitability of Al-Arafah Islami Bank Ltd. (AIBL) because if funds foreign trade commitments from various sources of foreign change like export proceeds and other incoming remittances. If exchange rate is increased against local currency opportunity will be created for generating more profit and the opposite may happen as well.

Management perception:

Exchange rate risk arises from exchange rate movements, which may affect the earnings of the Bank from its foreign exchange open position taken from time to time. This risk is mainly managed by (i) determined limits on open foreign exchange position, (ii) monitoring open position against these limits & (iii) setting and monitoring of stop loss mechanism. AIBL foreign exchange risk remains at minimum level as all of its foreign trade & remittance transactions are carried out on behalf of the customers. All nostro accounts are reconciled on monthly basis and outstanding entries are escalated to concerned departments and reported to higher management for immediate settlement. Treasury departments are vested with the responsibility to measure and minimize the risk associated with Bank's assets and liabilities, which includes foreign exchange risk. Treasury continuously monitors price movements of foreign exchange and uses various hedging techniques to manage its open position in such a way that minimizes risk and maximizes return.

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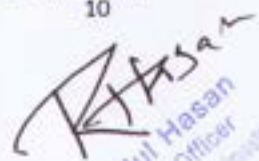
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Chief Executive Officer
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Al-Arafah Islami Bank Limited

(c) Non-repayment Risks:

Non-repayment risk can arise if the Bank become unable to repay the principal amount and the profit to the bond holder. Due to global financial crisis, the bank may not be able to repay their bond holder. Change of profit rate, inflation, recession may have a negative impact on cash flow and profitability of the Bank. Which results in non-repayment in bond amount to bond holders.

Management perception:

The management of AIBL is always concerned about the prevailing and upcoming future changes in the global financial policies and shall response appropriately and timely to safeguard its interest. The Bank has a very strong financial background as well as cash flow along with diversified business package, that's why the risk is very negligible.

(d) Prepayment, Call or Refunding Risks:

Prepayment, call or refunding risks are the risks associated with the principal amount of a bond.

Management perception:

This bond is subordinated in nature. The bond is redeemable as per Repayment Schedule as depicted in features (5.1) section.

(e) Security Risks:

The risk associated with the default, authenticity or validation of the collateral used to guarantee repayment of a bond.

Management perception:

Since this is an unsecured bond, this particular risk is not applicable here

(f) Liquidity Risk:

The Bank harvest the fund through leveraging by the way of taking deposits from the general public and borrowing and its solvency is largely dependent upon efficiency in the process of intermediation of fund. The end objective of liquidity management is to ensure striking of balance between liquidity and profitability

Management perception:

The management of AIBL is aware of the magnitude of this risk and it has always intended to diversifying sources of funds and to develop good mix of deposit structure. In this direction the bank has already launched several deposit schemes to attract deposits from various customer groups, including Retail and Corporate Cash Management clients. The Bank is opening branches all across the Country to diversify its business portfolio.

(g) Management Risks:

The risk associated with ineffective, unprofessional, non-discreet or underperforming management, that impedes the growth of the organization as well as hurts the shareholders and the company, fund of which being managed.

Management Perception:

AIBL is one of the leading Islamic banking institutions in Bangladesh with a track record of consistent performance achieved through effective leadership and corporate governance. AIBL has a sound management system that is not only efficient but also dynamic in taking appropriate decision to make the organization more effective, vibrant and result oriented. Therefore, with the strong leaderships and structured corporate set-up the management risk is not a matter of concern at all for the steady and sustainable growth of AIBL.

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(h) Operational Risks:

Operational risk is the risk of potential losses from a breakdown in internal processes and systems, deficiencies in people and management or operational failure arising from external events.

Management Perception:

The Management through internal control and compliance division controls operational procedure of the Bank. Internal Control and compliance division undertakes periodical and special audit of the Branches and departments at the Head Office to review the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the internal control and compliance division.

(i) Business Risks:

The Bank may face business risk while doing their banking business. Business risk implies uncertainty in profit or danger of loss and the events that could pose a risk due to some unforeseen events in future, which causes business of AIBL to fail.

Management perception:

AIBL has a very good profitability record through its business life. The management is well aware about this risk. The Bank is operating in a highly competitive market as modern banking industry has brought greater business diversification. The Bank has a dedicated team to find new scope to expand its business. The risk management team to identify and manage different types of risk including business risk.

(j) Industry risks:

The Bank is operating in a highly competitive market as modern banking industry has brought greater business diversification. Some banks in the industrialized world are entering into investments, underwriting of securities and portfolio management. Taken together, these changes have made banks an even more important entity in the global business community. The entry of new competitors may increase the market competition and profitability of the Bank.

Management perception:

AIBL constantly keeps a watch on ever changing economic and business environment which sometimes leads some industry risk as well as opportunity and banks has taken prompt and proactive action for avoiding probable risk and grabbing the opportunity. AIBL has always been careful in offering innovative, convenient and cost-effective financial products and services which flexibility in nature and by the way minimizes its industry risk exposure. Since its inception the bank contributes significantly in harnessing deposits by launching different attractive schemes befitting the requirement of different segment of customers. The bank actively encourages feedback from the customers and regard complaints as constructive comments that helps to build customer relationships and improve business situation. The Bank has also succeeded in diversifying its business portfolio across the thrust sectors of the economy and always takes special care for utmost value addition in clientele services.

(k) Market & Technology Related Risks:

(i) Market Risk:

Financial market of Bangladesh is currently very competitive and it is currently one of the fastest growing industry in Bangladesh. The entrance of new entities into the market is increasing the competitiveness of the market. Strong marketing and brand management would help the bank to increase its customer base.

Management Perception:

AIBL focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business which hitherto remained largely untapped within the Country. The Bank has incorporated double bottom approach in its operation, first is making profit by mobilizing fund from urban to rural areas and second is performing social responsibility by creating an entrepreneurial class. The bottom-line approach taken by the Bank makes them the market leader in the banking industry.

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DMD & Chief Financial Officer (CFO)
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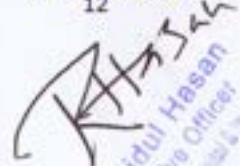
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01 AUG 2022



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Chief Executive Officer
For Strategy, Legal & Investment Liaison

(ii) Technology Related Risks:

Technology plays vital role for ensuring better service to the customers and minimizing the cost in various aspects. The financial institutions and banks must embrace new technology to be efficient enough to cope up with the future changing demand.

Management Perception:

Technology is the nerve center of AIBL's rapid growth. AIBL has implemented one of the best world class Information Technology platform in the Bank to ensure faster yet safer delivery of services to the customers on 24/7 basis. The bank has built up its alternative delivery channel infrastructure to offer the full suite of ATMs, POS, Internet Banking, Call Center and SMS banking for its customers. In order to support its aggressive growth strategies in future, the bank has made a strategic decision to change its core banking software to a more robust and internationally tested system. As its unique contribution to a truly broad-based and participatory electronic banking system in Bangladesh, AIBL currently has a wide coverage of 182 Branches, as on December 31, 2020.

(l) Risks Related to Potential or Existing Government Regulations:

The Bank operates under the specific guidelines laid down by Bangladesh Bank (BB), Bangladesh Securities and Exchange Commission (BSEC) and other regulatory authorities. The Bank also operates under Companies Act 1994 and other related regulations, Bank Company Act 1991, Income Tax Ordinance 1984, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991. Any abrupt change of the policies made by the regulatory authorities may adversely affect the business of the Company.

Management Perception:

Unless any policy change negatively and materially affects the industry as a whole, the business of the Bank is expected not to be affected significantly. Like all Scheduled Banks in Bangladesh, AIBL's asset growth and cost of CRR and SLR are adjustable as per requirement.

The management of AIBL is always concerned about the prevailing and upcoming future changes in the global or national policy and responds appropriately and timely to safeguard its interest.

(m) Risks related to Potential Changes in Global or National Policies:

Changing economic conditions may affect the demand for the type of finance offered by the bank. Downturn of economic activity or uncertainty may result in a downturn in demand for loan funds in the industry.

Management Perception:

Generally, this risk applies to every financial institution in the Country but they are normally mitigated by being aware of the circumstances and taking appropriate action in time. AIBL has always kept abreast of changing business environments and this is evidenced by its good financial performance in the past. AIBL's performance has been steady during periods of political turmoil and natural calamities. On the other hand, political turmoil and the disturbance are bad for the economy as a whole and so also for the Bank.

(n) Portfolio Management Risk:

Poor quality of project appraisal, slack monitoring of outstanding debts, inadequate/inappropriate documentation and other forms of management efficiencies may affect the quality of AIBL portfolio.

Management Perception:

Under the close supervision of AIBL's prudent shareholders and the Board of Directors, the Management of AIBL has developed skills and ability to appraise a project efficiently, ascertain the risk factors, address them and monitor performance closely.

(o) Change in Fiscal Policy:

The Bank's lending activities generate significant depreciation allowances that provide the Bank with substantial tax benefits on an ongoing basis. In addition, the Bank's lessees currently enjoy favorable tax treatment due to

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Chief Executive Officer
Risk Strategy, Issue Capital & Investment Unit

entitlement of depreciation. Any change of current tax may make lease financing less attractive and would have a material impact on the Bank's business, financial condition and/or results of operations.

Management Perception:

AIBL has been putting their best efforts to manage tax and accounting matters professionally. Unless a material change takes place in the fiscal policy, which would affect the banking industry as a whole, AIBL is well prepared to address the issue that may have any significant impact on the Bank's business, financial condition and results of operation.

(p) Credit Risk:

Some of the customers or obligors may fail to meet the terms of any contract or otherwise fail to perform as agreed which will in turn reduce the profit of the Bank decreasing shareholders' earnings

Management Perception:

Considering the key elements of credit risk, the Bank has segregated duties of the officers/executives involved in credit related activities. Separate division for Corporate, SME and retail has been formed which are entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities etc. for transparency in the operation during the entire credit period-i) Investment Approval Committee, ii) Investment Administration Department, iii) Recovery Unit and iv) Impaired Asset management have been set up.

In addition to the above, investment division carries out thorough assessment before approving any investment facility. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, and historical performance of the customer. Investment administration department ensures compliance with all legal formalities, completion of all documentation, security of the proposed investment facility and finally disburses the amount. The sales team reports to their line management; the investment risk management division reports directly to deputy managing director (risk management), while the investment administration reports to the head of division. The above management system has not only ensured segregation of duties and accountability but also helps to minimize the risk with the credit portfolio.

(q) Asset Quality Risk:

Changes in market liquidity and/or profit/interest rate expenses Bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution.

Management Perception:

Emphasis has been given so that the level of balance sheet risks is effectively managed appropriate policies and processes are established to control and limit these risks and proper manpower are available for evaluating and controlling these risks. The Assets Liability Committee (ALCO) of the Bank Monitors Balance Sheet Risks and Liquidity Risks of the Bank. The committee reviews country's overall economic position, Bank's liquidity position, ALM ratios, profit rate risk, capital adequacy, deposit investment growth, cost of deposit & yield on investment, R.E. gap, market profit rate, loss provision adequacy and deposit lending pricing strategy and takes appropriate decisions in this respect.


SECTION 3: DETAILED DESCRIPTION AND INFORMATION

Detailed description and information as per Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021; Schedule- A (Part I) is annexed to this Information Memorandum. Please check **Annexure - 1**.

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K.M. Rasidul Hasan
Chief Executive Officer
Al-Arafah Islamic Bank Limited

SECTION 4: USE OF PROCEEDS

Purpose of Issuance of AIBL 4th Mudaraba Subordinated Bond:

Al-Arafah Islami Bank Limited (AIBL) has decided to raise Tier-2 Capital through issuance of Non-Convertible, Floating Rate Mudaraba Subordinated Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The proposed bond issue will allow the bank to enhance its capital strength and continue to grow its balance sheet in the future years.

Plan Regarding Use of Proceeds from AIBL 4th Mudaraba Subordinated Bond:

The proposed bond will qualify as part of AIBL's Tier-2 capital and will help maintain healthy capital adequacy ratios in the next few years. Besides, the BDT 5,000 million fund will be used for undertaking general business activities of the bank including strengthening of the loan portfolio and other securities.

SECTION 5: FEATURES OF AIBL 4th MUDARABA SUBORDINATED BOND

AIBL 4th Mudaraba Subordinated Bond is a non-convertible and unsecured debt instrument. The major features of the AIBL 4th Mudaraba Subordinated Bond are presented below:

5.1 Basic Features of the Instrument

Table 1: Basic Features of AIBL 4th Mudaraba Subordinated Bond

Issuer	Al-Arafah Islami Bank Ltd (AIBL)	
The Issue	AIBL 4 th Mudaraba Subordinated Bond	
Type of the Issue	Non-Convertible Floating Rate Mudaraba Subordinated Bond	
Mandated Lead Arrangers:	UCB Investment Limited and Prime Bank Investment Limited ("PBIL") also referred to as the "Mandated Lead Arrangers" or the "MLA".	
Trustee	First Security Islami Capital & Investment Limited	
Paying Agent, Register, Transfer Agent	First Security Islami Capital & Investment Limited	
Rating agency:	Credit Rating Information and Services Limited (CRISL)	
Arrangement Basis:	Best Efforts / Strictly Non-Underwritten	
Purpose:	To strengthen Tier II Capital Base	
Prospective Investors	Lead Arrangers will select appropriate investor pool for any offered product following any or both methods mentioned below: Local Investors: A different group of high net worth individuals, corporate houses, banks, insurance companies, NBFIs, asset management companies, mutual funds, and merchant banks operating in Bangladesh. Foreign Investors: Non-resident Bangladeshi (NRBs), Foreign Nationals, Foreign Corporate Entity, Foreign Bank/ Financial Institutions, and Multilateral Agencies.	
Currency:	Bangladeshi Taka (BDT)	
Issue Size:	BDT 5,000 Million	
Denomination:	Denomination of each lot of Bond is BDT 500,000 (Face Value).	
Number of Issuing Unit	10,000 (Ten thousand) units	
Market Lot	For Individual	1(one) unit
	For other than individual	20 (twenty) units

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Minimum Application	For Individual	Tk.5.00(five lac) only
	For other than individual	Tk.10.0 million (Ten Million) only
Minimum Application	1 (one) lot	
Offering Style:	Private Placement	
Issue Price:	100% at Par	
Maturity:	End of 7 years from the Issue Date	
Nature of the Debt Instrument	Mudaraba Subordinated Bond	
Security:	Unsecured	
Listing:	Non-listed	
Credit Rating of the Issue:	AA- (Indicative) Valid from: 31 May 2022 Valid to: 30 May 2023	
Rate of return/Profit Rate:	To be determined as the average Rates of 6 months of Full-fledged Shariah based banks (excluding any foreign Islamic bank) 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. Trustee will notify the Profit Rate to the Issuer and the Subscribers upon rounding upwards to the nearest percentage transaction by the Lead Arranger, shall be borne by the Issuer.	
Margin with Rate of Return	2.00%	
Payment of Profit:	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	
Redemption	The principal of the Bonds to be redeemed equally on Redemption Dates starting from the 36 months during the last 7 (Seven) years of the tenure. However, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, together with any accrued but unpaid coupon, subject to the consent of the appropriate authorities.	
Late Redemption:	Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date.	
Over Subscription:	In the event of this issue of bond being oversubscribed, the allotment will be on a first come first serve basis.	
Under subscription:	Any under-subscribed portion will be re-offered for fresh subscription depending on prevailing market conditions. The Company will borrow from traditional sources if it cannot mobilize fund from bond issue.	
Documentation	Will include but not limited to the followings: <ul style="list-style-type: none"> ⓐ Lead Arrangement Agreement / Term Sheet ⓑ Bond Subscription Agreement ⓒ Trust Deed ⓓ Agency Agreement ⓔ Any other agreements/instruments relating to such transaction 	
Governing Law:	The Bonds are governed by and shall be construed by the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the jurisdiction of the courts of Bangladesh.	
Transferability/Liquidity	Freely transferable subject to the terms and conditions of the documents creating and evidencing the bond.	
Convertibility:	Non-convertible	
Prepayment, Call, Refunding, conversion features:	The Bond is non-convertible and non-callable and has no prepayment option.	
Compliance	The bond indenture to be aligned, where applicable, for compliance with "Guideline of Risk Based Capital Adequacy" issued by Bangladesh Bank (BB).	

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 Al-Arafah Islamic Bank Limited

	Rules & Regulations of the Bangladesh Securities & Exchange Commission (BSEC), and applicable Laws of the land.												
Tax Features:	As applicable by the Govt. All payments made by the Issuer or under or in respect of the Trust Deed or the Bonds will be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Bangladesh or any political subdivision thereof or any authority thereof or therein having power to tax. The Issuer will not be obligated to pay any additional amounts in respect of such taxes, duties, assessments or governmental charges that may from time to time be deducted or withheld from such payments but will provide or procure the provision of original or authenticated tax receipts relating to any such deductions or withholdings to Bondholders.												
Cost related to the issue:	The approximate cost related to the issuance of the bond is BDT 2.55 crore												
Repayment Schedule:	20% of the total Bond value to be redeemed at the end of each year starting from year 3(three) at face value. Repayment schedule of the Mudaraba Subordinated Bond is as under: <table border="1" data-bbox="758 743 1308 997"> <thead> <tr> <th>Month</th> <th>Redemption</th> </tr> </thead> <tbody> <tr> <td>36th</td> <td>20.0%</td> </tr> <tr> <td>48th</td> <td>20.0%</td> </tr> <tr> <td>60th</td> <td>20.0%</td> </tr> <tr> <td>72nd</td> <td>20.0%</td> </tr> <tr> <td>84th</td> <td>20.0%</td> </tr> </tbody> </table>	Month	Redemption	36 th	20.0%	48 th	20.0%	60 th	20.0%	72 nd	20.0%	84 th	20.0%
Month	Redemption												
36 th	20.0%												
48 th	20.0%												
60 th	20.0%												
72 nd	20.0%												
84 th	20.0%												
Force Majeure:	Notwithstanding anything contained in this letter, PBIL may be notice in writing to the Issuer terminate this Letter at any time before the time on the Closing Date when payment would otherwise be due under this Letter to the Issuer in respect of the Bond if, in the opinion of the MLA, there is a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in their view be likely to prejudice materially the success of the offering and distribution of the Bond and, upon notice being given, the parties to this Letter shall (except for the liability of the Issuer in relation to expenses related to the Transaction and Except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this letter.												
Enforcement of Charges over securities:	No charges will create over the securities as the issuance is unsecured. Detail present in the trust deed.												
Confidentiality and Disclosure of Information	The Issuer, Lead Arranger, Trustee, and any other related parties will observe confidentiality of the deal. However, the parties involved may disclose any information relating to the Issuer, the Documentation or the Facility to: <ul style="list-style-type: none"> ① its affiliates ① any professional advisers, auditors, insurers, insurance brokers and service providers of such Subscriber or its affiliates who are under a duty of confidentiality to the Subscriber or its affiliates ① any court or tribunal or regulatory, supervisory, governmental or quasi-governmental authority with jurisdiction over a Subscriber or its affiliates ① any actual or potential transferee, novatee, assignee, participant or sub-participant in relation to a Subscriber's rights under the Documentation and any rating agency or direct or indirect provider of credit protection to a Subscriber or its affiliates. 												

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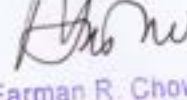
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Al-Arafah Islamic Bank Limited

Regulatory Approval	Upon approval from the Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Bank (BB), AIBL will issue the bonds as per the information memorandum. In no way AIBL shall issue any such bonds without taking approval from the BSEC and BB.
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5.2 Rate of Return, Yield to Maturity, Coupon/Discount Rate

Yield to Maturity: Reference Rate + Coupon Margin

5.3 Transferability/Liquidity

Freely transferable in accordance with the provisions of the Trust Deed

5.4 Prepayment, Call, Refunding, Conversion Feature

The Bond is non-convertible and non-callable in nature and has no prepayment option.

5.5 Tax Features

The Company and any income from the Bond for the investors will be according to the Laws of Bangladesh.

5.6 Late Redemption:

The Issuer shall pay a late payment penalty of 2% (two per cent) higher than the Coupon Rate and be payable on the amount not paid on the due date up till the date of actual payment

5.7 Credit Enhancement:

It is not applicable for the subordinated bond of Al-Arafah Islami Bank Limited.


5.8 Enforcement of Charges over securities

The Trustee shall enforce all payment obligations under the Bonds only by way of petitioning for the winding up or dissolution of the Issuer and/or by proving for the amount due and payable under the Bonds in the liquidation or administration of the Issuer. In the event of default by the Issuer in the performance or observance of any covenant, condition or provision contained in the Bond or the Trust Deed or any of the Issue Documents (save for failure to pay any amount of principal, coupon or expenses or in respect of any other payment obligation), (i) the Trustee or any Bondholder shall not be entitled to any remedy available to the Trustee or any Bondholder which in substance amounts to a remedy to recover any amounts under any payment obligation of the Issuer under the Bonds and (ii) any other remedy available.

5.9 Repayment Schedule:

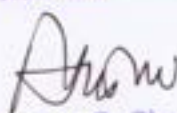
As per BASEL III guideline (Annex IV: Specific Eligibility Criteria for Subordinated Debt to Qualify as Tier 2 Capital), the Bond is Subordinate in nature as the instrument is subordinated to deposits and other liabilities of the bank. It implies that the claims of the subordinated debt holders will be junior to the claims of the depositors and the other creditors. The bond will be unsecured and fully paid-up. The bond is redeemable as per Repayment Schedule as depicted in features (5.1) section.

Repayment Schedule for BDT 5,000,000,000 Tier-II Bond				
Semi-Annual Payment No.	Month	Principal Redemption (%)	Principal Redemption Amount	Ending Principal Balance
1 st	6	0.00%	0	5,000,000,000

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 Al-Arafah Islami Bank Limited

2 nd	12	0.00%	0	5,000,000,000
3 rd	18	0.00%	0	5,000,000,000
4 th	24	0.00%	0	5,000,000,000
5 th	30	0.00%	0	5,000,000,000
6 th	36	20.00%	1,000,000,000	4,000,000,000
7 th	42	0.00%	0	4,000,000,000
8 th	48	20.00%	1,000,000,000	3,000,000,000
9 th	54	0.00%	0	3,000,000,000
10 th	60	20.00%	1,000,000,000	2,000,000,000
11 th	66	0.00%	0	2,000,000,000
12 th	72	20.00%	1,000,000,000	1,000,000,000
13 th	78	0.00%	0	1,000,000,000
14 th	84	20.00%	1,000,000,000	0

SECTION 6: DESCRIPTION OF COLLATERAL SECURITY AND TYPE OF CHARGES TO BE CREATED

AIBL 4th Mudaraba Subordinated Bond is superior to the claims of investors in equity shares and Subordinated to the claims of the depositors and the other creditors as Tier 2 Capital (as defined in the Basel III Guidelines) of the Bank. It is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.

SECTION 7: RIGHTS AND OBLIGATIONS OF THE ISSUER

Rights and Obligations of the Issuer have been incorporated from the Trust Deed executed between the Issuer (Al-Arafah Islami Bank Limited) and the Trustee (First Security Islami Capital & Investment Limited)

Covenant to Repay

The Issuer covenants with the Trustee that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in immediately available freely transferable funds the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the provisions of the Conditions) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions profit on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions provided that:

every payment of principal or profit in respect of the Bonds or any of them made to or to the account of the Bondholders shall satisfy, to the extent of such payment;

if any payment of principal or profit in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the [seventh day] after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Trustee to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and

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in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused penalty shall accrue at applicable rate of 2% p.a. for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders in accordance with the Conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders provided that on further due presentation thereof such payment is in fact made.

The Trustee will hold the benefit of this covenant and the covenants in Clause 11.3 (Covenant to comply with Trust Deed, Conditions and Schedules) and Clause 11.4 (Covenants by the Issuer) on trust for the Bondholders.

Following an Event of Default

At any time after any Event of Default shall have occurred, the Trustee may:

by notice in writing to the Issuer, require it to make all subsequent payments in respect of Bonds to or to the order of the Trustee and with effect from the issue of any such notice until such notice is withdrawn, sub-clause 11.1.1of Clause 11.1 (Covenant to Repay) and (so far as it concerns payments by the Issuer) Clause 19.2 (Payment to Bondholders) shall cease to have effect.

Covenant to comply with Trust Deed, conditions, Schedules and applicable law

The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of this Trust Deed, the Conditions (including, without limitation, Condition 5 (Covenants)) and the other Schedules which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents applicable to them.

The Issuer hereby covenants with the Trustee to comply with, perform and observe all those provisions of the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021. The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, the applicable law and will be deemed to have notice of all of the provisions of the applicable law applicable to them.

The Trustee shall itself be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions and the applicable law as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Bonds.

Covenants by the Issuer

The Issuer hereby covenants with the Trustee that, so long as any of the Bonds remain outstanding, it will:

Books of account

At all times keep and procure that all its Subsidiaries keep such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared

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F&I Securities Islamic Capital & Investment Limited

and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer;

Event of Default

Give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default and without waiting for the Trustee to take any further action;

Corporate Governance

Comply (and shall ensure that each member of the Group will) in all material respects with the corporate governance guidelines set out by the Bangladesh Bank and the Bangladesh Securities and Exchange Commission.

Information

So far as permitted by applicable law, at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and in such form as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents;

Execution of further Documents

So far as permitted by applicable law, at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Trust Deed;

Notices to Bondholders

Send or procure to be sent to the Trustee not less than 5 (five) business days prior to the date of publication, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;

Notification of non-payment

Notify the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bonds or any of them, pay unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Bonds;

Notification of late payment

In the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made;

Notification of redemption or repayment

14 (Fourteen) days prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly;

Authorized Signatories

Upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee a list of the Authorized Signatories of the Issuer, together with certified specimen signatures of the same; and

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

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Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd.

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islamic Bank Limited

Payments

Pay moneys payable by it to the Trustee hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by law and in the event of any deduction or withholding compelled by law will pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder.

SECTION 8: RIGHTS AND OBLIGATION OF THE TRUSTEE

Rights and Obligations of the Trustee have been incorporated from the Trust Deed executed between the Issuer (Al-Arafah Islamic Bank Limited) and the Trustee (First Security Islami Capital & Investment Limited).

Trustee's Rights

Applicable Law: Notwithstanding anything contained in this Trust Deed the Trustee shall have all such rights and powers granted to it under the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.

Advice: The Trustee may in relation to this Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Trustee, the Issuer, or any Subsidiary) and which advice or opinion may be provided on such terms (including as to limitations on liability) as the Trustee may consider in its sole discretion to be consistent with prevailing market practice with regard to advice or opinions of that nature and shall not be responsible for any Liability occasioned by so acting; any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission;

Resolution or direction of Bondholders: the Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders;

Trustee not responsible for investigations: save as otherwise provided by applicable law, the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, the Bonds, or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof;

Entry on the Register: the Trustee shall not be liable to the Issuer or any Bondholder by reason of having accepted as valid or not having rejected any entry on the Register later found to be forged or not authentic and can assume for all purposes in relation hereto that any entry on the Register is correct;

Events of Default: save as otherwise provided by applicable law, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default has

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Managing Director & CEO
Al-Arafah Islamic Bank Ltd.

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Chief Executive Officer
First Security Islami Capital & Investment Limited

happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and under this Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable; and

Right to Deduct or Withhold: notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whenever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising there from or any action of the Trustee in connection with the trusts of this Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall be entitled to make such deduction or withholding or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee upon the trusts of this Trust Deed.

Liability: The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Trust Deed or the Bonds save in relation to its own gross negligence, wilful default or fraud. This Clause 6.1.8 shall survive the termination or expiry of this Trust Deed or the removal or termination of the Trustee.

Force Majeure: The Trustee shall not be liable for any failure or delay in the performance of its obligations under this Trust Deed or any other Bond Document because of circumstances beyond such Trustee's control, including, without limitation, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, labour disputes, any laws, ordinances, regulations or the like which restrict or prohibit the performance of the obligations contemplated by this Trust Deed or any other Bond Document, inability to obtain or the failure of equipment, or interruption of communications or computer facilities, and other causes beyond such Trustee's control whether or not of the same class or kind as specifically named above.

Immunities: The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Trust Deed shall extend to the Trustee's officers, directors and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Trust Deed and final payment of the Bonds. The Issuer acknowledges that in any proceedings taken in relation to this Trust Deed, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

Professional charges: any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of this Trust Deed and also his properly incurred charges in addition to disbursements for all other

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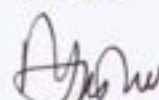
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Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

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K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islamic Bank Limited

work and business done and all time spent by him or his partner or firm on matters arising in connection with this Trust Deed, in each case as agreed pursuant to the Fee Letter (including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person);

Expenditure by the Trustee: nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it; and

Trustee may enter into financial transactions with the Issuer: no Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer or any Subsidiary or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders or the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, for any profit, fees, commissions, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

Trustee Liability: The Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Trust Deed or the Bonds save in relation to its own gross negligence, wilful default or fraud.

Right to Sue: The Trustee may sue and may be sued on behalf of the Bondholders.

Trustee's powers and duties

Applicable Law: Notwithstanding anything contained in this Trust Deed the Trustee shall have all such responsibility as set out in the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.

Act for Bondholders: Subject to applicable law and terms and conditions of this Trust Deed, the Trustee shall act on behalf and for the exclusive interest of the Bondholders;

Monitoring: Trustee shall ensure that Issuer is observing the applicable law for the Bonds and the terms and conditions of the Bond Documents. As soon as the Trustee is aware of any breach by the Issuer it shall immediately inform the Bondholders and the Issuer of such breach;

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Al-Arafah Islamic Bank Limited

Report to BSEC: Trustee shall submit an annual compliance report to the BSEC on the activities of the Issuer including repayment of dues to the Bondholders. When Trustee shall submit such report to the BSEC it shall provide copy to the Issuer and the Bondholders;

Grievances of the Bondholders: Upon receipt of a complaint from the Bondholders Trustee shall take necessary steps for redress of grievances of the Bondholders within one month of the date of receipt of the complaints and he shall keep the BSEC and the Issuer informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed; Trustee's determination The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of this Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders;

Determination of questions: the Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of this Trust Deed and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders;

Trustee's discretion: the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, on reasonable ground have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof (save as otherwise provided by applicable law) but whenever the Trustee is under the provisions of this Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing;

Trustee's consent: any consent given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require;

Application of proceeds: the Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Mudaraba Bonds;

Error of judgment: the Trustee shall not be liable for any error of judgment made in good faith applying due diligence and without negligence by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters, save in relation to its own gross negligence, wilful default or fraud;

Agents: Subject to the provisions of the Trust Act 1882 and Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021, the Trustee may, in the conduct of the trusts of this Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) with the consent of Issuer and the Trustee shall not be responsible for any loss, liability, expense,

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K M Rasidul Hasan
Chief Executive Officer
Financial Administration Division
Al-Arafah Islamic Bank Limited

demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person;

Confidential information: the Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with this Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.

Determination of Profit Rate: the Trustee shall determine Profit Rate in accordance with Condition of the Bond.

Exercise of Discretion

Notwithstanding anything in this Trust Deed to the contrary, the Trustee shall not be obliged to exercise or consider exercising any discretion or consider making or make any determination (including, without limitation, any determination as to whether any fact or circumstance or activity or thing is material or substantial or complies with some such similar quantitative standard) or to consider taking or take any action whatsoever in connection with or under or pursuant to the Bonds unless directed to do so by the holders of not less than 66 2/3 percent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of Bondholders (subject in all cases to the Trustee having been indemnified or provided with security to its satisfaction and otherwise being satisfied that it is lawful for it to so exercise discretion, make a determination or otherwise take any action). Such direction shall specify the way in which the Trustee shall exercise such discretion or, as the case may be, make the determination or take the action to be taken by the Trustee.

The Trustee will be responsible for any loss, expense, damage, claim, cost, charge or liability which may be suffered as a result of any exercise or non-exercise of a discretion or the making or failure to make any determination or the taking or failure to take any action by the Trustee, acting on the directions of the Bondholders as aforesaid or pending the provision of such a direction.

SECTION 9: RIGHTS AND OBLIGATION OF THE ISSUE MANAGER, UNDERWRITER, OR ANY OTHER CONTRACTUAL PARTY

Rights and obligations of the issue manager, underwriter, or any other contractual parties is not applicable for AIBL 4th Mudaraba Subordinate Bond.

SECTION 10: RIGHTS AND OBLIGATION OF THE ELIGIBLE INVESTORS (BONDHOLDERS)

Rights and Obligations of the Issuer have been incorporated from the Trust Deed executed between the Issuer (Al-Arafah Islami Bank Limited) and the Trustee (First Security Islami Capital & Investment Limited)

Each Bondholder has the right to demand information from the Issuer as set out in this Trust Deed and the Condition attached in Schedule 1 Part B (Terms and Conditions of the Bonds).

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022



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Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

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K.M. Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

Each Bondholder has the right to receive payment of principal amount of the Bond on the Redemption Date as set out in the Condition attached in Schedule 1 Part B (Terms and Conditions of the Bonds).

Each Bondholder has the right to receive profit on the Bond on the Profit Payment Date as set out in the Condition attached in Schedule 1 Part B (Terms and Conditions of the Bonds).

Each Bondholder has the right to attend meeting of the Bondholders and vote there in accordance with Condition 12 (Meetings of Bondholders, Modification, Waiver and Substitution).

SECTION 11: DESCRIPTION OF AL-ARAFAH ISLAMI BANK LIMITED (THE ISSUER)

Al- Arafah Islami Bank Limited was (hereafter referred as "AIBL" or "the company") incorporated in Bangladesh as a public limited company in 1995 to carry on private banking business. The authorized capital of the bank is BDT TK. 15,000.00 million and the paid-up capital is BDT Tk. 10,649.02 million as on December 31, 2021. 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.

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:

- ① 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.
- ② 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.
- ③ To always align our business initiatives with the ever changing industrial and business needs of the clients.
- ④ To deliver product and services that creates value for the customers.

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
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01 AUG 2022

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Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Fiscal Security Islami Capital & Investment Ltd

- ① To conduct our business within well-defined risk tolerance level.

(a) Capital Structure

Table 2: Sources of Issuer's Capital Structure

Particulars	As of 31 December 2021	
	(Amount in BDT million)	% of Total Assets
Liabilities:		
Placement from Banks & Other Financial Institutions	32,506.76	7.03%
Deposits and other Accounts		0.00%
Mudaraba Savings Deposits	62,011.04	13.40%
Mudaraba Term Deposits	175,485.12	37.93%
Other Mudaraba Deposits	68,093.14	14.72%
Al-wadeeah Current Accounts and Other Accounts etc.	43,639.19	9.43%
Bills Payable	4,059.48	0.88%
	353,287.97	76.36%
Other Liabilities	36,298.39	7.85%
Deferred tax Liabilities/ (Assets)	93.60	0.02%
AIBL Mudaraba Bond	14,600.00	3.16%
Total Liabilities	436,786.71	94.40%
Capital/Shareholders Equity		0.00%
Paid-up Capital	10,649.02	2.30%
Statutory Reserve	10,649.02	2.30%
Revaluation Reserve	1,084.33	0.23%
Retained Earnings	1,823.37	0.39%
Total Equity attributable to equity holders of the bank	24,205.75	5.23%
Non-Controlling Interest	1,694.59	0.37%
Total Equity	25,900.34	5.60%
Total Liability and Shareholders' equity	462,687.05	100.00%

Minimum Capital Requirement Capital adequacy Ratio:

Table 3: Description of Issuer's Total Capital

Al-Arafah Islami Bank Limited		
Particulars	(amount in BDT million)	
	31 Dec. 2021	31 Dec. 2020
Minimum Capital Requirement Capital Adequacy Ratio		
1. Tier - I (Core Capital)		
Paid-up Capital	10,649.02	10,649.02
Statutory Reserve	10,649.02	10,334.63
Retained Earnings	1,643.13	1,616.11
Less: Regulatory Adjustments:	-514.70	-440.63
	22,426.47	22,159.13
2. Additional Tier - I Capital	5,000.00	0.00
Total Tier - I Capital	27,426.47	22,159.13

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Al-Arafah Islami Bank Ltd

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Risk Security Loans Credit & Investment Unit

3. Tier - II (Supplementary Capital)		
General Provision	4,759.58	4,127.25
AIBL Mudaraba Bond	9,600.00	11,200.00
As per Basel III excess amount over maximum limit of T-2	-427.37	0.00
	13,932.22	15,327.25
Maximum Limit of tier -2 Capital (considering para 3.2 (v) including foot note of Guidelines)	13,932.23	
3. Tier - III		
A. Total Eligible Capital (1+2)	41,358.69	37,486.38
	270,110.2	248,708.7
B. Total Risk Weighted Assets (a+b+c)	2	1
	244,926.7	224,672.7
a. Credit Risk	4	2
	236,977.5	212,203.2
i. Balance sheet Exposures	6	1
ii. Off-Balance sheet Exposures	7,949.18	12,469.50
b. Market Risk (From WS-3)	4,370.70	4,278.31
c. Operational Risk (From WS-4)	20,812.78	19,757.68
C. Capital Adequacy Ratio (CAR) (A/B)	15.31%	15.07%
D. Core Capital to RWA	10.15%	8.91%
E. Supplementary Capital to RWA	5.16%	6.16%
F. Minimum Capital Requirement (MCR) 10.00% of RWA	27,011.02	24,870.87
		126,125.5
G. Capital surplus on risk weighted assets based (A-F)	14,347.67	1
H. Required Capital with Conservation Buffer @ 12.50% on RWA	33,763.78	31,088.59
I. Excess Over Capital with Conservation Buffer (A-H)	7,594.91	6,397.79

Shareholding Structure:

Table 4: Shareholding Structure of the Issuer

Shareholding position:	December 2021		December 2020	
	No. of Shares	Amount in BDT million	No. of Shares	Amount in BDT million
Sponsors/Directors	445,921,227	4,459.21	445,921,227	4,459.21
Institution	318,138,088	3,181.38	318,679,986	2,330.05
General Public	300,842,870	3,008.43	300,300,972	3,859.76
Total	1,064,902,185	10,649.02	1,064,902,185	10,649.02

(b) Business

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 Company Act, 1991. 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, renowned

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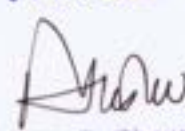
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01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

02 AUG 2022



K M Rasidul Hasan
Chief Executive Officer
Fixed Security Income Capital & Investment Division

Lawyers and eminent Economists. 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 principle 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 Company Act, 1991, Bangladesh Bank's directives and the principles of Islamic Shariah.

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.

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 are to provide quality services to the prospective institutional and individual investors in the capital market. The main activities and functions of the company include:

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

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 company's 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.

(c) Management and Board of Directors

Board of Directors:

Sl No	Name of the Board Member	Designation
1.	Alhajj Salim Rahman	Chairman
2.	Alhajj Abu Naser Mohammad yeahea	Vice Chairman
3.	Alhajj Abdus Samad	Director
4.	Alhajj Abdus Salam	Director
5.	Jb. Badiur Rahman	Director
6.	Jb. Mahbul Alam	Independent Director
7.	Alhajj Nazmul Ahsan Khaled	Director
8.	Alhajj Abdul Malek Mollah	Director
9.	Hafez Alhajj Md. Enayet Ullah	Director
10.	Alhajj Ahamedul Hoque	Director
11.	Alhajj Niaz Ahmed	Director

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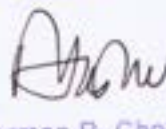
MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

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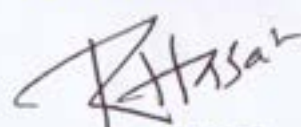
Md. Mahmud Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

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K M Rasidul Hasan
Chief Executive Officer
Faisal Security Islami Capital & Investment Limited

12.	Alhaji Mohammed Emadur Rahman	Director
13.	Alhaji Engr. Kh. Mesbahuddin Ahmed	Director
14.	Alhaji Mohammed Haroon	Director
15.	Alhaji Md. Liakat Ali Chowdhury	Director
16.	Alhaji Md. Anowar Hossain	Director
17.	Alhaji Md. Harun-ar-Rashid Khan	Nominee Director
18.	Jb. Md. Rafiqul Islam	Director
19.	Jb. Md. Amir Uddin PPM	Independent Director
20.	Jb. M. Kamaluddin Chowdhury	Independent Director
21.	Jb. Farman R. Chowdhury	Ex-Officio Director

Profile of the Directors:

Alhaji Salim Rahman

Chairman

Salim Rahman was born on 01st of January in 1973 in a respectable Muslim family. He has been playing a crucial role as the Chairman of the Bank. He is a successful businessman of the country and closely associated with renowned KDS group being honorable directors to KDS Garments Industries Ltd, KDS Accessories Ltd, KDS Apparels Ltd, KDS IDR Ltd, KYCR Coil Industries Ltd, Steel Accessories Ltd & KDS Poly Industries Ltd.

Alhaji Abu Naser Md. Yeahea

Vice-Chairman

Abu Naser Mohammad Yeahea was born on the 10th July of 1970 in a respectable Muslim and renowned Industrialist & Business family. Mr. A. N. M. Yeahea entered into business and industrial management from 1993 just after coming back from study in USA. With his initiative, prudent approach and aptitude he very rapidly took over the management of Purbachal Drillers Ltd. and Purbachal Steel Mills Ltd. He took the venture for establishing new and prospective enterprises.

He leads the enterprises to increasing profitability through his pragmatic strategies, decisions and far sightness. He maintains regular and wide contacts with different buying agencies both in public and private sectors. Mr. Abu Naser Mohammad Yeahea is a successful businessman and entrepreneur in Bangladesh. He is the Managing Director of Purbachal Drillers Ltd., Purbachal Steel mills Ltd. He is also Director of TSCO Power Ltd., Jeans Culture Ltd., BECO-Lanka Ltd., & Proprietor of Purbachal Gas Filling, BECO Electronics & AIBL Capital Market Services Ltd. Beside these, Mr. Abu Naser Mohammad Yeahea is associated with many social and welfare organizations.

Alhaji Abdus Samad

Director

Mr. Abdus Samad was born on the 31st August of 1967 in a respectable Muslim family. Mr. Abdus Samad contributed to the growth of the Bank from various position of Board. Alhaji Abdus Samad Labu is one of the founder directors of Al-Arafah Islami Bank Ltd. He is the Vice Chairman of S. Alam Group, one of the largest industrial groups of the country. He is the chairman of S.Alam Cold Rolled Steels Ltd. Mr. Samad is also the founder director of Northern General Insurance Ltd. and Reliance Finance Investments Ltd. He also is the Vice Chairman of Ekushey Television (ETV), a leading satellite TV channel of the country.

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

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Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

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Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

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K M Rasidul Hasan
Chief Executive Officer
F&I Security Islami Capital & Investment Limited

Mr. Abdus Samad is a great humanitarian who is involved in many social welfare and philanthropic activities. He is an executive member of Baitus Saraf Foundation and Chittagong Samity Dhaka. Beside these, Mr. Abdus Samad is associated with many social and welfare organizations.

Alhaji Mohammad Abdus Salam
Director

Mr. Abdus Salam was born on the 31st December of 1964 in a respective Muslim family. Mr. Abdus Salam contributed to the growth of the Bank from various position of Board. As an entrepreneur, he is actively associated with Mir Pulp & Paper Industries Limited, Mir Filling Station Limited, Karnafuly Filling Station Limited, AIBL Capital Market Services Limited, M/s Hajee Mir Ahmed Sowdagar, M/s M.A. Salam & Co. Mr. Mohammad Abdus Salam is a successful businessman and entrepreneur in Bangladesh. He is the Managing Director/CEO of Mir Pulp & Paper Industries Limited, Mir Filling Station Limited and M/S. Hajee Mir Ahmed Sowdagar & Mir Banaspati Ltd.

He is also Director of Karnafuly Filling Station Limited and AIBL Capital Market Services Limited and proprietor of M/s M.A. Salam & Co. Beside these, Mr. Abdus Salam is associated with many social and welfare organizations.

Jb. Badiur Rahman
Director

Janab Badiur Rahman was born on the 10th March of 1953 in a respectable Muslim family in the district of Brahmanbaria. He contributed to the growth of the Bank from various positions of the Bank. As an entrepreneur, he is actively associated with AIBL Capital Market Services Limited, Ocean Trade Limited, Central Hospital Limited, Human Resources Development Co. Limited, Hurdco International School, Central Physiotherapy Limited, Ariel Maritime Pte Limited and SB Commodities Limited. Badiur Rahman is a successful businessman and entrepreneur in Bangladesh. He is the chairman of AIBL Capital Market Services Limited. He is also Managing Director and CEO of Ocean Trade Limited, Ariel Maritime Pte. Limited, SB Commodities Limited and Director of Central Hospital Limited, Human Resources Development Co. Limited, Hurdco International School, Central Physiotherapy Limited. A very widely travelled person, Janab Badiur Rahman is a generous personality and contributed in the social and educational developments of the country.

Jb. Mahbubul Alam
Independent Director

Mahbubul Alam was born on the 31st of December in 1947 in a respectable Muslim family of Chittagong. He has been playing an important role as an Independent Director & currently as Chairman, Board Audit Committee of the Bank

Alhaji Nazmul Ahsan Khaled
Director

Nazmul Ahsan Khaled was born on the 10th April of 1940 and brought up in a respectable Muslim family. He obtained B.Sc. in Engineering from BUET in 1963. Nazmul Ahsan Khaled contributed to the growth of the Bank from various position of Board. Mr. Nazmul Ahsan Khaled is a successful businessman and entrepreneur in Bangladesh. He is the managing director of Moonlight Garments Limited, Ehsan Garments Limited, Khaled Shipping Lines Limited, Engineers Enterprise Limited, Nourish Poultry and Hatchery

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

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Md. Mahroozur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

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Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

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K M Rasidul Hasan
Chief Executive Officer
Fesi Security Islamic Capital & Investment Ltd

Limited, Nourish Agro Limited, Telnet Communication Limited, Nourish Grand Parents Limited, Nourish Feeds Limited and director of Mohammadi Navigation Limited and AIBL Capital Market Services Limited. Beside these, Mr. Nazmul Ahsan Khaled is associated with many social and welfare organizations.

Alhajj Abdul Malek Mollah

Director

Abdul Malek Mollah was born on the 6th May of 1942 in a respectable Muslim family. He contributed to the growth of the Bank from various position of Board. He is a renowned businessman of the country. He is the founder member of University of Asia Pacific, Bangladesh Islami University. He was the founder member of Green University of Bangladesh. He is also the donor/founder of many Schools, Colleges, Mosques and Madrashes. As an entrepreneur, he is actively associated with The Mollah Trading Limited and AIBL Capital Market Services Limited. Alhajj Abdul Malek Mollah is a successful businessman.

He is the managing director of The Mollah Trading Limited and director of AIBL Capital Market Services Limited. Beside these, Alhajj Abdul Malek Mollah is associated with many social and welfare organizations.

Hafez Alhajj Md. Enayet Ullah

Director

Hafez Alhajj Md. Enayet Ullah was born on the 15th August of 1956 in a respectable Muslim family. He contributed to the growth of the Bank from the various positions of the Board of Director. As an entrepreneur, he is actively associated with M/S Hadayet & Brothers and Insaf food Agro Base Industries Limited. Mr. Md. Enayet Ullah is a successful businessman and entrepreneur in Bangladesh. He is the chairman of Insaf food Agro Base Industries Ltd. He is active owner of M/S Hadayet & Brothers. Mr. Md. Enayet Ullah is a generous personality and associated with various social and welfare activities.

Alhajj Ahamedul Hoque

Director

Ahamedul Hoque was born on the 3rd March of 1955 in a respectable Muslim family. Mr. Ahamedul Hoque contributed to the growth of the Bank from various position of Board. As an entrepreneur, he is actively associated with M/S. A.H. Syndicate and AIBL Capital Market Services Ltd. Mr. Ahamedul Hoque is a successful businessman and entrepreneur in Bangladesh. He is the chairman of AIBL Capital Market Management Limited. He is the proprietor of M/S. A.H. Syndicate and director of AIBL Capital Market Services Limited.

Ahamedul Hoque is one of the Life members of Chittagong Medical College Rougi Kallayansamity, Chittagong Maa-o-Shishu Medical College Hospital, Chittagong Foundation Trust. He is a Cabinet member of Lions Club of Khatungonj, Chittagong. He is also one of the Members of Chittagong Club Ltd. Chittagong, Khulshi Club Ltd, Chittagong & Chittagong Khulshi Club Ltd. He is the General Secretary of Shaindair Gaowsia Tayabia Delwara Madrasha, Patiya, Chittagong. He is the Managing Member of Khalil-Mir Degree College, Patiya, Chittagong & Chairman of Shaindair young Tiger club, Patiya, Chittagong. He is also an Advisor of Ziri Janakallayan Snagha, Ziri, Patiya. Beside these, he is engaged with various organizations of School, College & Madrasha's in Chittagong.

Alhajj Niaz Ahmed

Director

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka

01 AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

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K M Rasidul Hasan
Chief Executive Officer
First Security Islamic Capital & Investment Ltd

Niaz Ahmed was born on the 2nd February of 1963 in a respectable Muslim family. Mr. Niaz Ahmed contributed to the growth of the Bank from various position of Board. As an entrepreneur, he is actively associated with Golden Oil Mills Limited, Golden Emporium Limited, AIBL Capital Market Services Limited, Diganta Media Corporation, Islami Commercial Insurance Co. Limited, South East University, Bangla Tel Limited, BD Link Communication Limited, Jibondhara Solution Limited, Golden Trading Company and Khaja Corporation. Mr. Niaz Ahmed is a successful businessman and entrepreneur in Bangladesh.

He is the Managing Director Golden Oil Mills Limited, Golden Emporium Limited and also Director AIBL Capital Market Services Limited, Diganta Media Corporation, Islami Commercial Insurance Co. Limited, South East University, Bangla Tel Limited, BD Link Communication Limited and Jibondhara Solution Limited. He also the proprietor of Golden Trading Corporation and Khaja Corporation. Beside these, Mr. Niaz Ahmed is associated with many social and welfare organizations.

Alhaji Mohammed Emadur Rahman

Director

Mohammed Emadur Rahman was born on the 25th August 1984 in a respectable Muslim family. He completed his B.B.A. in Dubai, U.A.E. and then had his MBA from UK. Involved in business from a very young age, today, he is the Deputy Managing Director of Al Haramain Group of Industries. He manages a diverse business portfolio that includes perfumery, healthcare, tea plantation, rubber plantation and capital market services. The Managing Director of Hamidia Tea Company Limited, Deputy Managing Director of Al Haramain Hospital and Director of AIBL Capital Market Services, Mr. Mohammed Emadur Rahman is contributing to the economic and social development of Bangladesh through varied means. In 2013, he was awarded the Bangladesh Remittance Award for contributing to the persistent economic growth of Bangladesh. Outside Bangladesh, he is maintaining a number of companies in U.A.E., which has led him to being awarded Young Business Achiever in Dubai; he was the only Bangladeshi, and the youngest in the group, to achieve this award.

Alhaji Engr. Khandaker Mesbah Uddin

Director

Engr. Kh. Mesbahuddin Ahmed was born on the 18th March of 1943 in a respectable Muslim family. Engr. Kh. Mesbahuddin Ahmed contributed to the growth of the Bank from various position of Board. As an entrepreneur, he is actively associated with M/S. Aqua Consultant and Association Limited, Takaful Islami Insurance Limited, Human Resources Development Co. Limited, Central Hospital Limited, AIBL Capital Market Services Limited & Eastern University. Mr. Kh. Mesbahuddin Ahmed is a successful businessman and entrepreneur in Bangladesh. He is the Managing Director of M/S Aqua Consultant and Association Limited. He is also director of Takaful Islami Insurance Limited, Human Resources Development Co. Limited, Central Hospital Limited; AIBL Capital Market services Limited & BOG of Eastern University.

Beside these, Engr. Kh. Mesbahuddin Ahmed is associated with many social and welfare organizations such as life member of Sandhani National Eye Donation Society (SNEDS) & Bangladesh Medical Studies & Research Institute (BMSRI).

Alhaji Mohammed Haroon

Director

Mohammed Haroon was born on the 15 January of 1948 in a respectable Muslim family. He contributed to the growth of the Bank from various position of Board. As an entrepreneur, he is actively associated with Rising Star Trading Est. (U.A.E.) and AIBL Capital Market Services Limited

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka

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Md. Mahmudul Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd.

01³⁴ AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Head Security, Risk Control & Investment Unit

Mr. Mohammed Haroon is a successful businessman and entrepreneur in Bangladesh and in U.A.E. He is the proprietor of Rising Star Trading Est (U.A.E.) and director of AIBL Capital Market Services Limited. Beside these, Mr. Mohammed Haroon is associated with many social and welfare organizations.

Alhajj Liakat Ali Chowdhury

Director

Md. Liakat Ali Chowdhury was born on the 1st January of 1965 in a respectable Muslim family. Mr. Md. Liakat Ali Chowdhury contributed to the growth of the Bank from various position of Board. As an entrepreneur, he is actively associated with Asadi Steel Enterprise, Jamuna Ship Breakers, Regal Oxygen, Chittagong Metropolitan Chamber of Commerce and Industry and Southern University Bangladesh. Mr. Md. Liakat Ali Chowdhury is a successful businessman and entrepreneur in Bangladesh.

He is the Managing Partner of Asadi Steel Enterprise, Jamuna Ship Breakers and Proprietor of Regal Oxygen. He is also the Director of Chittagong Metropolitan Chamber of Commerce Industry & Founder Member of Southern University Bangladesh. Beside these, Mr. Liakat Ali Chowdhury is associated with many social and welfare organizations.

Alhajj Md. Anowar Hossain

Director

Anowar Hossain was born on 01st of March in 1953 in a respectable Muslim family. He has been playing an important role as the Director of the Bank.

He is a successful businessman of the country and closely associated with many organizations with various capacities (Chairman to Dubai Bangladesh Bag Factory Limited, Managing Director to Tania Textile Limited, Managing Director to A. G. Textile Mills Ltd, Managing Director to Tania Spinning Mills Ltd, Managing Director to Dubai Bangladesh Cement Mills Ltd, Managing Director to Ashik Shipping Lines (Pvt.) Ltd, and Managing Director to A. Hossain & Co. (Kin.) Ltd. He is also actively associated with many Social and Educational institutions for the welfare of the community.

Alhajj Md. Harun-Ar-Rasid Khan

Nominee Director

Md. Harun-ar-Rashid Khan was born on the 31st January of 1943 and brought up in a respectable Muslim family in the district of Dhaka. Mr. Md. Harun-ar-Rashid Khan contributed to the growth of the Bank from various positions of Board. As a successful entrepreneur and businessman Mr. Md. Harun-ar-Rashid Khan is associated with AIBL Capital Market Services Limited and Canadian Trillinium School.

Khalid Rahim was born on the 5th of January in 1956 in a respectable Muslim family. He has been playing an important role as an Independent Director of the Bank.

Jb. Md. Rafiqul Islam

Director

Mr. Md Rafiqul Islam was born on the 31st December of 1982 in a respectable Muslim family of Chattogram & is a son of Sponsor Director Md Badsha Meah who contributed to the growth of the Bank from various position of Board. Mr. Md Rafiqul Islam is a successful businessman and entrepreneur in Bangladesh. He is also the member of AIBL Risk Management Committee. Beside these, Mr Md Rafiqul Islam is associated with many social and welfare organizations.

01 AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka

01 AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

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K M Rasidul Hasan
Chief Executive Officer
Risk, Compliance & Investment Unit

Alhajj Md. Amir Uddin PPM
Independent Director

Md. Amir Uddin PPM, a former Additional Inspector General of Police was born on 12th January in 1955 in a respectable Muslim family. He has been playing very vital role as an Independent Director of the Bank.

Jb. M. Kamal Uddin Chowdhury
Independent Director

M. Kamal Uddin Chowdhury was born on the 1st of August in 1942 in a respectable Muslim family. He has been playing an important role as an Independent Director of the Bank.

Jb. Farman R Chowdhury
Ex-Officio Director

Farman R Chowdhury has joined Al-Arafah Islami Bank Limited, one of the largest Shariah-based Bank of the country as Managing Director & CEO. Prior to his joining, he was the managing director & CEO of Shahjalal Islami Bank Limited and ONE Bank Limited and served there for 5 years and 6 years respectively.

Chowdhury started his banking career in October 1986 as a management trainee in American Express Bank and served there for 12 years in various capacities. Later, he joined ONE Bank Ltd in July 1999 as its first branch manager and served there up to July 2013 including holding the position of managing director for six years. He carries with him vast experience in banking operation especially in credit and marketing functions. He received trainings in Banking and Finance at home and abroad and attended many seminars, workshops and symposiums relating to Banking and Finance. Farman R Chowdhury holds MBA degree from IBA of the University of Dhaka.

Management Profile

AIBL's Top Management consists of the following officials:

Executive Committee:

Sl No.	Name	Designation
1.	Alhajj Abdus Samad	Chairman
2.	Alhajj Mohammad Abdus Salam	Vice Chairman
3.	Hafez Alhajj Md. Enayet Ullah	Member
4.	Alhajj Ahmedul Hoque	Member
5.	Alhajj Engr. Khandekar Mesbah Uddin Ahmed	Member
6.	Alhajj Liakat Ali Chowdhury	Member
7.	Alhajj Md. Anowar Hossain	Member

Board Audit Committee:

Sl No.	Name	Designation
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MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

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Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

01st AUG 2022

K M Rasidul Hasan
 Chief Executive Officer
 Al-Arafah Islami Bank Limited

1.	Jb. Mahbubul Alam	Chairman
2.	Alhaji Nazmul Ahsan Khaled	Member
3.	Alhaji Mohammed Emadur Rahman	Member
4.	Alhaji Md. Harun-ar-Rashid Khan	Member
5.	Alhaji M. Kamal Uddin Chowdhury	Member

Risk Management Committee:

Sl No.	Name	Designation
1.	Jb. Badiur Rahman	Chairman
2.	Alhaji Abdul Malek Mollah	Member
3.	Alhaji Mohammed Haroon	Member
4.	Alhaji Md. Rafiqul Islam	Member
5.	Alhaji Amir Uddin	Member

AIBL Management:

Sl No.	Name of the Board Member	Designation
1.	Farman R Chowdhury	Managing Director
2.	S M Jafar	Deputy Managing Director
3.	Shabbir Ahmed	Deputy Managing Director
4.	Md. Shafiqur Rahman	Deputy Managing Director
5.	Syed Masodul Bari	Deputy Managing Director
6.	Md. Mahmudur Rahman	Deputy Managing Director & Company Secretary
7.	Muhammed Nadim FCA	Deputy Managing Director
8.	Abed Ahmed Khan	Deputy Managing Director
9.	Md. Abdullah Al Mamun	Deputy Managing Director
10.	Kazi Mahmood Karim	Senior Executive Vice President
11.	Md. Mujibul Quader	Senior Executive Vice President
12.	Aktar Kamal	Senior Executive Vice President
13.	Md. Monjurul Alam	Senior Executive Vice President
14.	Mohammad Azam	Senior Executive Vice President
15.	Engr. Md. Habib Ullah	Senior Executive Vice President
16.	S. M. Kowsar	Senior Executive Vice President
17.	Mohammed Hossain	Senior Executive Vice President
18.	S. M. Abu Jafar	Senior Executive Vice President
19.	Md. Asaduzzaman Bhuiyan	Senior Executive Vice President
20.	Md. Idris Ali	Senior Executive Vice President
21.	Md. Obaydul Islam	Senior Executive Vice President
22.	Md. Abdur Rahim Duary	Senior Executive Vice President
23.	Mohammad Aminul Islam Bhuiyan	Senior Executive Vice President
24.	M. M. Saiful Islam	Senior Executive Vice President
25.	Md. Mazharul Islam	Senior Executive Vice President
26.	M. Tariqul Islam	Executive Vice President
27.	Manir Ahmad	Executive Vice President
28.	Md. Manjur Hasan	Executive Vice President
29.	A. N. M. Mofidul Islam	Executive Vice President
30.	Md. Soheb Ahmed	Executive Vice President

Shariah Supervisory Committee:

Sl No.	Name	Designation
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01 AUG 2022

MUHAMMED NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islamic Bank Limited
 Head Office, Dhaka

01 AUG 2022

Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islamic Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islamic Bank Ltd

01 AUG 2022

K M Rasidul Hasan
 Chief Executive Officer
 Al-Arafah Islamic Bank Limited

1.	Mufti Sayeed Ahmad Muzaddedi	Chairman
2.	Mufti Muinul Islam	Member
3.	Mufti Shahed Rahmani	Member
4.	Mawlana Mohammad Abdul Hai Nadvi	Member
5.	Mohammad Abdul Hossain Al- Azhari	Member
6.	Alhajj AZM Shamsul Alam	Member
7.	Al-Hajj Salim Rahman	Member (By Holding of Position)
8.	Md. Abdur Rahim Khan	Secretary

(d) Description of Encumbered and Unencumbered Assets with Value thereof

Encumbered Assets:

As of 31 December 2021, there is no encumbered assets of Al-Arafah Islami Bank Limited.

Unencumbered Assets:

As of 31 December 2021, total unencumbered assets of Al-Arafah Islami Bank Limited. are BDT 462,687.05 million

(e) Description of Assets and Liabilities (Consolidated)

Description of Assets:

(amount in BDT million)

PROPERTY AND ASSETS	2020	2021
	Taka	Taka
Cash in hand		
Cash in hand (including foreign currencies)	2,898.21	3,232.05
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	28,660.90	20,456.55
	31,559.11	23,688.60
Balance with other Banks and Financial Institutions		
In Bangladesh	8,288.03	3,133.65
Outside Bangladesh	8,273.81	8,907.48
	16,561.84	12,041.14
Placement with Banks & Other Financial Institutions	14,270.01	23,985.00
Investment in Share & Securities	21,563.67	30,156.14
Government	19,583.83	23,504.94
Others	1,979.84	6,651.20
Investments		
General Investments etc.	296,717.85	323,342.83
Bills purchased and discounted	11,902.81	13,547.88
	308,620.66	336,890.72
Fixed assets less Accumulated Depreciation	5,833.88	5,470.27
Other Assets	19,838.60	30,404.31
Non-Banking Assets	50.88	50.88
Total Assets	418,298.65	462,687.05


Description of Liabilities:

(amount in BDT million)

01 AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022


Md. Mahmud Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022


K M Rasidul Hasan
Chief Executive Officer
Head Office, Dhaka

PROPERTY AND ASSETS	2020	2021
	Taka	Taka
LIABILITIES AND CAPITAL		
Liabilities		
Placement from Banks & Other Financial Institutions	24,000.48	32,506.76
Deposits and other Accounts		
Mudaraba Savings Deposits	54,879.13	62,011.04
Mudaraba Term Deposits	164,009.50	175,485.12
Other Mudaraba Deposits	66,743.97	68,093.14
Al-wadeeah Current Accounts and Other Accounts etc.	37,331.44	43,639.19
Bills Payable	3,059.38	4,059.48
	326,023.41	353,287.97
Other Liabilities	31,485.71	36,298.39
Deferred tax Liabilities/ (Assets)	133.20	93.60
AIBL Mudaraba Bond	11,200.00	14,600.00
Total Liabilities	392,842.81	436,786.71
Capital/Shareholders Equity		
Paid-up Capital	10,649.02	10,649.02
Statutory Reserve	10,334.63	10,649.02
Revaluation Reserve	1,084.33	1,084.33
Retained Earnings	1,732.14	1,823.37
Total Equity attributable to equity holders of the bank	23,800.11	24,205.75
Non-Controlling Interest	1,655.73	1,694.59
Total Equity	25,455.84	25,900.34
Total Liability and Shareholders' equity	418,298.65	462,687.05

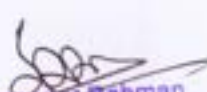
(f) Description of Previously Issued Debt Securities:

Year of Issue	Types of Issue	Redemption	Issue Size	Subscribers	Amount Invested (in BDT Crore)	Outstanding Amount as on 31.12.2021	Remarks/ Default (if any)
2015	1st Mudaraba Subordinated Bond	Redeemed in 5 equal annual instalments starting from end of 3rd year and each 12 months	BDT 300 Crore	Rupali Bank Limited	100	BDT 60 crore	N/A
				Agrani Bank Limited	30		
				Mercantile Bank Limited	25		
				Trust Bank Limited (Islami Banking)	20		
				Trust Bank Limited	40		
				United Finance Limited	20		
				EXIM Bank Limited	50		
Pragati Life Insurance Limited	15						
2018	2nd Mudaraba Subordinated Bond	Redeemed in 5 equal annual instalments starting	BDT 500 Crore	EXIM Bank Limited	100	BDT 400 crore	N/A
				Mutual Trust Bank Limited	10		
				Quality feed Limited	10		
				Quality feed employee's Privident Fund	2		

01 AUG 2022


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 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islamic Bank Limited
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01 AUG 2022


Md. Mahmudur-Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islamic Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022


Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islamic Bank Ltd

01 AUG 2022



K M Rasidul Hasan
 Chief Executive Officer
 Al-Arafah Islamic Bank Limited

		from end of 3rd year and each 12 months		Dutch Bangla Bank Limited	50		
				Agrani Bank Limited	100		
				Sonali Bank Limited	50		
				Prime Bank Limited	100		
				Prime Bank Investment Limited	3		
				Rupali Bank Limited	75		
2020	3rd Mudaraba Subordinated Bond	Redeemed in 5 equal annual installments starting from end of 3rd year and each 12 months	BDT 500 Crore	Agrani Bank Limited	200	BDT 500 Crore	N/A
				Shahjalal Islami Bank Limited	100		
				Dutch Bangla Bank Limited	100		
				Exim Bank Limited	50		
				Trust Bank Limited	25		
				Pubali Bank Limited	20		
				Northern Islami Insurance Limited	5		
2021	AIBL Mudaraba Perpetual Bond	N/A	BDT 500 Crore	Social Islami Bank Limited	100	BDT 500 Crore	N/A
				Trust Bank Limited	100		
				EXIM Bank Limited	98		
				First Security Islami Bank Limited	100		
				Shahjalal Islami Bank Limited	45		
				Quality Feeds Limited	7		
				Public Issue	50		
Total Amount (in BDT Crore)					1800	960	

Description of Equity Securities:

Years	Declaration	Face Value per Share (BDT)	No. of Shares	Value of Issued Capital for the Year (Taka)	Cumulative Value of Capital (Taka)	Fund Utilized For
1995	Initial Capital	1000	101,200		101,200,000	Preliminary Expenses, Placement of fund with Banks & Financial Institution.
1996	No Dividend	1000	101,200		101,200,000	Preliminary Expenses, Placement of fund with Banks & Financial Institution.
1997	25% Bonus Issue	1000	101,200		101,200,000	Distribution of accumulated profit to shareholder
1998	15% Cash Dividend	1000	126,500	25,300,000	126,500,000	Distribution of accumulated profit to shareholder
	Right Share Issued	1000	253,000	126,500,000	253,000,000	To maintain its further growth and strengthen the capital base
1999	12% Cash Dividend	1000	253,000		253,000,000	Distribution of accumulated profit to shareholder
2000	12% Cash Dividend	1000	253,000		253,000,000	Distribution of accumulated profit to shareholder

01 AUG 2022


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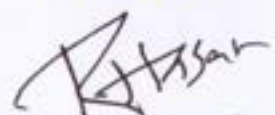
01 AUG 2022


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01 AUG 2022


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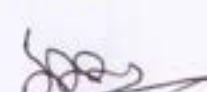

K M Rasidul Hasan
Chief Executive Officer
First Security Islami Bank Limited

2001	7.5% Cash Dividend	1000	253,000		253,000,000	Distribution of accumulated profit to shareholder
2002	20% Cash Dividend	1000	253,000		253,000,000	Distribution of accumulated profit to shareholder
2003	Right Share Issued 1:1	1000	506,000	253,000,000	506,000,000	To maintain its further growth and strengthen the capital base
	16% Bonus Issue	1000	506,000		506,000,000	Distribution of accumulated profit to shareholder
2004	15.50% Bonus Issue	1000	586,960	80,960,000	586,960,000	Distribution of accumulated profit to shareholder
2005	26% Bonus Issue	1000	677,939	90,979,000	677,939,000	Distribution of accumulated profit to shareholder
2006	35% Bonus Issue	1000	854,204	176,265,000	854,204,000	Distribution of accumulated profit to shareholder
2007	20% Bonus Issue	100	11,531,754	298,971,400	1,153,175,400	Distribution of accumulated profit to shareholder
2008	30% Bonus Issue	100	13,838,104	230,635,000	1,383,810,400	Distribution of accumulated profit to shareholder
2009	30% Bonus Issue	10	179,895,360	415,143,200	1,798,953,600	Distribution of accumulated profit to shareholder
2010	26% Bonus Issue	10	233,863,968	539,686,080	2,338,639,680	Distribution of accumulated profit to shareholder
	1:1 Right Share	10	467,727,936	2,338,639,680	4,677,279,360	To maintain its further growth and strengthen the capital base
2011	21% Bonus Issue	10	589,337,199	1,216,092,630	5,893,371,990	Distribution of accumulated profit to shareholder
2012	17% Bonus Issue	10	713,098,010	1,237,608,110	7,130,980,100	Distribution of accumulated profit to shareholder
2013	13.5% Bonus Issue	10	834,324,671	1,212,266,610	8,343,246,710	Distribution of accumulated profit to shareholder
2014	14% Cash Dividend	10	946,958,503	1,126,338,320	9,469,585,030	Distribution of accumulated profit to shareholder
2015	10% Cash & 5% Bonus	10	946,958,503	-	9,469,585,030	Distribution of accumulated profit to shareholder
2016	20% Cash Dividend	10	994,306,428	473,479,250	9,943,064,280	Distribution of accumulated profit to shareholder
2017	15% Cash & 5% Bonus	10	1,044,021,750	497,153,220	10,440,217,500	Distribution of accumulated profit to shareholder

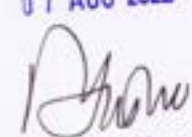
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01 AUG 2022


Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islamic Bank Ltd.

01 AUG 2022


K M Rasidul Hasan
 Chief Executive Officer
 Al-Arafah Islamic Bank Limited

2018	15% Cash & 2% Bonus	10	1,064,902,185	208,804,350	10,649,021,850	Distribution of accumulated profit to shareholder
2019	13% Cash	10	1,064,902,185	208,804,350	10,649,021,850	Distribution of accumulated profit to shareholder
2020	15% Cash	10	1,064,902,185	208,804,350	10,649,021,850	Distribution of accumulated profit to shareholder
2021	15% Cash	10	1,064,902,185	208,804,350	10,649,021,850	Distribution of accumulated profit to shareholder

01 AUG 2022



MUHAMMAD NADIM FCA
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Financial Administration Division
Al-Arafah Islami Bank Limited
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01 AUG 2022



Md. Mahmud Rafiq
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
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01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022



K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Limited

SECTION 12: AUDITORS' REPORT ALONG WITH AUDITED FINANCIAL STATEMENTS OF AIBL

Auditor's Report along with audited financial statements of AIBL is also annexed with this Information Memorandum. Kindly check **Annexure - 3**

Hussain Farhad & Co.
 Chartered Accountants
 House # 15, Road # 12,
 Block - F, Niketon, Gulshan - 1,
 Dhaka - 1212, Bangladesh.

Shafiq Basak & Co.
 Chartered Accountants
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 Fakirapool, Motijheel, Dhaka - 1000.

**Independent Auditor's Report
 To the Shareholders of
 Al-Arafah Islamic Bank Limited**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Arafah Islamic Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Al-Arafah Islamic Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit or 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 2021, 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 and comply with the Bank Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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.



01 / AUG 2022

Muhammad Nadim
MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
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Md. Mahmudur Rahman
Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
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01 / AUG 2022

Farman R. Chowdhury
Farman R. Chowdhury
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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
<p>Measurement of provision for Investments</p> <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 336,890 million (2020: BDT 308,620 million) and BDT 336,091 million (2020: BDT 303,210 million) respectively and the Bank reported provision for investments of BDT 13,285 million (2020: BDT 10,771 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; and 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; 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.



01 AUG 2022

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01 AUG 2022

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AUG 2022

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Risk	Our response to the risk
Measurement of provision for investments	
	Considering continuing adverse impact of COVID 19, Bangladesh Bank has given certain flexibility from classification requirement for investments vide issuing various circulars such as BRPD 3 dated 31 January 2021, BRPD 5 dated 24 March 2021, BRPD 13 dated 27 June 2021, BRPD 19 dated 26 August 2021 and BRPD 53 dated 30 December 2021 whereby Banks were not allowed to adversely classify any investment upon fulfilment of applicable conditions for the year ended 31 December 2021.
See note no 9 and 15.2 and 15.4 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.	We assessed the processes and controls put in place by the Group to identify and confirm the existence of financial instruments.
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.	We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial instrument valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.
	We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.
	Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note no 8 to the financial statements	



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01 AUG 2022

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Managing Director & CEO
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Risk	Our response to the risk
Valuation of deferred tax liabilities	
The Bank reports net deferred tax liabilities (DTL) to totaling BDT 93.59 million as at 31 December 2021.	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.
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 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.	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.
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 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.



0 / AUG 2022

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Risk	Our Response to 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	
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 2021. 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>See note no 11 to the financial statements</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>



01 AUG 2022


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Risk	Our Response to Risk
<p>Implementation of IFRS 16 Leases</p> <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 Islamic Bank Ltd for the year ended December 31, 2020, were audited by Hussain Farhad & Co. and Shafiq Basak & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on May 09, 2021.

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.



01 AUG 2022


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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

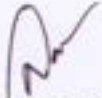
Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the 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.



01 AUG 2022


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Farman R. Chowdhury
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House # 13, Road # 12,
Block - F, Niketon, Gulshan - I,
Dhaka - 1212, Bangladesh.

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

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.



0 / AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

0 / AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Rafman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd.

0 / AUG 2022


K M Rasidul Hasan
Chief Executive Officer
Full-Service Islamic Credit & Investment Limited

Hussain Farhad & Co.
Chartered Accountants
House # 15, Road # 12,
Block - F, Niketon, Gulshan - 1,
Dhaka - 1212, Bangladesh

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

- 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 2020, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- 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;
- 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



0 / AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

0 / AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

0 / AUG 2022


K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islamic Capital & Investment Limited

Hussain Farhad & Co.
Chartered Accountants
House # 15, Road # 12,
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Chartered Accountants
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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 or 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 in accordance with the quick summary report issued by Bangladesh Bank vide Circular Letter #DBL-7/4(1)/2022-223 dated April 21, 2022 which are, in our opinion, doubtful of recovery.
- (x) the information and explanations required by us have been received and found satisfactory;



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0 / AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

0 / AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islamic Bank Limited

Hussain Farhad & Co.
Chartered Accountants
House # 15, Road # 12,
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Chartered Accountants
Shatabdi Centre (6th floor)
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- (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:2204261090A5897495

Place: Dhaka
Date: 26th April 2022



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

DVC:2204260595A5896100



01 AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

01 AUG 2022

Md. Mahmedur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
First Security Islamic Capital & Investment Limited

Al-Arafah Islami Bank Ltd
Consolidated Balance Sheet
As at December 31, 2021

PROPERTY AND ASSETS	Notes	2021 Taka	2020 Taka
Cash in hand			
Cash in hand (including foreign currencies)	5 A	3,232,053,536	2,806,207,542
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		20,466,548,331	28,650,992,877
Balance with other Banks and Financial Institutions	6 A	23,688,601,867	31,559,110,419
In Bangladesh		3,133,853,387	8,288,026,632
Outside Bangladesh		8,907,462,655	6,273,812,805
		12,041,316,072	16,561,838,527
Placement with Banks & Other Financial Institutions	7 A	23,985,000,000	14,270,010,000
Investment in Share & Securities	8A	30,156,139,866	21,563,673,525
Government		23,504,940,000	19,583,830,000
Others	8 A, 9 A	6,651,199,866	1,979,843,525
Investments	9 A	323,342,833,633	296,717,853,936
General Investments etc.		13,547,882,130	11,902,810,514
Bills purchased and discounted		336,895,715,963	308,620,664,450
Fixed assets less Accumulated Depreciation	10 A	5,470,272,635	5,833,880,252
Other Assets	11 A	30,404,308,443	19,838,600,217
Non-Banking Assets	12	50,875,037	50,875,037
Total Assets		462,667,049,884	418,298,652,427
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	13 A	32,506,761,109	24,000,477,831
Deposits and other Accounts	14 A		
Mudaraba Savings Deposits		62,011,042,720	54,879,126,373
Mudaraba Term Deposits	14 A, 15	175,485,115,495	164,009,496,781
Other Mudaraba Deposits		68,093,138,221	66,743,970,030
Al-wadeeah Current Accounts and Other Accounts etc.		43,639,168,504	37,331,437,580
Bills Payable		4,059,481,203	3,059,381,492
		353,287,966,119	326,023,411,262
Other Liabilities	15 A	36,298,385,294	31,485,714,465
Deferred tax Liabilities/ (Assets)	16 A	93,595,145	133,204,157
AIBL Mudaraba Bond	17	14,600,000,000	11,200,000,000
Total Liabilities		436,786,707,658	392,642,807,715
Capital/Share holders Equity			
Paid-up Capital	18	10,649,021,850	10,649,021,850
Statutory Reserve	19	10,649,021,850	10,334,827,824
Revaluation Reserve	20	1,084,331,801	1,084,326,967
Retained Earnings	21 A	1,823,372,676	1,732,137,218
Total Equity attributable to equity holders of the bank		24,205,748,237	23,800,113,859
Non-controlling Interest	18 A	1,694,593,985	1,655,759,653
Total Equity		25,900,342,226	25,455,844,712
Total Liability and Share holders equity		462,667,049,884	418,298,652,427
Net assets value per share (NAV)	42	22.73	22.35



0 / AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

0 / AUG 2022


Md. Mahmudul Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd




0 / AUG 2022


K M Rasidul Hasan
Chief Executive Officer
Fcd Security, Risk, Capital & Investment Limited

Al-Arafah Islami Bank Ltd
Consolidated Balance Sheet
As at December 31, 2021

OFF BALANCE SHEET ITEMS	Notes	2021	2020
		Taka	Taka
Contingent Liabilities			
Acceptance and endorsement		51,575,595,132	54,176,676,210
Letters of Guarantee	22	13,873,407,658	10,511,211,685
Letters of Credit		44,089,212,630	28,867,356,800
Bills for Collection		7,495,927,198	4,366,736,199
Other Contingent Liabilities		-	-
Total		116,834,142,618	97,941,974,893
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		116,834,142,618	97,941,974,893

Accompanying notes form an integral part of these financial statements

 Chief Financial Officer
  Managing 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 : 2204261090AS597496
 Place: Dhaka
 Date : 26-April-2022




Md. Shafiqul Islam FCA
 Partner
 Enrolment number-595
Shafiq Basak & Co.
 Chartered Accountants
 DVC : 2204260595AS896100



0 / AUG 2022


MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

0 / AUG 2022


Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

0 / AUG 2022


K M Rasidul Hasan
 Chief Executive Officer
 First Security Islamic Capital & Investment Limited

Al-Arafah Islami Bank Ltd
Consolidated Profit or Loss Accounts
For the year ended December 31, 2021

	Notes	2021 Taka	2020 Taka
Investment Income	23 A	23,446,012,634	26,331,277,006
Profit paid on deposits & borrowing	24 A	(13,073,790,998)	(16,555,544,305)
Net Investment Income		10,372,221,636	9,775,732,701
Income from Investment in Shares /Securities	25 A	359,594,772	681,937,628
Commission, Exchange and Brokerage	26 A	3,299,109,368	2,827,550,022
Other Operating Income	27 A	591,501,509	345,976,039
		4,250,165,649	3,855,463,689
Total operating income		14,622,387,285	13,430,996,389
Salaries and allowances & contribution to P F	28 A	4,756,913,912	4,545,405,905
Directors' fees & expenses	29 A	8,562,187	9,142,217
Shariah Supervisory Committee's fees & expenses	30	249,770	298,376
Rent, taxes, insurance and lighting etc.	31 A	539,464,890	499,303,449
Postage, telegram, telephone and stamp etc.	32 A	67,231,400	68,348,432
Legal charges		13,427,986	16,048,838
Auditors' fee		1,640,750	1,667,500
Salary & Allowances to the Managing Director		20,418,000	19,344,000
Depreciation and repairs to the bank's properties	33 A	891,400,236	630,300,557
Stationery, printing & advertisement etc.	34 A	149,075,124	186,323,511
Other expenses	35 A	682,455,783	582,152,855
Total operating expenses		7,129,246,938	6,742,333,640
Profit(Loss) before Tax & provision		7,493,140,347	6,687,762,748
Provision against Investments & Contingent Liabilities	36 A	2,647,118,347	1,878,171,305
Provision for diminution in value of investment		8,459,981	9,725,005
Other Provision		-	-
Total provision		2,655,578,327	1,887,896,400
Profit(Loss) before Tax		4,837,562,020	4,799,866,348
Current tax	15.1 A	2,751,343,416	2,258,441,408
Deferred tax		(39,225,005)	(30,381,805)
Provision for Taxation		2,712,118,411	2,228,059,603
Net Profit(Loss) after tax		2,125,443,609	2,571,806,745
Net Profit attributable to:			
Equity holders of the bank		2,087,580,493	2,585,236,578
Non-controlling interest		38,863,136	8,570,167
Profit for the year		2,126,443,639	2,571,806,745
Appropriation			
Statutory Reserve		314,594,026	954,838,696
General Reserve (1 % stral-Up fund)		20,233,578	25,907,894
Profit paid on aibi mudaraba perpetual bond		64,364,152	-
Non-Controlling Interest		38,863,136	8,570,167
		437,854,894	989,716,747
Transfer to Retained Earnings		1,688,588,736	1,582,089,999
Earning per Ordinary Share (EPS)	41 A	1.96	2.41

Accompanying notes form an integral part of these financial statements

Chief Financial Officer

Managing Director

Director

Chairman

Signed in terms of our report of even date.

A.K.M Fakhruddin FCA
Partner
Enrollment number: 1090
Hussain Farhad & Co.
Chartered Accountants
DVC : 22042610SDASS21496
Place: Dhaka
Date : 26-April-2022



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Md. Shafigul Islam FCA
Partner
Enrollment number: 595
Shafig Basak & Co.
Chartered Accountants
DVC : 2204260395AS899100



0 / AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

0 / AUG 2022

K M Rasidul Hasan
Chief Executive Officer
First Security Islamic Capital & Investment Limited

Al-Arafah Islamic Bank Ltd
Consolidated Cash Flow Statement
For the year ended December 31, 2021

Notes	2021 Taka	2020 Taka
Cash flows from operating activities		
Investment income received in Cash	24,041,535,285	27,240,756,800
Profit paid on deposits and borrowing	(13,545,742,260)	(11,780,460,100)
Dividend received	43,998,747	9,408,411
Fees & Commissions received in cash	3,208,158,368	2,027,550,822
Revenues from written off investments	57,842,740	50,952,186
Cash payments to employees	(4,277,331,912)	(4,500,749,501)
Cash payments to suppliers	(142,078,124)	(100,323,511)
Received from other operating activities (item-wise)	591,501,309	340,975,039
Paid for other operating activities (item-wise)	(1,432,385,136)	(1,246,894,494)
Advance income tax paid	(2,109,229,440)	(2,449,171,990)
Operating profit before change in operating assets and liabilities	6,019,827,775	4,046,682,516
Change in Operating assets & liabilities		
Increase/(Decrease) of trading securities	(4,671,250,341)	(309,323,603)
Increase/(Decrease) of placement to other banks	(9,714,090,000)	(2,270,910,000)
Increase/(Decrease) of investment and advances to customers (other than banks)	(28,354,421,230)	(18,320,508,901)
Increase/Decrease of other assets (item-wise)	(8,775,032,150)	(38,804,398)
Increase/Decrease of placement from other banks and financial institution	8,506,280,278	(3,548,997,730)
Increase/(Decrease) of Deposits from customers (other than banks)	27,737,508,118	30,017,418,004
Increase/(Decrease) of Other liabilities account of customers	-	-
Increase/(Decrease) of Trading liabilities (item-wise)	(560,919,753)	1,073,655,188
Cash receipt from operating activities	(15,831,847,184)	6,096,507,316
A. Net Cash from operating activities	(9,812,019,409)	10,682,189,832
Cash flows from investing activities		
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(480,733,215)	(2,225,318,994)
Sales proceeds of Fixed assets	-	-
Purchase/sale of subsidiary	-	-
B. Net cash flows from investing activities	(480,733,215)	(2,225,318,994)
Cash flows from financing activities		
Increase in Exchange Equalization Account	4,804	(19,959)
Issue of AIBL Subordinated Bond / Perpetual Bond	3,400,000,000	4,400,000,000
Dividend paid	(1,507,503,277)	(1,394,372,840)
C. Net cash flows from financing activities	1,892,496,527	3,018,607,391
D. Net increase in cash and cash equivalent (A+B+C)	(8,479,191,098)	10,842,478,038
E. Effects of exchange rate changes on cash and cash equivalents	-	-
F. Net increase in cash and cash equivalent D+E	(8,479,191,098)	10,842,478,038
G. Cash & Cash Equivalents at the beginning of the year	67,704,778,343	56,862,300,905
H. Cash & Cash Equivalents period ended	59,224,677,538	67,704,778,943
40.A	59,224,677,538	67,704,778,943
Net Operating Cash Flow per Share (NOCFPS)	3.21	3.44
41	3.21	3.44

Chief Financial Officer

Managing Director

Director

Chairman



0 / AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka

0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

0 / AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islamic Bank Limited

(PARTS) এবং ৪-তম মুদারাবা

Al-Arafah Islami Bank Ltd.
Consolidated Statement of Changes in Equity
For the year ended December 31, 2021.

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2021	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
Changes in accounting policy adopted	-	-	-	-	-	-	-
Revised Adjustment	-	-	-	-	-	-	-
Revised balance	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
Defined tax Adjustment	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Net profit for the year	-	-	2,087,560,493	-	2,087,560,493	36,863,136	2,124,423,629
Cash Dividend	-	-	(1,097,363,277)	-	(1,097,363,277)	-	(1,097,363,277)
Surplus Share	-	-	-	-	-	-	-
Asset revaluation Reserve	-	-	-	-	-	-	-
Gain on the acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Profit paid on aibl mudaraba perpetual bond	-	-	-	-	-	-	-
Transfer to 1% share-up fund	-	314,364,020	(314,364,020)	-	-	-	-
Appropriations during the year	-	-	-	-	-	-	-
Balance as at December 31, 2021	10,649,021,850	10,649,021,850	1,823,372,876	1,084,326,967	24,205,743,533	1,694,593,989	25,900,337,522
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

Chief Financial Officer: *[Signature]*
 Managing Director: *[Signature]*
 Chairman: *[Signature]*




0 / AUG 2022

[Signature]
 MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

0 / AUG 2022

[Signature]
 Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

0 / AUG 2022

[Signature]
 Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

0 / AUG 2022

[Signature]
 K M Rasidul Hasan
 Chief Executive Officer
 Farman R. Chowdhury, Managing Director & CEO
 Al-Arafah Islami Bank Limited

RUSSIAN FEDERATION & CIS/Developed Economies

RUSSIAN FEDERATION & CIS/Developed Economies

Al-Arafah Islamic Bank Ltd
Consolidated Statement Of Liquidity
(Maturity Analysis of Assets and Liabilities)
For the year ended December 31, 2021

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	8,262,801,867	-	-	-	15,425,800,000	23,688,601,867
	Balance with other Bank and Financial Institution	3,528,100,000	145,500,000	1,100,000,000	-	7,267,136,072	12,041,136,072
	Placement with Banks & Other Financial Institutions	2,785,576,000	19,640,000,000	2,200,000,000	-	(20,576,000)	28,965,000,000
	Investments in Shares & Securities	-	-	872,100,000	-	28,194,029,856	30,156,130,856
	Investments	60,054,781,420	93,530,661,420	105,545,970,284	51,532,261,420	36,224,051,419	336,888,715,993
	Fixed Assets including premises (Land & Building)	-	-	-	-	5,470,272,635	5,470,272,635
	Other Assets	183,200,000	105,200,000	-	1,433,190,000	28,682,808,443	30,404,308,443
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	Total Assets	74,194,439,287	113,421,761,420	109,821,070,284	52,965,391,420	112,284,417,472	462,687,249,884
2	Liabilities:						
	Placement from Banks & Other Financial Institutions	1,204,400,000	19,809,150,237	11,493,210,872	-	-	32,506,761,109
	Deposits	54,213,966,000	117,192,600,000	111,096,921,085	45,257,900,000	28,626,576,025	352,287,656,110
	Other Accounts	3,020,000	-	-	-	-	3,020,000
	Provision and Other Liabilities	-	-	-	-	36,294,788,294	36,294,788,294
	Deferred Tax Liabilities (Assets)	-	-	-	-	93,595,145	93,595,145
	AIBL Mudaraba Subordinated Bond	-	-	-	-	14,600,000,000	14,600,000,000
	Total Liabilities	55,421,966,000	137,001,750,237	122,590,131,957	45,257,900,000	76,514,959,464	436,786,707,658
	Net Liquidity Gap	18,772,473,287	(23,579,988,817)	(12,769,061,673)	7,707,491,420	35,769,458,008	25,900,342,226

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

[Signature]
Managing Director

[Signature]
Chief Financial Officer



0 / AUG 2022

[Signature]
MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

0 / AUG 2022

[Signature]
Md. Mahmudul Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

[Signature]
Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

0 / AUG 2022

[Signature]
K M Rasidul Hasan
Chief Executive Officer
Fiz. Security Home Control & Merchant Limited

HUSSAIN FARHAD & CO Chartered Accountants

DR. FARHAD HASAN & CO Chartered Accountants

Al-Arafah Islami Bank Ltd.
Balance Sheet
As at December 31, 2021

PROPERTY AND ASSETS	Notes	2021 Taka	2020 Taka
Cash in hand	5		
Cash in hand (including foreign currencies)		3,217,933,106	2,879,721,830
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		20,456,548,331	28,990,902,877
		23,674,481,437	31,840,624,707
Balance with other Banks and Financial Institutions	6		
In Bangladesh		3,133,653,387	8,288,025,632
Outside Bangladesh		8,907,482,685	8,273,812,895
		12,041,136,072	16,561,838,527
Placement with Banks & Other Financial Institutions	7	23,985,000,000	14,270,010,000
Investment in Share & Securities	8		
Government	8.a	23,504,940,000	19,883,830,000
Others	8.b	5,472,058,391	1,143,979,346
		28,977,008,391	20,727,809,346
Investments	9		
General Investments etc.		322,543,724,989	291,307,589,462
Bills purchased and discounted		13,547,862,130	11,902,810,514
		336,091,607,099	303,210,409,976
Fixed assets less Accumulated Depreciation	10	5,483,069,708	5,826,875,749
Other Assets	11	23,190,127,923	20,870,178,204
Non-Banking Assets	12	50,875,037	80,875,037
Total Assets		453,473,305,667	413,058,621,546
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial institutions	13	27,343,210,872	22,904,318,785
Deposits and other Accounts	14		
Mudaraba Savings Deposits		62,011,042,726	54,879,128,373
Mudaraba Term Deposits		175,739,194,371	164,296,138,402
Other Mudaraba Deposits	14.i	68,053,138,221	66,743,970,036
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	43,639,188,504	37,331,437,580
Bills Payable		4,059,481,303	3,059,381,492
		353,542,045,025	326,310,053,883
Other Liabilities	15	33,868,952,635	29,226,964,457
Deferred tax Liabilities/ (Assets)	16	93,595,145	133,204,157
AIBL Mudaraba Bond	17	14,800,000,000	11,200,000,000
		429,447,803,677	389,374,531,282
Capital/Share Holders Equity			
Paid up Capital	18	10,649,021,850	10,649,021,850
Statutory Reserve	19	10,649,021,850	10,334,827,824
Revaluation Reserve	20	1,084,331,861	1,084,326,967
Retained Earnings	21	1,643,126,429	1,616,113,623
Total Share holders equity		24,025,501,990	23,684,090,264
Total Liability and Share holders equity		453,473,305,667	413,058,621,546
Net assets value per share (NAV)	42	22.56	22.24



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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka


0 / AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

0 / 16 AUG 2022


K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

HUSSAIN FARHAD & CO Chartered Accountants

SHAFIQ BASAK & CO Chartered Accountants

Al-Arafah Islami Bank Ltd.
Off Balance Sheet
As at December 31, 2021

	Notes	
	2021 Taka	2020 Taka
OFF BALANCE SHEET ITEMS		
Contingent Liabilities		
Acceptance and endorsement		
Letters of Guaranteed		
Letters of Credit		
Bills for Collection		
Other Contingent Liabilities		
Total	116,834,142,618	97,941,974,893

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 116,834,142,618 97,941,974,893

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 Fazul Haque FCA

Partner
Enrolment number: 1090
Hussain Farhad & Co.
Chartered Accountants
DVC : 2204261090AS592496
Place: Dhaka
Date : 26-April-2022



Md. Shafiqul Islam FCA

Partner
Enrolment number-595
Shafiq Basak & Co.
Chartered Accountants
DVC : 2204260595AS896100



0 / AUG 2022



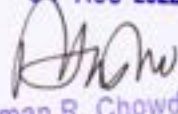
MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

0 / AUG 2022



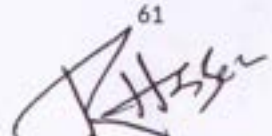
Md. Mahmudul Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

0 / AUG 2022

61


K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

HUSSAIN FARHAD & CO Chartered Accountants

SHAFIQ BASAK & CO Chartered Accountants

Al-Arafah Islami Bank Ltd.
PROFIT OR LOSS ACCOUNTS
For the year ended December 31, 2021

	Notes	2021 Taka	2020 Taka
Investment Income	23	23,261,043,228	26,189,242,291
Profit paid on deposits & Borrowing	24	(12,833,773,890)	(16,355,503,054)
Net Investment Income		10,427,269,338	9,783,689,237
Income from Investment in Shares /Securities	25	329,091,445	676,338,829
Commission, Exchange and Brokerage	26	3,003,819,477	2,500,613,283
Other Operating Income	27	535,368,779	311,950,495
		3,878,279,701	3,491,912,607
Total operating income		14,305,549,039	13,275,601,844
Salaries and allowances & contribution to P F	28	4,678,276,709	4,476,381,093
Directors' fees & expenses	29	6,962,107	6,142,217
Shariah Supervisory Committee's fees & expenses	30	296,770	266,376
Rent, taxes, insurance and lighting etc.	31	518,790,706	479,560,573
Postage, telegram, telephone and stamp etc.	32	67,054,263	67,993,484
Legal charges		13,422,248	15,988,510
Auditors' fee		1,583,250	1,667,500
Salary & Allowances to the Managing Director		20,418,000	19,344,000
Depreciation and repairs to the bank's properties	33	866,756,863	832,224,004
Stationery, printing and advertisement etc.	34	147,513,137	185,548,278
Other expenses	35	618,636,989	529,383,979
Total operating expenses		6,959,661,061	6,614,512,014
Profit(Loss) before Tax & provision		7,345,887,978	6,661,089,829
Provision against Investments & Contingent Liabilities	36	2,647,118,347	1,378,171,305
Provision for diminution in value of investment		8,450,961	9,725,095
Other Provision		-	-
Total provision		2,655,578,307	1,887,896,400
Profit(Loss) before Tax		4,690,309,671	4,773,193,430
Current tax		2,705,560,843	2,251,104,866
Deferred tax	16	(38,609,013)	(30,700,807)
Provision for Taxation		2,666,951,830	2,222,404,059
Net Profit(Loss) after tax		2,023,357,841	2,550,789,370
Appropriation			
Statutory Reserve		314,394,026	954,638,686
Profit paid on aibl mudaraba perpetual bond		64,364,153	-
General Reserve (1% Start-Up Fund)		20,233,578	25,507,894
		398,991,758	980,146,580
Retained Earnings		1,624,366,083	1,570,642,791
Earning per Ordinary share (EPS)	41	1.90	2.40

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 Fazlur Raqueeb FCA

Partner

Enrolment number: 10190

Hussain Farhad & Co.

Chartered Accountants

DVC : 2204261090AS59749

Place Dhaka

Date: 28-April-2022



Md. Shafiqul Islam FCA

Partner

Enrolment number-595

Shafiq Basak & Co.

Chartered Accountants

DVC : 2204260595AS896100



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0 / AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

0 / AUG 2022

62
K M Rasidul Hasan
Chief Executive Officer
First Security Islamic Capital & Investment Limited

বিস্তারিত তথ্য ও বিবরণী

শেয়ার স্টক ও বিনিয়োগ

Al-Arafah Islamic Bank Ltd
CASH FLOW STATEMENT
For the year ended December 31, 2021

	Notes	2021 Taka	2020 Taka
Cash flows from operating activities			
Investment income receipt in Cash		23,655,148,613	26,746,399,647
Profit/loss on deposits and borrowings		(12,308,725,161)	(17,321,366,851)
Dividend received		53,566,797	8,761,739
Fees & Commission received in cash		3,003,819,477	2,500,013,253
Recoveries from write off investments		57,542,746	50,952,188
Cash payments to employees		(4,008,634,709)	(4,466,725,000)
Cash payments to suppliers		(147,513,137)	(165,548,278)
Received from other operating activities (item-wise)		935,368,779	211,980,495
Paid for other operating activities (item-wise)	37	(1,247,641,802)	(1,182,903,561)
Advance income tax paid		(2,061,962,682)	(2,458,271,566)
Operating profit before changes in operating assets and liabilities		6,125,165,711	4,090,839,180
Change in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(4,325,069,048)	(277,727,877)
Increase/(Decrease) of placement to other banks		(9,714,896,006)	(2,270,010,000)
Increase/(Decrease) of investment and advances to customers (other than Banks)		(33,947,899,704)	(18,855,280,210)
Increase/(Decrease) of other assets (item-wise)	38	(407,590,310)	246,464,556
Increase/(Decrease) of placement from other banks and financial institution		4,836,892,087	(3,820,295,063)
Increase/(Decrease) of Deposits from customers (other than Banks)		27,704,942,412	30,020,097,525
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	39	(138,075,121)	805,893,594
Cash receipt from operating activities		(15,992,570,680)	5,962,369,723
A. Net Cash from operating activities		(5,866,381,969)	10,043,228,903
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(402,005,372)	(2,224,248,896)
Gains proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(402,005,372)	(2,224,248,896)
Cash flows from financing activities			
Increase in Exchange Equalization Account		4,894	(19,953)
Issue of AIBL Subordinate Bond / Perpetual Bond		3,400,000,000	4,400,000,000
Increase in Share Capital		-	-
Dividend paid		(1,597,353,277)	(1,364,372,640)
C. Net cash flows from financing activities		1,802,651,617	3,015,607,307
D. Net increase in cash and cash equivalent (A+B+C)		(6,465,735,725)	10,834,587,253
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent (D+E)		(6,465,735,725)	10,834,587,253
G. Cash & Cash Equivalents at the beginning of the year		67,686,293,234	56,851,709,960
H. Cash & Cash Equivalents at the end of the year	40	61,220,557,509	67,686,293,234
Net Operating Cash Flow per Share (NOCFFPS)	43	(9.27)	9.43

Accompanying notes form an integral part of these financial statements.

Chief Financial Officer

Managing Director

Director

Director

Chairman



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0 / AUG 2022



MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

0 / AUG 2022



Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd
Head Office, Dhaka.

0 / AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

0 / AUG 2022






K M Rasidul Hasan
Chief Executive Officer
Fintech Security, Risk, Control & Compliance

HURSIAN FARIHAD & CO Chartered Accountants

Al-Arafah Islamic Bank Ltd.
Statement of Changes Equity
for the year ended December 31, 2021

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Revaluation Reserve	Total Taka
Balance at 1st January, 2021	10,649,021,850	10,334,627,824	1,616,113,623	1,084,326,967	23,684,090,264
Changes in accounting policy issue of the share capital	-	-	-	-	-
Restated balance	10,649,021,850	10,334,627,824	1,616,113,623	1,084,326,967	23,684,090,264
Deferred tax Adjustment	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	4,894	4,894
Currency transition differences recognized in the income statement and losses not recognised in Income Statement.	-	-	-	-	-
Net profit for the year	-	-	2,023,357,641	-	2,023,357,641
Cash	-	-	(1,597,353,277)	-	(1,597,353,277)
Bonus Share	-	-	-	-	-
Asset revaluation Reserve	-	-	-	-	-
Profit paid on aib mudaraba perpetual bond	-	-	(64,364,153)	-	(64,364,153)
Transfer to 1% start-Up fund.	-	-	(20,233,578)	-	(20,233,578)
Appropriations during the year	-	314,394,026	(314,394,026)	-	-
Total shareholders' equity as on December 31, 2021	10,649,021,850	10,649,021,850	1,643,126,429	1,084,331,861	24,025,501,990
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

 Chief Financial Officer
 Managing Director
 Director
 Director
 Chairman



01 AUG 2022

MUHAMMAD NADIM FGA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islamic Bank Limited
 Head Office, Dhaka

01 AUG 2022

Md. Mahmudul Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islamic Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islamic Bank Ltd.

01 AUG 2022

K M Rasidul Hasan
 Chief Executive Officer
 Risk, Security, Legal, Compliance & Governance Services

ISSUED UNDER A CO-CHAINED ARRANGEMENT

ISSUED UNDER A CO-CHAINED ARRANGEMENT

Al-Arafah Islami Bank Ltd
Statement of Liquidity
(Maturity Analysis of Assets and Liabilities)
For the year ended December 31, 2021

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	8,246,681,437	-	-	-	15,425,000,000	23,671,681,437
	Balance with other Bank and Financial Institution	3,829,100,000	145,000,000	1,100,000,000	-	7,267,136,072	12,041,136,072
	Placement with Banks & Other Financial Institutions	2,165,576,000	10,540,000,000	2,200,000,000	-	(20,575,000)	23,965,000,000
	Investments (in Shares & Securities)	-	-	972,100,000	-	20,054,908,391	21,027,008,391
	Fixed Assets including premises (Land & Building)	60,054,761,420	93,530,661,420	104,749,861,420	51,532,201,420	26,254,061,419	336,031,607,099
	Other Assets	183,200,000	105,200,000	-	1,433,100,000	5,483,059,708	5,463,059,708
	Non Banking Assets	-	-	-	-	11,988,627,920	11,988,627,920
	Total Assets	74,180,318,857	113,421,761,420	199,021,961,420	52,965,361,420	103,893,962,590	453,473,305,667
2	Liabilities :						
	Placement from Banks & Other Financial Institutions	1,204,400,000	14,545,600,000	11,463,210,872	-	-	27,243,210,872
	Deposits	54,213,966,000	117,192,600,000	111,381,000,000	45,267,900,000	20,628,579,025	353,642,045,025
	Other Accounts	3,600,000	-	-	-	-	3,600,000
	Provision and Other Liabilities	-	-	-	-	33,868,352,628	33,868,352,628
	Deferred tax Liabilities/ (Assets)	-	-	-	-	93,595,145	93,595,145
	AIBL Mudaraba Subordinated Bond	-	-	-	-	14,600,000,000	14,600,000,000
	Total Liabilities	59,421,966,000	131,838,200,000	122,844,210,872	45,267,900,000	74,085,628,805	429,447,803,677
	Net Liquidity Gap	18,758,352,857	(18,416,438,580)	(13,822,249,452)	7,707,461,420	29,798,375,744	24,025,501,990

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

[Signatures and Stamps]
 Chief Financial Officer
 Managing Director
 Director
 Chairman

01 / AUG 2022
 MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

01 / AUG 2022
 Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

01 / AUG 2022
 Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

01 / AUG 2022
 65
 K M Rasidul Hasan
 Chief Executive Officer

SECTION 13: COMPARATIVE FINANCIAL STATEMENTS OF AIBL

Consolidated Balance Sheet of Al-Arafah Islami Bank Limited

Al-Arafah Islami Bank Ltd					
Consolidated Balance Sheet					
As at 31 December 2021 to 31 December 2017					
(amount in BDT million)					
PROPERTY AND ASSETS	2017	2018	2019	2020	2021
	Taka	Taka	Taka	Taka	Taka
Cash in hand					
Cash in hand (including foreign currencies)	2,096.41	2,616.50	3,063.28	2,898.21	3,232.05
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	37,669.57	23,104.62	27,705.40	28,660.90	20,456.55
	39,765.98	25,721.12	30,768.69	31,559.11	23,688.60
Balance with other Banks and Financial Institutions					
In Bangladesh	1,070.66	2,005.16	5,473.39	8,288.03	3,133.65
Outside Bangladesh	10,328.00	8,303.80	6,120.22	8,273.81	8,907.48
	11,398.66	10,308.96	11,593.62	16,561.84	12,041.14
Placement with Banks & Other Financial Institutions	4,400.00	8,200.00	12,000.00	14,270.01	23,985.00
Investment in Share & Securities	10,145.49	12,214.67	16,170.52	21,563.67	30,156.14
Government	8,000.00	11,000.00	14,500.00	19,583.83	23,504.94
Others	2,145.49	1,214.67	1,670.52	1,979.84	6,651.20
Investments					
General Investments etc.	216,659.83	244,932.30	274,017.03	296,717.85	323,342.83
Bills purchased and discounted	19,245.41	16,941.83	14,468.99	11,902.81	13,547.88
	235,905.23	261,874.13	288,486.02	308,620.66	336,890.72
Fixed assets less Accumulated Depreciation	3,260.38	4,494.61	4,351.93	5,833.88	5,470.27
Other Assets	14,379.55	15,600.93	17,630.17	19,838.60	30,404.31
Non-Banking Assets	-	50.88	50.88	50.88	50.88
Total Assets	319,255.29	338,465.30	381,051.81	418,298.65	462,687.05
LIABILITIES AND CAPITAL					
Liabilities					
Placement from Banks & Other Financial Institutions	32,218.68	21,759.84	27,546.38	24,000.48	32,506.76
Deposits and other Accounts					
Mudaraba Savings Deposits	32,130.00	37,678.76	45,211.43	54,879.13	62,011.04
Mudaraba Term Deposits	135,929.03	152,181.79	162,587.89	164,009.50	175,485.12
Other Mudaraba Deposits	47,832.42	49,467.88	55,156.10	66,743.97	68,093.14
Al-wadeeah Current Accounts and Other Accounts etc.	26,435.04	24,454.57	30,701.54	37,331.44	43,639.19
Bills Payable	2,479.78	2,422.49	3,584.86	3,059.38	4,059.48
	244,806.26	266,205.49	297,241.81	326,023.41	353,287.97
Other Liabilities	16,608.73	19,450.87	25,157.58	31,485.71	36,298.39
Deferred tax Liabilities/ (Assets)	100.95	165.87	157.83	133.20	93.60
AIBL Mudaraba Bond	3,000.00	7,400.00	6,800.00	11,200.00	14,600.00
Total Liabilities	293,734.62	314,982.07	356,903.60	392,842.81	436,786.71

01 AUG 2022



MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022



Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022



K M Rasidul Hasan
Chief Executive Officer

Capital/Shareholders Equity					
Paid -up Capital	9,943.06	10,440.22	10,649.02	10,649.02	10,649.02
Statutory Reserve	7,576.58	8,388.04	9,379.99	10,334.63	10,649.02
Revaluation Reserve	980.38	977.58	938.62	1,084.33	1,084.33
Retained Earnings	2,259.16	1,908.96	1,531.42	1,732.14	1,823.37
Total Equity attributable to equity holders of the bank	20,759.18	21,714.81	22,499.05	23,800.11	24,205.75
Non-Controlling Interest	1,761.50	1,768.42	1,649.16	1,655.73	1,694.59
Total Equity	22,520.67	23,483.23	24,148.21	25,455.84	25,900.34
Total Liability and Shareholders' equity	319,255.29	338,465.30	381,051.81	418,298.65	462,687.05

Consolidated Profit & Loss Accounts of Al-Arafah Islami Bank Limited

Al-Arafah Islami Bank Ltd					
Consolidated Profit or Loss Accounts					
For the year ended 31 December 2021 to 31 December 2017					
(amount in BDT million)					
Particulars	2017	2018	2019	2020	2021
	Taka	Taka	Taka	Taka	Taka
Investment Income	20,491.03	24,956.81	28,811.65	26,331.28	23,446.01
Profit paid on deposits & Borrowing	-11,784.20	-16,256.61	-18,604.42	-16,556.64	-13,072.79
Net investment income	8,706.83	8,700.20	10,207.24	9,774.63	10,373.22
Income from investment in Shares /Securities	437.32	701.10	770.63	681.94	359.55
Commission, Exchange and Brokerage	2,790.68	2,729.47	2,916.08	2,627.55	3,299.11
Other Operating Income	329.35	338.82	350.86	345.98	591.50
	3,557.36	3,769.39	4,037.57	3,655.46	4,250.17
Total operating income	12,264.19	12,469.60	14,244.81	13,430.10	14,623.39
Salaries and allowances & contribution to P.F	3,571.96	4,118.56	4,178.57	4,546.41	4,756.91
Directors' fees & expenses	18.94	15.32	11.44	6.14	6.96
Shariah Supervisory Committee's fees & expenses	0.56	0.62	0.86	0.30	0.25
Rent, taxes, insurance and lighting etc.	584.96	681.57	749.85	499.30	539.46
Postage, telegram, telephone and stamp etc.	78.43	65.86	78.25	68.35	67.23
Legal charges	10.70	15.53	9.58	16.05	13.43
Auditors' fee	1.60	1.59	1.69	1.67	1.64
Salary & Allowances to the Managing Director	15.83	16.95	19.05	19.34	20.42
Depreciation and repairs to the bank's properties	317.90	482.11	584.36	836.30	891.40
Stationery, printing & advertisement etc.	125.31	171.27	153.20	186.32	149.08
Other expenses	582.25	591.30	597.32	562.15	682.47

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MUHAMMAD NADIM FGA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

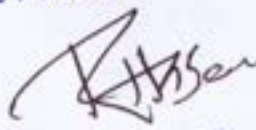
0 / AUG 2022


Md. Mahamudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

0 / AUG 2022


K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Limited

Total operating expenses	5,308.42	6,160.70	6,384.18	6,742.33	7,129.25
Profit/(Loss) before Tax & provision	6,955.77	6,308.90	7,860.63	6,687.76	7,494.14
Provision against Investments & Contingent Liabilities	1,354.89	2,174.11	2,845.82	1,878.17	2,647.12
Provision for diminution in value of investment	-	0.64	21.84	9.73	8.46
Other Provision	-	3.24	-	0.00	0.00
Total provision	1,354.89	2,177.98	2,867.66	1,887.90	2,655.58
Profit/(Loss) before Tax	5,600.88	4,130.92	4,992.97	4,799.87	4,838.56
Current tax	2,405.89	1,607.48	2,615.09	2,258.44	2,751.34
Deferred tax	25.49	66.63	-49.76	-30.38	-39.23
Provision for Taxation	2,431.38	1,674.11	2,565.33	2,228.06	2,712.12
Net Profit/(Loss) after tax	3,169.49	2,456.81	2,427.64	2,571.81	2,126.44
Net Profit attributable to:					
Equity holders of the bank	3,134.68	2,449.88	2,423.82	2,565.24	2,087.58
Non-controlling Interest	34.81	6.92	3.81	6.57	38.86
Profit for the year	3,169.49	2,456.81	2,427.64	2,571.81	2,126.44
Appropriation					
Statutory Reserve	1,086.49	811.46	991.95	954.64	314.39
General Reserve (1 % strat-Up fund)				25.51	20.23
Profit paid on aibl mudaraba perpetual bond			-	0.00	64.36
Non-Controlling Interest	34.81	6.92	3.81	6.57	38.86
	1,121.30	818.39	995.76	986.72	437.85
Transfer to Retained Earnings	2,048.19	1,638.42	1,431.88	1,585.09	1,688.59
Earnings per Ordinary Share (EPS)	3.15	2.35	2.28	2.41	1.96

Consolidated Cash Flow Statement of Al-Arafah Islami Bank Limited

Al-Arafah Islami Bank Ltd					
Consolidated Cash Flow Statement					
For the year ended 31 December 2021 to 31 December 2017					
Particulars	(amount in BDT million)				
	2017	2018	2019	2020	2021
	Taka	Taka	Taka	Taka	Taka
Cash flows from operating activities					
Investment income receipt in Cash	21,383.83	25,252.07	29,387.51	27,246.80	24,041.04
Profit paid on deposits and borrowing	11,360.82	15,761.23	-17,791.08	17,792.46	13,545.74
Dividend received	88.49	27.97	19.72	9.41	43.10
Fees & Commission received in cash	2,790.68	2,729.47	2,881.10	2,627.55	3,299.11
Recoveries from written off investments	309.97	164.88	204.79	56.95	57.84
Cash payments to employees	-3,587.78	-4,135.52	-4,197.62	-4,565.75	-4,777.33
Cash payments to suppliers	-125.31	-171.27	-153.20	-186.32	-149.08
Received from other operating activities (item-wise)	329.35	338.82	350.86	345.98	591.50

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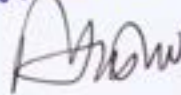
MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022



Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022



K M Rasidul Hasan
Chief Executive Officer
Fog Saving Loan Capital & Investment Unit

Paid for other operating activities (item-wise)	-1,457.03	-1,453.75	-1,527.64	-1,246.89	-1,432.39
Advance income tax paid	-4,846.39	-2,021.82	-2,031.96	-2,449.57	-2,108.23
Operating profit before changes in operating assets and liabilities	3,525.00	4,969.63	7,142.49	4,045.68	6,019.83
Changing in Operating assets & liabilities					
Increase/(Decrease) of trading securities	23.19	930.82	-455.85	-309.32	-4,671.36
Increase/(Decrease) of placement to other banks	-1,066.55	-3,800.00	3,800,000.00	-2,270.01	-9,714.99
Increase/(Decrease) of investment and advances to customers (other than Banks)	-	-	26,571,019,403	-	-
	38,193.89	26,559.40)	18,920.51	28,354.42
Increase/Decrease of other assets (item-wise)	8,263.94	1,033.43	-7.02	-38.80	-8,773.89
Increase/ (Decrease of placement from other banks and financial institution	7,134.02	10,458.84	5,786.54	-3,545.90	8,506.28
Increase/(Decrease) of Deposits from customers (other than Banks)	44,678.97	20,903.85	30,222.98	30,017.42	27,737.51
Increase/(Decrease) of Other liabilities account of customers	-	-	-	0.00	0.00
Increase/(Decrease) of Trading liabilities (item-wise)	12,039.89	-774.69	12.53	1,073.64	-560.98
Cash receipt from operating activities	8,799.79	18,724.83	5,188.16	6,006.51	15,831.85
A. Net Cash from operating activities	12,324.79	13,755.20	12,330.66	10,052.19	-9,812.02
Cash flows from investing activities:	0.00	0.00	0.00	0.00	0.00
Proceeds from sale of securities	0.00	0.00	0.00	0.00	0.00
Payments for purchases of securities	0.00	0.00	0.00	0.00	0.00
Purchase of property, plant and equipment	-180.31	-1,285.11	-367.52	-2,225.32	-460.73
Sales proceeds of Fixed assets			0.00	0.00	0.00
Purchase-sale of subsidiary			0.00	0.00	0.00
B. Net cash flows from investing activities	-180.31	-1,285.11	-367.52	-2,225.32	-460.73
Cash flows from financing activities					
Increase in Exchange Equalization Account	1.94	-2.79	0.14	-0.02	0.00
Issue of AIBL Subordinate Bond / Perpetual Bond	0.00	4,400.00	600,000,000	4,400.00	3,400.00
Dividend paid	-1,988.61	-1,491.46	1,566,032,625	-1,384.37	-1,597.35
C. Net cash flows from financing activities	-1,986.68	2,905.75	-2,165.90	3,015.61	1,802.65
				0.00	0.00
D. Net increase in cash and cash equivalent (A+B+C)	10,157.80	12,134.56	9,797.25	10,842.48	-8,470.10
E. Effects of exchange rate changes on cash and cash-equivalents	0.00	0.00	34.98	0.00	0.00
F. Net increase in cash and cash equivalent D+E	10,157.80	12,134.56	9,832.22	10,842.48	-8,470.10
G. Cash & Cash Equivalents at the beginning of the year	49,006.84	59,164.64	47,030.08	56,862.30	67,704.78
H. Cash & Cash Equivalents period ended	59,164.64	47,030.08	56,862.30	67,704.78	59,234.68

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

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Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd.

K M Rasidul Hasan
Chief Executive Officer


Balance Sheet of Al-Arafah Islami Bank Limited

Al-Arafah Islami Bank Ltd.					
Balance Sheet					
As at 31 December 2021 to 31 December 2017					
(amount in BDT million)					
PROPERTY AND ASSETS	2017	2018	2019	2020	2021
	Taka	Taka	Taka	Taka	Taka
Cash in hand					
Cash in hand (including foreign currencies)	2,096.17	2,605.38	3,052.69	2,879.72	3,217.93
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	37,669.57	23,104.62	27,705.40	28,660.90	20,456.55
	39,765.74	25,710.01	30,758.09	31,540.62	23,674.48
Balance with other Banks and Financial Institutions					
In Bangladesh	1,007.12	2,005.16	5,473.39	8,288.03	3,133.65
Outside Bangladesh	10,328.00	8,303.80	6,120.22	8,273.81	8,907.48
	11,335.12	10,308.96	11,593.62	16,561.84	12,041.14
Placement with Banks & Other Financial Institutions	4,400.00	8,200.00	12,000.00	14,270.01	23,985.00
Investment in Share & Securities					
Government	8,000.00	11,000.00	14,500.00	19,583.83	23,504.94
Others	20.59	367.61	866.25	1,143.98	5,472.07
	8,020.59	11,367.61	15,366.25	20,727.81	28,977.01
Investments					
General Investments etc.	213,368.82	240,150.27	268,778.58	291,307.60	322,543.72
Bills purchased and discounted	19,245.41	16,941.83	14,468.99	11,902.81	13,547.88
	232,614.23	257,092.10	283,247.58	303,210.41	336,091.61
Fixed assets less Accumulated Depreciation	3,089.83	4,305.86	4,342.93	5,826.88	5,463.07
Other Assets	15,371.46	16,226.56	18,641.92	20,870.18	23,190.13
Non-Banking Assets	-	50.88	50.88	50.88	50.88
Total Assets	314,596.97	333,261.96	376,001.26	413,058.62	453,473.31
LIABILITIES AND CAPITAL					
Liabilities					
Placement from Banks & Other Financial Institutions	30,904.05	20,393.34	26,024.57	22,504.32	27,343.21
Deposits and other Accounts					
Mudaraba Savings Deposits	32,130.00	37,678.76	45,211.43	54,879.13	62,011.04
Mudaraba Term Deposits	136,764.99	152,322.91	162,871.85	164,296.14	175,739.19
Other Mudaraba Deposits	47,832.42	49,467.88	55,156.10	66,743.97	68,093.14
Al-wadeeah Current Accounts and Other Accounts etc.	26,435.04	24,454.57	30,701.54	37,331.44	43,639.19
Bills Payable	2,479.78	2,422.49	3,584.86	3,059.38	4,059.48
	245,642.23	266,346.61	297,525.77	326,310.05	353,542.05
Other Liabilities	14,273.11	17,364.63	23,095.61	29,226.95	33,868.95
Deferred tax Liabilities/ (Assets)	100.95	168.49	157.83	133.20	93.60
AIBL Mudaraba Bond	3,000.00	7,400.00	6,800.00	11,200.00	14,600.00

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka

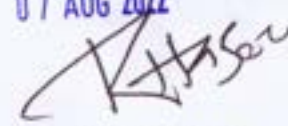
0 / AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

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0 / AUG 2022


K M Rasidul Hasan
Chief Executive Officer

Total Liabilities	293,920.34	311,673.06	353,603.79	389,374.53	429,447.80
Capital/Share Holders Equity					
Paid up Capital	9,943.06	10,440.22	10,649.02	10,649.02	10,649.02
Statutory Reserve	7,576.58	8,388.04	9,379.99	10,334.63	10,649.02
Revaluation Reserve	980.38	977.58	938.62	1,084.33	1,084.33
Retained Earnings	2,176.61	1,783.06	1,429.84	1,616.11	1,643.13
Total Shareholders' equity	20,676.63	21,588.90	22,397.47	23,684.09	24,025.50
Total Liability and Shareholders' equity	314,596.97	333,261.96	376,001.26	413,058.62	453,473.31

Profit and Loss Account of Al-Arafah Islami Bank Limited

Al-Arafah Islami Bank Ltd.					
PROFIT OR LOSS ACCOUNTS					
For the year ended 31 December 2021 to 31 December 2017					
(amount in BDT million)					
Particulars	2017	2018	2019	2020	2021
	Taka	Taka	Taka	Taka	Taka
Investment Income	20,305.59	24,678.71	28,571.10	26,169.24	23,261.04
Profit paid on deposits & Borrowing	-11,586.15	-16,062.93	-18,421.30	-16,385.55	-12,833.77
Net Investment Income	8,719.44	8,615.78	10,149.81	9,783.69	10,427.27
Income from Investment in Shares /Securities	391.14	676.30	770.28	679.34	339.09
Commission, Exchange and Brokerage	2,407.89	2,581.00	2,787.22	2,500.61	3,003.82
Other Operating Income	285.74	322.27	337.10	311.96	535.37
	3,084.76	3,579.58	3,894.60	3,491.91	3,878.28
Total operating income	11,804.20	12,195.36	14,044.41	13,275.60	14,305.55
Salaries and allowances & contribution to P.F	3,491.20	4,030.39	4,108.88	4,476.38	4,678.28
Directors fees & expenses	10.10	10.34	11.44	6.14	6.96
Shariah Supervisory Committee's fees & expenses	0.56	0.62	0.86	0.30	0.25
Rent, taxes, insurance and lighting etc.	570.17	654.35	726.44	479.56	518.79
Postage, telegram, telephone and stamp etc.	77.67	65.23	77.67	67.99	67.05
Legal charges	10.48	15.47	9.44	15.99	13.42
Auditors' fee	1.34	1.51	1.66	1.67	1.58
Salary & Allowances to the Managing Director	15.83	16.95	19.05	19.34	20.42
Depreciation and repairs to the bank's properties	309.63	474.48	576.56	832.22	886.76
Stationery, printing and advertisement etc.	123.43	170.09	152.10	185.55	147.51
Other expenses	490.74	544.38	558.53	529.36	618.64
Total operating expenses	5,101.14	5,983.82	6,242.63	6,614.51	6,959.66
Profit/(Loss) before Tax & provision	6,703.05	6,211.54	7,801.77	6,661.09	7,345.89

01 AUG 2022



MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

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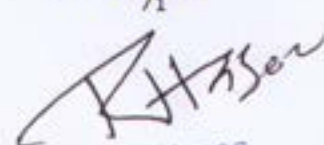
Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

01 AUG 2022



K M Rasidul Hasan
Chief Executive Officer
First Security Islam Capital & Investment Limited

Provision against Investments & Contingent Liabilities	1,270.59	2,150.35	2,820.21	1,878.17	2,647.12
Provision for diminution in value of investment	-	0.64	21.84	9.73	8.46
Other Provision	-	3.24	-	0.00	0.00
Total provision	1,270.59	2,154.22	2,842.05	1,887.90	2,655.58
Profit/(Loss) before Tax	5,432.46	4,057.31	4,959.73	4,773.19	4,690.31
Current tax	2,330.29	1,583.26	2,595.91	2,253.10	2,706.56
Deferred tax	25.49	67.54	-49.76	-30.70	-39.61
Provision for Taxation	2,355.78	1,650.79	2,546.16	2,222.40	2,666.95
Net Profit/(Loss) after tax	3,076.68	2,406.52	2,413.57	2,550.79	2,023.36
Appropriation					
Statutory Reserve	1,086.49	811.46	991.95	954.64	314.39
Profit paid on aibl mudaraba perpetual bond	-	-	-	0.00	64.36
General Reserve (1% Start-Up Fund)	-	-	-	25.51	20.23
	1,086.49	811.46	991.95	980.15	398.99
Retained Earnings	1,990.19	1,595.06	1,421.62	1,570.64	1,624.37
Earnings per Ordinary share (EPS)	2.95	2.31	2.27	2.40	1.90

Cash Flow Statement of Al-Arafah Islami Bank Limited

Al-Arafah Islami Bank Ltd.					
CASH FLOW STATEMENT					
For the year ended 31 December 2021 to 31 December 2017					
	(amount in BDT million)				
	2017	2018	2019	2020	2021
	Taka	Taka	Taka	Taka	Taka
Cash flows from operating activities					
Investment income receipt in Cash	21,181.86	24,931.76	28,858.05	26,746.40	23,658.15
Profit paid on deposits and borrowings	-11,162.77	-15,567.55	-17,207.96	17,221.37	12,906.73
Dividend received	58.83	15.65	8.34	8.76	33.57
Fees & Commission received in cash	2,407.89	2,581.00	2,752.24	2,500.61	3,003.82
Recoveries from write off investments	309.97	164.88	204.79	56.95	57.84
Cash payments to employees	-3,507.02	-4,047.35	-4,127.93	-4,495.73	-4,698.69
Cash payments to suppliers	-123.43	-170.09	-152.10	-185.55	-147.51
Received from other operating activities (item-wise)	285.74	322.27	337.10	311.96	535.37
Paid for other operating activities (item-wise)	-1,194.01	-1,376.28	-1,464.62	-1,192.93	-1,347.64
Advance income tax paid	-3,427.93	-1,975.69	-2,011.68	-2,438.27	-2,061.98
Operating profit before changes in operating assets and liabilities	4,829.11	4,878.62	7,196.24	4,090.84	6,126.19
Changing in Operating assets & liabilities					
Increase/(Decrease) of trading securities	1,427.57	52.99	-498.65	-277.73	-4,328.09

01 AUG 2022

MUHAMMAD NADIM FCA
CFO & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Fixed Security (Sovereign) & Investment Limited

Increase/(Decrease) of placement to other banks	-1,600.00	-3,800.00	-3,800.00	-2,270.01	-9,714.99
Increase/(Decrease) of Investment and advances to customers (other than Banks)	-45,910.81	-25,475.51	-26,975.63	18,855.09	33,947.86
Increase/(Decrease) of other assets (item-wise)	9,042.70	963.30	-133.48	246.48	-407.39
Increase/(Decrease) of placement from other banks and financial institution	5,819.40	-10,510.72	5,631.24	-3,520.26	4,838.89
Increase/(Decrease) of Deposits from customers (other than Banks)	45,164.66	20,209.00	30,365.82	30,020.10	27,704.94
Increase/(Decrease) of Other liabilities account of customers	-	-	-	0.00	0.00
Increase/(Decrease) of Trading liabilities (item-wise)	-6,395.89	351.68	713.18	608.89	-138.08
Cash receipt from operating activities	7,547.63	-18,209.26	5,302.48	5,952.39	15,992.57
A. Net Cash from operating activities	12,376.74	-13,330.65	12,498.72	10,043.23	-9,866.38
Cash flows from investing activities:					
Proceeds from sale of securities	-	-	-	0.00	0.00
Payments for purchases of securities	-	-	-	0.00	0.00
Purchase of property, plant and equipment	-1,657.00	-292.48	-535.06	-2,224.25	-402.01
Sales proceeds of Fixed assets	-	-	-	0.00	0.00
Purchase-sale of subsidiary	-	-	-	0.00	0.00
B. Net cash flows from investing activities	-1,657.00	-292.48	-535.06	-2,224.25	-402.01
Cash flows from financing activities					
Increase in Exchange Equalization Account	-2.79	2.31	0.14	-0.02	0.00
Issue of AIBL Subordinate Bond / Perpetual Bond	4,400.00	-	-600.00	4,400.00	3,400.00
Increase in Share Capital	-	-	-	0.00	0.00
Dividend paid	-1,491.46	-1,988.61	-1,566.03	-1,384.37	-1,597.35
C. Net cash flows from financing activities	2,905.75	-1,986.31	-2,165.90	3,015.61	1,802.65
D. Net increase in cash and cash equivalent (A+B+C)	-12,081.90	10,097.96	9,797.77	10,834.59	-8,465.74
E. Effects of exchange rate changes on cash and cash-equivalents	-	-	34.98	0.00	0.00
F. Net increase in cash and cash equivalent (D+E)	-12,081.90	10,097.96	9,832.74	10,834.59	-8,465.74
G. Cash & Cash Equivalents at the beginning of the year	59,100.86	49,002.91	47,018.96	56,851.71	67,686.29
H. Cash & Cash Equivalents at the end of the year	47,018.96	59,100.86	56,851.71	67,686.29	59,220.56

SECTION 14: COMPARATIVE FINANCIAL RATIOS OF Al-Arafah Islami Bank Limited

Sl No.	Particulars	2017	2018	2019	2020	2021
1	Current ratio	N/A	N/A	N/A	N/A	N/A
2	Quick ratio	N/A	N/A	N/A	N/A	N/A
3	Break-Even Point (including financial costs)	N/A	N/A	N/A	N/A	N/A
4	Debt to Equity Ratio (prior to and after issue of debt securities)	14.22	14.44	15.79	16.44	17.87
5	Debt to total assets ratio	N/A	N/A	N/A	N/A	N/A

01 AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
First Security Islami Center, 110, Dhaka-1215

6	Accounts receivable turnover ratio	N/A	N/A	N/A	N/A	N/A
7	Gross Margin ratio	N/A	N/A	N/A	N/A	N/A
8	Operating Income ratio	N/A	N/A	N/A	N/A	N/A
9	Net Income ratio	N/A	N/A	N/A	N/A	N/A
10	Return on assets (ROA)	0.99	0.73	0.64	0.61	0.46
11	Return on equity (ROE)	14.07	10.46	10.05	10.10	8.21
12	Earnings per share (EPS)	3.15	2.35	2.28	2.41	1.96
13	Net asset value (NAV) per share	20.80	20.68	21.03	22.24	22.56
14	Net operating cash flow to Net income	N/A	N/A	N/A	N/A	N/A
15	Total debt to tangible asset ratio	N/A	N/A	N/A	N/A	N/A
16	NPI	4.10	4.79	4.82	3.80	4.81
17	Capital Adequacy Ratio	13.06	14.68	14.58	15.97	15.46

SECTION 15: CREDIT RATING REPORT OF THE ISSUE

Credit Rating of the Issue:

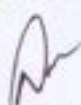
Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
31 May 2022	30 May 2023	-	AA-	-	CRISL	Indicative

Credit Rating Report of the Issuer:

Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
18 July 2022	17 July 2023	-	AA	ST-1	CRISL	Stable

Credit Rating Report for AIBL 4th Mudaraba Subordinated Bond, issued by Credit Rating Information and Services Limited (CRISL) is annexed to this Information Memorandum. Please check Annexure - 2.

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DMD & Chief Financial Officer (CFO)
Financial Administration Division
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Head Office, Dhaka.

0 / AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

0 / AUG 2022

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K M Rasidul Hasan
Chief Executive Officer
First Security Islamic Capital & Investment Limited

SECTION 16: LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC

Source of Information: <http://crisibd.com/page/default-statistics>
<http://crisibd.com/page/transition-matrix-smc>
<http://crisibd.com/page/transition-matrix-corporate>

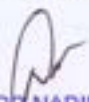
Calculation of Weighted Average MDR (wMDR) for 2015, 2016, 2017

	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
Se/Me1	0.00%	0.00%	0.00%
Se/Me2	0.00%	0.00%	0.00%
Se/Me3	1.22%	0.00%	0.00%
Se/Me4	3.39%	0.14%	0.18%
Investment Grade (Se/ME1-Se/Me4)	2.89%	0.13%	0.14%
Se/Me-5	53.49%	2.29%	2.48%
Se/Me-6	76.92%	0.00%	0.00%
Se/Me-7	100.00%	0.00%	0.00%
Se/Me-8	0.00%	0.00%	0.00%
Se/Me-9	0.00%	0.00%	0.00%


Calculation of 3-years Cumulative Default Rate (CDR3) for 2015, 2016, 2017

	CDR3
Se/Me1	0.00%
Se/Me2	0.00%
Se/Me3	1.22%
Se/Me4	3.71%
Investment Grade (Se/ME1-Se/Me4)	3.090%
Se/Me-5	61.44%
Se/Me-6	76.92%
Se/Me-7	100.00%
Se/Me-8	0.00%
Se/Me-9	0.00%

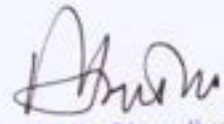
0 / AUG 2022


MUHAMMAD NADIM FCA
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0 / AUG 2022


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0 / AUG 2022


Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

0 / AUG 2022


K M Rasidul Hasan
 Chief Executive Officer
 First Security Islami Capital & Investment Limited

Calculation of Weighted Average MDR (wMDR) for 2011, 2012, 2013

	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
AAA	0.00%	0.00%	0.00%
AA	0.00%	0.00%	0.00%
A	0.30%	0.77%	0.47%
BBB	0.91%	1.58%	0.94%
Investment Grade (AAA-BBB)	0.57%	1.08%	0.65%
BB	0.00%	0.00%	5.71%
B	0.00%	10.00%	0.00%
CCC	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%
C	50.00%	50.00%	0.00%

Calculation of 3-years Cumulative Default Rate (CDR3) for 2011, 2012, 2013

	CDR3
AAA	0.00%
AA	0.00%
A	1.53%
BBB	3.39%
Investment Grade (AAA-BBB)	2.283%
BB	5.71%
B	10.00%
CCC	0.00%
CC	0.00%
C	75.00%

CRISL SME Rating Transition Matrix (2016-2019)

	SME-1	SME-2	SME-3	SME-4	SME-5	SME-6	SME-7	SME-8	SME-9	SME-10
SME-1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-2	0.00%	75.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-3	0.00%	1.48%	96.84%	1.48%	0.10%	0.10%	0.00%	0.00%	0.00%	0.00%
SME-4	0.00%	0.57%	25.01%	74.36%	0.36%	0.00%	0.00%	0.00%	0.00%	0.10%
SME-5	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-6	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
SME-8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-9	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islamic Bank Limited
 Head Office, Dhaka.

0 / AUG 2022


Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islamic Bank Ltd.
 Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islamic Bank Ltd

0 / AUG 2022

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K M Rasidul Hasan
 Chief Executive Officer
 First Security Islamic Capital & Investment Limited

CRISL Corporate Rating Transition Matrix (2014-2019)

	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
AAA	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA	7.58%	84.85%	7.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A	0.00%	14.77%	81.82%	2.65%	0.38%	0.00%	0.38%	0.00%	0.00%	0.00%
BBB	0.00%	0.33%	18.33%	76.67%	4.34%	0.33%	0.00%	0.00%	0.00%	0.00%
BB	0.00%	0.00%	0.00%	9.09%	81.82%	9.09%	0.00%	0.00%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%	0.00%	0.00%	0.00%
CCC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
C	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

SECTION 17: DESCRIPTION OF TRUSTEE

First Security Islami Capital & Investment Limited (FSICIL), a subsidiary of First Security Islami Bank Limited (FSIBL) is a full-fledged Merchant Bank licensed by the Securities and Exchange Commission (BSEC) on 27 March 2011 (BSEC Registration Certificate No MB-65/2011) under The Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules, 1996.

Before that FSICIL has obtained its certificate of incorporation as a private Limited company from the Registrar of Joint Stock Companies and Firms Bangladesh (RJSC) on 2nd December 2010 under the Companies Act 1994 (RJSC Certificate No : C-88567/10) with the objective to carry out the business as Issue Manager, Underwriter and Portfolio Manager.

FSICIL has obtained its custodian depository participate license in 2011 from Central depository Bangladesh Limited (CDBL). (SEC/Registration/CDBL-DP-353)

As a full-fledged Merchant Bank, First Security Islami Capital & Investment Limited has started its operation on November, 2011.

FSICIL started functioning in the field of capital market to establish sustainable capital market as well as ensuring economic growth of the country. Their vision is to lead the market by innovating new products and introducing world class merchant banking functionalities in Bangladesh.

1. Authorized Capital :	BDT 3,000,000,000.00/-
2. Paid -up-Capital :	BDT 679,717,500.00/-
3. Net worth :	BDT 792,291,149.00/-

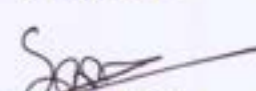
Shareholding Position:

Shareholding position of FSICIL on 31-03-2022			
Sl.	Name of Shareholder's	Nos. of Shares	%
1.	First Security Islami Bank Ltd.	3,466,559	51.00
2.	Others	3,330,616	49.00
	Total	6,797,175	100.00

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.


0 / AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

0 / AUG 2022


K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

Business Activities of the Trustee:

First security Islami Capital & Investment Limited (FSICIL) currently provides following services:

1. Portfolio Management Service
2. Issue Management Service
3. Underwriting Management Service
4. Corporate Advisory Services
5. Private Placement
6. Trustee

2.1. Portfolio Management Service:

FSICIL has two types of Investment Account.

Discretionary Account:

- a. Investor's Discretionary Account (IDA):
- b. Non-Margin Investor's Discretionary Account (NIDA)

Non-Discretionary Account:

- a. Merchant Bank Discretionary Account (MBDA)

2.2. Issue Management Service:

FSICIL provides issue management services in the following areas:

- a. Initial Public Offering (IPO)
- b. Repeat Public Offering (RPO)
- c. Right Issue Offer (RIO)
- d. Bond Issue Management

2.3. Underwriting Management Service:

FSICIL provides underwriting commitments for successful completion of IPO/Right Issue.

2.4. Corporate Advisory Services:

FSICIL provides all types of Corporate Advisory Services to the private and public limited companies.

2.5. Private Placement:

FSICIL Provides support to raise fund through Private Placement. We build & preserve relationships with key Bangladeshi, important clients and Institutes for arranging private placement.

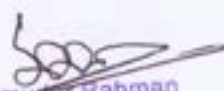
2.6. Trustee:

With prior approval from Bangladesh Securities and Exchange Commission (BSEC), FSICIL act as Trustee of Debt Securities.

01 / AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 / AUG 2022


Md. Mahmudul Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 / AUG 2022
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K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

Board of Directors of the Trustee:

Sl No	Board of Directors	Designation
1	MOHAMMAD SAIFUL ALAM	Chairman
2	FARZANA PARVEEN	Vice-Chairman
3	MOHAMMED ABDUL MALEQUE	Director
4	A.A.M. ZAKARIA	Director
5	HALIMA BEGUM	Director
6	MD. RUHUL AMIN	Director
7	MD.ABDULLAH HASAN	Director
8	SYED WASEQUE MD ALI	Director
9	K M RASIDUL HASAN	CEO

Name and status of the issues where performing as trustee:

Name of the issuer	Name of the Issue	Maturity Period	IM Issue Date	Date of Completion of the Subscription	Issue Amount	Re-Payment Amount	Out-Standing Amount	Defaults (if Any)	Remarks
Banga Building Materials Limited (BBML)	BBML Sukuk Al Ijarah	07 Years	N/A	N/A	300.00 Cr	N/A	N/A	N/A	IM approval under processing

Due Diligence Certificate by the Trustee

Due Diligence Certificate of the Trustee is annexed to this Information Memorandum. Please check **Annexure - II**.

0 / AUG 2022


MUHAMMOD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka

0 / AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd

0 / AUG 2022


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K M Rasidul Hasan
Chief Executive Officer
Fixed Income, M&A, Capital & Investment Unit

SECTION 18: MODUS OPERANDI OF THE ISSUE

Modus Operandi of the Issue has been incorporated form the Trust Deed executed between the Issuer (Al-Arafah Islami Bank Limited) and the Trustee (First Security Islami Capital & Investment Limited)

Application Procedure

The Bonds shall be distributed 100% through private placement. Each Investor (Bondholder) shall enter into a separate Subscription Agreement with respect to their investment with the Issuer and shall be bound by the terms and conditions contained in the Subscription Agreement and the Trust Deed containing in details the rights and obligations of the Investor(s).

The Issuance of Bond

Notwithstanding anything contained anywhere in this Trust Deed, the Bonds shall be issued in dematerialized form as per the CDBL Bye Laws and the Issuer shall apply to the respective stock exchange(s) for listing in the Alternative Trading Board (ATB) immediately from the date of availing ATB facilities under the Bangladesh Securities and Exchange Commission (Alternative Trading System) Rules, 2019 and respective regulations of the stock exchange(s) in this regard.

The Bond shall be rated by the Credit Rating Agency and its periodical surveillance rating shall be done by the Credit Rating Agency in line with the provisions of the Credit Rating Companies Rules, 1996 up to the full and final redemption or conversion of the issued securities.

Allotment

On the Closing Date, to be determined, the Issuer shall allot and issue the Bonds to the Investor(s). The Bonds will be allotted according to the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021.

Refund

Not applicable at the time of issuance. However, subject to receiving proper consent from the regulatory authorities Refund in relation to the subscription may be possible upon mutual agreement between the Issuer and each Bondholder.

Transfer

Bonds are transferable subject to the Terms and Conditions set out in the Trust Deed.

Repayment and Redemption features of the Bond

The Profit generated on the Bonds shall be paid on semi-annual basis on the Profit Payment Dates. The Profit Payment Dates shall be determined depending upon the Issue Date. Unless previously redeemed or purchased or cancelled, the principal of the Bonds will amortize, and paid annually on a pro rata basis to the Bondholders in instalments of 20% per year commencing at the third anniversary of the Bonds from the Issue Date. The final maturity of the Bonds will at the end of seventh year from the Issue Date of the Bonds.

Details of conversion or exchange option

Not Applicable.


01 / AUG 2022


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Managing Director & CEO
Al-Arafah Islami Bank Ltd.

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K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

SECTION 19: DETAILS OF FEES STRUCTURE AND EXPENSES

Particulars	Basis of Calculation	Amount in BDT	
A. Bangladesh Securities & Exchange Commission (BSEC) Fees:			5,000,000
Consent Fee	0.10% on the issue size	5,000,000	5,000,000
B. CDBL Fees and Expenses:			1,434,500
Security Fee	Fixed (Refundable)	500,000	500,000
Documentation Fee	Fixed	2,500	2,500
Annual Fee (7 years)	BDT 5,000 up to BDT 5 Crore Issue Size	-	140,000
	BDT 10,000 up to BDT 20 Crore Issue Size	-	
	BDT 20,000 above BDT 20 Crore Issue Size	20,000	
Distribution Fee	0.00015 of the issue size	750,000	750,000
Connection Fee (7 years)	Tk. 500 Per Month	42,000	42,000
D. Fees related to the Issue			19,075,000
Fund Arrangement Fee	0.25% of the issue size	12,500,000	12,500,000
VAT on Fund Arrangement Fee	15% of the Fund Arrangement Fee	1,875,000	1,875,000
Trustee Fee	Negotiable (For 7 Years)	200,000	1,400,000
Trustee Regulatory Fee	Application Fee: 50,000, Registration Fee: 100,000, Annual Fee: 50,000 for 7 years	500,000	500,000
Trust Deed Registration Fee	0.1% of the total issue size and maximum BDT 1,000,000	5,000,000	1,000,000
Credit Rating Fee	Negotiable (For 7 Years)	150,000	1,050,000
Lawyer Fee	Negotiable	250,000	250,000
Miscellaneous	Certificates and others if applicable	500,000	500,000
Grand Total			25,509,500

NB:

- Listing expenses as Per Alternative Trading Board rules may be applicable as and when declared by the exchanges.
- Regulatory cost may be subject to amendments by the respective regulators.
- Actual costs may be varied if above mentioned estimates differ and will be adjusted accordingly.

SECTION 20: CONDITIONS IMPOSED BY THE COMMISSION IN THE CONSENT LETTER

- As per the Consent Letter by Bangladesh Securities and Exchange Commission.

0 / AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEC
Al-Arafah Islami Bank

0 / AUG 2022

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K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Limited

SECTION 21: DECLARATION AND DUE DILIGENCE CERTIFICATES AS PER ANNEXURE(S)- I AND II

Annexure-I

Declaration about the responsibility of the Managing Director of
Al-Arafah Islami Bank Limited in respect of the information memorandum

[Rule 4(2)(a)]


This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this information memorandum to enable the investors to make a well-informed decision for investment.


Sd/-

Farman R Chowdhury
Managing Director
Place: Dhaka
Date:


01 AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka

01 AUG 2022



Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

01 AUG 2022

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K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

Annexure-II

[Rule 3(1)(m), 4(1)(c) and 4(2) (a)]

Due diligence certificate of the Trustee

First Security Islami Capital & Investment Limited

To

The Bangladesh Securities and Exchange Commission

Sub: Issuance 10,000 units of Non-Convertible, Unsecured Subordinated Bond of BDT 500,000 (Five lacs Taka) each of Al-Arafah Islami Bank Limited.

We, the under-noted trustee to the above-mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft Information Memorandum, legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

- (a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft deed of trust and draft subscription agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM - N/A
- (c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;
- (e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

For Trustee

Sd/-

Managing Director & CEO


First Security Islami Capital & Investment Limited

Date:

01 AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022


Md. Mahmudur-Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

01 AUG 2022


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K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

The Due Diligence Certificates are also annexed to this Information Memorandum as mentioned below:

- a) Declaration of the Management of the Issuer as per Rule 3 (1) (i) of Bangladesh Securities and Exchange Commission (Debt Securities) Rule 2021. Kindly Check Annexure-I
- b) Due Diligence Certificate of the Trustee [Rule 3(1)(m), 4(1)(c) and 4(2) (a)], is attached with this information memorandum. Kindly check Annexure - II
- c) Due Diligence Certificate of the Issuer Manager is Not Applicable for the AIBL 4th Subordinated Bond.
- d) Due Diligence Certificate of the Underwriter is Not Applicable for the AIBL 4th Subordinated Bond.

01 AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.


01 AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022


K M Rasidul Hasan
Chief Executive Officer
Real Security Islami Capital & Investment Limited

Annexure - 1

Detailed Description and Information

As per Schedule A (part I)

1. Particular of the Issuer:	
Name of the Issuer	Al-Arafah Islami Bank Limited
Legal Status	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 Company Act, 1991.
Registered Address and Telephone Number of the Issuer	Registered address: Al-Arafah Tower, 63, Purana Paltan, Dhaka- 1000 Phone: +88-02-55668070, +88-09610999999 Email: info@aibl.com.bd
Name, Address, Contact Number of the Contact Person	Mr. Muhammed Nadim, FCA Deputy Managing Director PABX: +880 2 44850005-20 Ext-270 Tel: +880 2 44850028 Mobile: +8801819494980 E-mail: nadim@aibl.com.bd
Date of Incorporation	18 June, 1995
Date of Commencement of Business	27 September, 1995
Authorized Capital	BDT 15,000.00 million (as of 31 December 2021)
Paid up Capital	BDT 10,649.02Million (as of 31 December 2021)
Total Equity of the Issuer	BDT 25,900.34 (as of 31 December 2021)
Total Liabilities	BDT 436,786.71 (as of 31 December 2021)
Total Financial Obligations	N/A
Total Assets	BDT 462,687.05 (as of 31 December 2021)
Net worth of the Issuer	BDT 25,900.34 (as of 31 December 2021)
Total Tangible Assets (Fixed assets including land, building, furniture and equipment)	BDT 5470.27 (as of 31 December 2021)
2. Particular of Issue Manager:	Not Applicable as it is Private Offer
3. Particular of the Issue:	
Name of the Issue:	AIBL 4 th Mudaraba Subordinated Bond
Type of instruments to be issued:	Non-Convertible Floating Rate Mudaraba Subordinated Bond
Purpose of the Issue:	To raise Tier-II Regulatory Capital and thereby enhance Capital to Risk-weighted Asset Ratio (CRAR) as per "Guidelines on Risk-Based Capital Adequacy" of Bangladesh Bank
Number of Securities and total size of the issue to be offered	No. of unites to be issued: 10,000 (Ten thousand) units Issue Size: BDT 5,000,000,000 (Five thousand million taka)

01 AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Risk & Compliance Department

Face Value and Issue Price of securities	Denomination of each lot of Bond is BDT 500,000 (Face Value)												
Coupon rate/ Rate of profit	Reference Rate + Coupon Margin												
Yield to maturity (YTM)/ Rate of Return	Coupon Rate												
Tenor:	7 Years												
Details of conversion/exchange option features:	This Bond Non-Convertible in nature												
Mode of Redemption:	Face Value (principal) redemptions will be in 5 (five) annual tranches commencing at the end of the 36 th month from the date of drawdown in the following manner: <table border="1" data-bbox="718 616 1141 862"> <thead> <tr> <th>Month</th> <th>Redemption</th> </tr> </thead> <tbody> <tr> <td>36th</td> <td>20.00%</td> </tr> <tr> <td>48th</td> <td>20.00%</td> </tr> <tr> <td>60th</td> <td>20.00%</td> </tr> <tr> <td>72nd</td> <td>20.00%</td> </tr> <tr> <td>84th</td> <td>20.00%</td> </tr> </tbody> </table>	Month	Redemption	36 th	20.00%	48 th	20.00%	60 th	20.00%	72 nd	20.00%	84 th	20.00%
Month	Redemption												
36 th	20.00%												
48 th	20.00%												
60 th	20.00%												
72 nd	20.00%												
84 th	20.00%												
Mode of option (call or put) if any:	The Bond is non-convertible and non-callable												
Applicable Tax Rate:	According to the laws of Bangladesh												
Default Protection Mechanism (details of credit enhancement) if any:	This Bond is Unsecured in nature. No credit enhancement is applicable.												
Type of collateral securities being offered, if any:	Unsecured												
Status of securities holders in case of priority of payment:	AIBL 4 th Mudaraba Subordinated Bond is superior to the claims of investors in equity shares and Subordinated to the claims of the depositors and the other creditors as Tier 2 Capital (as defined in the Basel III Guidelines) of the Bank. It is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors												
Period within which securities to be issued:	As per the Consent Letter from BSEC												
Nature of tradability or listing in stock exchange(s):	As per the Consent Letter from BSEC												
Others:													
Investors:	Local Investors: A different group of high net worth individuals, corporate houses, banks, insurance companies, NBFIs, asset management companies, mutual funds, and merchant banks operating in Bangladesh. Foreign Investors: Non-resident Bangladeshi (NRBs), Foreign Nationals, Foreign Corporate Entity, Foreign Bank/ Financial Institutions, and Multilateral Agencies.												
Reference Rate:	To be determined as the average Rates of 6 months of Full-fledged Shariah based banks (excluding any foreign Islamic bank) collected from latest available "Announced Profit Rate Chart of those Banks (Deposit Rate)" published by Bangladesh												

01 AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka

01 AUG 2022

Md. Mahmudur Rahmat
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd.

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islamic Bank Limited

	Bank in its website at the beginning of any Profit Payment Period with an additional profit rate of 2.00% per annum. Trustee will notify the Profit Rate to the Issuer and the Subscribers upon rounding upwards to the nearest percentage transaction by the Lead Arranger, shall be borne by the Issuer.
Coupon Margin:	2.00%
Coupon Payment:	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
Transferability/Liquidity:	Freely transferable subject to the terms and conditions of the documents creating and evidencing the bond
Governing Law:	The Bonds are governed by and shall be construed by the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the jurisdiction of the courts of Bangladesh.
4. Particulars of Trustee:	
Name of Trustee	First Security Islami Capital & Investment Limited
Paid Up Capital	BDT 679,717,500.00/-
Net Worth of the Trustee	BDT 792,291,149.00/-
Name of the Issues where performing as Trustee	BBML Sukuk Al Ijarah
5. Particulars of Credit Rating Company:	
Name of the Credit Rating Company	Credit Rating Information & Services Limited (CRISL)
Credit rating status of the issuer	Long Term: AA Short Term: ST-1 Valid from: 18 July 2021 Valid to: 17 July 2022
Credit rating status of the issue	Long Term: AA- (Indicative) Valid from: 31 May 2022 Valid to: 30 May 2022
Latest default rate of the Credit Rating Company	2.28%
Average time to default of the rated Category	3 Years
Rating Trigger	N/A
Date of audited accounts, which is included in the IM	31 December 2021
6. Particulars of Originators (if Any):	Not Applicable
7. Particulars of other contractual parties:	Common Legal Counsel : Lex Juris


01 AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islamic Bank Limited
Head Office, Dhaka.

01 AUG 2022


Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islamic Bank Ltd.
Head Office, Dhaka.

01 AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd.

11 AUG 2022


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K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islamic Bank Limited

Annexure – 2

(Credit Rating of the Issue)

CREDIT RATING REPORT On AL-ARAFAH ISLAMI BANK LIMITED

REPORT: RR/54881/22

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL long-term rating is valid for only one year and short term rating for six months from the date of rating. After the above periods, these ratings will not carry any validity unless the bank goes for rating surveillance.

CRISL followed Bank/FI Rating Methodology published in CRISL website www.crislbd.com

Address:
CRISL
Nakshi Homes
(4th & 5th Floor)
6/1A, Segunbagicha,
Dhaka-1000
Tel: 9530991-4
Fax: 88-02-9530995
Email:
crisldh@crislbd.com

Date of Rating: July 18, 2022	Valid up to: July 17, 2023	
	Long Term	Short Term
Surveillance Rating	AA	ST-2
Outlook	Stable	

Rating Contact:
Md. Asiful Haq
Chief Rating Officer
asif@crislbd.com

Analyst:
Md. Saiful Alam Shimul
saiful@crislbd.com

Entity Rating

Long Term: AA
Short Term: ST-2

Outlook: Stable

**AL-ARAFAH ISLAMI
BANK LIMITED**

ACTIVITY
Islamic Shariah Based
Commercial Banking

**COMMENCEMENT OF
OPERATION**
1995

MANAGING DIRECTOR
Farman R. Chowdhury

TOTAL ASSETS
Tk. 462687.05 million

TOTAL EQUITY
Tk. 25900.34 million

TOTAL LOANS & ADV
Tk. 336890.72 million

1.0 RATIONALE

CRISL has reaffirmed the Long Term rating "AA" (pronounced as double-A) and the Short Term rating "ST-2" to Al-Arafah Islami Bank Limited (AIBL). The above has been done after a thorough and comprehensive analysis of the operational and financial performance of the bank along with its relevant quantitative, qualitative, and other related factors. The basis of the evaluation was the financials of the bank up to December 31, 2021 and other widespread factors up to the date of rating.

The above ratings have been assigned in consideration of its fundamentals such as average financial performance, good capital adequacy, average liquidity, good non-funded business, good operational network, experienced top management, etc. CRISL, however, observed few limitations which include downturn in profitability indicators, moderate asset quality, considerable rescheduled and stay order loan etc. However, these factors are not expected to have any significant impact on the AIBL during the rating validity period.

During the period of FY 2021, the overall consolidated financial performance of the bank remained stable. During the period net investment income stood at Tk. 10,373.22 million in FY 2021 against Tk. 9,774.63 million in FY 2020. The total operating income improved by 8.89% and stood at Tk. 14623.39 million in FY 2021 compared to Tk. 13,430.10 million in FY 2020. The total operating profit before tax and provision declined by 12.06% and stood at Tk. 7494.14 million in FY 2021 against Tk. 6,687.76 million in FY 2020. During the surveillance year, the total provision of the Bank increased to Tk. 2655.58 million in FY 2021 from Tk. 1,887.90 million in FY 2020 due to increase in the form of provision for classified investment (Loan relaxation policy of Bangladesh Bank due to Covid-19 Pandemic situation). The net profit after provision & tax deteriorated due to the increase in provision for classified investment as well as for the increase of tax provision which is stood at Tk. 2126.44 million in FY 2021 against Tk. 2,571.81 million in FY 2020 registering a negative growth of 17.32%. The Net Profit/Interest Margin (NIM) of the bank declined to 2.70% in FY 2021 from 2.81% in FY 2020 as the profit on investment of the bank was lower than the profit paid on deposits & borrowing. The Return on Average Assets (after-tax) have slightly been improved to 1.10% in FY 2021 from 0.64% in FY 2020 which was lower compared to the PCB industry average. On the other hand the Return on Average Equity (after-tax) has been deteriorated and stood at 8.28% in FY 2021 against 10.37% in FY 2020. AIBL's Return on Average Risk-Weighted Assets declined to 0.82% in FY 2021 from 1.11% in FY 2020 respectively.

Overall stand-alone asset quality of the bank is moderate compared to private sector banks in the industry. Total investment (including bills purchased and discounted) of the bank increased to Tk. 336,890.72 million in FY 2021 from Tk. 303,210.41 million in FY 2020, indicating an increase of 8.97%. Out of total investments, 5.30% is unclassified investment and 4.69% is classified investment in FY 2021. AIBL's gross Non-Performing Investment (NPI) increased to Tk. 16566.84 million as of December 31, 2021, from Tk. 11,769.58 million as of December 31, 2020, with an increase of Tk. 4797.26 million due to new Investment (loan) classification.

The overall standalone liquidity of AIBL is found average as of December 31, 2020. AIBL has been maintaining Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) in line with the Bangladesh Bank requirement over the years. The Investment and advance to deposit ratio slightly declined and stood at 99.78% in FY 2021 and 92.92% in FY 2020. Again, the investment to deposit & equity ratio slightly declined to 93.43% in FY 2021 compared to 86.63% in FY 2020 respectively. The liquidity coverage ratio stood at 101.86% and the net stable funding ratio stood at 119.7% as of December 31, 2021.

01 AUG 2022

Md. Saiful Alam Shimul
Chief Rating Officer
CRISL

01 AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022

Md. Mahabubur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd
Head Office, Dhaka.

01 AUG 2022

For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

CREDIT RATING REPORT On AL-ARAFAH ISLAMI BANK LIMITED

The stand-alone Capital to Risk-Weighted Asset Ratio (CRAR) of the bank is good and in line with requirements under the risk-based capital adequacy framework of Basel-III. The Capital to Risk-Weighted Asset Ratio (CRAR) on core capital (Tier-1) stood at 10.15% and on supplementary capital (Tier-II) stood at 5.16%. The Capital to Risk-Weighted Asset Ratio (CRAR) has been found to be 15.31% as of December 31, 2021 against 15.48% as of December 31, 2020. The minimum capital requirement stood at Tk. 27011.02 million (including conservation buffer 12.50%) against which the total capital stood at Tk. 41358.69 million in FY 2021.

The overall operating efficiency of the bank registered moderate downturn in FY 2021 compared to the previous year. It appears that the growth of the operating expense of the bank has been lower than the growth of operating income during FY 2021. The efficiency ratio increased to 48.75% in FY 2021 from 50.20% in FY 2020. Accordingly the yield per TK. 100 staff cost increased to Tk. 157.54 in FY 2021 from Tk. 146.48 in FY 2020.

The Banks rated in this category are adjudged to be of high quality, offer higher safety, and have high credit quality. This level of rating indicates a banking entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. The Short Term rating indicates a high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

CRISL also viewed the bank with a "Stable" outlook and does not foresee any significant changes in its overall operational performance in near future.

2.0 CORPORATE PROFILE

2.1 Genesis

Al-Arafah Islami Bank Limited (AIBL) was established on June 18, 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 the Bank Companies Act, 1991 (as amended in 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 as per Shariah guidelines. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers, renowned Lawyers, and eminent Economists. The bank went for a public issue of share in the year 1998 and its shares are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). As of May 26, 2022, the market capitalization of AIBL stood at Tk. 27,580.967 million. The bank is operating its business throughout the country with a network of total 201 Branches (having 26AD Branches throughout the country) and 205 ATM booths.

At Present, the bank has 02 (two) subsidiary companies namely AIBL Capital Market Services Limited, and AIBL Capital Management Limited. In 2019, AIBL liberated from the rights as a subsidiary by selling some of the shares of Millennium Information Solution Limited which was acquired as per the 250 th meeting of the Board dated November 30, 2013. 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. As of December 31, 2021, the authorized and paid-up capital of the bank stood at Tk. 15,000.00 million and Tk. 10,649.02 million respectively. The Head Office of the Bank is located at 63 Purana Paltan, Dhaka-1000.

0 / AUG 2022



K M Rasidul Hasan
Chief Executive Officer

First Security Islami Capital & Investment Limited

0 / AUG 2022

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka

0 / AUG 2022

Md. Mahabubur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd
Head Office, Dhaka

For President & CEO
Md. Asaduzzaman Khan
Executive Director

Credit Rating Information and Services Ltd.

CREDIT RATING REPORT

On

AL-ARAFAH ISLAMI BANK LIMITED

2.2 Ownership Pattern

During the surveillance period, no major changes have been noticed in the shareholding pattern of the bank. AIBL is continuing with diversified shareholding among local corporate bodies, local sponsors, and the general public. As of December 31, 2021, the Bank has a total of 1064.90 million ordinary shares of Tk. 10.00 each owned by 19,146 shareholders. Out of total outstanding shares, the Sponsors or Promoters held 41.87% (41.87% in YE2020) followed by Institutional Shareholders 29.87% (21.88% in YE2020), and General Public 28.25% (36.25% in YE2020). Moreover, from further analysis, it has been found that 357 shareholders are holding 92.59% of total shares in the range of 100,001 to more than 1,000,000 indicating concentrated ownership status among a few shareholders.

2.3 Operational Network

AIBL has a wide operating network, which is continuously expanding. As mentioned earlier, the bank has 201 Branches, 205 ATM booths, and 02 (two) Subsidiary Companies. Besides, as on December 31, 2021, AIBL has 605 Agent Banking outlets (205 more outlets added during FY 2021) through 397 agents to bring the unbanked population under banking services to comply with Bangladesh Bank's instruction. The bank has 340 correspondent banking relationships that are being maintained with different reputed banks in 56 countries of the world.

2.4 Business Profile

The bank offers a wide range of Shari'ah based deposit and investment products to cater to every customer segment such as individuals, small and medium-sized enterprises, and corporate bodies. Under the guidance of the Shari'ah Supervisory Committee, the bank designed all deposit & investment products & services and formulated policy guidelines, working procedures for banking activities. The Investment portfolio of the bank is still concentrated on trading, construction business, and transport & communication, etc. with a continuous focus on term deposit in deposit portfolio.

Currently, AIBL's savings products are Short Notice Deposit (SND), Monthly Hajj Deposit, Monthly Installment Term Deposit (ITD), One Time Hajj Deposit, Marriage Saving Investment Scheme (MSIS), and Special Saving (Pension) Scheme, Kotipoti Deposit Scheme, Double benefit Scheme, etc. with deposit products for the farmers, workers of garments industries, freedom fighters, students, etc.

AIBL's investment products are categorized as Investment in Agricultural Sector, Industrial Sector, Foreign Trade, Construction and Housing, Hire Purchase (HPSM), Transportation Sector, Small Enterprise Investment Schemes, Village and Small Investment Schemes, Cottage, Micro, Small and Medium Enterprises Investment (CMSME), etc. AIBL has micro-investment programs for the poorest people of the country such as the

Rural Agricultural Investment Scheme (RAIS), Al-Arafah Khamarbari Investment Scheme, Mudaraba Animal Husbandry Scheme, Grameen Small Investment Scheme (GSIS), Al-Arafah Solar Energy Investment Scheme, Micro-Enterprise Investment Scheme, etc.

With the supportive role of Bangladesh Bank, the bank has implemented some projects successfully such as MasterCard, debit and credit card & Merchant Banking, National Payment Gateway (NPG), Agent Banking, Mobile Banking, Internet Banking, SMS Banking, Business Process Automation (BPA), Enterprise Resource Management (EAMS), etc.

2.4.1 Off-shore Banking

The bank obtained the Off-shore Banking Unit License on February 17, 2014, from Bangladesh Bank and commenced the operation of this unit from May 22, 2014. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. The total investment stood at Tk. 21450.37 million in FY 2021 and Tk. 13,043.96 million in FY 2020. The investment income stood at Tk. 859.64 million in FY 2021 and Tk. 568.89 million in FY 2020. The net investment income stood at Tk. 85.99 million in FY 2021 and Tk. 56.91 million in FY 2020. The profit after tax stood at Tk. 85.95 million in FY 2021 and Tk. 56.57 million in FY 2020.

Operating with 201
Branches

Diversified products line

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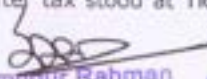

K M Rasidul Hasan
Chief Executive Officer
First Security Islamic Capital & Investment Limited

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka

01 AUG 2022


Md. Mahmudul Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd
Head Office, Dhaka


Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

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2020. Its office is located at 63 Purana Paltan, Dhaka-1000.

2.4.2 AIBL Capital Market Services Limited

AIBL Capital Market Services Limited (AIBL CMSL), a subsidiary company of AIBL, was incorporated on September 20, 2010. Currently, the paid-up capital of CMSL stood at Tk. 4,000.00 million against the authorized capital of Tk. 10,000.00 million of which AIBL is holding 60.50% of total outstanding shares. The main objective of the company is to act as a member of the Dhaka Stock Exchange and Chittagong Stock Exchange to carry on the business of broker, dealers in stocks, shares, and secure commercial papers, bonds, debentures stock, foreign currencies, treasury bills or any instruments.

2.4.3 AIBL Capital Management Limited

AIBL Capital Management Limited (AIBL CML), a subsidiary company of AIBL, was incorporated on October 25, 2011. As on December 31, 2021 the paid-up capital of the company stood at Tk. 500.00 million against an authorized capital of Tk. 2,000.00 million of which AIBL is holding 98% of total outstanding share. 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.

2.5 Market Position

The market share of AIBL improved in FY 2021 in terms of loans and advances/investment among Private Commercial Banks (PCBs). As on December 31, 2021, in the banking industry (excluding inter-bank and Government deposits) of Bangladesh, the total deposit increased to Tk. 15124725.6 million against Tk. 13,791,504.49 million in FY 2020 indicating 9.67% growth from last year whereas the total loan/investment increased to Tk. 12481860.24 million against Tk. 11,227,892.73 million in FY 2020 indicating 11.17% growth from last year, shared by 61 scheduled banks consisting of 06 State-Owned Commercial Banks (SCBs), 03 specialized banks, 09 foreign banks, and 43 Private Commercial Banks (PCBs) including 10 Islamic banks.

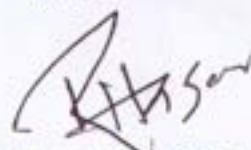
AIBL's deposit base (consolidated) increased to Tk. 353287.97 million as of December 31, 2021, from Tk. 326,023.41 million of the previous year indicating 2.34% of the market share against 2.37% in that of the previous year. In the same period, the investment (consolidated) of AIBL stood at Tk. 336890.72 million against Tk. 308,620.66 million indicating 2.70% market share against 2.75% in that of the previous year. The growth rate of the deposit of AIBL was 8.36% against the industry growth rate of 9.67% and the growth rate of investment was 9.16% against the industry growth rate of 11.17% as on December 31, 2021. The above scenario reveals that the bank's investment growth has been higher than deposit growth. In addition to that, in FY 2021, the bank's import business stood at Tk. 261,566.10 million from Tk. 169,378.90 million in FY 2020. The export business stood at Tk. 135,786.90 million in FY 2021 from Tk. 104,939.40 in FY 2020 respectively.

3.0 INDUSTRY ANALYSIS

3.1 Economy Projection

The overall performance of banking sector in Bangladesh showed mixed trend in 2021 and is passing through a tough time to control increasing NPL and manage capital adequacy. Tough COVID 19 situation improved significantly due to high rate of massive vaccination and lower infection, the increasing food & non-food inflation in local economy, rising oil & other essential commodities price hike in international market amid ongoing war between Russia & Ukraine posed a fresh threat to both local and international economy. Despite many hurdles and shortcomings Bangladesh's gross domestic product (GDP) grew 6.94 per cent in the fiscal year 2021. The World Bank (WB) said in its recent released of Global Economic Prospects projected that Bangladesh's economy is expected to grow 6.9 per cent in fiscal year 2022-23 thanks to strong export growth and a rebound in domestic demand. World bank observed that strong export growth, supported by returning readymade garment demand from abroad, and a rebound in domestic demand—with improving labor income and remittance inflows—supported the recovery in Bangladesh Economy.

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K M Rasidul Hasan
Chief Executive Officer

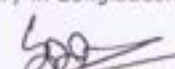
First Security Information and Investment Limited

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The multilateral lender forecasted that gross domestic product (GDP) would expand 6.4 per cent in the current fiscal year of 2021-22, up 1.3 percentage points from its June projection of 5.1 per cent for the fiscal. Apart from many internal and external problems, impact of COVID 19 and ongoing war between Russia & Ukraine added fuel to the above situation. The Bangladesh Bank has been forced to act and issued a large number of circulars recently to combat the situation arising from liquidity, stressed assets, over borrowing by the government etc. to tackle the financial impact of COVID -19.

After the global growth contraction for 2020 at -3.4 percent, the global economy growth was estimated at 5.5 percent in 2021 and is projected to grow at 4.1 percent in 2022 as per World Bank Report. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

3.2 Sector at year-end 2021

Though major key indicators registered slight improvement year on year basis (mainly due to flexibility & relaxation in loan classification and rescheduling at nominal down payment with extended tenure) overall banking sector's health was at stake. Huge classified loan and stressed assets continue to become the major source of concern. Though central bank has taken a number of steps and policy measures to curb the situation, people's confidence -that has been eroded to a great extent due to liquidation process of one listed leasing company and another near to die listed leasing company- are yet to be restored. Surplus Liquidity was there in the banking system all the year round.

In order to ease the doing business in the Bangladesh with an objective to boost country's overall economy and to keep the GDP growth momentum 6.94% in FY 2020-21 central bank has taken a number of steps. Fixing the lending rate at 9% is aimed to ensure supply of capital at lower rate. On the other hand, central bank instructed all scheduled banks not to offer less than inflation rate as minimum rate to depositors. Guideline of Internal Credit Risk Rating (ICRR) in 2018 has started functioning fully from October 2019. During the year two new banks namely Bengal Commercial Bank Ltd. and Citizens Bank Plc commenced commercial operation formally which earlier got approval from central bank.

3.3 Major Issues and Public Confidence

The overall scenario of the banking sector in Bangladesh remained volatile and facing moderate level of turbulence with multiple challenges in area of weak governance, poor asset quality, dwindling profitability, declining interest rate, marginal capital adequacy, excess liquidity and poor risk management especially in SCBs and specialized banks. All these together contributed for lack of confidence in public mind and caused prolonged liquidity crunch after scam in some scheduled commercial banks and non-bank financial institutions.

3.4 Asset Quality

Extending credit to economic sectors and maintaining asset quality were major challenges as usual for overall banking sector like previous years. Licensing to new banks to work vis a vis large number of existing scheduled banks raised question over its future profitable and sustainable operation amid current severe competition in the sector. Non-performing loan remained the grave concern in the industry.

Asset quality of State owned commercial banks & specialized banks registered slight improvement in FY 2021 compared to FY 2020 due to central bank's forbearance policy, relaxation of loan classification and flexible rescheduling support.

The ratio of gross NPLs to total loans moderated in December 2021 from September 2021, mostly driven by both the State-owned Commercial Banks (SCBs) and Private Commercial Banks (PCBs). But year on year comparison the ratio of gross NPLs to total loans inched up in 2021 compared with 2020. NPL ratio in the banking sector rose to 7.93% in December 2021 from 7.66 % in December 2020 and against 9.3% percent in December 2019 and 10.30 in December 2018. The ratio of gross NPLs to total loans fell to 7.91 percent at the end of

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December 2021 from 8.1 percent at the end of September 2021 but increased from 7.7 percent in June 2020, reflecting the recent policy relaxation of loan classification. Total Classified loan of banking sector stood at Tk. 1032.74 billion with provision shortfall of Tk. 140.07 billion at Q4, FY2021. Non-performing loan in state owned commercial banks and specialized banks remained worse than industry average.

3.5 Capital Adequacy

The overall performance of the banking sector in terms of capital adequacy was not satisfactory. The overall capitalization of the banking system remained broadly stable in Q2FY22 as per Basel norm although the capital to risk-weighted assets ratio (CRAR) edged down to 11.08 percent at the end of Q2FY22 from that of 11.22 percent at the end of Q1FY22 and 11.64 percent at the end of Q2FY21, mostly driven by the weaker asset quality of the SCBs. State owned Commercial Banks (SCB) and specialized banks were non-compliant in terms of Basel capital maintenance. The CRAR of SCBs notably declined to 3.71 percent at the end of Q2FY22, from 6.25 percent at the end of Q1FY22 and 4.34 percent in Q2FY21, indicating a capital short-fall. Moreover, CRAR of FCBs moderated to 25.45 percent at end of Q2FY22 from that of 27.10 percent at the end of Q1FY22 and 28.24 percent at the end of Q2FY21; however remained with adequate capital base. On the other hand, CRAR of PCBs witnessed a modest improvement to 13.72 percent at end- of Q2FY22 from that of 13.09 percent a quarter earlier but declined from 13.96 percent at end of Q2FY21.

3.6 Profitability

Profitability of the banking sector improved in 2021 compared to 2020 as reflected by a rise in net profit and return on equity (RoE). Net Profit in the banking industry increased from BDT 52.79 billion in 2020 to BDT 57.78 billion in 2021. Return on equity modestly increased to 4.44 percent in 2021 from 4.28 percent in 2020, although return on asset (RoA) remained unchanged at 0.25 percent. Moreover, RoA and RoE of SCBs increased to -0.68 percent and -21.61 percent in 2021 from -1.07 percent and -29.57 percent in 2020 respectively. However, PCBs experienced deterioration as both RoA and RoE moderated to 0.62 percent and 9.34 percent in 2021 from 0.70 percent and 10.22 percent in 2020 respectively.

3.7 Liquidity

The liquidity conditions in the banking sector remained adequate. The surplus liquidity in the banking sector modestly moderated to BDT 2167 billion at the end of Q2FY22 from that of BDT 2196 billion at the end of Q1FY22, reflecting rising demand for loans as the economy returns to normalcy. The excess liquidity- the excess of CRR and SLR as a percent of total demand and time liabilities (TDTL) - declined to 13.8 percent at the end of Q2FY22 from that of 14.4 percent at the end of Q1FY22, however remained adequate. The growth momentum of bank's advances further accelerated to 11.1 percent (y-o-y) at the end of Q2FY22 from 10.7 percent (y-o-y) at the end of Q1FY22, reflecting the growing demand for credit owing to the reopening of the economic activities. On the other hand, the growth of bank's deposit further decelerated to 9.7 percent at the end of Q2FY22, down by 2.6 percentage point from the previous quarter, partly driven by a fall in remittance inflows. . Consequently, the overall advance-deposit ratio (ADR) went up to 73.2 percent at the end of Q2FY22 from that of 72.1 percent at the end of Q1FY22 and remained broadly stable. Since the COVID-19 pandemic, the banking sector played a crucial role to channelize stimulus packages to priority sectors spontaneously to keep the vibrancy of the economic activities. Amid the reopening of economic activities, the banking sector may face extended demand for credit although prevailing adequate liquidity in the system. But, the challenges remain to allocate credit to productive sector and to select good borrowers specially CSMEs. Moreover, to improve r asset quality, particularly in the state-owned commercial bank requires special attention to ensure adequate capital buffers for stability. Against the backdrop of impact of coronavirus and its effect on national economy BB has made downward revision of repo rate and cut CRR requirement of all scheduled banks as a part govt. policy support to curb the COVID-19 impact, specially to ensure smooth supply of fund for hard hit large, medium and small manufacturing and service sectors industries.

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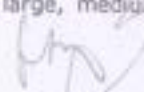
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3.8 Licensing to New Bank & Challenges Ahead

In addition to licensing of nine scheduled banks in 2013 Bangladesh Bank continued to issue license to new banks soon after the countrywide parliamentary election at year end of 2018. During the year NRB Commercial Bank, one out of nine newly licensed banks has been listed with the bourse through issuing IPO. Despite the existence of a good number of scheduled banks, issuing license to new banks brought serious criticism regarding justification of new banks. The profitability performance of new banks is gradually improving except one newly licensed bank due to its small size up to this stage. The special challenges for new banks are low spread, comparatively high cost of fund, negligible non-funded business, high operating cost due to opening new branch at rural area where loan growth is excessively negligible. Lack of credit line from foreign bank in case of import business continued to become the major challenges that the new banks are facing. Against the above backdrop central bank has extended the time line of IPO of new banks for different tenure based on their application.

Twenty members Board

4.0 CORPORATE GOVERNANCE

4.1 The Board of Directors

During the period under surveillance, Mr. Alhaji Abdus Samad has been replaced by Alhaji Salim Rahman, and the Board is constituted of 20 Directors excluding the Managing Director (Ex officio Director) as on December 31, 2021. Mr. Farman R. Chowdhury is the Managing Director of the bank with a strong academic and professional background as well as banking exposures of over 35 years. The Board appointed Alhaji Md. Amir Uddin PPM, Mr. Alhaji M Kamaluddin Chowdhury and Mr. Mahbubul Alam as Independent Directors. The Board conducted 13 meetings in FY 2021 against 12 meetings in FY 2020. The Board is involved in the setting of key targets for the bank management and monitoring the progress, approval of long term strategic plan, expansion of business, appointment of key management people and purchase of bank's property and adopts sufficient risk management systems to mitigate the core risk of the bank.

4.2 Key Board Committees

To manage the banking operation efficiently, there are four Board Committees such as Executive Committee, Audit Committee, Risk Management Committee, and Shariah Supervisory Committee. The Board also responsibly ensures good corporate governance, devises policies, and determines both short-term and long-term objectives & goals of the Bank.

4.2.1 Executive Committees

The Executive Committee is comprised of Seven-members and is Chaired by Alhaji Abdus Samad. The Committee reviews different operational affairs including administration and investment, development & expansion of business of the Bank, etc. The Committee conducted 20 meetings in FY 2021 and 14 meetings in FY 2020.

4.2.2 Audit Committees

During the surveillance period, the Audit Committee has been restructured which is comprised of five-members and is headed by Mahbubul Alam. The other four members are Alhaji Nazmul Ahsan Khaled, Alhaji Mohammed Emadur Rahman, Alhaji Md Harun-ar-Rashid Khan and Alhaji M. Kamal Uddin Chowdhury. AC members play a key role in the finalization of the financial statements of the bank and other roles under specific Terms of Reference (ToR) that sets out its responsibilities and composition. The Committee conducted 8 meetings in FY 2021 and 07 meetings in FY 2020.

4.2.3 Risk Management Committees

The Risk Management Committee has been formed with five members and is Chaired by Mr. Alhaji Badiur Rahman to formulate and implement appropriate strategies for risk assessment, its control, and management. The other four members are Alhaji Abdul Malek Mollah, Alhaji Mohammed Haroon, Alhaji Md. Rafiqul Islam and Alhaji Md. Amir Uddin. The Committee conducted 4 meetings in FY 2021 and 06 meetings in FY 2020.

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K M Rasidul Hasan
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 Managing Director & CEO
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[Signature]
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4.2.4 Shariah Supervisory Committees

AIBL is operating based on Islamic Shariah and therefore strict adherence to Shariah principles is the core strategy of the banking business. So, the bank has no other alternative but to comply with Shariah in all activities under the guidance of the Shariah Supervisory Committee. The Shariah Supervisory Committee is composed of seven members and Chaired by Mufti Sayeed Ahmad Muzaddedi. The committee specialized in Fiqhul Muamalat (Islamic Commercial Law) according to guidelines given by the Bangladesh Bank to ensure whether all banking operations are transacted following Islami Shariah i.e. Qur'an, Sunnah, Ijma and Iztihad. The Committee reviews different operational issues and gives an independent opinion based on Islamic Shariah. It also provides necessary guidelines and creates awareness about the compliance of Shariah. For effective compliance of Shariah in all the areas, some important programs i.e. Shariah Training and Awareness Programs, Clients Get together, etc. were conducted during the year FY 2021. The Committee conducted 4 meetings in FY 2021 and 06 meetings in FY 2020 to discuss the matters of the Bank to give opinions & directives and given solutions thereof from the viewpoint of Shariah Principles.

During the surveillance period, Shariah Secretariat of the Bank under the direct supervision of the Shariah Supervisory Committee undertook different programs for Shariah compliance in the Bank. During FY 2021, the Committee has visited 201 branches out of 201 that was 184 branches out of 184 in FY 2020 and inspected them by the Shariah Muraqib. The team observed the Shariah compliances, gave necessary instructions on the spot, and submitted the report to the Council. They have also submitted corrective measures to rectify the laws in implementing Shariah guidelines into the banking operations.

4.3 Delegation of Power

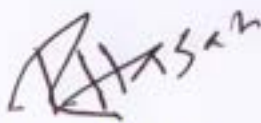
To run the day to day banking activities properly and without any hindrance, AIBL Board has delegated requisite power to the management (in terms of credit, administrative and financial). Credit approval authority is delegated with different limits in different sectors to the Managing Director, Deputy Managing Director (DMD), Senior Executive Vice President (SEVP), Executive Vice President (EVP), Senior Vice President (SVP), Vice President (VP), Senior Assistant Vice President (SAVP) and Assistant Vice President (AVP) are also enjoying certain credit approval authority. The maximum limit is delegated to the Managing Director to the tune of Tk. 10.00 million, DMD Tk. 2.00 million, EVP Tk. 0.80 million, SVP Tk. 0.60 million, VP Tk. 0.40 million and AVP Tk. 0.30 million. Proposal beyond delegation is submitted to the EC or to the Board for approval. Board framed policy & procedures for the bank's expenditure.

4.4 Management Team

The Management Committee of AIBL is headed by Mr. Farman R. Chowdhury, the Managing Director of the Bank with strong academic and professional background as well as Banking exposures over 35 years. In the management team, Mr. Farman R. Chowdhury is aided by eight Deputy Managing Directors, sixteen Senior Executive Vice President, 12 Executive Vice Presidents, 34 vice presidents, 70 Senior Assistant Vice President, 154 Assistant Vice President who lead different Wings, Divisions & Branches. The day-to-day banking functions are handled by these professionals with modern banking knowledge and experience. The above management team provides a wide succession plan and has the acumen to carry out the objectives of the bank smoothly. The management of the bank has several Management Committees to handle the banking operation efficiently such as Management Committee (MAN-COM) and Asset Liability Management Committee (ALCO). The two important Management Committees namely MAN-COM and ALCO are headed by the Managing Director. The committees meet at least once every month. The main functions of the MAN-COM are to look after the general banking business. In monthly ALCO meetings, relevant issues like economic forecast, market status, peer group analysis, projections on profit rate and exchange rate and spreads; balance sheet gap in

liquidity structure & profit rate sensitivity of gap, pertinent to the ratio analysis, internal Transfer Pricing, Contingency Funding Plan, Stress Testing, Liquidity Coverage Ratio (LCR), Transfer Pricing mechanism for internal funding and investments in Government securities, regulatory & other audit compliance are discussed and decisions are taken for the interest of the bank.

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Structured Human Resource policy

4.5 Human Resources Management (HRM)

AIBL has been following Board approved structured human resources policies that include some benefits such as contributory provident fund, gratuity, leave encashment facility, Group insurance, etc. The banks' total HR base stood at 4247 and 3866 as of December 31, 2021, and December 31, 2020, respectively. Out of the total HR base, there are 334 executives, 3,347 officers, and 566 other staff. During FY 2021 the bank recruited (fresh and experienced) 437 employees respectively.

During FY 2021, AIBL's Training Institute conducted 113 programs which include 12 training courses, 86 workshops, 3 EDPs, and 11 outreach programs. There were 9,449 participants who attended the programs during the period from January to December 2021. Out of this, a significant number of workshops were arranged for fulfilling the requirements of current issues relating to banking operations like as "Prevention of Money Laundering and Combating Financing of Terrorism" and "Capacity Building in Banking Operation". The employee turnover rate stood at 1.35% in FY 2021 compared to 1.35% in FY 2020.

Good IT infrastructure

4.6 Management Information System (MIS)

AIBL is running centralized operations for all branches with 100+ ATM. Bank have a Datacenter and Disaster Recovery site (DRS). The Bank's Core Banking System (CBS) is "ABABIL" developed by Millennium Information Solution Ltd. In terms of modernization "ABABIL" reached 9th position in the global ranking for Islamic Banking Software as per Gartner report. CBS uses 3-tier application architecture with ORACLE Database (11g Enterprise Edition) along with other Oracle products like Active Data Guard (ADG) for ensuring data replication to the Disaster Recovery Site (DRS) maintaining consistency and accuracy with efficiency and quality of service. With the supportive role of Bangladesh Bank, AIBL has implemented the following projects successfully such as MasterCard debit and credit card & Merchant Banking, National Payment Gateway (NPG), Agent Banking, Mobile Banking, Internet Banking, SMS Banking, Business Process Automation (BPA), Enterprise Resource Management (EAMS), Human Resource Management (HRMS), Batch, EFT & Real Time Gross Settlement (RTGS), Sanction Screening Software, etc. Moreover, AIBL has taken a different number of IT projects to become one of the best technologically advanced banks in the country within next 3 years, ensuring 100% Regulatory Compliance by taking highest possible ICT security measures within a year and taking necessary steps to earn the highest level of satisfaction by the end-users in ICT Supports Service by 2021.

5.0 RISK MANAGEMENT

The risk management framework of the bank has been established based on guidelines given by Bangladesh Bank that defines Risk Management structure, role, responsibilities, and the processes to identify, quantify, and manage risk within the framework under the given policy. The unit is responsible for measurement, integration, and monitoring of all risks within the risk appetite set by the Board of Directors.

5.1 Investment Risk Management

CRISL opines that the bank may face substantial credit (investment) risk due to damage caused by COVID-19 pandemic in different business clusters (Corporate, SME, Retail, Micro, Cottage and Agriculture) of its operation. As the collection from various business segments has slowed down during the current situation of economic fallout, bank's loan (investment) growth may be hampered in the days to come. Moreover, the bank needs to maintain cautious lending to provide loan while implementing the Govt. declared various stimulus packages; otherwise it may hit credit risk further against the backdrop of current scenario.

The bank established an Investment Risk Management framework as directed by Bangladesh Bank through the introduction of Risk Management policy guidelines along with the implementation of the Investment Risk Grading. The Investment Risk policy is reviewed from time to time for the adoption of new techniques/ policies for measurement and management of risk in line with the socio-economic scenario and investment environment of the country.

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To manage the investment risk, AIBL formed an investment risk management committee that supervises and monitors issues related to investment concentration, investment risk grading, corporate client rating, non-performing investment, residual risk against investment, provision against classified investment, investment mix, asset quality, etc. The bank formulated investment policies in compliance with regulatory requirements covering investment assessment, collateral requirements, risk grading & reporting, documentation, legal formalities & procedures. The bank has segregated investment approval, investment administration, investment recovery, and legal authority. The bank has segregated duties of the officers/executives involved in investment related activities.

Based on the designation of officials, authorization limits have been carefully allocated in branches, zonal offices and head office for the approval and renewal of investment facilities. Board is the supreme authority to approve investment beyond the discretionary power of branches, zonal officials, Head Office Executives, MC, and EC.

CRISL observed that the bank has scope to do further due diligence to investment requirement of existing/proposed borrower as well as rescheduling clients, negligence of which will further hamper the asset quality of the bank to a great extent.

While reviewing the risk weight wise distribution of on-balance sheet (consolidated) exposure under Investment (credit) risk, it was revealed that 18.79% of the exposures falls under 0% risk category, 10.84% under 20% risk, 2.18% under 40.00%, 36.52% under 50% risk, 8.36% under 60.00%, 1.99% under 75%, 0.52% under 80.00%, 11.26% under 100%, 7.49% under 125%, 1.47% under 150% risk weight and 0.59% under credit risk mitigation. Considering the corporate exposure segment (dynamic risk weight), 89.38% exposure has been rated by ECAs while rest 10.62% of corporate exposure is unrated.

Likewise, the risk weight wise distribution of on-balance sheet (solo) exposure under Investment (credit) risk, it was revealed that 18.93% of the exposures falls under 0% risk category, 10.97% under 20% risk, 2.20% under 40.00%, 36.81% under 50% risk, 8.43% under 60.00%, 2.01% under 75%, 0.52% under 80.00%, 11.67% under 100%, 0.14% under 120%, 6.24% under 125%, 1.48% under 150% risk weight and 0.60% under credit risk mitigation. Again on the corporate exposure segment (dynamic risk weight), 89.38% exposure has been rated by ECAs while rest 10.62% of corporate exposure is unrated.

CRISL observes that unrated corporate exposure of the bank needs to be rated to know the actual position of CRAR and the bank should also keep the rating updated of both corporate and SME clients to manage CRAR.

5.2 Asset Liability Management

Asset-Liability Management (ALM) is an integral part of the Bank Management that manages the bank's on and Off-Balance sheet position to offer competitively priced products and services to the customers. AIBL has an Asset Liability Committee-ALCO, comprising of the senior members of the management, Chaired by the Managing Director to take strategic decisions on fixation of asset-liability pricing, responding to market scenarios. In monthly ALCO meetings, relevant issues like economic forecast, market status, peer group analysis, projections on profit rate and exchange rate and spreads; balance sheet gap in liquidity structure & profit rate sensitivity of gap, pertinent to the ratio analysis, internal Transfer Pricing, Contingency Funding Plan, Stress Testing, Liquidity Coverage Ratio (LCR), Transfer Pricing mechanism for internal funding and investments in Government securities, regulatory & other audit compliance are discussed and decisions are taken for the interest of the bank. The Committee conducted 12 meetings and 12 meetings in FY 2021 and FY 2020 respectively.

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K M Rasidul Hasan

K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
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Head Office, Dhaka.

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Md. Mahmudur Rahman
Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
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Farman R. Chowdhury
Farman R. Chowdhury
Managing Director & CEO
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Md. Asaduzzaman Khan

For President & CEO
Md. Asaduzzaman Khan
Executive Director
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5.3 Operational Risk Management

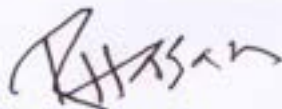
5.3.1 Internal Control and Compliance (ICC)

Internal control is the process, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws, regulations, and internal policies. To this effect, the bank has formed an Internal Control & Compliance (ICC) division headed by Deputy Managing Director. The ICC division has been segregated to three departments namely, audit & inspection department, audit monitoring department, and regulatory compliance department. AIBL's internal control contains self-monitoring mechanisms and to ensure effective control, the Investment documentation checklist, and quarterly operation report have been developed and implemented. Internal audit and internal control teams carry 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 a parallel comprehensive internal audit report to the Managing Director and the Audit Committee. Within 02 (two) months after receiving the audit report, the 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, regulations, 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. As per approved Annual Audit Plan, Audit & Inspection Division has completed 100% audit including Surprise & Special audit in the Branch and Head office.

5.3.2 Prevention of Money Laundering & Financing of Terrorism

Money Laundering and Financing of Terrorism are alarming threats worldwide. As such, AIBL has established a framework for Anti Money Laundering (AML)/Combating Financing of Terrorism (CFT) compliance based on relevant laws enacted by the Government of Bangladesh to combat money laundering/terrorist financing and in line with the rules governing the conduct of all account relationships issued by Bangladesh Financial Intelligence Unit (BFIU). A separate policy for AML/CFT has been approved by the Board of Directors and is reviewed periodically, while the Compliance Unit carries out sample testing bank-wide to ensure adherence. For mitigating the risk the bank has a Central Compliance Unit (CCU) at Head office. AIBL's Central Compliance Unit (CCU) is a strong committee comprising of several heads of divisions/wings engaged in customer transactions under different products. The unit reviews the anti-money laundering activities of the bank regularly. 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 record them properly. Manuals have been established for the prevention of money laundering and transaction profile has been introduced. Branches are under special AML/ CFT compliance monitoring by the Anti-Money Laundering Division (The operational unit of CCU), Internal Audit & Inspection Division (AID) as well as by the Zonal Offices. Department of Banking Inspection (DBI) of Bangladesh Bank and Bangladesh Financial Intelligence Unit (BFIU) also conducts regular and special audits of the branches and Head Office on AML/CFT compliance issues. Pieces of training are continuously given to all categories 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. During FY 2021, 09 workshops were arranged (14 workshops were in FY 2020) for fulfilling the requirements of current issues relating to banking operations like "Prevention of Money Laundering and Combating Financing of Terrorism".

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K. M. Rasidul Hasan
Chief Executive Officer
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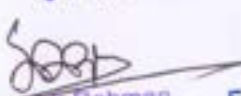
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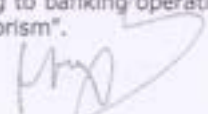
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Farman R. Chowdhury
Managing Director & CEO
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Head Office, Dhaka.



For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

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5.4 Market Risk

Major market risks arise from profit rate risk, equity and commodity financing risk, and foreign exchange risk. The position of AIBL stands as follows:

5.4.1 Profit Rate risk

The Asset Liability Committee (ALCO) of AIBL monitors and evaluates the overall profit rate structure. AIBL has been following a competitive profit rate and has the flexibility of setting profit rates according to market conditions and Bangladesh Bank ceilings. The ALCO has established its Profit Rate Policy to monitor and for minimization of profit rate risks at an acceptable level. These guidelines and actions are taken in adherence to the policies issued by Bangladesh Bank from time to time. The Bank analyzes different factors such as Rate Sensitive (RS) Gap Analysis and Duration Gap Analysis. ALM desk of Treasury Front Office and Investment Division of Head Office analyzes and submits a proposal for the review of profit rates considering previously mentioned factors, on deposit and investment respectively as and when necessary. AIBL always observe market scenario and adjusts its interest rate accordingly to retain core depositors.

5.4.2 Equity Risk

The bank is exposed to equity risk due to the existence of exposure in the capital market. The bank is managing the risk by keeping its exposure within the regulatory limits and diversified equity mix. As of December 31, 2021, the cost price of equity investment (only quoted portion) increased to TK. 931.99 million against the market value of TK. 184.73 million resulting in an unrealized loss of TK. 28.29 million. The capital market exposure stood at 24.99% against the regulatory limit of 25.00% of total capital. In the unquoted share category, it has an investment in swift share, SIBL Mudaraba subordinate bond, Central Depository Bangladesh Limited, and Millennium Information Solution Limited.

5.4.3 Foreign Exchange Risk

As per foreign exchange risk management guidelines, the bank has established a separate treasury department at Head Office. The risks are measured and monitored by the Treasury Department. The department monitors the FX price changes. Treasury Division always monitors the market scenario of risks and manages the foreign operations in such a way that earnings are not hampered against any adverse movement in market prices. All foreign exchange transactions are revalued at the mark to market rate as determined by Bangladesh Bank at the month-end. All Nostro (34 nos) accounts are reconciled on monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement. Regulatory reports are submitted on time to Bangladesh Bank. At present, 340 correspondent banking relationships are being maintained with different reputed banks in 56 countries of the world.

Average financial performance

6.0 PERFORMANCE

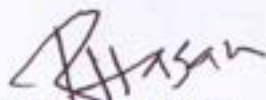
6.1 Analytical Framework

The analytical framework is mainly based on the consolidated financials of the bank. CRISL analyzed the financial performance of the bank considering it as a single economic entity after taking into account of parent and subsidiary operations of 02 (two) subsidiaries of AIBL. Moreover, it discussed and reviewed the operational performance of the subsidiary operation of the bank as a separate and individual entity in line with the International Financial Reporting Standards (IFRS) and BB guidelines.

6.2 Financial Performance (Consolidated)

The overall financial performance of the bank has been found to be average in 2021. The financial performance of the bank registered decline during the period due to moderation in post tax profit which was mainly affected for maintaining high loan loss provision due to increase in classified investment.

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K M Rasidul Hasan
Chief Executive Officer

First Security Islamic Capital & Investment Limited

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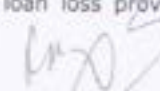
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Bangladesh Bank set the ceiling of profit rate on investment to 9% (which was effective from April, 2020) for which almost all the banks in the industry faces decline in investment/interest income in YE2021. CRISL evaluates the financial performance in terms of Return on Average Asset (ROAA), Return on Average Equity (ROAE) and Net Profit Margin (NPM).

AIBL's investment income decreased by 10.96% and stood at Tk. 23446.01 million in FY 2021. On the other hand, profit paid on deposits & borrowing decreased by 21.04% and stood at Tk. 13072.79 million in the same period. Therefore, net investment income stood at Tk. 10,373.22 million in FY 2021 against Tk. 9774.63 million in FY 2020. The total operating income increased by 8.89% and stood at Tk. 14623.39 million in FY 2021 compared to Tk. 13,430.10 million in FY 2020.

Out of total operating income, 70.94% came from net investment income, 22.56% came from the commission, exchange, and brokerage, 2.46% came from investment income from shares and 4.04% came from other operating income. The total operating profit before tax and provision declined by 12.06% and stood at Tk. 7494.14 million in FY 2021 against Tk. 6,687.76 million in FY 2020. During the surveillance year, the total provision of the Bank came down to Tk. 2655.58 million in FY 2021 from Tk. 1,887.90 million in FY 2020 due to increase in the form of provision for classified investment. The net profit after provision & tax deteriorated due to the increase in provision for classified investment as well as for the increase of tax provision which is stood at Tk. 2126.44 million in FY 2021 against Tk. 2,571.81 million in FY 2020 registering a negative growth of 17.32%. The Net Profit/Interest Margin (NIM) of the bank declined to 2.70% in FY 2021 from 2.81% in FY 2020 as the profit on investment of the bank was lower than the profit paid on deposits & borrowing.

The weighted average profit rate of loan/investment (year-end) stood at 7.96% in FY 2021 against 7.96% in FY 2020 whereas weighted average profit rate of deposits (Year-end) stood at 4.06% in FY 2021 and 5.04% in FY 2020 resulting in a spread of 2.93% in FY 2021 against 2.92% in FY 2020.

The Return on Average Assets (after-tax) have slightly been improved to 1.10% in FY 2021 from 0.64% in FY 2020 which was lower compared to the PCB industry average. On the other hand the Return on Average Equity (after-tax) has been deteriorated and stood at 8.28% in FY 2021 against 10.37% in FY 2020. AIBL's Return on Average Risk-Weighted Assets declined to 0.82% in FY 2021 from 1.11% in FY 2020 respectively.

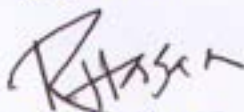
CRISL reviewed the 1st quarter unaudited financial statements of FY 2022 and found that the net profit after tax of AIBL stood Tk. 533.78 million in three months operation of FY 2022 which was Tk. 226.45 million in the corresponding period of the previous year.

6.2.1 Stand Alone Operations

On a standalone basis, the financial performance of the Bank has also been found average in FY 2021. The financial performance of the bank was mainly dominated by profit on investment (interest on loan & advances) and commission, exchange & brokerage income. The investment income of the bank decreased by 11.11% and stood at Tk. 23261.04 million in FY 2021 and Tk. 26,169.24 million in FY 2020. The net investment income of the bank also decreased by 6.58% and stood at Tk. 10427.26 million in FY 2021 against Tk. 9,793.69 million in FY 2020.

The bank earned a total operating income of Tk. 14305.54 million in FY 2021 and Tk. 13,275.60 million in FY 2020. The total operating income consisted of net investment income of Tk. 10427.26 million, income from investment in shares & securities of Tk. 339.09 million, commission, exchange, and brokerage of Tk. 3003.81 million and other operating income of Tk. 535.36 million. Against the operating income, the bank incurred the total operating expense of Tk. 6959.66 million in FY 2021 which was Tk. 6,614.51 million in FY 2020. The profit before provision and tax stood at Tk. 7345.88 million in FY 2021 and Tk. 6,661.09 million in FY 2020. The net profit after tax decreased to Tk. 2023.35 million in FY 2021 and Tk. 2,550.79 million in FY 2020 registering a 5.69% increase from last year.

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K M Rasidul Hasan
Chief Executive Officer

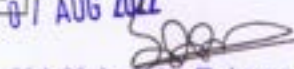
Financial Administration Division
Al-Arafah Islami Capital & Investment Limited

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For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

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6.2.2 Subsidiary Operations

AIBL Capital Market Services Limited, a brokerage house operation consisting of DSE & CSE membership, was incorporated on September 20, 2010, as a subsidiary company of Al-Arafah Islami Bank Limited with an authorized capital of Tk. 10,000.00 million and paid-up capital of Tk. 4,000.00 million. The investment income declined to Tk. 148.91 million in FY 2021 from Tk. 201.66 million in FY 2020 indicating 26.16% of negative growth. After deducting all the expenses, the net profit after tax & provision rose to Tk. 98.13 million in FY 2021 from Tk. 16.40 million in FY 2020. The net profit after tax & provision decreased in FY 2021 due to increase in provision for investment and taxation.

AIBL Capital Management Limited, a full-fledged merchant bank operation of the bank was incorporated on October 25, 2011, with an authorized capital of Tk. 2,000.00 million and paid-up capital of Tk. 500.00 million and came into operation in the same year. AIBL Capital Management Limited invested in the capital market and the market value of the portfolio stood at Tk. 517.01 million with the face value of Tk. 734.60 million as of December 31, 2021, resulting in an unrealized gain of Tk. 217.59 million. As of December 31, 2021, the investment decreased to Tk. 113.37 million from Tk. 113.63 million in the previous year due to decrease in margin investment. The investment income decreased to Tk. 0.61 million in FY 2021 from Tk. 6.95 million in FY 2020 showing 91.22% of negative growth in the form of margin profit income and profit on MTDR. In FY 2021, the operating income decreased to Tk. 21.21 million from Tk. 4.97 million in FY 2020. After deducting all the expenses, the net profit after tax and provision stood at Tk. 4.94 million in FY 2021 and Tk. 4.61 million in FY 2020 showing 7.16% of positive growth.

6.3 Operating Efficiency (Overall)

The overall operating efficiency of the bank registered moderate downturn in FY 2021 compared to the previous year. The operating efficiency is reviewed in terms of operating income, operating expenses, cost-to-income ratio, and yield per Tk.100 staff cost. The overall operating efficiency of AIBL decreased during FY 2021. The operating income of the bank rose to Tk. 14623.39 million (Tk. 14305.54 million as the standalone basis) in FY 2021 from Tk. 13,430.10 million (Tk. 13275.60 million as the standalone basis) in FY 2020 showing a positive growth of 8.89%. On the other hand, operating expenses increased to Tk. 7129.25 million (Tk. 6959.66 million as the standalone basis) in FY 2021 from Tk. 6742.33 million (Tk. 6614.51 million as the standalone basis) in FY 2020 with a growth of 5.74% mainly due to an increase of salary & allowances and depreciation and rent, tax, insurance and lighting etc.

It appears from the above that the growth of the operating expense of the bank has been lower than the growth of operating income during FY 2021 and the efficiency ratio increased to 48.75% in FY 2021 from 50.20% in FY 2020. In consideration of the pandemic COVID-19's (second wave) impact, CRISL views that operating efficiency of AIBL may dwindle due to upward trend in operating expenses and downward pressure on operating income (reduction in loan/investment, export, import, remittance flow, etc.). Accordingly the yield per TK. 100 staff cost increased to Tk. 157.54 in FY 2021 from Tk. 146.48 in FY 2020.

Moderate asset quality

7.0 ASSET MANAGEMENT

7.1 Non Performing Investment (NPI) (Solo Basis)

Overall asset quality of AIBL registered moderation in FY 2021 in line with industry movement and peer average. However credit quality of the bank has been found to be moderate compared to industry fundamentals in 2021. Reported asset quality of the bank registered slight moderation due to withdrawal of relaxation policy in loan classification as imposed by central bank in paying loan to help out COVID inflicted business activity.

CRISL opines that in current context of fresh infection of COVID-19, sudden countrywide fresh flood increasing NPL in the banking sector against withdrawal of loan relaxation policy, overall volatility in commodity & Forex market both at national & global level may contribute to further deterioration in bank asset quality in the coming days.

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K M Rasidul Hasan
 Chief Executive Officer

Chief Executive Officer
 Al-Arafah Islami Capital & Investment Limited

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Md. Asaduzzaman Khan
 For President & CEO
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During the surveillance period, total investment (including bills purchased and discounted) of the bank increased to Tk. 336890.72 million from Tk. 303,210.41 million in FY 2020, indicating an increase of 8.97%. Out of total investments, 95.30% is unclassified investment and 4.69% is classified investment in FY 2021. Total unclassified investment stood at Tk. 336205.17 million where 98.32% is standard investment and 1.68% is Special Mentioned Accounts (SMA) investment in FY 2021. AIBL's gross Non-Performing Investment (NPI) increased to Tk. 16566.84 million as of December 31, 2021, from Tk. 11,769.58 million as of December 31, 2020, with a increase of Tk. 4797.26 million due to new Investment (loan) classification.

Out of the total non-performing investment, 69.10% investment is bad/loss, while 28.33% is sub-standard and 2.56% is doubtful. However, out of total Non-Performing Investment, the bad/loss amount was significant in the last couple of years. During FY 2021, AIBL has written off Tk. 190.86 million and realized Tk. 57.84 million that was previously written off. Moreover, lawsuits have been filed to recover written off investment amounting to Tk. 798.43 million. The gross NPI ratio of the increased and stood at 4.70% in FY 2021 against 3.88% in FY 2020. AIBL made substantial rescheduling of investment and stay order investment (amounting to Tk. 2231.10 million and Tk. 3586.50 million) during FY 2021. Stressed asset ratio of the bank (Non-performing investment, rescheduled investment and stay order investment) stood at 13.85% in FY 2021.

The total provision requirement of AIBL was Tk. 12744.28 million (general & specific provision including off-balance sheet) in FY 2021 and AIBL kept 100% provision on it during the period.

While analyzing, CRISL observed that Top-20 defaulters of the bank were holding Tk. 133823.60 million of total NPI as of December 2021 which is 19.50% of the total non-performing investment.

CRISL views that the asset quality of the bank may decline in the upcoming year due to the impact of Coronavirus pandemic resulting from all business segments (such as corporate, SME, agriculture, cottage & micro) being severely affected. Though Govt. has declared various stimulus packages for various business clusters along with policy changes (revision of CRR, ADR and Repo Rate), the bank's credit risk in the current context will further amplify in line with the global business scenario. As the world is predicted to be hit hard by the deep economic recession, Bangladesh's economy including its banking sector will also face a huge blow in the coming days. CRISL predicts that in the current as well as in post-pandemic situation, AIBL's asset quality might be at risk due to recovery risk arisen out of business challenges in post-pandemic situations aligned with the global economic scenario.

7.2 Sectoral Concentration

The total investment portfolio of the bank is diversified among some prospective economic sectors of the country. The management has defined different lending caps for different sectors depending on the investment demand and the investment risk thereon. As of December 31, 2021, the investment portfolio of the bank shows concentration towards the industry which grabs a large portion (51.86%) of the investment portfolio, followed by Trade Service (33.57%), Construction (7.16%), Transport & Communication (3.29%), Agriculture (1.64%) and Professional & Miscellaneous Services (1.15%).

Under the above circumstances, it has been revealed that the bank has concentrated more in industry and Trade Service during 2021. While analyzing, CRISL observes that the bank does sectoral study to a limited scale to compare various economic sectors where the bank has exposure. CRISL believes the bank would be benefitted from having a separate study for each sector for smooth identification of sectoral prospects as well as sectoral threats/ drawbacks.

The bank disbursed maximum investment and advances to Dhaka Division (80.17%) followed by Chattogram Division (11.97%), Khulna Division (2.42%), Rajshahi Division (2.07%), Rangpur Division (1.11%), Mymensingh (1.20%), Barisal Division (1.04%), Sylhet Division (0.03%). Significant investment in Dhaka and Chattogram division was due to business localization.

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[Signature]

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7.3 Large & Director's Investment

The Bank has considerable large investment exposure in FY 2021. AIBL has 43 large investment accounts of Tk. 149637.60 million (44.42% of total investments) in FY 2021 (funded and non-funded). Large investment exposure of the bank is within the allowable limit. CRISL observes that all large investment exposure of the bank should be rated to assess the probable business risk involved with an investment in such clients.

7.4 Rescheduled Investments

AIBL rescheduled a significant amount of investment during FY 2021 which amounted to Tk. 2231.10 million in FY 2021. Total recovery from the rescheduled investment stood at Tk. 594.80 million in FY 2021 and TK. 2113.40 million in FY 2020.

7.5 Off Balance Sheet Exposure

Total off-balance sheet exposure of AIBL increased to Tk. 116834.14 million as on December 31, 2021, against Tk. 97,941.97 million as of December 31, 2020, having a growth of 19.29%. The Off-Balance Sheet exposure consists of Acceptance and Endorsement of Tk. 51575.59 million (44.14%), Letter of Guarantee of Tk. 13673.40 million (11.70%), Irrevocable Letter of Credit of Tk. 44089.21 million (37.74%) and Bills for the collection of Tk. 7495.92 million (6.42%). Therefore, the off-Balance sheet Risk-Weighted Assets stood at Tk. 79499.18 million which is 2.94% of total Risk-Weighted Assets in FY 2021 and Tk. 12469.50 million which is 5.15% of total Risk-Weighted Assets in FY 2020. The bank made provision of Tk. 1093.40 million against off-balance sheet exposure in FY 2021, compared to Tk. 935.50 million in FY 2020.

While reviewing the risk weight-wise classification of the credit equivalent of off-balance sheet exposure (consolidated), it has been revealed that 64.86% falls under 20% risk category followed by 31.96% under 50% risk category, 3.19% under and 100% risk category.

8.0 CAPITAL ADEQUACY

The overall capital adequacy of the bank is good and in line with requirements under the risk-based capital adequacy framework of Basel-III. The total RWA of the bank (standalone basis) stood at Tk. 270110.2 million as of December 31, 2021, of which 90.68% emanated from credit risk, 0.16% from market risk and 7.71% from operational risk. Based on the above the minimum capital requirement stood at Tk. 27011.02 million (including conservation buffer 12.50%) against which the total capital stood at Tk. 41358.69 million in FY 2021. The Capital to Risk-Weighted Asset Ratio (CRAR) on core capital (Tier-1) stood at 10.15% and on supplementary capital (Tier-II) stood at 5.16%. The Capital to Risk-Weighted Asset Ratio (CRAR) decreased to 15.31% as of December 31, 2021, from 15.48% as of December 31, 20.

The total RWA of the bank (consolidation basis) stood at Tk. 282442.94 million as of December 31, 2021, of which 90.87% emanated from credit risk, 7.48% from operational risk and 1.63% from market risk. Based on the above the minimum capital requirement stood at Tk. 28244.30 million against which the total capital stood at Tk. 43660.90 million in FY 2021. The Capital to Risk-Weighted Asset Ratio (CRAR) on core capital (Tier-1) stood at 10.37% and on supplementary capital (Tier-II) stood at 5.08%. The Capital to Risk-Weighted Asset Ratio (CRAR) slightly increased to 15.46% as of December 31, 2021, from 15.97% as of December 31, 2020.

The Bank is presently in the process of preparation and finalization of the Internal Capital Adequacy Assessment Process (ICAAP) for December 31, 2021. Total capital requirement of the bank under pillar-I and pillar-II risk as per ICAAP based on audited accounts of FY 2021 stood at Tk. 43660.88 million and against which bank's total capital stood at Tk. 41358.69 million as of December, 2021.

Good capital adequacy

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K M Rasidul Hasan

K M Rasidul Hasan
Chief Executive Officer
Risk Security Islami Capital & Investment Limited

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MUHAMMAD NADIM FCA
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For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

CREDIT RATING REPORT
On
AL-ARAFAH ISLAMI BANK LIMITED

Stress Testing Analysis

Individual Shocks	Changes in CRAR (Minor Shock)	CRAR after Shock (%)	Changes in CRAR (Moderate Shock)	CARAR after Shock (%)	Changes in CRAR (Major shock)	CRAR after shock (%)
Performing loan directly downgraded to B/L : Sectoral Concentration 1	-0.09	15.29	-0.28	15.10	-0.47	14.91
Performing loan directly downgraded to B/L : Sectoral Concentration 2	-0.02	15.36	-0.06	15.32	-0.17	15.28
Increase in NPL's due to default of top 10 large loan borrowers	-4.50	10.88	-9.48	5.89	-11.27	4.11
Negative shift in NPLs categories	-0.59	14.78	-0.99	14.39	-1.79	13.59
Decrease in the FSV of the collateral	-0.38	15.00	-0.76	14.62	-1.53	13.85
Increase in NPL	-1.04	14.33	-3.85	11.52	-8.93	6.45
Change in interest rate	0.00	15.38	0.00	15.38	0.00	15.38
FEX: Currency Appreciation	-0.02	15.36	-0.03	15.35	-0.05	15.33
Equity shock	-0.03	15.35	-0.06	15.32	-0.12	15.26
Combined shock	-2.09	13.22	-8.69	9.69	-12.41	2.96

Average liquidity

AIBL is compliant in maintaining capital adequacy according to the Pillar-I risk under Basel III capital requirement, but any major change in the risk indicators can affect the overall capital adequacy of the bank. From the above analysis it has been revealed that CRAR of the bank is highly sensitive to increase in NPI due to default of Top 10 large loan borrowers.

9.0 LIQUIDITY FUNDING (SOLO BASIS)

9.1 Liquidity

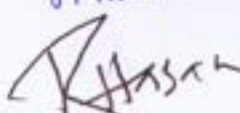
The overall liquidity of AIBL has been found average as of December 31, 2021. AIBL has been maintaining Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) in line with the Bangladesh Bank requirement over the years. As of December 31, 2021, the CRR requirement stood at Tk. 15425.80 million and against which AIBL kept Tk. 18500.00 million with a surplus of Tk. 3074.20 million. As on the same date, AIBL maintained the SLR as per the requirement which stood at Tk. 21210.40 million and against which AIBL kept Tk. 3074.20 million with a surplus of Tk. 22647.40 million.

The liquid asset ratio of AIBL deteriorated to 21.55% of December 31, 2021, from 23.40% of December 31, 2020. The Investment and advance to deposit ratio increased and stood at 99.78% in FY 2021 and 92.92% in FY 2020. Again, the investment to deposit & equity ratio slightly increased to 93.43% in FY 2021 compared to 86.63% in FY 2020 respectively. The liquidity coverage ratio stood at 101.86% and the net stable funding ratio stood at 119.77% as of December 31, 2021. Advance/Investment to Deposit Ratio (IDR/ADR) of the bank, increased to 103.30% as of December 31, 2021, against 97.89% as of December 31, 2020.

The maturity analysis of AIBL shows that the bank had Tk. 18758.35 million positive gap for a one-month maturity bucket where the asset was Tk. 74180.31 million and liability was Tk. 55421.96 million. In 1 to 3 months maturity bucket, the liquidity gap was Tk. -18416.43 million and the cumulative liquidity gap was of Tk. 341.92 million. In 3 to 12 months maturity bucket, the negative liquidity was Tk. -13822.24 million and cumulative liquidity was Tk. -13480.32 million.

9.2 Fund Management

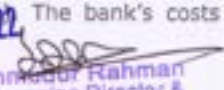
The total fund of AIBL mainly consisted of 76.36% deposits and others, 5.60% shareholders equity, 7.03% from placement from banks & other financial institutions, and 11.02% other liabilities. The total deposit rose to Tk. 353287.97 million as of December 31, 2021, against Tk. 326,310.05 million as on December 31, 2020, registering 8.36% of growth. Total deposits consist of fixed deposits of Tk. 175485.12 million (49.67%), savings deposit of Tk. 62011.04 million (17.55%), current deposit and other accounts of Tk. 43639.19 million (12.35%), other Mudaraba Deposits of Tk. 68093.14 million (19.27%), bills payable of Tk. 4059.48 million (1.15%). The bank's costs of funds stood at 6.00% in FY 2021 and 7.50% in FY 2020.

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K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

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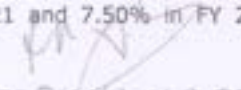
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For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd

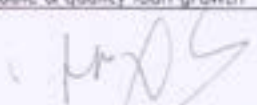
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However, in the funding mix, a high-cost term deposit (around 49.67%) still dominates as compared to the low-cost CASA deposit (around 29.90%).

AIBL is mainly dependent on customer deposit which is profit rate sensitive. Current imposition of lending cap at the rate 9% on all unclassified loan except retail loan & pre-shipment export credit may create pressure on bank to maintain earlier spread. On the other hand, though there is no specific circular or regulatory restriction on deposit rate, bank may face trouble to attract depositors at 5-6% interest rate given the more than 10% rate of return of National Savings certificate and current level of inflation in the market.

10.0 OBSERVATION SUMMARY

<p>Rating Comforts:</p> <ul style="list-style-type: none"> • Average financial performance • Good capital adequacy • Average liquidity • Good non-funded business • Diversified business mix • Good operational network • Experienced top management 	<p>Rating Concerns:</p> <ul style="list-style-type: none"> • Moderate asset quality • Downturn in profitability indicators • Significant reschedule of investment • High large loan exposure • Significant concentration of classified loan among top 20 defaulter • Exposed to capital market investment risk • Substantial stay order loan • Asset management company yet to come into operation • Significant unrealized loss in capital market exposure of merchant bank & brokerage house operation
<p>Business Opportunities:</p> <ul style="list-style-type: none"> • Expansion of branch network • Portfolio diversification in low risk category business segment including SNE • Prudent management of brokerage house & merchant bank operation • Client rating to enhance capital base of the bank 	<p>Business Challenges:</p> <ul style="list-style-type: none"> • Volatility in Forex & Commodity market • Rising inflationary pressure on cost of fund • Impact of Russia-Ukraine War in the local and global economy • Interest rate cap • Increasing trend in Classified loan/Investment in the industry • Low recovery performance • Impact of COVID-19 & aftermath • Entrance of new bank • Unrest in capital market • Maintain a stable & quality loan growth


For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

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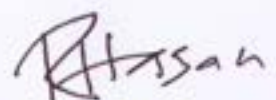


Md. Mahmudur Rahman
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11.0 PROSPECTS

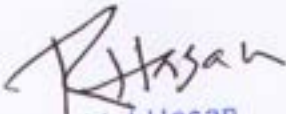
Despite a moderation of global economic growth outlook, Bangladesh economy maintained a broad-based growth momentum in H1FY22, aided by timely policy support, better management of the pandemic situation, and upbeat business confidence. Having many hurdles and challenges, Bangladesh Economy registered a growth of 6.94% in FY2020-21 against 3.45% in FY2019-2020 7.88% in FY2018-19 and 7.32% in FY2017-18. Bangladesh has been graduating to a middle income one after passing 42 years as a least developed country. The government has been implementing massive development works in light of the "Vision-2021" and "Vision-2041" with an objective to become an upper middle-income country. Amid a recent rise in global commodity prices, headline CPI inflation (p-t-p) in Bangladesh edged up to 6.05 percent in December 2021 from 5.59 percent in September 2021, driven by food and non-food components. The current account deficit (CAD) expanded to USD 5.6 billion in Q2FY22 from a deficit of USD 2.5 billion in Q1FY21 on account of a decline in remittance inflows by 22.84 percent (y-o-y) along with a widening of the trade deficit in the face of a faster rise in import payments (by 60.5 percent) than export receipts (by 47.4 percent). BB's official foreign exchange reserve stood at USD 46.2 billion at the end of December 2021, which is equivalent to prospective import payments of 5.4 months. A slowdown of deposit growth in tandem with an increase in domestic credit growth and BB's liquidity rationalizing measures led to a decline in liquidity in the banking system. Consequently, interest rates in the inter-bank money market increased during this period. Classified loan in banking sector may soar in coming days along with provision shortfall with the waiver of relaxation policy. SCBs, SDBs and PCBs have to devise appropriate strategy and measure to recover classified loan and to make the operation profitable & sustainable. Both SCBs and SDBs will require to take adequate steps and measures to address the issue of capital shortfall. After a rally in last several months, the capital market witnessed some moderation in Q2FY22, reflected in a downturn in price indices, market capitalization, price-earnings ratio, and turnover. Despite the regulatory intervention and motivational direct policy support by central bank, scheduled banks' earning through direct investment or through its subsidiary operations (like brokerage house, merchant bank and asset management company) from capital market may not be up to the mark. Newly licensed commercial bank will still struggle to make a comfortable presence in the banking sector while other major scheduled banks will face the challenge of rein in increasing non-performing loan. Banking sector performance which largely depends on country's macro-economic fundamentals and global economic environment is likely to improve in the next fiscal year due to growth supportive fiscal and monetary measures, growing external and internal demand, improving COVID-19 situation, and rising business confidence.


END OF THE REPORT

(Information used herein is obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledgement.)

[We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the BSEC rules as prescribed by the Bangladesh Securities and Exchange Commission.]

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K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited



For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

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Managing Director & CEO
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CREDIT RATING REPORT
On
AL-ARAFAH ISLAMI BANK LIMITED

12.0 CORPORATE INFORMATION:

Date of Registration : June 18, 1995
Date of Opening Ceremony : September 27, 1995

Board of Directors:

Mr. Alhaji Salim Rahman	Chairman
Mr. Alhaji Mohammad Abdus Salam	Vice Chairman
Mr. Alhaji Abu Naser Mohammad Yeahea	Vice Chairman
Mr. Alhaji Abdus Samad	Chairman, Executive Committee
Mr. Alhaji Md. Enayet Ullah	Director
Mr. Alhaji Md. Liakat Ali Chowdhury	Director
Md. Alhaji Nazmul Ahsan Khaled	Director
Mr. Alhaji Abdul Malek Mollah	Director
China Builders & Machineries Ltd. (Represented by Mr. Alhaji Md. Harun-ar-Rashid Khan)	Nominee Director
Mr. Alhaji Md. Anwar Hossain	Director
Mr. Alhaji Badiur Rahman	Director
Mr. Alhaji Engr. Kh. Mesbahuddin Ahmed	Director
Mr. Alhaji Ahamedul Hoque	Director
Mr. Alhaji Niaz Ahmed	Director
Mr. Alhaji Mohammed Emadur Rahman	Director
Mr. Mr. Md. Rafiqul Islam	Director
Mr. Alhaji Mohammed Haroon	Director
Mr. Alhaji Md. Amir Uddin PPM	Independent Director
Mr. Mahbubul Alam	Independent Director
Mr. M Kamal Uddin Chowdhury	Independent Director
Mr. Farman R. Chowdhury	Managing Director & Ex-Officio Director

Auditor: 1. Hussain Farhad & Co.
Chartered Accountants
2. Shafiq Basak & Co.
Chartered Accountants


For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

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01 / AUG 2022



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K. M. Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

CREDIT RATING REPORT
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13. FINANCIALS (Consolidated)

A) Balance Sheet as on December 31

(Figures in Million Tk.)

Balance Sheet	YE2021	YE2020	YE2019
Cash in Hand	3232.05	2898.21	3063.28
Cash with Bangladesh Bank and its agent Bank	20456.55	28660.90	27705.40
Cash with Other Banks/FIs	12041.14	16561.84	11593.62
Money at Call & Short Notice	23985.00	14270.01	12000.00
Total Cash	59714.74	62390.96	54362.30
Investment in Securities (Govt.)	23504.94	19583.83	14500.00
Investment in Other Securities	6651.20	1979.84	1670.52
Total Investment	30156.14	21563.67	16170.52
Loans, Cash credits, Overdraft, etc./Investments	323342.83	296717.85	274017.03
Bills Purchased and Discounted	13547.88	11902.81	14468.99
Total Loans, Advances and Bills/Investment	336890.72	308620.66	288486.02
Fixed Assets	5470.27	5833.88	4351.93
Other Assets	30404.31	19838.60	17630.17
Non-Banking Assets	50.88	50.88	50.88
Total Assets	462687.05	418298.65	381051.81
Borrowings from other Banks, FIs and agents	32506.76	24000.48	27546.38
Current Deposits/Al-wadeeah Current Deposits & Other	43639.19	37331.44	30701.54
Bills Payable	4059.48	3059.38	3584.86
Savings Bank/Mudaraba Savings Deposits	62011.04	54879.13	45211.43
Bearer Certificates of Deposits			0.00
Term Deposits/Mudaraba Term Deposits	175485.12	164009.50	162587.89
Other Deposits	68093.14	66743.97	55156.10
Total Deposits and Other Accounts	353287.97	326023.41	297241.81
Subordinated Bond	14600.00	11200.00	6800.00
Perpetual Bond			
Other Liabilities	36391.98	31618.92	25315.42
Total Liabilities	436786.71	392842.81	356903.60
Paid Up Capital	10649.02	10649.02	10649.02
Share Premium		0.00	0.00
Statutory Reserve	10649.02	10334.63	9379.99
Revaluation and other Reserve	1084.33	1084.33	938.62
Retained Earnings	1823.37	1732.14	1531.42
Non-Controlling Interest	1694.59	1655.73	1649.16
Total Shareholders' Equity	25900.34	25455.84	24148.21
Total Liabilities and Shareholders' Equity	462687.05	418298.65	381051.81

B) Income Statements for the period ended

(Figure in Million Tk.)

Profit & Loss Account	YE2021	YE2020	YE2019
Interest/Profit Income	23446.01	26331.28	28811.65
Interest/Profit Paid on Deposits, Borrowings, etc.	13072.79	16556.64	18604.42
Net Interest/Profit on Income	10373.22	9774.63	10207.24
Investment Income	359.55	681.94	770.63
Fees, Commission, Exchange & Brokerage	3299.11	2627.55	2916.08
Other Operating Income	591.50	345.98	350.86
Total Operating Income	14623.39	13430.10	14244.81
Salary and Allowances	4756.91	4565.75	4197.62
Other Operating Expenses	2372.33	2176.58	2186.56
Total Operating Expenditure	7129.25	6742.33	6384.18
Total Operating Profit	7494.14	6687.76	7860.63
Profit/Loss before Provisions	7494.14	6687.76	7860.63
Provision for Unclassified Loans/Investment	433.77	1034.47	291.88
Provision for Classified Loans/Investment	2055.44	686.70	2455.23
Provision for Investments & Others	166.36	166.73	110.54
Total Provisions	2655.58	1887.90	2857.66
Total Profit/Loss before Tax	4838.56	4799.87	4992.97
Provisions for Tax	2712.12	2228.06	2565.33
Net Profit/Loss after Tax	2126.44	2571.81	2427.64

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CREDIT RATING REPORT
On
AL-ARAFAH ISLAMI BANK LIMITED

CRISL RATING SCALES AND DEFINITIONS
LONG-TERM - BANKS

RATING	DEFINITION
AAA Triple A (Highest Safety)	Bank rated in this category is adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of banks.
AA+, AA, AA- (Double A) (High Safety)	Bank rated in this category is adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Bank rated in this category is adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Bank rated in this category is adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a bank is under-performing in some areas. These entities are however, considered to have the capability to overcome the above-mentioned limitations with special care and cautious operation. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
BB+, BB, BB- Double B (Inadequate Safety)	Bank rated in this category is adjudged to lack of key protection factors, which results in an inadequate safety. This level of rating indicates a bank as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (Risky)	Bank rated in this category is adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support.
CCC+, CCC, CCC- Triple C (Vulnerable)	Bank rated in this category is adjudged to be with vulnerable protection factors. This rating indicates that the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances are favourable.
CC+, CC, CC- Double C (Highly Vulnerable)	Bank rated in this category is adjudged to be with high vulnerable position. This rating indicates that the degree of certainty regarding timely payment of financial obligations is quite lower unless overall circumstances are favourable or there is possibility of high degree external support.
C+, C, C- (Near to Default)	Bank rated in this category is adjudged to be with near to default in timely repayment of financial obligations. This type rating may be used to cover a situation where a insolvency petition has been filed or similar action has been taken, but payments on the obligation are being continued with high degree of external support.
D (Default)	Bank rated in this category is adjudged to be either currently in default or expected to be in default. This level of rating indicates that the entity is unlikely to meet maturing financial obligations and calls for immediate external support of a high order.

For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

SHORT-TERM - BANKS

ST-1	Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
ST-2	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	Moderate Grade Moderate liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
ST-5	Non-Investment Grade Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
ST-6	Default Issuer failed to meet scheduled principal and/or interest payments.

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Md. Asaduzzaman Khan
For President & CEO
Md. Asaduzzaman Khan
Executive Director
Credit Rating Information and Services Ltd.

Annexure - 3

(Auditor's Report along with Audited Financial Statements)

Bismillahir Rahmanir Rahim

**AUDITORS' REPORT AND AUDITED FINANCIAL
STATEMENTS
OF
AL-ARAFAH ISLAMI BANK LIMITED**

FOR THE YEAR ENDED 31ST DECEMBER, 2021

HUSSAIN FARHAD & CO.
Chartered Accountants
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Phones: (880-2) 9553449, 9551128
E-mail : hfc@hfc-bd.com
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07 AUG 2022



MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka


01 AUG 2022



Md. Mahmudul Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

SHAFIQ BASAK & CO.
Chartered Accountants
Shatabdi Centre (6th Floor),
292, Inner Circular Road,
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Phone : 88-02-7194870
E-mail : Shafiq_basak@yahoo.com
Web : www.shafiqbasak.com

07 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022



K M Rasidul Hasan
Chief Executive Officer
For: Savings, Islamic Capital & Investment (Limited)

Hussain Farhad & Co.

Chartered Accountants

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Shafiq Basak & Co.

Chartered Accountants

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**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 2021 and the consolidated and separate profit or 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 2021, 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 and comply with the Bank Companies Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations.

Basis for Opinion

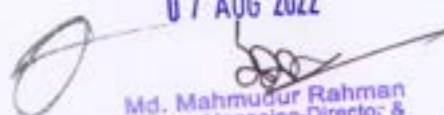
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the 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.

0 / AUG 2022



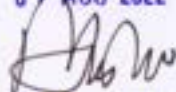
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CMD & Chief Financial Officer (CFO)
Financial Administration Division
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Head Office, Dhaka.

0 / AUG 2022



Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

0 / AUG 2022



K.M. Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Limited
Head Office, Dhaka.



BSEC

Hussain Farhad & Co.

Chartered Accountants

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Dhaka - 1212, Bangladesh.

Shafiq Basak & Co.

Chartered Accountants

Shatabdi Centre (6th floor)
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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 336,890 million (2020: BDT 308,620 million) and BDT 336,091 million (2020: BDT 303,210 million) respectively and the Bank reported provision for investments of BDT 13,285 million (2020: BDT 10,771 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; and• 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;• 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.

01 AUG 2022



K M Rasidul Hasan
Chief Executive Officer

01 AUG 2022

01 AUG 2022

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Risk	Our response to the risk
Measurement of provision for Investments	
	Considering continuing adverse impact of COVID 19, Bangladesh Bank has given certain flexibility from classification requirement for Investments vide issuing various circulars such as BRPD 3 dated 31 January 2021, BRPD 5 dated 24 March 2021, BRPD 13 dated 27 June 2021, BRPD 19 dated 26 August 2021 and BRPD 53 dated 30 December 2021 whereby Banks were not allowed to adversely classify any investment upon fulfilment of applicable conditions for the year ended 31 December 2021.
See note no 9 and 15.2 and 15.4 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.	We assessed the processes and controls put in place by the Group to identify and confirm the existence of financial instruments. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial instrument valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note no 8 to the financial statements	

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Risk	Our Response to 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

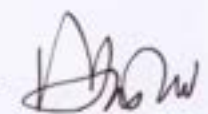
The consolidated and separate financial statements of AL Arafah Islami Bank Ltd for the year ended December 31, 2020, were audited by Hussain Farhad & Co. and Shafiq Basak & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on May 09, 2021.

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.


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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.


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Deputy Managing Director &
Company Secretary
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01 AUG 2022
Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.


01 AUG 2022
K.M. Rasmiul Haque
Chief Executive Officer
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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.

01 AUG 2022

K.M. Rasidul Hasan
Chief Executive Officer

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DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
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Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
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- 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 2020, 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 best of our knowledge and belief, nothing has come to our attention that would cause us to believe that the Auditor's Responsibility section in forming the above opinion on the consolidated

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Al-Arafah Islami Bank Ltd.
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Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Fin. Sec. & Inv. Dept. & Compliance

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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 or 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 in accordance with the quick summary report issued by Bangladesh Bank vide Circular Letter #DBI-7/4(1)/2022-223 dated April 21, 2022 which are, in our opinion, doubtful of recovery.
- (x) the information and explanations required have been received and found satisfactory;

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Financial Reporting Division
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Head Office, Dhaka.



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Deputy Managing Director &
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Head Office, Dhaka.

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islamic Bank Ltd.

K M Rasidul Hasan
Chief Executive Officer
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- (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:2204261090AS597496



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

DVC:2204260595AS896100

Place: Dhaka
Date: 26th April 2022

01 AUG 2022



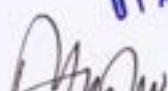
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01 AUG 2022



Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022



K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Ltd



Al-Arafah Islami Bank Ltd
Consolidated Balance Sheet
As at December 31, 2021

PROPERTY AND ASSETS	Notes	2021 Taka	2020 Taka
Cash in hand			
Cash in hand (including foreign currencies)	5.A	3,232,053,536	2,898,207,542
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		20,456,548,331	28,660,902,877
		23,688,601,867	31,559,110,419
Balance with other Banks and Financial Institutions	6.A		
In Bangladesh		3,133,653,387	8,288,025,632
Outside Bangladesh		8,907,482,685	8,273,812,895
		12,041,136,072	16,561,838,527
Placement with Banks & Other Financial Institutions	7.A	23,985,000,000	14,270,010,000
Investment in Share & Securities	8.A	30,156,139,866	21,563,673,525
Government		23,504,940,000	19,583,830,000
Others	8.A.i	6,651,199,866	1,979,843,525
Investments	9.A		
General investments etc.		323,342,833,833	296,717,853,936
Bills purchased and discounted		13,547,882,130	11,902,810,514
		336,890,715,963	308,620,664,450
Fixed assets less Accumulated Depreciation	10.A	5,470,272,635	5,833,880,252
Other Assets	11.A	30,404,308,443	19,838,600,217
Non-Banking Assets	12	50,875,037	50,875,037
Total Assets		462,687,049,884	418,298,652,427
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	13.A	32,506,761,109	24,000,477,831
Deposits and other Accounts	14.A		
Mudaraba Savings Deposits		62,011,042,726	54,879,126,373
Mudaraba Term Deposits	14.A.ii	175,485,115,456	164,009,495,781
Other Mudaraba Deposits		68,093,138,221	66,743,970,036
Al-wadeeah Current Accounts and Other Accounts etc.		43,639,188,504	37,331,437,580
Bills Payable		4,059,481,203	3,059,381,492
		353,287,966,110	326,023,411,262
Other Liabilities	15.A	36,298,385,294	31,485,714,465
Deferred tax Liabilities/ (Assets)	16.A	93,595,145	133,204,157
AIBL Mudaraba Bond	17	14,600,000,000	11,200,000,000
Total Liabilities		436,786,707,658	392,842,807,715
Capital/Share holders Equity			
Paid -up Capital	18	10,649,021,850	10,649,021,850
Statutory Reserve	19	10,649,021,850	10,334,627,824
Revaluation Reserve	20	1,084,331,861	1,084,326,967
Retained Earnings	21.A	1,823,372,676	1,732,137,218
Total Equity attributable to equity holders of the bank		24,205,748,237	23,800,113,859
Non-Controlling Interest	18.A	1,694,593,989	1,655,730,853
Total Equity		25,900,342,226	25,455,844,712
Total Liability and Share holders equity		462,687,049,884	418,298,652,427
Net assets value per share (NAV)	42	22.73	22.35

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
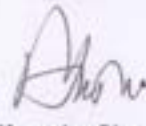
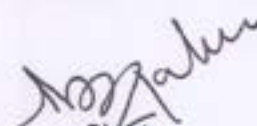

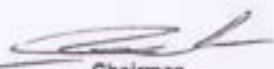
Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

K M Rasidul Haque
 Chief Executive Officer
 First Security Investment Corporation Ltd.


Al-Arafah Islami Bank Ltd
Consolidated Balance Sheet
As at December 31, 2021

OFF BALANCE SHEET ITEMS	Notes	2021	2020
		Taka	Taka
Contingent Liabilities			
Acceptance and endorsement		51,575,595,132	54,176,670,210
Letters of Guarantee	22	13,673,407,658	10,511,211,685
Letters of Credit		44,089,212,630	28,867,356,800
Bills for Collection		7,495,927,198	4,386,736,198
Other Contingent Liabilities		-	-
Total		116,834,142,618	97,941,974,893
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		116,834,142,618	97,941,974,893

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 : 2204261090AS597496
 Place: Dhaka
 Date : 26-April-2022


Md. Shafiqul Islam FCA
 Partner
 Enrolment number-595
Shafiq Basak & Co.
 Chartered Accountants
 DVC : 2204260595AS896100

01 AUG 2022


MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

01 AUG 2022


Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022


Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

01 AUG 2022


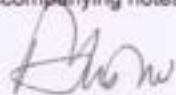
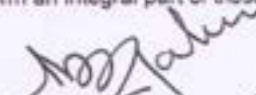



K M Rasidul Hasan
 Chief Executive Officer
 Al-Arafah Islami Bank Ltd



Al-Arafah Islami Bank Ltd
Consolidated Profit or Loss Accounts
For the year ended December 31, 2021

	Notes	2021 Taka	2020 Taka
Investment Income	23.A	23,446,012,634	26,331,277,005
Profit paid on deposits & Borrowing	24.A	(13,072,790,998)	(16,556,844,305)
Net Investment Income		10,373,221,636	9,774,632,700
Income from Investment in Shares /Securities	25.A	359,554,772	681,937,628
Commission, Exchange and Brokerage	26.A	3,299,109,368	2,627,550,022
Other Operating Income	27.A	591,501,509	345,976,039
		4,250,165,649	3,655,463,689
Total operating income		14,623,387,285	13,430,096,389
Salaries and allowances & contribution to P.F	28.A	4,756,913,912	4,546,405,905
Directors' fees & expenses	29.A	6,962,107	6,142,217
Shariah Supervisory Committee's fees & expenses	30	246,770	298,376
Rent, taxes, insurance and lighting etc.	31.A	539,464,890	499,303,449
Postage, telegram, telephone and stamp etc.	32.A	67,231,400	68,348,432
Legal charges		13,427,966	16,046,838
Auditors' fee		1,640,750	1,667,500
Salary & Allowances to the Managing Director		20,418,000	19,344,000
Depreciation and repairs to the bank's properties	33.A	891,400,236	836,300,557
Stationery, printing & advertisement etc.	34.A	149,075,124	186,323,511
Other expenses	35.A	682,465,783	562,152,855
Total operating expenses		7,129,246,938	6,742,333,640
Profit/(Loss) before Tax & provision		7,494,140,347	6,687,762,748
Provision against Investments & Contingent Liabilities	36.A	2,647,118,347	1,878,171,305
Provision for diminution in value of investment		8,459,961	9,725,095
Other Provision		-	-
Total provision		2,655,578,307	1,887,896,400
Profit/(Loss) before Tax		4,838,562,040	4,799,866,349
Current tax	15.1.A	2,751,343,416	2,258,441,408
Deferred tax		(39,225,005)	(30,381,805)
Provision for Taxation		2,712,118,411	2,228,059,603
Net Profit/(Loss) after tax		2,126,443,629	2,571,806,745
Net Profit attributable to:			
Equity holders of the bank		2,087,580,493	2,565,236,578
Non-controlling Interest		38,863,136	6,570,167
Profit for the year		2,126,443,629	2,571,806,745
Appropriation			
Statutory Reserve		314,394,026	954,638,686
General Reserve (1 % strat-Up fund)		20,233,578	25,507,894
Profit paid on aibl mudaraba perpetual bond		64,364,153	-
Non-Controlling Interest		38,863,136	6,570,167
		437,854,894	986,716,747
Transfer to Retained Earnings		1,688,588,736	1,585,089,999
Earning per Ordinary Share (EPS)	41.A	1.96	2.41

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 : 2204261090AS597496
 Place: Dhaka
 Date : 26-April-2022

MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Ltd
 Head Office, Dhaka.

Md. Shafiqul Islam FCA
 Partner
 Enrolment number-595
Shafiq Basak & Co.
 Chartered Accountants
 DVC : 2204260595AS896700

Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd



K.M. Rasidul Hasan
 Chief Executive Officer
 Al-Arafah Islami Bank Ltd
 01 AUG 2022

01 AUG 2022

01 AUG 2022

Al-Arafah Islami Bank Ltd
Consolidated Cash Flow Statement
For the year ended December 31, 2021

	Notes	2021 Taka	2020 Taka
Cash flows from operating activities			
Investment income receipt in Cash		24,041,035,285	27,246,795,860
Profit paid on deposits and borrowing		(13,545,742,269)	(17,792,460,102)
Dividend received		43,099,747	9,408,411
Fees & Commission received in cash		3,299,109,368	2,627,550,022
Recoveries from written off investments		57,842,746	56,952,186
Cash payments to employees		(4,777,331,912)	(4,565,749,905)
Cash payments to suppliers		(149,075,124)	(186,323,511)
Received from other operating activities (item-wise)		591,501,509	345,976,039
Paid for other operating activities (item-wise)	37.A	(1,432,385,136)	(1,246,894,494)
Advance income tax paid		(2,108,226,440)	(2,449,571,990)
Operating profit before changes in operating assets and liabilities		6,019,827,775	4,045,682,515
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(4,671,356,341)	(309,323,863)
Increase/(Decrease) of placement to other banks		(9,714,990,000)	(2,270,010,000)
Increase/(Decrease) of investment and advances to customers (other than Banks)		(28,354,421,330)	(18,920,509,901)
Increase/Decrease of other assets (item-wise)	38.A	(8,773,892,156)	(38,804,398)
Increase/ (Decrease of placement from other banks and financial institution		8,506,283,278	(3,545,897,730)
Increase/(Decrease) of Deposits from customers (other than Banks)		27,737,506,118	30,017,418,004
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	39.A	(560,976,753)	1,073,635,198
Cash receipt from operating activities		(15,831,847,184)	6,006,507,310
A. Net Cash from operating activities		(9,812,019,409)	10,052,189,825
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(460,733,215)	(2,225,318,994)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(460,733,215)	(2,225,318,994)
Cash flows from financing activities			
Increase in Exchange Equalization Account		4,894	(19,953)
Issue of AIBL Subordinate Bond / Perpetual Bond		3,400,000,000	4,400,000,000
Dividend paid		(1,597,353,277)	(1,384,372,840)
C. Net cash flows from financing activities		1,802,651,616	3,015,607,206
D. Net increase in cash and cash equivalent (A+B+C)		(8,470,101,008)	10,842,478,038
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent D+E		(8,470,101,008)	10,842,478,038
G. Cash & Cash Equivalents at the beginning of the year		67,704,778,946	56,862,300,908
H. Cash & Cash Equivalents period ended	40.A	59,234,677,938	67,704,778,946
Net Operating Cash Flow per Share (NOCFPS)	43	-9.21	9.44

Chief Financial Officer

01 AUG 2022

MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

Managing Director

01 AUG 2022

Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

Director

01 AUG 2022

Director

01 AUG 2022

Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd.

Chairman

01 AUG 2022

K M Rasidul Hasan
 Chief Executive Officer
 First Security Asset Capital & Management Limited
 580

Al-Arafah Islami Bank Ltd.
Consolidated Statement of Changes in Equity
For the year ended December 31, 2021

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2021	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
Changes in accounting policy offload share	-	-	-	-	-	-	-
Restated Adjustment	-	-	-	-	-	-	-
Restated balance	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
Deferred tax Adjustment	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-	-
Share premium	-	-	-	-	4,894	-	4,894
Net profit for the year	-	-	2,087,580,493	-	2,087,580,493	38,863,136	2,126,443,629
Cash Dividend	-	-	(1,597,353,277)	-	(1,597,353,277)	-	(1,597,353,277)
Bonus Share	-	-	-	-	-	-	-
Asset revaluation Reserve	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Profit paid on aibl mudaraba perpetual bond	-	-	(64,364,153)	-	(64,364,153)	-	(64,364,153)
Transfer to 1 % strat-Up fund	-	314,394,026	(20,233,578)	-	(20,233,578)	-	(20,233,578)
Appropriations during the year	-	-	(314,394,026)	-	-	-	-
Balance as at December 31, 2021	10,649,021,850	10,649,021,850	1,823,372,676	1,084,331,861	24,205,748,237	1,694,593,989	25,900,342,226
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

01 AUG 2022

K M Rasidul Haseb
 Chief Executive Officer

[Signature]
 Chief Financial Officer

[Signature]
 Managing Director



MUHAMMAD NADIM FCA
 DMO & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

01 AUG 2022
[Signature]
 Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022
[Signature]
 Page 36
Fagman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

[Signature]
 Director

[Signature]
 Chairman



Al-Arafah Islami Bank Ltd
Consolidated Statement Of Liquidity
(Maturity Analysis of Assets and Liabilities)
For the year ended December 31, 2021

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	8,262,801,867	-	-	-	15,425,800,000	23,688,601,867
	Balance with other Bank and Financial Institution	3,528,100,000	145,900,000	1,100,000,000	-	7,267,136,072	12,041,136,072
	Placement with Banks & Other Financial Institutions	2,165,576,000	19,640,000,000	2,200,000,000	-	(20,576,000)	23,985,000,000
	Investments (in Shares & Securities)	-	-	972,100,000	-	29,184,039,866	30,156,139,866
	Investments	60,054,761,420	93,530,661,420	105,548,970,284	51,532,261,420	26,224,061,419	336,890,715,963
	Fixed Assets including premises (Land & Building)	-	-	-	-	5,470,272,635	5,470,272,635
	Other Assets	183,200,000	105,200,000	-	1,433,100,000	28,682,808,443	30,404,308,443
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	Total Assets	74,194,439,287	113,421,761,420	109,821,070,284	52,965,361,420	112,284,417,472	462,687,049,884
2	Liabilities :						
	Placement from Banks & Other Financial institutions	1,204,400,000	19,809,150,237	11,493,210,872	-	-	32,506,761,109
	Deposits	54,213,966,000	117,192,600,000	111,096,921,085	45,257,900,000	25,526,579,025	353,287,966,110
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	3,600,000	-	-	-	36,294,785,294	36,298,385,294
	Deferred tax Liabilities/ (Assets)	-	-	-	-	93,595,145	93,595,145
	AIBL Mudaraba Subordinated Bond	-	-	-	-	14,600,000,000	14,600,000,000
	Total Liabilities	55,421,966,000	137,001,750,237	122,590,131,957	45,257,900,000	76,514,959,464	436,786,707,658
	Net Liquidity Gap	18,772,473,287	(23,579,988,817)	(12,769,061,673)	7,707,461,420	35,769,458,008	25,900,342,226

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.

01 AUG 2022

 Chief Executive Officer



01 AUG 2022

 Managing Director

MUHAMMAD NADJIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

01 AUG 2022

 Deputy Managing Director

Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022

 Director

Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd



Chairman

Al-Arafah Islami Bank Ltd.
Balance Sheet
As at December 31, 2021

PROPERTY AND ASSETS	Notes	2021 Taka	2020 Taka
Cash in hand	5		
Cash in hand (including foreign currencies)		3,217,933,106	2,879,721,830
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		20,456,548,331	28,660,902,877
		23,674,481,437	31,540,624,707
Balance with other Banks and Financial Institutions	6		
In Bangladesh		3,133,653,387	8,288,025,632
Outside Bangladesh		8,907,482,685	8,273,812,895
		12,041,136,072	16,561,838,527
Placement with Banks & Other Financial Institutions	7	23,985,000,000	14,270,010,000
Investment in Share & Securities	8		
Government	8.a	23,504,940,000	19,583,830,000
Others	8.b	5,472,068,391	1,143,979,346
		28,977,008,391	20,727,809,346
Investments	9		
General Investments etc.		322,543,724,969	291,307,599,462
Bills purchased and discounted		13,547,882,130	11,902,810,514
		336,091,607,099	303,210,409,976
Fixed assets less Accumulated Depreciation	10	5,463,069,708	5,826,875,749
Other Assets	11	23,190,127,923	20,870,178,204
Non-Banking Assets	12	50,875,037	50,875,037
Total Assets		453,473,305,667	413,058,621,546
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial institutions	13	27,343,210,872	22,504,318,785
Deposits and other Accounts	14		
Mudaraba Savings Deposits		62,011,042,726	54,879,126,373
Mudaraba Term Deposits		175,739,194,371	164,296,138,402
Other Mudaraba Deposits	14.i	68,093,138,221	66,743,970,036
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	43,639,188,504	37,331,437,580
Bills Payable		4,059,481,203	3,059,381,492
		353,542,045,025	326,310,053,883
Other Liabilities	15	33,868,952,635	29,226,954,457
Deferred tax Liabilities/ (Assets)	16	93,595,145	133,204,157
AIBL Mudaraba Bond	17	14,600,000,000	11,200,000,000
Total Liabilities		429,447,803,677	389,374,531,282
Capital/Share Holders Equity			
Paid up Capital	18	10,649,021,850	10,649,021,850
Statutory Reserve	19	10,649,021,850	10,334,627,824
Revaluation Reserve	20	1,084,331,861	1,084,326,967
Retained Earnings	21	1,643,126,429	1,616,113,623
Total Share holders equity		24,025,501,990	23,684,090,264
Total Liability and Share holders equity		453,473,305,667	413,058,621,546
Net assets value per share (NAV)			

01 AUG 2022

01 AUG 2022

01 AUG 2022

01 AUG 2022



MUHAMMAD NADIM FCA
CMO & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

K M Rasidul Hasan
Chief Executive Officer
23/24
Siddiquee, Jahan, Chowdhury & Associates, Dhaka

**Al-Arafah Islami Bank Ltd.
Off Balance Sheet
As at December 31, 2021**

	Notes	2021 Taka	2020 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement			
Letters of Guarantee	22	51,575,595,132	54,176,670,210
Letters of Credit		13,673,407,658	10,511,211,685
Bills for Collection		44,089,212,630	28,867,356,800
Other Contingent Liabilities		7,495,927,198	4,386,736,198
Total		116,834,142,618	97,941,974,893

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 116,834,142,618 97,941,974,893

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 : 2204261090AS597496


Place: Dhaka

Date : 26-April-2022

01 AUG 2022


MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.




Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022


Md. Shafiqul Islam FCA

Partner

Enrolment number-595

Shafiq Basak & Co.

Chartered Accountants

DVC : 2204260595AS896100

01 AUG 2022


Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022

K.M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Ltd

Al-Arafah Islami Bank Ltd.
PROFIT OR LOSS ACCOUNTS
For the year ended December 31, 2021

	Notes	2021 Taka	2020 Taka
Investment Income	23	23,261,043,228	26,169,242,291
Profit paid on deposits & Borrowing	24	(12,833,773,890)	(16,385,553,054)
Net Investment Income		10,427,269,338	9,783,689,237
Income from Investment in Shares /Securities	25	339,091,445	679,338,829
Commission, Exchange and Brokerage	26	3,003,819,477	2,500,613,283
Other Operating Income	27	535,368,779	311,960,495
		3,878,279,701	3,491,912,607
Total operating income		14,305,549,039	13,275,601,844
Salaries and allowances & contribution to P.F	28	4,678,276,709	4,476,381,093
Directors fees & expenses	29	6,962,107	6,142,217
Shariah Supervisory Committee's fees & expenses	30	246,770	298,376
Rent, taxes, insurance and lighting etc.	31	518,790,708	479,560,573
Postage, telegram, telephone and stamp etc.	32	67,054,263	67,993,484
Legal charges		13,422,248	15,988,510
Auditors' fee		1,583,250	1,667,500
Salary & Allowances to the Managing Director		20,418,000	19,344,000
Depreciation and repairs to the bank's properties	33	886,756,883	832,224,004
Stationery, printing and advertisement etc.	34	147,513,137	185,548,278
Other expenses	35	618,636,986	529,363,979
Total operating expenses		6,959,661,061	6,614,512,014
Profit/(Loss) before Tax & provision		7,345,887,978	6,661,089,829
Provision against Investments & Contingent Liabilities	36	2,647,118,347	1,878,171,305
Provision for diminution in value of investment		8,459,961	9,725,095
Other Provision		-	-
Total provision		2,655,578,307	1,887,896,400
Profit/(Loss) before Tax		4,690,309,671	4,773,193,430
Current tax		2,706,560,843	2,253,104,866
Deferred tax	16	(39,609,013)	(30,700,807)
Provision for Taxation		2,666,951,830	2,222,404,059
Net Profit/(Loss) after tax		2,023,357,841	2,550,789,370
Appropriation			
Statutory Reserve		314,394,026	954,638,686
Profit paid on aibl mudaraba perpetual bond		64,364,153	-
General Reserve (1 % Start-Up Fund)		20,233,578	25,507,894
		398,991,758	980,146,580
Retained Earnings		1,624,366,083	1,570,642,791
Earning per Ordinary share (EPS)	41	1.90	2.40

Accompanying notes form an integral part of these financial statements.

[Signature]
Chief Financial Officer

[Signature]
Managing Director

[Signature]
Director

[Signature]
Director

[Signature]
Chairman

Signed in terms of our report of even date.

[Signature]
A.K.M Fazlul Haque FCA
Partner

Enrolment number: 1090
Hussein Farhad & Co.

Chartered Accountants
DVC : 2204261090AS597495
Place: Dhaka
Date : 26-April-2022

[Signature]
M. HAMMOD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka

[Signature]
Md. Shafiqul Islam FCA
Partner

Enrolment number-595
Shafiq Basak & Co.

Chartered Accountants
DVC : 2204260595AS896100

[Signature]
Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

[Signature]
Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

01 AUG 2022

K.M Rasidul Hasan
Chief Executive Officer

01 AUG 2022

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Al-Arafah Islami Bank Ltd.
CASH FLOW STATEMENT
For the year ended December 31, 2021

	Notes	2021 Taka	2020 Taka
Cash flows from operating activities			
Investment income receipt in Cash		23,658,148,613	26,746,398,647
Profit paid on deposits and borrowings		(12,906,725,161)	(17,221,368,651)
Dividend received		33,566,797	8,761,739
Fees & Commission received in cash		3,003,819,477	2,500,613,283
Recoveries from write off investments		57,842,746	56,952,186
Cash payments to employees		(4,698,694,709)	(4,495,725,093)
Cash payments to suppliers		(147,513,137)	(185,548,278)
Received from other operating activities (item-wise)		535,368,779	311,960,495
Paid for other operating activities (item-wise)	37	(1,347,641,802)	(1,192,933,381)
Advance income tax paid		(2,061,982,692)	(2,438,271,566)
Operating profit before changes in operating assets and liabilities		6,126,188,711	4,090,839,180
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(4,328,089,045)	(277,727,877)
Increase/(Decrease) of placement to other banks		(9,714,990,000)	(2,270,010,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(33,947,860,704)	(18,855,090,010)
Increase/(Decrease) of other assets (item-wise)	38	(407,390,310)	246,484,556
Increase/(Decrease) of placement from other banks and financial institution		4,839,892,087	(3,520,255,065)
Increase/(Decrease) of Deposits from customers (other than Banks)		27,704,942,412	30,020,097,525
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	39	(138,075,121)	608,890,594
Cash receipt from operating activities		(15,992,570,680)	5,952,389,723
A. Net Cash from operating activities		(9,866,391,969)	10,043,228,903
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(402,005,372)	(2,224,248,856)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(402,005,372)	(2,224,248,856)
Cash flows from financing activities			
Increase in Exchange Equalization Account		4,894	(19,953)
Issue of AIBL Subordinate Bond / Perpetual Bond		3,400,000,000	4,400,000,000
Increase in Share Capital		-	-
Dividend paid		(1,597,353,277)	(1,384,372,840)
C. Net cash flows from financing activities		1,802,651,616	3,015,607,206
D. Net increase in cash and cash equivalent (A+B+C)		(8,465,735,725)	10,834,587,253
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent (D+E)		(8,465,735,725)	10,834,587,253
G. Cash & Cash Equivalents at the beginning of the year		67,686,293,234	56,851,705,980
H. Cash & Cash Equivalents at the end of the year	40	59,220,557,509	67,686,293,234
Net Operating Cash Flow per Share (NOCFPS)	43	(9.27)	9.43

Accompanying notes form an integral part of these financial statements.

Chief Financial Officer

Managing Director

Director

Director

Chairman

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

SBA

01 AUG 2022

01 AUG 2022

01 AUG 2022

01 AUG 2022

K M Rasidul Haque
Chief Executive Officer
Al-Arafah Islami Bank Limited

Al-Arafah Islami Bank Ltd.
Statement of Changes Equity
For the year ended December 31, 2021

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Revaluation Reserve	Total Taka
Balance at 1st January, 2021	10,649,021,850	10,334,627,824	1,616,113,623	1,084,326,967	23,684,090,264
Changes in accounting policy	-	-	-	-	-
Issue of the share capital	-	-	-	-	-
Restated balance	10,649,021,850	10,334,627,824	1,616,113,623	1,084,326,967	23,684,090,264
Deferred tax Adjustment	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-
Net gain and losses not recognised in Income Statement	-	-	-	4,894	4,894
Net profit for the year	-	-	2,023,357,841	-	2,023,357,841
Cash	-	-	(1,597,353,277)	-	(1,597,353,277)
Bonus Share	-	-	-	-	-
Asset revaluation Reserve	-	-	(64,364,153)	-	(64,364,153)
Profit paid on aibl mudaraba perpetual bond	-	-	(20,233,578)	-	(20,233,578)
Transfer to 1 % strat-Up fund	-	314,394,026	(314,394,026)	-	-
Appropriations during the year	-	-	-	-	-
Total shareholders' equity as on December 31, 2021	10,649,021,850	10,649,021,850	1,643,126,429	1,084,331,861	24,025,501,990
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

01 AUG 2022
 M. M. Rastouq Hasbi
 Chief Executive Officer
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

01 AUG 2022
 Md. Mahmudur Rattman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022
 Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

01 AUG 2022
 Chairman
 SBI

Al-Arafah Islami Bank Ltd.
Statement of Liquidity
(Maturity Analysis of Assets and Liabilities)
For the year ended December 31, 2021

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	8,248,681,437	-	-	-	15,425,800,000	23,674,481,437
	Balance with other Bank and Financial Institution	3,528,100,000	145,900,000	1,100,000,000	-	7,267,136,072	12,041,136,072
	Placement with Banks & Other Financial Institutions	2,165,576,000	19,640,000,000	2,200,000,000	-	(20,576,000)	23,985,000,000
	Investments (in Shares & Securities)	-	-	972,100,000	-	28,004,908,391	28,977,008,391
	Investments	60,054,761,420	93,530,661,420	104,749,861,420	51,532,261,420	26,224,061,419	336,091,607,099
	Fixed Assets including premises (Land & Building)	-	-	-	-	5,463,069,708	5,463,069,708
	Other Assets	183,200,000	105,200,000	-	1,433,100,000	21,488,627,922.52	23,190,127,923
	Non Banking Assets	-	-	-	-	50,875,037	50,875,037
	Total Assets	74,180,318,857	113,421,761,420	109,021,961,420	52,965,361,420	103,883,902,550	453,473,305,667
2	Liabilities :						
	Placement from Banks & Other Financial Institutions	1,204,400,000	14,645,600,000	11,493,210,872	-	-	27,343,210,872
	Deposits	54,213,966,000	117,192,600,000	111,351,000,000	45,257,900,000	25,526,579,025	353,542,045,025
	Other Accounts	-	-	-	-	-	-
	Provision and Other Liabilities	3,600,000	-	-	-	33,865,352,634.88	33,868,952,635
	Deferred tax Liabilities/ (Assets)	-	-	-	-	93,595,145	93,595,145
	AIBL Mudaraba Subordinated Bond	-	-	-	-	14,600,000,000	14,600,000,000
	Total Liabilities	55,421,966,000	131,838,200,000	122,844,210,872	45,257,900,000	74,085,526,805	429,447,803,677
	Net Liquidity Gap	18,758,352,857	(18,416,438,580)	(13,822,249,452)	7,707,461,420	29,798,375,744	24,025,501,990

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.

01 AUG 2022

K M Rasidul Hasan
 Chief Executive Officer

01 AUG 2022
 Managing Director

01 AUG 2022
 Director



Chief Financial Officer

Md. Mahmudur Rahman
 Managing Director & CEO

Farman R. Chowdhury
 Managing Director & CEO

Chairman

Page-23
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

Al-Arafah Islami Bank Limited**Notes to the Financial Statements**

As at and for the year ended December 31, 2021

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 201 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 2020, 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.

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

01 AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka

01 AUG 2022

Md. Mahinudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

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, 2021 to December 31, 2021.

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.

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 file for 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.

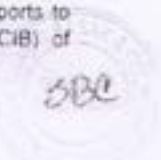
01 AUG 2022

K.M. Rasidul Hasan
 Chief Executive Officer
 First Secretary Islami Capital & Investment Division

AUHAMMUD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

Farmain Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd.



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 80.50% shares. The rest of 39.50% shares are held 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.

- i) All fixed assets except land are stated at cost less accumulated depreciation and accumulated impairment loss as per IAS-16 "Property, Plant and Equipment". Acquisition cost of an asset comprises the purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.
- 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 Paitan 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 Paitan, 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, Namjani-542, 362/3/1, Jote-543,687& 437,Dag # C.S-100,101, S.A 1979, 1980, 1997, 1997,2025,1979/2039,R.S-1315,1322,1314,1360,1323/1350, Dhaka City Jarip-808,809,811, Deed # 3625 56/1, Deed # 22.08.2010 & 01.02.2012. The area of land measuring about (11.40+11.60) 23.00 Decimal.

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital



MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka

Md. Mahmodur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd



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 enterprise. 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 usefull 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.

According to IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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.

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 Company Secretary
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01 AUG 2022


Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd.

01 AUG 2022


K M Rasidul Hasan
 Chief Executive Officer
 First Secretary (Legal & Investment) (Legal)



The lease liability is initially measured at present value of the future lease payments discounted using the discount rate @ 6% implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments as well as the impact of lease modifications, amongst others.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit and loss account on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets have been included in fixed assets including premises, furniture and fixtures and lease liabilities have been included in other liabilities.

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.

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 Spetsemebr, 2012, BRPD Circular No.05 dated 29 May, 2013 and BRPD Circular No.52 dated 29 December, 2021. The provision rates are given below:

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Al-Arafah Islami Bank Ltd.

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K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited

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	1.5% & 2%
Strat-up Fund on Net Profit	1%

2.13.2 Loans and advances/investments net of provision

IFRS: Loans and advances/investments are presented should be 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. Acceptance and endorsements
4. 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% for Income from Business, @20% for Cash Dividend & @10% for Capital Gain as prescribed in the Finance Act 2020 and Income Tax Ordinance, 1984 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 2021 (Assessment year 2022-2023) has been filed but assessment is to be done by the tax authority.

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 assets or liability and its carrying amount/reported amount in the financial statement. Deferred tax assets 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 write off as per Bangladesh Bank Circulars. The detail calculation of deferred tax for the period ended 31st December 2021, has given below:

Particulars	As Per Books of Account			As Per Tax		Deferred Tax Liability / (Assets)
	Carrying Amount	Assets not Depreciable	Net Carrying Amount	Tax Base	Temporary Difference Taxable / (Deductible)	
Items giving rise temporary Difference						
L. Fixed Assets	3,463,045,768	1,531,190,691	3,345,915,017	3,334,790,448	125,128,569	37.50%
Net deferred tax liability (asset)						48,423,713

Deferred tax Assets (Income) / Liability Expenses

Equity Components

Balance as on 1st January 2021 88,830,227
 Provision required as on 31 December, 2021 (39,609,813)
 Balance as on 31 December, 2021 49,220,414

43,173,930
 49,220,414

133,204,017
 (39,609,813)
 93,594,204

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K M Rasidul Hasan
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 First Security Islamic Capital Markets Limited

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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**

a) 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.

b) 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.

c) Profit on investment is calculated on daily product basis and charged on yearly basis.

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.

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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, 2021 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. 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**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.

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Chief Executive Officer
Financial Security Islamic Capital & Services Ltd.



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 6 (six) 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 and information & communication technology. 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 demarketed. 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.

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.

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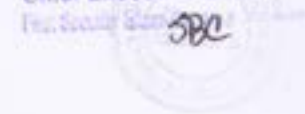
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Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022

K M Rasidul Haque
Chief Executive Officer



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 on line banking project complying the IT policy.

a) **Internal Audit**

As per Internal Control & Compliance (ICC) Risk Management Guideline of Bangladesh Bank, a 'Risk Based Audit Plan' is to 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.

b) **Fraud and Forgeries:**

During the year 1st January to 31st December, 2021 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 Bangladesh Accounting Standards (IAS) and Bangladesh 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:

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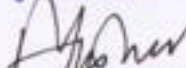
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01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

01 AUG 2022



K M Rasidul
Chief Executive
Al-Arafah Islami Bank Ltd.



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 Events after the Reporting Period	8	Applied
Income Taxes	10	Applied
Property, Plant and Equipment	12	Applied
Employee Benefits	16	Applied
Accounting for Government Grants and Disclosure of Government Assistance	19	Applied
The Effects of Changes in Foreign Exchange Rates	20	N/A
Borrowing Costs	21	Applied
Related Party Disclosures	23	Applied
Accounting and Reporting by Retirement Benefit Plans	24	Applied
Separate Financial Statements	26	N/A
Investments in Associates & Joint Ventures	27	Applied
Financial Instruments: Presentation	28	N/A
Earnings per share	32	Applied
Interim Financial Reporting	33	Applied
Impairment of Assets	34	Applied
Provisions, Contingent Liabilities and Contingent Assets	36	Applied
Intangible Assets	37	Applied
Investment Property	38	Applied
Agriculture	40	N/A
	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

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 363rd Meeting held on 09 September, 2021 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	Mohammed Emadur Rahman	Member	M.B.A. (Marketing-London)
4	Md. Harun-Ar-Rashid Khan	Member	M.A. (Social Welfare)
5	M. Kamal Uddin Chowdhury	Member	B.Com

During the period 2021 the audit committee of the bank conducted 08 (eight) 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, 2021.

5 COVID-19 on disclosure

The business operation and profitability of the Bank had been impacted severely by COVID-19 along with implication of single digit profit rate declared by Bangladesh Bank during the year 2020, but due to the relatively stable market condition and quicker economic recovery, the operating income of the Bank increased significantly during the year 2021 compared to 2020.

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 Chief Executive Officer
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.



		2021 Taka	2020 Taka
5. Cash in hand			
a) Cash in hand			
In local currency		3,209,848,106	2,856,093,511
In Foreign currency (Note 5.a.ii)		8,085,000	23,628,319
		<u>3,217,933,106</u>	<u>2,879,721,830</u>
b) Balance with Bangladesh Bank			
In local currency		19,000,036,966	26,395,995,220
In Foreign currency		269,017,371	740,941,976
		<u>19,269,054,337</u>	<u>27,136,937,196</u>
c) Balance with Sonali Bank Ltd.			
In local currency		1,187,493,994	1,523,965,681
In Foreign currency		-	-
		<u>1,187,493,994</u>	<u>1,523,965,681</u>
5.a.i	Balance With Bangladesh Bank and Its Agents Banks (including foreign currencies)	<u>20,456,548,331</u>	<u>28,660,902,877</u>
5.a.ii	In Foreign currency		
		Amount in FC	Amount in BDT
	Currency Name	Ex. Rate	Amount in BDT
	US Dollar	88.00	762,256
	Great Britain Pound	-	-
	EURO	-	-
	REYAL	350000	7,322,744
			<u>8,085,000</u>
			<u>23,628,319</u>

5.d Cash Reserve Requirments (CRR) and Statutory Liquidity Requirments (SLR)

Cash Reserve Requirments(CRR) and Statutory Liquidity Requirments (SLR) have been calculated and maintained in accordance with Section 33 of Bank Companies Act 1991 & as per Bangladesh Bank Curcular No: MPD/03 Dated 09.04.2020.

5.e Cash Reserve Requirments (CRR)

Required Reserve(DBO 4.00 % & OBO 2% of Average Demand and Time Liabilities)
Actual reserve held with Bangladesh Bank
Surplus/(Deficit)

15,257,506,000	13,637,960,000
18,947,749,000	26,894,746,000
<u>3,690,243,000</u>	<u>13,226,786,000</u>

Statutory Liquidity Requirments (SLR)

Required Reserve(5.50 % of Average Demand and Time Liabilities)
Actual reseve held
Surplus/(Deficit)

21,309,191,000	19,106,483,000
27,910,362,000	23,548,000,000
<u>6,601,171,000</u>	<u>4,441,517,000</u>

5.A Cash in hand

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.
Millennium information solution Ltd.

3,217,933,106	2,879,721,830
5,802	6,982
14,114,828	18,478,730
-	-
<u>3,232,053,536</u>	<u>2,898,207,542</u>

6. Balance with other Banks and Financial Institutions

a) In Bangladesh:

AI-Wadia Current Accounts

Dutch Bangla Bank Ltd.
National Bank Ltd.
Agrani Bank

235,458	1,276,148
2,176,505	3,442,195
20,576,000	18,649,430
<u>22,987,962</u>	<u>23,367,772</u>

Short Term Deposits

Dhaka Bank Ltd.
Prime Bank Ltd.
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.

52,198,332	271,243,614
5,067,421	4,936,282
2,345,593	16,116,488
394,312,546	3,210,146,431
1,896,730,870	1,874,198,127
74,906,530	111,881,874
162,068,844	162,134,189
44,611,746	58,702,131
15,496,381	12,224,062
37,673,703	1,619,083,538
6,849	4,386,784
425,246,611	919,604,341
<u>3,110,665,425</u>	<u>8,264,657,859</u>
<u>3,133,653,387</u>	<u>8,288,025,632</u>

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

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

K M Rasidul Hasan
Chief Executive Officer
Risk Security Islam

2021 Taka	2020 Taka
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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	CHF	64,344	93.21	5,997,565	598,842
COMMERZBANK AG FRANKFURT AM	EURO	20,911	93.56	1,956,456	20,646,771
ABU DHABI COMMERCIAL BANK PJSC	REYAL	36,479	23.36	852,152	450,350
STANDARD CHARTERED BANK LTD.FRANKFURT	EURO	987,230	97.19	95,944,205	315,514,199
UNITED BANK OF INDIA,KOLKATA, ACUD	USD	-	#DIV/0!	-	813,926
STANDARD CHARTERED BANK LTD.,JAPAN	JPY	304,871	0.75	227,769	1,310,835
SHANGHAI PUDONG DEVELOPMENT BANK	RMB	293,433	13.46	3,949,930	1,287,106
STANDARD CHARTERED BANK LTD.LONDON	POUND	9,298	113.89	1,058,939	51,890,773
AL RAJI BANKING & INV CORP SAUDI ARABIA	REYAL	557,986	22.84	12,724,401	16,502,478
AB BANK LTD., MUMBAI	ACUD	447,742	85.80	38,416,251	52,423,873
AXIS BANK LTD.	ACUD	378,644	85.77	32,475,419	50,751,575
BANK OF BHUTAN, ACU	ACUD	138,887	85.80	11,916,532	14,416,835
COMMERZBANK AG FRANKFURT AM MAIN DE	USD	-	#DIV/0!	-	105,115,091
HABIB BANK AMERICAN BANK, NEW YORK, USA	ACUD	516,791	85.36	44,124,251	94,771,267
ICICI BANK LIMITED, MUMBAI	ACUD	1,295,451	84.70	109,726,793	55,680,851
ICICI BANK LIMITED HONGKONG	USD	399,041	81.80	32,641,103	48,504,690
MASHREQUE BANK PSC MUMBAI	ACUD	343,100	85.80	29,438,122	38,288,046
UNITED BANK OF INDIA, KOLKATA, ACUE	ACUD	7,812	97.00	757,764	18,604,759
SONALI BANK LTD, KOLKATA	ACUD	142,087	85.80	12,191,028	75,434,605
STANDARD CHARTERED BANK LTD.KARACHI	ACUD	280,454	85.80	24,062,953	25,389,421
STANDARD CHARTERED BANK LTD MUMBAI	ACUD	674,996	85.61	57,783,990	91,640,935
HABIB METROPOLITAN BANK LTD, KARACHI	USD	419,311	85.80	35,978,868	14,480,822
MASHREQUE BANK PSC NEW YORK	USD	895,933	81.37	72,900,023	148,417,848
CITIBANK N.A., NEW YORK, USA	USD	(1,703,903)	86.18	(146,836,571)	147,209,072
STANDARD CHARTERED BANK LTD.NEW YORK	USD	3,780,025	84.95	321,113,043	6,889,563
STANDARD CHARTERED BANK, KOLKATA (AMEX)	USD	155,899	85.80	13,376,118	13,220,281
UBI BANCA S.P.A. ITALY	USD	-	#DIV/0!	-	9,056,872
KUMARI BANK LTD, NEPAL	ACUD	97,725	85.80	8,384,606	11,660,055
EMIRATES NBD, RIYADH, KSA	SAR	547,242	22.84	12,499,550	5,587,121
INTESA SANPAOLO SPA	ACUD	288,135	97.00	27,948,192	-
COMMERZBANK AG FRANKFURT, GBP	POUND	49,550	115.25	5,710,469	-
RIYAD BANK, K.S.A.	REYAL	211,620	22.84	4,833,612	-
COMMERZBANK AG FRANKFURT, USD	USD	256,484	85.80	22,006,301	-
PUNJAB NATIONAL BANK	USD	154,619	85.79	13,282,501	-
				907,440,533	1,436,458,851
				8,000,042,151	6,637,354,045
				8,907,482,685	8,273,812,895
				12,041,136,072	16,561,838,527

Placement to OBU-USD

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

a) In Bangladesh:

Al-Arafah Islami Bank Ltd. (Note-5.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	3,528,100,000	16,561,838,527
Over 1 (one) Month but not more than 3 (three) Months	145,900,000	-
Over 3 (three) Months but not more than 1 (one) year	1,100,000,000	-
Over 1 year but not more than 5 years	-	-
Over 5 years	7,267,136,072	-
	12,041,136,072	16,561,838,527

7. Placement with Banks & Other Financial Institutions

The City Bank
Exim bank Ltd.
Premier bank Ltd.
Southeast Bank Limited
Islamic Finance and Investment Ltd
Union bank Ltd
Mercantile Bank Ltd
Social Islami Bank Ltd.
Dhaka Bank
NRB Commercial Bank Ltd
Standard Bank Limited
Midland bank Ltd.
Agrani 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. Interest Bond Fund (R & B)
Bangladesh govt. interest investment bank, (DIB) (B.L.)
Investment in Islamic Reference Fund (S.A)
Investment in Shares (S.A)

MUHAMMAD NADIM FCA
CMD & Chief Financial Officer (CFO)
Finance Administration Division
Al-Arafah Islami Bank Limited.
Head Office, Dhaka.

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

William K. Crowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022

K M Rasidul Hasan
Chief Executive
01 AUG 2022

01 AUG 2022

01 AUG 2022

01 AUG 2022



	2021 Taka	2020 Taka
8.a Investments in Share & Securities		
Government Securities	23,504,940,000	19,583,830,000
Bangladesh Govt. Islami Bond Fund	13,500,000,000	17,500,000,000
Bangladesh government investment sukuk (BGIS) (8.a)	9,504,940,000	1,583,830,000
Investment in Islamic Refinance Fund	500,000,000	500,000,000
8.b In shares (quoted and unquoted)		
Quoted		
Private (8.b.i)	631,991,763	503,902,718
Unquoted		
Private (8.b.ii)	4,540,076,628	640,076,628
	5,472,068,391	1,143,979,346
8.b.i Book value of share as on 31 December 2021 as follows		
Quoted shares in (Schedule of Shares and Securities are given Annexure B)		
Dafodilo	337,651,147	186,423,800
padmaoil	17,742,023	22,496,966
Primetex	25,658,888	20,878,645
Doreenpw	-	5,416,784
Jamunaoil	8,855,453	-
primelife	197,306,404	8,071,989
Bpscables	5,063,220	-
Sinobangla	31,756,505	31,756,505
Premierce	27,720,667	13,105,238
ITC	-	28,505,188
YPL	-	4,567,429
renata	-	5,787,991
acmelab	-	6,165,247
ibnaina	9,042,717	2,746,916
Lindbd	1,192,739	-
BEXOSUKUK	100,000,000	-
AIBI 1st Islamic Mutual Fund	170,000,000	170,000,000
	931,991,763	503,902,718
8.b.ii Unquoted shares in		
Swift Share	7,453,233	7,453,233
Central Depository Bangladesh Limited	3,138,890	3,138,890
Inv in SIBL bank mudaraba sub-or	-	100,000,000
Inv in union bank mudaraba sub-or	500,000,000	500,000,000
Investment in sibi perpetual bond	1,000,000,000	-
Investment in ibbi second mudara	2,000,000,000	-
Investment in sbi perpetual bond	1,000,000,000	-
Investment in Millennium Information Solution Limited	29,484,505	29,484,505
	4,540,076,628	640,076,628
	5,472,068,391	1,143,979,346
8.A Investment in Shares & Securities		
Al-Arafah Islami Bank Ltd.	28,977,008,391	20,727,808,346
AIBL Capital Market Services Ltd. 8.A.ii	662,120,683	662,120,683
AIBL Capital Management Ltd. 8.A.ii	517,010,792	173,743,496
Millennium information solution Ltd. 8.A.ii	-	-
	30,156,139,866	21,563,673,525
8.A.i Investment in Shares & Securities		
Al-Arafah Islami Bank Ltd.	5,472,068,391	1,143,979,346
AIBL Capital Market Services Ltd.	662,120,683	662,120,683
AIBL Capital Management Ltd.	517,010,792	173,743,496
	6,651,199,866	1,979,843,525
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	972,100,000	165,100,000
Over 1 year but not more than 5 years	-	835,864,179
More than 5 years	29,184,039,866	20,562,709,346
	30,156,139,866	21,563,673,525
9. Investments		
a) General Investment		
I. in Bangladesh		
Murabaha Investment	86,322,076,719	84,060,687,619
Bai-Muazzal Investment	129,337,794,964	109,678,699,174
Hire Purchase Investment	107,165,296,820	96,221,472,646
Quard	2,200,622,788	2,203,972,836
Other Investment	5,857,967,923	5,694,465,907
	330,883,929,214	297,859,298,182
II. Out side Bangladesh		
	330,883,929,214	297,859,298,182
Less: Unearned profit on investment	8,340,204,245	6,551,696,720
	322,543,724,969	291,307,599,462
b) Bills Purchased & Discounted		
Payable in Bangladesh	11,622,369,941	10,685,972,770
Payable out side Bangladesh	1,925,512,189	1,216,837,744
	13,547,882,130	11,902,810,514
	336,091,607,099	303,210,409,976
c) Maturity grouping of Investment		
Including bills purchased and discounted		
Payable on Demand	-	-
Up to 1 (one) month	60,054,761,420	42,483,870,000
Over 1 (one) month but not more than 3 (three) months	30,530,661,420	6,521,000,000
Over 3 (three) months but not more than 1 (one) year	104,749,891,420	96,457,900,000
Over 1 year but not more than 5 years	51,532,261,420	38,378,000,000
Over 5 years	26,224,061,419	117,389,939,976
	336,091,607,099	303,210,409,976



MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

Farmad R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

01 AUG 2022
K.M. Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Limited

d) An analysis to disclose following Significant concentration :

	2021 Taka	2020 Taka
i. Investment to Directors and others	44,115,238	44,115,238
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)	149,637,600,000	132,086,200,000
iv. Investments to customers for more than 10% of Bank's Total Capital		
Number of clients	43	38
Amount of outstanding investment	149,637,600,000	132,086,200,000
Amount of Classified Investment	-	-

Name of Clients	Funded	Non-Funded	Figure in crore	Figure in crore
01 Meghna Group	0.52	522.20	522.72	109.03
02 City Group	199.59	430.82	590.41	821.10
03 Thermax Group	423.24	68.81	492.05	500.98
04 Majumder Traders	308.39	72.97	382.36	233.40
05 T K Group	110.27	57.07	167.34	149.61
06 Abul Khair Steel Industries Ltd.	99.38	392.10	491.48	451.23
07 AIBL Capital Market Services Ltd.	428.01	100.00	528.01	405.37
08 Noapara Traders	-	273.00	273.00	331.54
09 Techno Electricals Ltd	61.91	124.96	186.87	203.47
10 Badsha Group	229.77	260.89	490.66	457.99
11 Aman Tex Limited	259.59	153.51	413.10	558.73
12 Masihata Sweaters Ltd.	367.37	193.56	560.93	450.62
13 Talrid Cotton Mills Ltd.	460.90	77.82	538.72	486.89
14 The Rani Concast, Rani Re-Rolling & RRM Electron	240.68	86.03	326.69	310.28
15 Sheikh Brother & its Sister Concern	263.89	650.55	914.44	252.18
16 Runner Motors Ltd. & Promita	207.78	10.03	217.81	390.25
17 Bangladesh Steel Re-rolling Mills	-	311.85	311.85	211.34
18 NICE Denim Mills Ltd.	458.62	137.14	655.76	622.87
19 Younus Paper Mills Ltd & its sister concern	228.80	33.66	262.46	252.44
20 MornTex	375.48	45.03	420.51	376.53
21 Kader Compact Spinning Mills	320.59	-	320.59	308.95
22 Kabir Steel Re-rolling Mills	367.68	203.82	571.50	416.91
23 IBN Sina	257.85	87.61	345.46	329.50
24 Ayman Textile & Hosiery Ltd.	413.27	0.77	414.04	403.71
25 Aman Group	-	-	-	-
26 Nitol Motors Ltd.	355.29	1.28	356.57	297.69
27 Robiul Islam, M/S. Rahman Traders & M/S. Zobari Traders	342.10	-	342.10	271.85
28 Creative paper Mills	226.54	128.19	354.73	321.95
29 Bikass Poultry & Fish Feeds Ltd.	278.09	141.89	419.98	716.39
30 PRAN-RPL Group	62.33	224.17	286.50	290.28
31 Delta Group	383.51	0.72	384.23	356.89
32 Bandar Steel Industries Ltd	-	-	-	328.12
33 Mahmud Fabrics And Finishing Ltd.	654.93	124.84	779.77	495.14
34 S Sui Industrial Park Ltd	647.53	198.83	846.36	609.33
35 Smile Food Products Ltd	-	149.96	149.96	420.04
36 H.R. Re-Rolling Mills	55.67	137.55	193.22	36.90
37 Healthcare pharmaceuticals Ltd.	97.13	27.34	124.47	81.46
38 Max Infrastructure Ltd.	191.16	135.95	327.11	-
39 Nassa Taipei Denim & Textile Ltd	433.65	53.61	487.26	-
40 Bashundhara Group	396.08	510.93	907.01	-
41 Formula One	-	386.27	386.27	-
42 MIR Akter	207.54	79.11	286.65	-
43 Buildstone Construction Co. Ltd	-	251.53	251.53	-
	10,376.41	6,906.37	17,282.78	13,058.86

v) Industry/Sector wise Investments


Agriculture	5,663,500,000	5,295,100,000
Industry	178,629,900,000	135,956,500,000
Construction	24,663,900,000	33,582,600,000
Power, Gas, Water & Sanitary Services	2,807,700,000	509,000,000
Transport & communication	11,341,300,000	25,252,500,000
Trade Service	115,621,408,696	106,382,508,696
Storage	1,753,800,000	2,575,100,000
Professional & Miscellaneous Service	3,960,302,648	238,900,000
	344,431,811,344	309,742,108,696

Less: Unearned profit on investment

	8,340,204,245	6,551,698,720
	336,091,607,099	303,210,409,976

vi) Geographical Location -wise Investment

Urban:	325,933,829,009	279,733,284,696
Dhaka Region	260,538,754,572	229,158,499,696
Chittagong Region	38,886,917,343	30,868,768,000
Sylhet Region	1,062,490,925	701,366,000
Rajshahi Region	6,711,620,886	6,756,778,000
Mymensingh	3,906,143,427	1,709,600,000
Khulna Region	7,853,894,878	1,604,789,000
Rangpur Region	3,594,003,561	6,790,241,000
Barisal Region	3,379,993,417	2,143,243,000

01 AUG 2022

 Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022

 MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

01 AUG 2022

 Farman R. Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd

01 AUG 2022

 K.M. Rasidul Hasan
 Chief Executive Officer
 Al-Arafah Islami Bank Ltd

	2021 Taka	2020 Taka
Rural:	18,497,982,338	30,028,824,000
Dhaka Region	1,155,605,025	12,655,339,000
Chittagong Region	6,955,001,100	6,962,517,000
Sylhet Region	662,255,000	612,328,000
Myrnsing	2,755,021,200	2,675,891,000
Rajshahi Region	319,450,000	309,873,000
Khulna Region	3,560,050,000	3,698,801,000
Rangpur Region	2,245,000,000	2,177,094,000
Barisal Region	645,600,010	936,981,000
	344,431,811,344	309,762,108,696
	8,340,204,245	6,551,698,720
	336,091,607,099	303,210,409,976
Less: Unearned profit on investment		
e) Classification of investment including bills purchased and discounted		
Unclassified	327,864,971,344	297,992,531,696
Standard including (Staff Investment)	322,876,507,344	292,884,970,696
Special Mention Accounts (SMA)	4,988,464,000	5,107,561,000
Classified	18,586,840,000	11,769,577,000
Sub Standard	4,694,000,000	1,699,551,000
Doubtful	424,893,000	1,051,252,000
Bad / Loss	11,447,897,000	9,018,774,000
	344,431,811,344	309,762,108,696
	8,340,204,245	6,551,698,720
	336,091,607,099	303,210,409,976
Less: Unearned profit on investment		
f) Required Provision on Investment & Off-balance sheet exposures		
Unclassified		
General provision on unclassified Investment	2,597,152,001	2,391,238,001
General provision on small enterprise Investment	243,546,000	220,660,000
General provision on Housing financing Investment	31,668,000	27,071,000
General provision on consumer financing Investment	17,215,000	6,378,000
General provision on Micro Investment	35,533,000	26,456,000
General provision on special mention Investment	24,395,000	25,475,000
General provision on BHS/MHS/SDS	134,591,000	89,822,000
	3,084,190,001	2,787,100,001
Classified		
Specific provision on substandard Investment	560,609,000	294,903,000
Specific provision on doubtful Investment	36,471,000	85,100,000
Specific provision on bad/loss Investment	7,969,703,099	6,264,354,000
	8,566,783,099	6,644,357,000
Unclassified		
General provision on Off-balance sheet	1,093,400,000	935,500,001
	12,744,283,100	10,366,957,001
g) Provision made on Investment & Off-balance sheet exposures		
Unclassified		
General provision on unclassified investment	2,597,152,001	2,391,238,001
General provision on small enterprise Investment	243,546,000	220,660,000
General provision on Housing financing Investment	31,668,000	27,071,000
General provision on consumer financing Investment	17,215,000	6,378,000
General provision on Micro Investment	35,533,000	26,456,000
General provision on special mention Investment	24,395,000	25,475,000
General provision on BHS/MHS/SDS	134,591,000	89,822,000
	3,084,190,001	2,787,100,901
Classified		
Specific provision on substandard Investment	560,609,000	294,903,000
Specific provision on doubtful Investment	36,471,000	85,100,000
Specific provision on bad/loss Investment	7,969,703,099	6,264,354,000
	8,566,783,099	6,644,357,000
Unclassified		
General provision on Off-balance sheet	1,093,400,000	935,500,001
	12,744,283,100	10,366,957,001
Provision Excess/(Shortfall)		
h) Particulars of Investments		
i) Investment considered good in respect of which of the bank company is fully secured;	248,117,618,428	213,929,647,146
ii) Investment considered good against which the banking company holds no security other than the debtors personal guarantee.	96,314,192,910	99,832,461,579
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 person;		

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd
Head Office, Dhaka.

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

K M Rasidul
Chief Executive
Financial Services Division

	2021 Taka	2020 Taka
v) 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;	65,053,016	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	11,447,897,000	9,018,774,000
i) Decrease/increase in provision (Specific)	1,922,428,099	622,334,000
ii) Amount of investment written off;	798,433,000	7,328,753,936
iii) Amount realised against investment previously written off;	57,842,746	56,952,186
b) Amount of provision kept against investment classified as "bad/loss" on the date of preparing the balance sheet ;	7,969,703,099	6,264,354,000
c) Profit creditable to the profit suspense/Compensation A/c;	-	-
x) i) Cumulative amount of the written of investment;	8,467,783,000	8,627,064,415
ii) Amount written off during the current year;	190,860,995	121,316,489
iii) The amount of written off investment for which lawsuit has been filed;	798,433,000	7,328,753,936
9.A. Investments		
Al-Arafah Islami Bank Ltd.	336,091,607,099	303,210,409,976
AIBL Capital Market Services Ltd.	784,382,481	8,805,970,320
AIBL Capital Management Ltd.	14,726,363	3,384,154
	<u>336,890,715,963</u>	<u>312,019,764,450</u>
Less : Inter company Adjustment	-	(3,399,100,000)
	<u>336,890,715,963</u>	<u>308,620,664,450</u>
9.A.i Maturity grouping of Investment Including bills purchased and discounted		
Payable on Demand	60,054,781,420	42,483,870,000
Up to 1 (one) month	93,530,861,420	8,521,000,000
Over 1 (one) month but not more than 3 (three) months	105,548,970,284	96,457,600,000
Over 3 (three) months but not more than 1 (one) year	51,532,261,420	38,378,000,000
Over 1 year but not more than 5 years	26,224,051,419	122,780,194,450
Over 5 years	<u>336,890,715,963</u>	<u>308,620,664,450</u>
10. Fixed Assets		
Tangible Assets		
Land	1,519,150,690	1,519,150,690
Building	1,221,316,331	1,221,316,331
Furniture (Wood)	1,110,481,309	992,423,925
Furniture (Steel)	198,062,678	173,781,745
Computer	339,509,129	317,860,563
Computer (Accessories)	139,586,740	124,487,860
Motor Car	218,854,314	206,274,578
Machine equipment & appliance	1,336,114,375	1,236,705,711
Online Hardware	945,058,999	931,105,123
Interior Decoration	179,000,650	177,608,111
Right of use Assets as per IFRS-16*	1,636,000,000	1,623,800,000
Books & Library	9,279,367	9,234,557
	<u>8,852,404,782</u>	<u>8,533,769,194</u>
Intangible Assets		
Online Software	514,695,636	440,632,105
Total	<u>9,367,101,618</u>	<u>8,974,401,299</u>
Less Accumulated Depreciation & Amortization	3,904,031,910	3,147,525,550
	<u>5,463,069,708</u>	<u>5,826,875,749</u>

Schedule of Fixed Assets are given in Annexure - A.

10.A. Fixed Assets

Al-Arafah Islami Bank Ltd.	5,463,069,708	5,826,875,749
AIBL Capital Market Services Ltd.	6,690,525	6,879,749
AIBL Capital Management Ltd.	512,402	124,754
	<u>5,470,272,635</u>	<u>5,833,880,252</u>

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K M Rasidul Hasan

K M Rasidul Hasan
Chief Executive Officer
Risk Security Issues Center & ...

0 / AUG 2022

MUHAMMAD MADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.



11. Other Assets

	2021 Taka	2020 Taka
Master card Settlement Account	167,495,746	126,991,506
Suspense Account	47,190,764	60,233,028
Adjustment a/c debit balance	-	-
Stock of Stationery	105,202,072	82,703,638
Stamp in hand	9,469,036	7,780,094
Advance Deposit	5,108,992	-
Advance Rent	391,982,212	365,452,182
Stock of atm card	1,050,000	1,050,000
P.r (bb) against stimulus fund	97,374,511	-
Investment for Subsidiary Companies	2,910,000,000	2,910,000,000
Advance Income Tax & TDS [Note 11.3]	16,679,938,718	14,617,955,826
Protested Bills	18,539,796	16,146,242
Prepaid Expenditure	2,255,786	1,799,998
Balance with cml for portfolio account	1,433,093,999	1,395,696,176
Parking for overdue claims (lbw)	135,951,643	-
Accrued Income	994,244,364	1,143,667,847
Scb mc settlement a/c (local)	8,420,248	-
Stock of ATM Card	1,211	-
Master card	100,000,050	-
Clearing adjustment	76,829,300	140,701,767
Dividend Receivable	5,979,475	-
Due from off-shore Banking unit	21,450,372,206	13,101,216,877
	<u>44,840,500,129</u>	<u>33,971,395,081</u>
	<u>21,450,372,206</u>	<u>13,101,216,877</u>
	<u>23,190,127,923</u>	<u>20,870,178,204</u>

Less: Balance with OBU for elimination investment with OBU

*** Investment in Millennium Information Solution Ltd.

Investment in subsidiary	29,484,505	29,484,505
Less: Sale of Investment	-	-
	<u>29,484,505</u>	<u>29,484,505</u>

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 in share.

11.1 Classification of other Assets under the following categories

i) Investment in shares of subsidiary companies: In Bangladesh	2,910,000,000	2,910,000,000
ii) Stationery, Stamps, Printing materials etc.	114,672,319	90,483,632
iii) Advance rent and advertisement;	391,982,212	365,452,182
iv) Profit accrued on investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable	994,244,364	1,143,667,847
v) Security deposit	5,108,992	-
vi) Preliminary, formation and organization expenses, renovation	2,255,786	1,799,998
vii) Master card Settlement Account	167,495,746	126,991,506
viii) Suspendes account	47,190,764	60,233,028
ix) DD Paid without advice	-	-
x) Protested Bills	18,539,796	16,146,242
xi) Dividend Receivable	-	-
xii) Stock of atm card	1,050,000	1,050,000
xiii) Others	16,537,587,944	16,154,353,759
	<u>23,190,127,923</u>	<u>20,870,178,204</u>
xiv) Others	76,829,300	140,701,767
Clearing adjustment	5,979,475	-
Remittance adjustment a/c	16,679,938,718	14,617,955,826
Advance Income Tax & TDS	8,420,248	-
Scb mc settlement a/c (local)	1,433,093,999	1,395,696,176
Balance with cml for portfolio account	135,951,643	-
Parking for overdue claims (lbw)	100,000,050	-
Master card	100,000,050	-
	<u>18,537,587,944</u>	<u>16,154,353,759</u>

11.2 Advance Income Tax & TDS

i) Beginning of the year	14,617,955,826	12,179,684,260
Advance tax paid during the year	1,908,417,810	2,256,760,016
Tax deducted at Source during the year	153,565,062	181,511,550
Settlement for previous year	-	-
Advance income tax at the end of the year	<u>16,679,938,718</u>	<u>14,617,955,826</u>

11.A. Consolidated Other Assets

Al-Arafah Islami Bank Ltd.	23,190,127,923	20,870,178,204
AJBL Capital Market Services Ltd.	10,104,219,007	1,716,724,790
AJBL Capital Management Ltd.	19,951,514	261,697,223
	<u>33,314,308,443</u>	<u>22,848,600,217</u>
Less: Inter-Company Adjustment	(2,910,000,000)	(3,010,000,000)
	<u>30,404,308,443</u>	<u>19,838,600,217</u>
	<u>50,875,037</u>	<u>50,875,037</u>

12. Non-Banking Assets



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Company Secretary
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Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd



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K.M. Rasidul Hasan
Chief Executive Officer

Al-Arafah Islami Bank Ltd. & Subsidiary Limited

2021 Taka	2020 Taka
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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 2021 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.

Name of the Bank	Mature Date	Nature	Amount	Amount
a. In Bangladesh				
Borrowing from Bangladesh Bank	22-Feb-2022	D.P Note	1,000,000,000	1,000,000,000
Borrowing from Bangladesh Bank	21-Feb-2022	D.P Note	2,000,000,000	2,000,000,000
Borrowing from Bangladesh Bank	14-Mar-2022	D.P Note	2,000,000,000	2,000,000,000
Borrowing from Bangladesh Bank	23-Mar-2022	D.P Note	2,000,000,000	2,000,000,000
Borrowing from Bangladesh Bank	29-Mar-2022	D.P Note	2,000,000,000	-
			<u>9,000,000,000</u>	<u>7,000,000,000</u>
b. F.C. BORROWING FROM BANGLADESH BANK				
Mudaraba f.c. deposit a/c (edf from bb)			-	11,200,888,264
Borrowing from b. Bank, stimulus Fund (qsf)			1,262,813,140	1,711,372,719
Borrowing from b. Bank, stimulus Fund (agr)			562,245,000	170,403,000
Borrowing from b. Bank refinance			775,829,783	799,661,178
Fc borrowing from b. Bank (bf & edf)			15,742,322,948	1,822,223,623
			<u>16,343,210,872</u>	<u>15,504,318,785</u>
c. Out side Bangladesh				
			<u>27,343,210,872</u>	<u>22,504,318,785</u>
13.A Placement from Banks & Other financial Institutions				
Al-Arafah Islami Bank Ltd.			27,343,210,872	22,504,318,785
AIBL Capital Market Services Ltd.			5,163,550,237	1,496,159,046
			<u>32,506,761,109</u>	<u>24,000,477,831</u>
14. Deposit and Other Accounts				
Mudaraba Savings Deposits			62,011,042,726	54,879,126,373
Mudaraba Term Deposits			175,739,194,371	164,296,138,402
Other Mudaraba Deposits [Note :14.i]			68,093,138,221	66,743,970,036
Al-Wadia Current Accounts and Others Accounts etc.[Note: 14.ii]			43,639,188,504	37,331,437,580
Bills Payable			4,059,481,203	3,059,381,492
			<u>353,542,045,025</u>	<u>326,310,053,883</u>
14.i. Other Mudaraba Deposits				
Mudaraba Short Term Deposit			27,878,761,286	26,533,627,259
Installment Term Deposit (ItD)			23,089,167,411	21,472,769,922
Savings Inv. Deposit (Sid)			7,402,186	4,139,247
PiP Term Deposit (Ptd)			7,434,782,237	8,061,971,632
Monthly Hajj Deposit (Mhd)			238,875,966	232,468,349
Term Hajj Deposit (Thd)			3,548,315	3,086,982
Marriage Savings & Inv. Scheme			670,217	610,238
Special Pension Dep. Scheme			3,773,268	-
Mudaraba Term Cash Waqf Deposit			72,970,341	70,862,881
Lakshapati Deposit Scheme (Lds)			111,760,029	181,909,800
Millionaire Dep. Scheme (Mmds)			3,111,638,016	3,374,519,941
Kotipoti Deposit Scheme (Mkds)			2,240,940,296	2,159,841,418
Double Benefit Dep. Scheme (Dbds)			742,170,944	1,312,742,369
Pension Dep. Scheme (Pds)			2,976,971,867	3,095,763,445
Triple Benefit Dep. Scheme (Tbds)			179,705,862	239,656,558
			<u>68,093,138,221</u>	<u>66,743,970,036</u>
14.ii Al-wadeeah Current Accounts and Other Accounts				
Al-wadeeah Current Deposits			26,253,187,927	18,914,518,753
Sundry Deposit			12,909,524,574	11,804,905,539
Profit Payable For All Deposit Ac			2,934,255,132	3,407,206,402
F.C Held against EDF			167,243,984	185,135,669
F.C Deposit Account			1,374,976,887	3,019,671,217
			<u>43,839,188,504</u>	<u>37,331,437,580</u>
14.A. Consolidated Deposit and other Accounts				
Mudaraba Savings Deposits			62,011,042,726	54,879,126,373
Mudaraba Term Deposits [Note :14.A.ii]			175,485,115,456	164,009,495,781
Other Mudaraba Deposits			68,093,138,221	66,743,970,036
Al-Wadia Current Accounts and Others Accounts etc.			43,639,188,504	37,331,437,580
Bills Payable			4,059,481,203	3,059,381,492
			<u>353,287,866,110</u>	<u>326,023,411,262</u>
14.A.i Maturity-wise Classification of Deposits				
i. Repayable on Demand			8,063,000,000	13,303,500,000
With a residual maturity of				
ii. Repayable within 1 (one) month			46,150,966,000	39,757,253,863
iii. Over 1 (one) month but within 6 (six) months			135,934,172,087	133,550,120,000
iv. Over 6 (six) months within 1 (one) year			92,355,348,999	91,859,580,000
v. Over 1 (one) year within 5 (five) years			45,257,900,000	34,489,600,000
vi. Over 5 (five) years within 10 (ten) years			25,525,128,672	13,262,418,753
vii. Unclaimed Deposits 10 (ten) years and above			1,450,354	938,628
			<u>353,287,866,110</u>	<u>326,023,411,262</u>
14.A.ii Mudaraba Term Deposits				
Less: Inter-Company Adjustment			175,739,194,371	164,296,138,402
			(294,078,915)	(289,642,621)
			<u>175,485,115,456</u>	<u>164,009,495,781</u>

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Chief Executive Officer
Al-Arafah Islami Bank Ltd

	2021 Taka	2020 Taka
16. Other Liabilities		
Provision for unclassified investment [15.2.a.i]	3,084,100,000	2,787,100,000
1.5% & 2 % general provision - covid-19	541,424,000	404,650,000
Provision for classified investment [15.2.a.ii]	8,566,783,099	6,644,357,001
Provision for off balance sheet item [15.a.ii]	1,093,400,000	935,500,000
Provision for diminution in value of investment	40,659,950	32,199,990
Provision for Outstanding expense	5,001,470	5,101,558
Provision for taxation [15.1]	17,280,168,856	14,573,608,012
provision for Others	18,747,964	18,747,964
Provident fund	16	98,209
Adjustment a/c credit balance	3,587,475	-
Clearing adjustment	256,522,409	299,931,381
Cib collection charge	24,141,583	23,036,634
Social security b. Fund	74	10,903
F.c. held against bb l/c	94,973	94,973
Supervision fees (ame)	594,541	596,066
b.b borrowing Settlements	19,506,849	157,695,509
Electronic govt procurement	1,242,771	4,054,623
Profit rent suspense	368,939,189	606,751,304
Compensation receivable	1,242,589,933	1,212,529,229
Mastercard Settlement Account	44,270,101	74,513,157
1 % start-Up fund	45,741,472	25,507,894
Lease Liabilities as per IFRS-16 Leases *	1,216,000,000	1,421,900,000
	33,866,952,635	29,228,954,457
15.1 Provision for Income Tax		
Current tax	14,573,608,013	12,320,503,147
Provision held at the beginning of the year	2,706,560,843	2,253,104,866
Provision made during the year	-	-
Settlement for previous year	-	-
Provision held at the end of the year	17,280,168,856	14,573,608,013
15.1.a Provision for Current Tax made during the year		
Income Tax on Business Income	2,487,522,473	2,040,894,923
Capital gain	2,693,406	825,991
Cash Dividend	6,713,359	1,752,348
Excess Profit Tax (+)	-	-
Estimated Provision Required as at December 31,2021 (i)	2,496,929,239	2,043,473,263
Balance as at January 1,2020	14,573,608,013	12,320,503,147
Tax for previous year (-)	14,573,608,013	12,320,503,147
Actual provision for tax held (ii)	17,280,168,856	14,573,608,013
Estimated provision needs to be made (i-ii)	2,706,560,843	2,253,104,866
Provision actually made during the year	2,496,929,239	2,043,473,263
	-	-
A. Computation of Taxable Profit		
Profit before tax	4,690,309,671	4,773,193,430
Add: inadmissible expenditure	3,213,489,721	2,016,627,451
Less: Item of income for separate Consideration	80,500,859	17,021,649
Less: Further allowable Expenditure	650,887,660	771,395,159
Estimated Business Income other than 82(C)	7,192,410,872	6,001,404,073
Add: Capital Gain	2,693,406	825,991
Add: Cash dividend	6,713,359	1,752,348
Total Taxable Income	7,201,817,638	6,003,982,412
15.2 Provision on Investment & Others		
Provision against Classified Investments (Specific) [15.2.a.i]	8,566,783,099	6,644,357,001
Provision against Unclassified Investments (general) [15.2.a.ii]	3,084,100,001	2,787,100,000
Provision against Off-balance Sheet exposures [15.2.a.iii]	1,093,400,000	935,500,000
Provision for diminution in value of investments [15.3]	40,659,950	32,199,990
Total Provision Held (a)	12,784,943,050	10,399,156,991
a) The movement in Specific provision on classified investment :		
i) Provision held at the beginning of the year	6,644,357,001	6,022,023,000
Fully provision debt written off	(190,860,995)	(121,316,489)
Recoveries of amount previously written off	57,842,746	56,952,186
Specific provision for the year	2,055,444,347	686,696,303
Provision transferred from diminution in value of investment	-	-
Provision held at the end of the year	8,566,783,099	6,644,357,001
ii) The movement in general provision on unclassified Investment :		
Provision held at the beginning of the year	2,787,100,001	2,157,277,000
Provision during the year	297,000,000	629,823,001
Provision transferred from classified investment	-	-
Provision held at the end of the year	3,084,100,001	2,787,100,001
iii) The movement in provision against Off-balance sheet exposures :		
Provision held at the beginning of the year	935,500,001	778,500,000
Provision during the year	157,900,000	167,000,001
Provision held at the end of the year	1,093,400,000	935,500,001
Total general provision on Investment	12,744,283,100	10,366,957,001

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Financial Administration Division
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Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

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Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

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K M Rasidul Hossain
Chief Executive Officer
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	2021 Taka	2020 Taka
b) Provision for Others		
Provision held at the beginning of the year	18,747,964	18,747,964
Provision during the year	-	-
	<u>18,747,964</u>	<u>18,747,964</u>
Less, Adjustment during the year	-	-
Provision held at the end of the year	<u>18,747,964</u>	<u>18,747,964</u>
15.3 Provision for diminution in value of investment in Share		
Provision held at the beginning of the year	32,199,990	22,474,895
Provision transferred to classified investment	8,459,960	9,725,095
Provision held at the end of the year	<u>40,659,950</u>	<u>32,199,990</u>
15.4 General provision -COVID-19 :	404,850,000	404,850,000
Transferred to 1.5 % General provision -COVID-19	(215,400,000)	-
Transferred to 2 % General provision -COVID-19	(189,250,000)	-
	<u>215,486,000</u>	-
Transferred From 1.5 % General provision -COVID-19	189,250,000	-
Transferred From 2 % General provision -COVID-19	136,774,000	-
Provision during the year 2 % General provision -	<u>326,024,000</u>	-
Provision held at the end of the year	<u>541,434,000</u>	<u>404,850,000</u>
15.5 General Reserve / 1 % Start-Up Fund I	25,507,894	25,507,894
Provision during the year	20,233,578	-
Provision held at the end of the year	<u>45,741,472</u>	<u>25,507,894</u>
15.A.Consolidated Other Liabilities		
Al-Arafah Islami Bank Ltd.	33,868,952,635	29,226,954,457
AIBL Capital Market Services Ltd.	2,384,221,150	2,317,497,394
AIBL Capital Management Ltd.	45,211,508	41,262,614
Millennium information solution Ltd.	-	-
	<u>36,298,385,294</u>	<u>31,585,714,465</u>
Less: inter-Company Adjustment	-	(100,000,000)
	<u>36,298,385,294</u>	<u>31,485,714,465</u>
15.1.A Consolidated Current tax		
Al-Arafah Islami Bank Ltd.	2,706,560,843	2,253,104,866
AIBL Capital Market Services Ltd.	42,223,340	3,927,898
AIBL Capital Management Ltd.	2,559,233	1,408,644
	<u>2,751,343,416</u>	<u>2,258,441,408</u>
15.3 Provision for diminution in value of investment		
Al-Arafah Islami Bank Ltd.	40,659,950	32,199,990
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	-	-
	<u>40,659,950</u>	<u>32,199,990</u>
16. Deferred tax Liabilities/ (Assets)		
Opening balance	133,204,157	157,832,964
Add: Addition for the year	(39,609,013)	(30,700,807)
Deferred tax Liabilities on revaluation Reserve	-	6,072,000
Provision held at the end of the year	<u>93,595,145</u>	<u>133,204,157</u>
Presented after appropriate offsetting as follows:		
Deferred tax Liabilities(+)	133,204,157	157,832,964
Deferred tax Liabilities on revaluation Reserve	(39,609,013)	(30,700,807)
Deferred tax Liabilities	<u>93,595,145</u>	<u>133,204,157</u>
Deferred Tax Liabilities(net)		
16.A Deferred tax Liabilities/ (Assets)		
Al-Arafah Islami Bank Ltd.	93,595,145	133,204,157
AIBL Capital Market Services Ltd.	-	-
Provision held at the end of the year	<u>93,595,145</u>	<u>133,204,157</u>
17. AIBL Mudaraba Bond		
AIBL Mudaraba Bond	9,600,000,000	11,200,000,000
Perpetual bond	5,000,000,000	-
	<u>14,600,000,000</u>	<u>11,200,000,000</u>
18. a) Authorized Capital		
The Authorized Capital of the Bank is 1,500,000,000 Ordinary Share of Tk. 10 each.	<u>15,000,000,000</u>	<u>15,000,000,000</u>
b) Issued, Subscribed and Fully Paid - up Capital		
Issued for Cash	2,819,339,680	2,819,339,680
Issued for other than Cash (Bonus Share)	7,829,882,170	7,829,882,170
	<u>10,649,221,850</u>	<u>10,649,221,850</u>

c) Issued and paid up Capital of the Bank is 106,49,02,185 nos. of shares of Tk. 10 each as follows.

Description	2021	2020	2021	2020
	No. of Shares	No. of Shares	Total Taka	Total Taka
Sponsors / Promoters	445,921,227	445,901,227	4,459,212,270	4,459,212,270
Institution	318,139,088	318,679,986	3,181,390,880	2,330,053,040
General Public	300,842,870	300,300,872	3,008,428,700	3,859,756,540
Total	<u>1,064,902,185</u>	<u>1,064,902,185</u>	<u>10,649,021,850</u>	<u>10,649,021,850</u>

d) Break-up of Shares Classification of shareholders by holding as on 31-12-2021

Range of Holding	Number of Shareholders		No. of Shares	
	Less	than	No. of Shares	% of Shares
50,001 to 100,000	18,620	169	64,081,097	6.02%
100,001 to 200,000	125	34	14,849,996	1.39%
200,001 to 300,000	34	34	18,900,908	1.77%
300,001 to 400,000	34	34	8,424,313	0.79%
400,001 to 500,000	24	24	12,498,863	1.17%
500,001 to 1,000,000	13	13	10,205,210	0.96%
1,000,001 to 10,000,000	79	79	26,231,165	2.46%
10,000,001 to 20,000,000	29	29	281,323,066	26.42%
	19,148	19,148	628,387,535	59.01%
			<u>1,064,902,185</u>	<u>100.00%</u>

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MUHAMMAD NADIM FCA
DMD & Chief Finance Officer (CFO)
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Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
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Head Office, Dhaka

Fahim R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

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K M Rasidul Hasan
Chief Executive Officer
First Secretary - Finance Center & Investment Dept.

	2021 Taka	2020 Taka
e) Minimum Capital Requirement Capital Adequacy Ratio		
1. Tier-I (Core Capital)		
Paid-up Capital	10,649,021,850	10,649,021,850
Statutory Reserve	10,649,021,850	10,334,627,824
Retained Earnings	1,643,126,429	1,616,113,623
Less : Regulatory Adjustment (Goodwill and all other Intangible Assets)	(514,696,836)	(440,832,105)
	<u>22,426,473,293</u>	<u>22,159,131,192</u>
	5,000,000,000	-
	<u>27,426,473,293</u>	<u>22,159,131,192</u>
2. Additional Tier-I Capital		
Total Tier-I Capital		
3. Tier-II (Supplementary Capital)		
General Provision	4,759,583,951	4,127,250,001
AIBL Mudaraba Bond	9,600,000,000	11,200,000,000
As per Basel II excess amount over maximum limit of T-2	(427,367,314)	-
	<u>13,932,216,636</u>	<u>15,327,250,001</u>
	<u>13,932,232,688</u>	-
Maximum Limit of Tier-2 Capital (considering para 3.2 (v) including foot note no. Of Guidelines)		
3. Tier-III		
A. Total Eligible Capital (1+2)	41,358,689,930	37,486,381,193
B. Total Risk weighted Assets (a+b+c)	270,110,220,245	248,708,705,958
	<u>244,926,742,164</u>	<u>224,672,718,480</u>
a. Credit Risk		
i. Balance sheet Exposure	236,977,560,164	212,203,213,710
ii. Off-balance sheet Exposure	7,949,182,000	12,469,504,750
b. Market Risk (From WS-3)	4,370,700,000	4,278,305,436
c. Operational Risk (From WS-4)	20,812,778,081	19,757,682,082
	<u>15.31%</u>	<u>15.07%</u>
D. Core Capital to RWA	10.15%	8.91%
E. Supplementary Capital to RWA	5.16%	6.16%
F. Minimum Capital Requirement (MCR) 10.00% of RWA	27,011,022,025	24,870,870,596
G. Capital surplus on risk weighted assets based (A-F)	14,347,667,905	12,615,810,597
H. Required Capital with Conservation Buffer @ 12.50% on RWA	33,763,777,531	31,088,568,245
I. Excess Over Capital with Conservation Buffer (A-H)	<u>7,594,912,399</u>	<u>6,397,792,948</u>
18.A. Non-Controlling Interest		
Opening balance	1,655,730,853	1,649,160,688
Add: Non-Controlling Interest in Profit for the year	38,863,136	6,570,167
	<u>1,694,593,989</u>	<u>1,655,730,853</u>
19. Statutory Reserve		
Opening balance beginning of the year	10,334,627,824	9,379,989,138
Add: Reserve @ 20% (on pre-tax profit)	314,394,026	954,638,686
Balance at the end of the year.	<u>10,649,021,850</u>	<u>10,334,627,824</u>
20. Revaluation Reserve		
Asset revaluation Reserve	1,084,174,318	938,446,318
Less: Deferred tax liability on revaluation Reserve	-	(6,072,000)
Add: Asset revaluation Reserve 2020	0	151,800,000
Total Asset revaluation Reserve	<u>1,084,174,318</u>	<u>1,084,174,318</u>
FC Revaluation Reserve	157,543	152,549
	<u>1,084,331,861</u>	<u>1,084,326,867</u>
21. Retained Earnings		
Opening balance beginning of the year	1,616,113,623	1,429,843,673
Less : Cash Dividend	(1,597,353,277)	(1,384,372,840)
Add: Net Profit / (loss) after tax during the year	2,023,357,841	2,550,789,370
	<u>2,042,118,187</u>	<u>2,596,260,203</u>
Less : Transfer to Statutory Reserve	314,394,026	954,638,686
Less : transfer to 1 % start-up fund	20,233,578	25,507,894
Less : Profit paid on aibl mudaraba perpetual bond	64,364,153	-
	<u>1,643,126,429</u>	<u>1,616,113,624</u>
21.A. Consolidated Retained Earnings		
Al-Arafah Islami Bank Ltd.	1,732,137,218	1,531,420,060
Add: Net profit after tax during the year	2,087,580,493	2,565,236,578
Less: Cash dividend to equity holders of the bank	(1,597,353,277)	(1,384,372,840)
Less: Transfer to statutory reserve	(314,394,026)	(954,638,686)
Less : transfer to 1 % start-up fund	(20,233,578)	(25,507,894)
Less : Profit paid on aibl mudaraba perpetual bond	(64,364,153)	-
	<u>1,823,372,676</u>	<u>1,732,137,218</u>
22. Letter of Guarantees		
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	-	-
	<u>13,673,407,658</u>	<u>10,511,211,885</u>
	<u>13,673,407,658</u>	<u>10,511,211,885</u>
23. Investment Income		
i. Income from General Investments		
Murabaha	659,946,127	956,400,707
Bai-Muazzal	7,829,192,174	8,609,387,246
Hire-Purchase	7,331,125,505	7,140,486,725
Others made income	8,509,268,620	8,100,599,917
	<u>22,329,532,426</u>	<u>24,806,874,695</u>
ii. Profit received from other Islamic bank	831,610,652	1,272,397,688
Total (i + ii)	<u>23,161,143,078</u>	<u>26,079,272,383</u>



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DMD & Chief Financial Officer (CFO)
Financial Administration Division
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Head Office, Dhaka.

Mr. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

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K M Rasidul Hasan
Chief Executive Officer
Subsidiary - AIBL & Investment (LTD.)
SBC

	2021 Taka	2020 Taka
23.A. Consolidated Investment Income		
Al-Arafah Islami Bank Ltd.	23,261,043,228	26,169,242,291
AIBL Capital Market Services Ltd.	148,918,120	201,661,411
AIBL Capital Management Ltd.	618,117	6,945,439
Millennium information solution Ltd.	-	-
	<u>23,410,579,465</u>	<u>26,377,849,141</u>
Less : Inter company Adjustment	35,433,169	(46,572,136)
	<u>23,446,012,834</u>	<u>26,331,277,005</u>
24. Profit paid on Deposits & Borrowing		
Mudaraba Savings Deposit	1,011,254,295	941,831,308
Mudaraba Short Term Deposit	440,700,008	625,070,485
Mudaraba Term Deposit	7,566,899,289	10,151,872,162
Mudaraba Special Deposit	2,935,461,867	2,824,683,257
AIBL Mudaraba subordinate debt.	738,784,104	539,888,191
Mudaraba BD. Govt. Islamic Bond fund	51,674,307	1,238,807,621
Profit Expenses of Lease Liabilities (as Per IFRS 16 Leases)	86,000,000	63,400,000
	<u>12,833,773,890</u>	<u>18,385,563,054</u>
24.A. Profit paid on Deposits & Borrowing		
Al-Arafah Islami Bank Ltd.	12,833,773,890	16,385,563,054
AIBL Capital Market Services Ltd.	203,583,939	217,863,387
AIBL Capital Management Ltd.	-	-
Millennium Information	-	-
	<u>13,037,357,829</u>	<u>16,603,426,441</u>
Less : Inter company Adjustment	35,433,169	(46,572,136)
	<u>13,072,790,988</u>	<u>16,556,854,305</u>
25. Income from Investment in Share /Securities		
Dividend income (cash)	33,556,797	8,761,739
Gain on sale of Shares/Securities	26,934,062	8,259,910
Profit received from other Islamic Bond	278,590,586	662,317,180
	<u>339,091,445</u>	<u>679,338,829</u>
25.A. Income from Investment in Share /Securities		
Al-Arafah Islami Bank Ltd.	339,091,445	679,338,829
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	20,463,327	2,596,799
	<u>359,554,772</u>	<u>681,937,628</u>
Less : Inter company Adjustment	-	-
	<u>359,554,772</u>	<u>681,937,628</u>
26. Commission, Exchange & Brokerage Income		
Commission	1,730,909,474	1,259,857,835
Exchange	1,272,910,003	1,240,755,448
Brokerage commission	-	-
	<u>3,003,819,477</u>	<u>2,500,613,283</u>
26.A Commission, Exchange & Brokerage Income		
Al-Arafah Islami Bank Ltd.	3,003,819,477	2,500,613,283
AIBL Capital Market Services Ltd.	294,535,529	124,563,647
AIBL Capital Management Ltd.	754,362	2,373,092
	<u>3,299,109,368</u>	<u>2,627,550,022</u>
Less : Inter company Adjustment	-	-
	<u>3,299,109,368</u>	<u>2,627,550,022</u>
27. Other Operating Income		
Processing fee on investment	18,060,588	-
Supervision fee	84,025	74,850
Service charge	7,747	8,169
Capital gain or loss from fixed asset	3,479,798	305,162
Passbook sales(gsis)	133,429	40,865
Application form sales(seis)	218,573,859	138,100,106
Telephone/ fax charge	52,250	150
legal expenses recovered	21,436,849	16,379,916
Printing & stationary	478,520	73,900
P & I charge recovered	45,496,825	36,738,266
Account maintenance fee	1,260	3,151,338
Card Income	124,264,624	95,905,358
Misc.earning	98,332,549	21,182,405
	<u>535,368,779</u>	<u>311,960,485</u>
27.A. Other Operating Income		
Al-Arafah Islami Bank Ltd.	535,368,779	311,960,485
AIBL Capital Market Services Ltd.	56,132,730	34,015,544
AIBL Capital Management Ltd.	-	-
Millennium information solution Ltd.	-	-
	<u>591,501,509</u>	<u>345,976,029</u>
Less : Inter company Adjustment	-	-
	<u>591,501,509</u>	<u>345,976,029</u>

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DMD & Chief Financial Officer (CFO)
Financial Administration Division
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Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

	2021 Taka	2020 Taka
28. Salaries, Allowances & Contribution to P.F		
Basic Pay	1,663,242,302	1,694,088,278
House Rent Expenses	800,951,906	731,982,953
House Maintenance	317,929,866	292,000,108
Medical Expenses	281,866,696	258,296,752
Bonus	541,349,863	426,220,502
Bank's contribution to P.F	161,546,104	148,161,310
Utility	78,706	214,448
Conveyance Expenses	100,064,622	95,497,579
LFA Allowance (Salary)	246,766,683	275,975,247
Lunch and entertainment allowance	105,944,972	96,284,980
Leave encashment expenses	2,003,898	106,294,540
Car Expenses	205,111,892	195,407,818
Gratuity Expenses	251,422,199	155,953,581
	4,678,276,709	4,476,381,093
28.A. Salaries, Allowances & Contribution to P.F		
Al-Arafah Islami Bank Ltd.	4,678,276,709	4,476,381,093
AIBL Capital Market Services Ltd.	68,679,573	65,349,066
AIBL Capital Management Ltd.	9,957,530	4,675,746
Millennium information solution Ltd.	-	-
	4,756,913,812	4,546,405,905
29. Director & Sharia Council Fees & Expenses		
I. Directors fees for attending Board/executive Committee/other committee meeting	3,521,800	2,723,469
II. TA/DA/ Hotel fare & Foreign Directors	3,040,307	3,418,718
III. Others	-	-
	6,562,107	6,142,217
29.A. Director & Sharia Council Fees & Expenses		
Al-Arafah Islami Bank Ltd.	6,562,107	6,142,217
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	-	-
Millennium information solution Ltd.	-	-
	6,562,107	6,142,217
30. Sharia Supervisory Committee's Fees & Expenses		
I. Sharia fees for attending meeting	246,770	298,376
II. TA/DA/ Hotel fare & Foreign Directors	-	-
III. Others	-	-
	246,770	298,376
31. Rent, Taxes, Insurance & Electricity Bill		
Rent Office	446,348,898	-
Transfer to depreciation and profit expenses under IFRS-16*	<u>304,100,000</u>	-
Electricity Bill	144,248,858	155,320,787
Insurance	110,020,581	102,938,960
	264,521,259	221,300,806
	518,790,708	479,560,573
31.A. Rent, Taxes, Insurance & Electricity Bill		
Al-Arafah Islami Bank Ltd.	518,790,708	479,560,573
AIBL Capital Market Services Ltd.	20,674,182	19,742,876
AIBL Capital Management Ltd.	-	-
Millennium information solution Ltd.	-	-
	539,464,890	499,303,449
32. Postage, Telegram, Telephone & Stamp		
Stamp and Cartridge paper	-	-
Postage	15,413,217	13,455,317
Fax Charges	-	75
Telephone (Office)	3,101,615	3,444,999
Telephone (Residence)	-	-
Telephone (Mobile)	1,363,239	6,295,445
SWIFT Charge	5,775,809	3,979,418
Internet Charges	452,182	297,670
Online Charge	40,948,201	40,520,560
	67,054,263	67,993,484
32.A. Postage, Telegram, Telephone & Stamp		
Al-Arafah Islami Bank Ltd.	67,054,263	67,993,484
AIBL Capital Market Services Ltd.	89,706	317,218
AIBL Capital Management Ltd.	87,431	37,730
	67,231,400	68,348,432
33. Depreciation Repairs to the Bank's property		
Repairs to the Bank's property		
R.R. Furniture & Fixture (Wooden)	1,758,545	1,668,371
R.R. Furniture & Fixture (Steel)	1,829,961	1,415,162
R.R. Furniture & Fixture (Steel)	1,517,523	1,306,037
R.R. Computer	809,384	842,577
Maint. of Motor Car and other Vehicle	32,845,059	35,954,599
R.R. Machine equipment & appliances	183,868	64,220
Maintenance of Land & Building	-	-
Maintenance of Rented Premises	737,533	795,944
R.R. Computer Accessories	1,964,421	983,612
R.R. Others	78,229,272	47,053,580
Software Maintenance Fee	1,069,904	1,834,440
Hardware Maintenance Fee	120,945,470	91,918,742
Depreciation to the Bank's property		
Depr. Furniture (Wood)	96,730,246	89,493,472
Depr. Furniture (Steel)	12,449,534	11,297,083
Depr. Computer	26,861,104	26,211,176
Depr. Motor Car	20,038,911	23,533,557
Depr. Machine equip & Appliance	143,752,896	147,499,163
Depr. Books & Library	84,699	62,791
Depr. Land & Building	30,665,928	30,665,652
Depr. Online Hardware	132,773,014	123,306,414
Depr. Online Software	69,107,402	58,082,225
Depr. Computer Accessories	15,208,404	15,702,666
Right of use (ROU) Assets*	206,412,506	201,900,000
Depr. Interior Decoration	11,726,769	12,549,063
	765,811,413	740,305,262
	866,766,883	832,224,004

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Farman R. Chowdhury
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K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Limited

	2021 Taka	2020 Taka
33.A Depreciation Repairs to the Bank's property		
Al-Arafah Islami Bank Ltd.	886,756,883	832,224,004
AIBL Capital Market Services Ltd.	4,414,224	3,951,074
AIBL Capital Management Ltd.	229,129	125,479
Millennium information solution Ltd.	-	-
	891,400,236	836,300,557
34. Stationary, Printing & Advertisement		
Printing & Stationery	36,810,220	41,198,965
Paper & Table Stationery	38,035,768	38,193,139
Advertisement & Publicity Expenses	72,667,148	106,156,174
	147,513,137	185,548,278
34.A. Stationary, Printing & Advertisement		
Al-Arafah Islami Bank Ltd.	147,513,137	185,548,278
AIBL Capital Market Services Ltd.	1,401,253	737,312
AIBL Capital Management Ltd.	150,734	37,921
	149,065,124	186,323,511
35. Other expenses		
Local conveyance expenses	11,702,975	10,501,672
Petroleum oil lubricant motors	15,051,989	12,065,249
Cng motor car	2,789,043	2,122,200
Entertainment expenses	26,656,869	21,576,260
Traveling expenses	17,875,884	16,156,750
Bank charge	14,910,956	12,945,168
Wages (salary-casual staff)	57,639,381	54,948,195
Security guard service	143,101,713	133,168,957
Subscription	18,613,973	14,268,550
Levies & uniforms	9,608,893	312,200
Petroleum oil & lubricants	249,500	6,413,110
Donations	588,432	404,035
Wasa charge	7,459,488	6,209,411
Gas charge	1,684,448	1,369,486
Excise duty	48,857,727	82,000
News paper journal & periodical	1,429,439	2,728,127
Evening banking expenses	962,392	624,425
Upkeep branches premises	2,787,527	3,851,063
Washing charge	2,519,125	2,942,511
Direct expenses on investment	-	-
Computer Accessories	761,233	9,928,681
Photo Copy Machine Accessories	13,097,023	1,478,921
Business development	21,931,850	22,028,761
Closing expenses	1,790,880	-
Holding tax of own premises	7,776,512	926,280
Capital loss from sale of fixed ass	282,466	1,195,200
Office expenses (Various Purchase)	-	140,618
Registration expenses	15,066,095	27,041,979
Remittance expense through agent	144,282	20,369,472
Am/eam	633,302	632,792
Crocodile	680,786	394,774
Crediting charge	967,500	806,250
Tax token expenditure	833,857	980,503
Misc. Expenses	2,118,347	2,356,619
Training expenses	3,572,674	5,008,905
Card expense	129,933,462	101,621,778
It allowance	6,008,645	5,299,377
Saturday working allowance (Overtime)	4,504,134	4,974,789
Charge expenses	3,499,133	4,203,500
Risk expenses	2,254,900	2,089,100
Account opening commission throu	11,548,500	6,904,900
Data info service charge	2,924,436	1,690,240
Electronics & fittings item	3,009,126	3,087,555
Honorarium	3,128,510	1,247,600
	618,636,986	629,263,979
35.A. Consolidated Other expenses		
Al-Arafah Islami Bank Ltd.	618,636,986	629,263,979
AIBL Capital Market Services Ltd.	59,993,316	31,832,421
AIBL Capital Management Ltd.	3,835,481	956,455
Millennium information solution Ltd.	-	-
	682,465,783	662,152,855
36. Provision against Investments & Off-Balance sheet exposures		
On Classified Investment as per Bangladesh Bank Circular	2,055,444,347	686,698,303
On Un-classified Investment as per Bangladesh Bank Circular	297,000,000	1,034,473,001
1% General provision - COVID-19	136,774,000	-
On Off-balance sheet as per Bangladesh Bank Circular	157,900,000	157,000,001
	2,647,118,347	1,878,171,305
36.A. Provision against Investments & Off-Balance sheet exposures		
Al-Arafah Islami Bank Ltd.	2,647,118,347	1,878,171,305
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	-	-
	2,647,118,347	1,878,171,305

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

01 AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

01 AUG 2022

K M Rasidul Hasan
Chief Executive Officer
Al-Arafah Islami Bank Limited

	2021 Taka	2020 Taka
37. Paid for other operating activities		
Directors fees & expenses	6,962,107	6,142,217
Shariah Supervisory Committee's fees & expenses	246,770	298,376
Rent, taxes, insurance and lighting etc.	518,790,708	479,560,573
Postage, telegram, telephone and stamp etc.	67,054,263	67,993,484
Legal charges	13,422,248	15,988,510
Auditors' fee	1,583,250	1,667,500
Repairs to the bank's properties	120,945,470	91,918,742
Other expenses	618,636,986	529,363,979
	<u>(1,347,641,803)</u>	<u>(1,192,933,381)</u>
37.A. Paid for other operating Activities		
Al-Arafah Islami Bank Ltd.	(1,347,641,802)	(1,192,933,381)
Inter company Adjustment	(84,743,334)	(53,961,113)
	<u>(1,432,385,136)</u>	<u>(1,246,894,494)</u>
38. Increase/Decrease of other assets (Item-wise)		
Master card Settlement Account	40,504,240	(20,027,608)
Suspense Account	(13,042,264)	(11,934,296)
Adjustment a/c debit balance	-	(17,092,695,939)
Stock of Stationery	22,498,534	30,100,671
Stamp in hand	1,688,942	(195,313)
Advance Deposit	5,108,992	(4,411,842)
Advance Rent	26,530,030	(70,989,485)
Stock of atm card	-	(128,867,841)
P.r (bb) against stimulus fund	97,374,511	2,910,000,000
Investment for Subsidiary Companies	-	11,707,655,626
Advance income Tax & TDS [Note 11.3]	-	2,438,271,586
Protested Bills	2,393,554	10,439,542
Prepaid Expenditure	455,788	(233,928)
Balance with crml for portfolio account	37,397,823	-
Parking for overdue claims (lbw)	135,951,643	20,509,132
Accrued income	-	36,468,548
Scb mc settlement a/c (local)	8,420,248	-
Stock of ATM Card	1,211	-
Master card	100,000,050	-
Clearing adjustment	(63,872,467)	(70,873,608)
Dividend Receivable	5,979,475	-
	<u>(407,390,310)</u>	<u>246,484,556</u>
38.A. Increase/Decrease of other assets (Item-wise)		
Al-Arafah Islami Bank Ltd.	(407,390,310)	246,484,556
Inter company Adjustment	(8,366,501,847)	(285,288,953)
	<u>(8,773,892,156)</u>	<u>(38,804,398)</u>
39. Increase/Decrease of Trading liabilities (Item-wise)		
Clearing adjustment	(43,408,972)	20,655,010
Interest Income	-	-
Cib collection charge	1,104,949	6,612,931
Social security b. Fund	(10,829)	10,903
Parking account	-	-
F.c. held against bb l/c	-	-
Credit card payment (local)	15,435,609	-
Supervision fees (sme)	38,775	24,050
b.b borrowing Settlements	(138,188,710)	(94,239,274)
Electronic govt procurement	(2,811,852)	(1,832,465)
Settlement npab (Issuing)	-	-
Profit rent suspense	-	417,566,616
Compensation receivable	56,519,683	199,364,900
Mastercard Settlement Account	(30,243,056)	60,639,754
	<u>(138,075,121)</u>	<u>608,890,594</u>
39.A. Increase/Decrease of Trading liabilities (Item-wise)		
Al-Arafah Islami Bank Ltd.	(138,075,121)	608,890,594
Inter company Adjustment	(422,801,832)	484,744,903
	<u>(560,876,953)</u>	<u>1,073,635,498</u>
40. Cash and Cash Equivalent at the end of the year		
Cash in hand	3,217,933,106	2,879,721,830
Balance with Bangladesh Bank & Sonali Bank Ltd.	20,456,548,331	28,660,902,877
Balance with Other Banks	12,041,136,072	16,561,808,527
Bangladesh Government Islamic Investment Bond	23,504,940,000	19,583,830,000
	<u>59,220,557,508</u>	<u>67,686,293,234</u>
40.A. Cash and Cash Equivalent at the end of the year		
Al-Arafah Islami Bank Ltd.	59,220,557,508	67,686,293,234
AIBL Capital Market Services Ltd.	5,602	6,982
AIBL Capital Management Ltd.	14,114,828	18,478,730
Millennium information solution Ltd.	-	-
	<u>59,220,577,938</u>	<u>67,704,778,946</u>

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MUHAMMAD MADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
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Head Office, Dhaka.

0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

0 / AUG 2022

K M Rasidul Hasan
Chief Executive Officer
First Security Islam Capital & Investment Ltd



	2021 Taka	2020 Taka
41. 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	2,023,357,841	2,550,789,370
Number of ordiner shares outstanding as of the reporting date	1,064,902,185	1,064,902,185
Earning per Share	<u>1.90</u>	<u>2.40</u>
41.A Consolidated Earnings Per Share (CEPS)		
Net profit after tax	2,087,880,493	2,565,238,578
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	<u>1.96</u>	<u>2.41</u>
42. Net Asset Value		
Net Assets Value (Consolidated)	24,205,748,237	23,800,113,859
Net Assets Value (Bank's)	24,025,501,990	23,884,090,264
No. of Outstanding Share	1,064,902,185	1,064,902,185
Net Asset Value (NAV) per Share (Consolidated) (Previous year's figure restated)	<u>22.73</u>	<u>22.35</u>
Net Asset Value (NAV) per Share (Bank's) (Previous year's figure restated)	<u>22.56</u>	<u>22.24</u>
43. Net Operating Cash Flows per share (NOCFPS):		
Net cash flows from operating activities (Consolidated)	(9,812,019,409)	10,052,189,825
Net cash flows from operating activities (Banks)	(9,856,381,959)	10,043,228,903
No. of outstanding share	1,064,902,185	1,064,902,185
Net Operating Cash Flow per share (NOCFPS) (Consolidated) (previous year's figure restated)	<u>(9.21)</u>	<u>9.44</u>
Net Operating Cash Flow per share (NOCFPS) (Bank's) (Previous year's figure restated)	<u>(9.27)</u>	<u>9.43</u>
44. Reconciliation of Operating Cash flow:		
Profit before provision & tax (A)	7,345,887,978	6,661,089,829
Adjustment of Non-Cash Items (B):		
Depreciation	765,811,413	740,305,262
Net loss/(gain) on sale of fixed assets	(3,479,798)	(305,162)
Foreign Exchange gain/ loss	(24,185,836)	(25,963,978)
Total Non-Cash Items (B)	738,145,777	714,036,124
Adjustment of accrued Income /expenses (C) :		
(increase)/decrease of profit income receivable on investment	2,885,264,371	1,425,454,075
increase/(decrease) of profit payable on deposits	(2,781,026,435)	(2,272,020,303)
increase/(decrease) of accrued expenses payable	(100,088)	551,021
Total adjustment of accrued Income/expenses (C)	104,137,848	(846,915,207)
Income tax payment (D)	(2,061,982,892)	(2,438,271,566)
Cash flows before changes in operating assets and liabilities (A+B+C+D)	<u>6,126,188,711</u>	<u>4,090,839,180</u>

45. Events after the balance sheet date

The Board of Directors in its 371st meeting held on 26 April, 2021 has approved the audited financial statements for the year ended 31 December 2021. The Board has also recommended 15% cash dividend for the year ended 31 December 2021 subject to approval of the shareholders at the 27th Annual General Meeting (AGM).

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MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
Al-Arafah Islami Bank Limited
Head Office, Dhaka.

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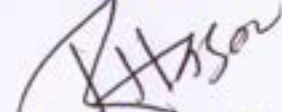
Md. Mahmudur Rahman
Deputy Managing Director &
Company Secretary
Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

01 AUG 2022



Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

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K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Investment Limited



Al-Arafah Islami Bank Ltd.
CONSOLIDATED SCHEDULE OF FIXED ASSETS
As at a December 31, 2021

Annexure - A.I

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31-12-21	
		Balance at 1st January 2021	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31st December 2021	Charge for the year	Transfer/ Disposal during the year	Balance at 31st December 2021		
A. Fixed Assets:											
1	Land	389,802,442	-	-	-	389,802,442	-	-	-	186,656,390	389,802,442
2	Building	1,221,316,331	-	-	-	1,221,316,331	30,665,928	-	-	473,264,099	1,034,659,941
3	Furniture & Fixture (Wood)	995,684,943	-	118,145,924	-	1,113,830,867	97,056,348	-	-	97,591,428	640,566,768
4	Furniture & Fixture (Steel)	174,255,887	-	25,059,739	541,459	198,774,167	12,494,674	227,712	-	280,797,218	101,182,739
5	Computer	324,777,060	-	23,273,181	-	348,050,241	27,143,198	-	-	103,156,914	67,253,023
6	Computer Accessories	123,789,160	-	15,490,985	-	139,280,145	15,208,404	-	-	188,322,738	36,123,231
7	Motor Car	224,337,517	-	21,626,594	9,046,858	236,917,253	20,038,911	9,046,858	-	1,034,329,980	48,594,515
8	Machines Equipment & Appliance	1,248,466,534	-	99,771,627	-	1,348,238,161	144,185,603	-	-	9,044,394	313,908,181
9	Books & Library	9,234,557	-	44,810	-	9,279,367	84,699	-	-	234,973	234,973
10	Online Hardware	934,052,007	-	13,974,699	20,823	948,005,883	132,773,014	20,823	-	666,444,757	281,561,126
11	Interior Decoration	194,298,047	-	1,703,831	-	196,001,878	13,381,455	-	-	168,690,700	27,321,178
12	Right of use Assets (ROU)	1,623,800,000	-	12,200,000	-	1,636,000,000	206,426,814	-	-	408,326,814	1,227,673,186
	Sub-Total	7,463,814,485	-	331,291,390	9,609,140	7,765,496,735	699,459,048	9,295,393	-	3,616,615,431	4,169,891,304
B. Intangible Assets											
13	Online Software	443,047,973	-	74,286,531	-	517,334,504	69,422,403	9,660	-	345,291,420	172,043,084
	Sub-Total	443,047,973	-	74,286,531	-	517,334,504	69,422,403	9,660	-	345,291,420	172,043,084
C. Revaluation of Property, Plant & Equipment											
14	Land	1,129,348,248	-	-	-	1,129,348,248	-	-	-	-	1,129,348,248
	Sub-Total	1,129,348,248	-	-	-	1,129,348,248	-	-	-	-	1,129,348,248
	December 31, 2021	9,036,210,706	-	405,577,921	9,609,140	9,432,179,487	768,881,451	9,305,053	-	3,961,906,851	5,470,272,635
	December 31, 2020	6,819,095,281	151,800,000	2,075,144,710	9,829,285	9,036,210,706	743,519,935	8,357,774	-	3,202,330,453	5,833,880,252



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 MUHAMMAD NADIM FCA
 DMD & Chief Financial Officer (CFO)
 Financial Administration Division
 Al-Arafah Islami Bank Limited
 Head Office, Dhaka.

01 AUG 2022
 Md. Mahmudur Rahman
 Deputy Managing Director &
 Company Secretary
 Al-Arafah Islami Bank Ltd.
 Head Office, Dhaka.

01 AUG 2022
 Farman R Chowdhury
 Managing Director & CEO
 Al-Arafah Islami Bank Ltd.

01 AUG 2022
 K M Rasidul Hasar
 Chief Executive Officer
 Al-Arafah Islami Bank Ltd.



Al-Arafah Islami Bank Ltd.
Schedule of Fixed Assets
As at a December 31, 2021

Annexure - A

SL No	Particulars	Cost / Revaluation			Depreciation/Amortization			Written down value as on 31-12-2021
		Balance at 1st January 2021	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 1st January 2021	Charge for the year	
A. Fixed Assets								
1	Land	389,802,443	-	-	-	-	-	389,802,443
2	Building	1,221,316,331	-	-	-	30,665,928	186,656,390	1,034,659,941
3	Furniture & Fixture (Wood)	992,423,925	-	118,057,384	-	96,730,246	470,288,484	640,192,825
4	Furniture & Fixture (Steel)	173,781,745	-	24,812,592	541,459	12,449,534	97,538,949	100,513,929
5	Computer	317,880,563	-	21,628,566	-	26,861,104	274,584,550	64,924,579
6	Computer Accessories	124,487,860	-	15,098,880	-	15,208,404	103,046,210	36,540,530
7	Motor Car	206,274,578	-	21,626,594	9,046,858	20,038,911	170,251,142	48,603,172
8	Mechine Equipment & Appliance	1,236,705,711	-	99,408,664	-	143,752,896	1,022,389,678	313,724,697
9	Books & Library	9,234,557	-	44,810	-	84,699	9,030,870	248,497
10	Online Hardware	931,105,123	-	13,974,699	20,823	132,773,014	663,253,095	281,805,904
11	Interior Decoration	177,608,111	-	1,392,539	-	11,712,461	156,028,733	22,971,917
12	Rght. of use Assets (ROU)	1,623,800,000	-	12,200,000	-	206,426,814	408,326,816	1,227,673,184
	Sub-Total	7,404,420,947	-	328,244,728	9,609,140	696,704,011	3,561,394,917	4,161,661,618
B. Intangible Assets								
13	Online Software	440,632,105	-	74,064,731	-	69,107,402	342,636,994	172,059,842
	Sub-Total	440,632,105	-	74,064,731	-	69,107,402	342,636,994	172,059,842
C. Revaluation of Property, Plant & Equipment								
14	Land	1,129,348,248	-	-	-	-	-	1,129,348,248
	Sub-Total	1,129,348,248	-	-	-	-	-	1,129,348,248
	December 31, 2021	8,974,401,300	-	402,309,459	9,609,140	765,811,413	3,904,031,911	5,463,069,708
	December 31, 2020	6,758,510,216	151,800,000	2,073,920,367	9,829,285	740,305,262	3,147,525,550	5,826,875,750



0 / AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
Financial Administration Division
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0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
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Al-Arafah Islami Bank Ltd.
Head Office, Dhaka.

0 / AUG 2022

Farman K. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd.

0 / AUG 2022

K M Rasidul Hasan
Chief Executive Officer
First Security Name Centre



Annexure - B

Investment in Shares & Securities

Stock at hand as on 31-12-2021

SL No.	Name of Company	No. of Share	Amount (at cost)	Market rate	Market Amount
1	PRIMELIFE	2413032	197,308,404	57.50	138,749,340
2	AIBL1STIMF	17000000	170,000,000	8.50	144,500,000
3	PREMIERCEM	337734	27,720,667	65.10	21,986,483
4	SINOBANGLA	376000	31,756,505	50.00	18,800,000
5	DAFODILCOM	4988678	337,651,147	70.90	353,697,270
6	PRIMETEX	846623	25,658,888	22.00	18,625,706
7	PADMAOIL	78864	17,742,023	212.50	16,758,600
8	BBSCABLES	66162	5,063,220	55.90	3,698,456
9	LINDEBD	751	1,192,739	1579.80	1,186,430
10	JAMUNAOIL	47473	8,855,453	171.10	8,122,630
11	IBNSINA	31274	9,042,717	271.30	8,484,636
12	BEXGSUKUK	1000000	100,000,000	0.00	-
	Total	27,186,591	931,991,763		734,609,552

0 / AUG 2022

MUHAMMAD NADIM FCA
DMD & Chief Financial Officer (CFO)
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Al-Arafah Islami Bank Limited
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0 / AUG 2022

Md. Mahmudur Rahman
Deputy Managing Director &
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Head Office, Dhaka.

0 / AUG 2022

Farman R. Chowdhury
Managing Director & CEO
Al-Arafah Islami Bank Ltd

0 / AUG 2022

K M Rasidul Hasan
Chief Executive Officer
First Security Islami Capital & Finance Limited