

Bismillahir Rahmanir Rahim

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

FOR THE YEAR ENDED 31ST DECEMBER, 2022

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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 2022 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

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 2022, 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 2 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 Auditors' 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.

Other Matters

The consolidated and separate financial statements of Al-Arafah Islami Bank Limited for year ended 31 December 2021, were audited by Hussain Forhad & Co., and Shafiq Basak & Co., Chartered Accountants, who expressed an unmodified opinion on those statement on 26 April 2022.

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. For each matter below our description of how our audit addressed the matter is provided in that context.



Description of key audit matters	Our response to key audit matters
Measurement of provision for investment	
<p>The process for estimating the provision for investment portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provision calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions.</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 of complex design and implementation.</p> <p>At year end the Group reported total gross investments of BDT 406,788 million (2021: BDT 336,891 million) and provision for investments of BDT 16,690 million (2021: BDT 12,192 million).</p> <p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> • Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019; and • For individually assessed provisions, the measurement of 	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Credit appraisal, investment disbursement procedures, monitoring and provisioning process; • Completeness of appropriate documentation before disbursement of investments as well as recording of investment balance; • Alternate procedures applied by management to assess new investment/renewal of existing investments where latest audited financial statements of the borrower is not available; • Identification of loss events, including early warning and default warning indicators; • Review of quarterly Classification of Loans (CL); <p>Our substantive procedures in relation to the provision for investments 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 inspection team to the actual amount of provision maintained <p>Due to long-term impact of COVID 19, flood situation in north-eastern areas of Bangladesh and prolonged conflict/war outside the country, many</p>



<p>the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>borrowers were adversely impacted during the year. Accordingly, Bangladesh Bank has given certain flexibility from classification requirement for investments vide issuing various circulars such as BRPD 14 dated 22 June 2022, and BRPD 51 dated 18 December 2022 whereby Banks are allowed to keep an investment/customer as unclassified subject to the payment of certain percent of quarterly instalment due by 31 December 2022.</p> <p>For the year ended 31 December 2022, the Bank has maintained required provision as per Bangladesh Bank letter 7/4(1)/2023-407 dated 11 April 2023 and also agreed to ensure recovery/regularization of certain investments to avoid future classification.</p>
<p>See note # 9 and 15.2 and 15.4 to the financial statements</p>	

Risk	Our response to the risk
Investment income recognition	
<p>Recognition and measurement of investment income involve complex IT environment as well as require critical estimates and judgment. Since investment income from investments is one of the key performance indicators of the Bank there is an inherent risk of fraud and error in recognition of investment income.</p> <p>Moreover, as per Bangladesh Bank BRPD circular no. 53 dated 22 December 2022, considering future risk banks were allowed to recognize outstanding/ arrear investment income where deferral facilities were given upon considering potential risk of future recovery and receiving certain percent of quarterly instalment due by 31 December 2022.</p> <p>Accordingly, this has been considered as key audit matter.</p>	<p>We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of income on investment.</p> <p>For selected customers and investment files on sample basis we have also performed substantive test of details including recalculation and cut-of testing to check accuracy of investment income.</p> <p>Finally, we also conducted substantive analytical procedures to assess reasonableness of income recognised during the year with reference to the product wise outstanding investment balances.</p> <p>However, due to the current uncertainty of the overall economic situation, and in particular impacts from major global events such as continuation of COVID 19 related disruptions, Russia-Ukraine conflict, volatility in fuel and</p>



	commodity price, strengthening of USD, etc., there is inherent risk that the actual recovery of accrued investment income especially from those clients receiving deferral facility could be materially different than the actual situation in future and a portion of investment accrued during the year ended 31 December 2022.
See note 23 to the financial statements	

Valuation of bonds, sukuk and other investments	
<p>The Bank has made significant investments in fixed term financial instruments such as Bangladesh Government Islamic Investment Bond and Sukuk, Mudaraba perpetual Bond and Sukuk Al Istisna as well as Mudaraba Perpetual Bond, classification and measurement of these require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of these Bonds and Sukuk are determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models and require an elevated level of judgment.</p>	<p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of these Bonds and Sukuks.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>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.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See note 9 to the financial statements	

IT systems and controls	
<p>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.</p> <p>Our areas of audit focus included user access management, developer access to the</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that</p>



production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively	<p>requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>
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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>Pursuant to BRPD Circular Letter No. 28 dated 26 July 2022 and BRPD Circular Letter No. 30 dated 27 July 2022, all schedule banks of Bangladesh are instructed to reduce certain expenses at specific percentage from the allocated amount.</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 are informed that the Bank has taken several initiatives such as rationalizing the usage of office space to reduce electricity cost, restricting entertainment expenses and travelling, reducing and deferring the expenses on computer and accessories which are not urgently required etc..</p>
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Carrying value of investments in subsidiaries by the Bank

The Bank has invested in equity shares of its subsidiaries namely AIBL Capital Market Services Limited and AIBL Capital Management Limited. As at 31 December 2022 the carrying value of these investments	We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.
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<p>in AIBL Capital Market Services Limited and AIBL Capital Management Limited is BDT 2,910 million (2021: 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>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 and corroborating information was obtained with reference to external market information, third-party sources.</p> <p>We further observed that pursuant to the BSEC notification the subsidiaries of the Bank has made partial provision against diminution in the value of investment and client margin loan as per BSEC notification.</p>
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Reporting on other information

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

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

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

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 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 extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities {other than matters disclosed in these financial statements};
- (iii) financial statements for the year ended 31 December 2022 of subsidiaries namely AIBL Capital Market Services Limited and AIBL Capital Management Limited have been audited by M/s. Khan Wahab Shafique Rahman & Co Chartered Accountants and who has expressed unqualified audit opinion. The results of the subsidiaries has been properly reflected in the Group's consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the 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;



- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 7,050 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Md. Shafiqul Islam FCA, Partner
ICAB Enrolment Number: 595
Shafiq Basak & Co.
Chartered Accountants

DVC: 2304300595AS 336782

Place of Issue: Dhaka
Date: 30 April 2023



Sabbir Ahmed FCA, Partner
ICAB Enrolment Number: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC: 2304300770AS 197083



Al-Arafah Islami Bank Ltd
Consolidated Balance Sheet
As at December 31, 2022

PROPERTY AND ASSETS	Notes	2022 Taka	2021 Taka
Cash in hand			
Cash in hand (including foreign currencies)	5.A	4,941,934,206	3,232,053,536
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		26,693,129,611	20,456,548,331
		31,635,063,817	23,688,601,867
Balance with other Banks and Financial Institutions	6.A		
In Bangladesh		285,378,847	3,133,653,387
Outside Bangladesh		10,010,631,366	8,907,482,685
		10,296,010,213	12,041,136,072
Placement with Banks & Other Financial Institutions	7.A	7,978,915,400	23,985,000,000
Investment in Share & Securities	8.A	36,946,924,402	30,156,139,866
Government		27,410,280,000	23,504,940,000
Others	8.A.i	9,536,644,402	6,651,199,866
Investments	9.A		
General Investments etc.		384,403,074,456	323,342,833,833
Bills purchased and discounted		22,384,720,413	13,547,882,130
		406,787,794,869	336,890,715,963
Fixed assets less Accumulated Depreciation	10.A	5,144,429,450	5,470,272,635
Other Assets	11.A	35,916,096,155	30,404,308,443
Non-Banking Assets	12	50,875,037	50,875,037
Total Assets		534,756,109,343	462,687,049,884
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	13.A	54,123,242,713	32,506,761,109
Deposits and other Accounts	14.A		
Mudaraba Savings Deposits		69,141,332,232	62,011,042,726
Mudaraba Term Deposits	14.A.ii.	193,084,571,608	175,485,115,456
Other Mudaraba Deposits		68,952,559,817	68,093,138,221
Al-wadeeah Current Accounts and Other Accounts etc.		58,456,929,183	43,639,188,504
Bills Payable		4,410,444,671	4,059,481,203
		394,045,837,511	353,287,966,110
Other Liabilities	15.A	44,615,117,944	36,298,385,294
Deferred tax Liabilities/ (Assets)	16.A	44,416,869	93,595,145
AIBL Mudaraba Bond	17	16,010,000,000	14,600,000,000
Total Liabilities		508,838,615,037	436,786,707,658
Capital/Share holders Equity			
Paid -up Capital	18	10,649,021,850	10,649,021,850
Statutory Reserve	19	10,649,021,850	10,649,021,850
Revaluation Reserve	20	1,084,971,059	1,084,331,861
Retained Earnings	21.A	1,841,051,480	1,823,372,676
Total Equity attributable to equity holders of the bank		24,224,066,238	24,205,748,237
Non-Controlling Interest	18.A	1,693,428,067	1,694,593,989
Total Equity		25,917,494,305	25,900,342,226
Total Liability and Share holders equity		534,756,109,343	462,687,049,884
Net assets value per share (NAV)	40	22.75	22.73



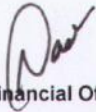
Al-Arafah Islami Bank Ltd
Consolidated Balance Sheet
As at December 31, 2022

OFF BALANCE SHEET ITEMS	Notes	2022	2021
		Taka	Taka
Contingent Liabilities			
Acceptance and endorsement		53,436,902,467	51,575,595,132
Letters of Guarantee	22	17,155,967,572	13,673,407,658
Letters of Credit		51,420,430,999	44,089,212,630
Bills for Collection		13,398,111,982	7,495,927,198
Other Contingent Liabilities		-	-
Total		135,411,413,020	116,834,142,618

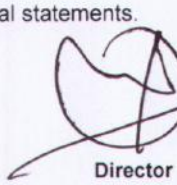
Other Commitments :

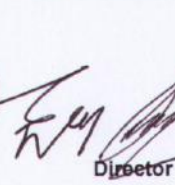
Documentary Credits and other short term trade related transactions	-	-
Forward Assets Purchased and forward Deposit placed	-	-
Undraw note issuance and Revolving underwriting Facilities	-	-
Undraw Formal standing Facilities, Credit lines and others commitments	-	-
Total Off Balance sheet items including Contingent liabilities	135,411,413,020	116,834,142,618

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.


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

DVC 2304300595AS 336782
 Place: Dhaka
 Date : **30 APR 2023**




Sabbir Ahmed FCA
 Partner
 Enrolment number-
Hoda Vasi Chowdhury & Co.
 Chartered Accountants
 DVC : 2304300770AS 197083



Al-Arafah Islami Bank Ltd
Consolidated Profit or Loss Accounts
For the year ended December 31, 2022

	Notes	2022 Taka	2021 Taka
Investment Income	23.A	25,221,415,249	23,446,012,634
Profit paid on deposits & Borrowing	24.A	(16,109,647,402)	(13,072,790,998)
Net Investment Income		9,111,767,847	10,373,221,636
Income from Investment in Shares /Securities	25.A	1,076,657,895	359,554,772
Commission, Exchange and Brokerage	26.A	5,639,647,381	3,299,109,368
Other Operating Income	27.A	800,612,192	591,501,509
		7,516,917,468	4,250,165,649
Total operating income		16,628,685,315	14,623,387,285
Salaries and allowances & contribution to P.F	28.A	5,463,774,446	4,756,913,912
Directors fees & expenses	29.A	9,861,968	6,962,107
Shariah Supervisory Committee's fees & expenses	30	455,970	246,770
Rent, taxes, insurance and lighting etc.	31.A	524,100,565	539,464,890
Postage, telegram, telephone and stamp etc.	32.A	79,836,105	67,231,400
Legal charges		20,385,209	13,427,966
Auditors' fee		1,960,750	1,640,750
Salary & Allowances to the Managing Director		22,330,000	20,418,000
Depreciation and repairs to the bank's properties	33.A	1,004,209,200	891,400,236
Stationery, printing & advertisement etc.	34.A	183,839,568	149,075,124
Other expenses	35.A	824,418,087	682,465,783
Total operating expenses		8,135,171,868	7,129,246,938
Profit/(Loss) before Tax & provision		8,493,513,447	7,494,140,347
Provision against Investments & Contingent Liabilities	36.A	3,167,995,944	2,647,118,347
Provision for diminution in value of investment		31,389,324	8,459,961
Other Provision		30,129,000	-
Total provision		3,229,514,268	2,655,578,307
Profit/(Loss) before Tax		5,263,999,179	4,838,562,040
Current tax	15.1.A	3,206,309,304	2,751,343,416
Deferred tax		(48,933,278)	(39,225,005)
Provision for Taxation		3,157,376,025	2,712,118,411
Net Profit/(Loss) after tax		2,106,623,153	2,126,443,629
Net Profit attributable to:			
Equity holders of the bank		2,076,584,075	2,087,580,493
Non-controlling Interest		30,039,078	38,863,136
Profit for the year		2,106,623,153	2,126,443,629
Appropriation			
Statutory Reserve		-	314,394,026
General Reserve (1 % strat-Up fund)		20,256,991	20,233,578
Profit paid on aibl mudaraba perpetual bond		393,500,000	64,364,153
Non-Controlling Interest		30,039,078	38,863,136
		443,796,069	437,854,894
Transfer to Retained Earnings		1,662,827,084	1,688,588,736
Earning per Ordinary Share (EPS)	38.A	1.95	1.96

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.

Md. Shafiqul Islam FCA
Partner

Enrolment number-595

Shafiq Basak & Co.

Chartered Accountants

DVC : 304300595AS 336782

Place: Dhaka

Date : 30 APR 2023



Sabbir Ahmed FCA
Partner

Enrolment number-

Hoda Vasi Chowdhury & Co.

Chartered Accountants

DVC : 2304300770AS 197083



Al-Arafah Islami Bank Ltd
Consolidated Cash Flow Statement
For the year ended December 31,2022

	Notes	2022 Taka	2021 Taka
Cash flows from operating activities			
Investment income receipt in Cash		26,317,882,274	24,041,035,285
Profit paid on deposits and borrowing		(15,061,306,205)	(13,545,742,269)
Dividend received		49,786,696	43,099,747
Fees & Commission received in cash		5,639,647,381	3,299,109,368
Recoveries from written off investments		117,391,063	57,842,746
Cash payments to employees		(5,486,104,446)	(4,777,331,912)
Cash payments to suppliers		(183,839,568)	(149,075,124)
Received from other operating activities (item-wise)		800,612,192	591,501,509
Paid for other operating activities (item-wise)	37.A	(1,583,962,196)	(1,432,385,136)
Advance income tax paid		(2,126,016,879)	(2,108,226,440)
Operating profit before changes in operating assets and liabilities		8,484,090,312	6,019,827,775
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(2,885,444,536)	(4,671,356,341)
Increase/(Decrease) of placement to other banks		16,006,084,600	(9,714,990,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(67,866,513,999)	(28,354,421,330)
Increase/Decrease of other assets (item-wise)	38.A	(3,552,757,720)	(8,773,892,156)
Increase/ (Decrease of placement from other banks and financial institution		21,616,481,604	8,506,283,278
Increase/(Decrease) of Deposits from customers (other than Banks)		39,709,530,204	27,737,506,118
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	39.A	(560,976,753)	(560,976,753)
Cash receipt from operating activities		2,466,403,401	(15,831,847,184)
A. Net Cash from operating activities		10,950,493,713	(9,812,019,409)
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(609,308,539)	(460,733,215)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(609,308,539)	(460,733,215)
Cash flows from financing activities			
Increase in Exchange Equalization Account		639,198	4,894
Issue of AIBL Subordinate Bond / Perpetual Bond		1,410,000,000	3,400,000,000
Dividend paid		(1,645,148,281)	(1,597,353,277)
C. Net cash flows from financing activities		(234,509,083)	1,802,651,616
D. Net increase in cash and cash equivalent (A+B+C)		10,106,676,091	(8,470,101,008)
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent D+E		10,106,676,091	(8,470,101,008)
G. Cash & Cash Equivalents at the beginning of the year		59,234,677,939	67,704,778,946
H. Cash & Cash Equivalents period ended	37.A	69,341,354,030	59,234,677,938
Net Operating Cash Flow per Share (NOCFPS)	39	10.28	(9.21)

Chief Financial Officer

Managing Director

Director

Director


Chairman



Al-Arafah Islami Bank Ltd.
Consolidated Statement of Changes in Equity
For the year ended December 31, 2022

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2022	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
Changes in accounting policy offload share	-	-	-	-	-	-	-
Restated Adjustment	-	-	-	-	-	-	-
Restated balance	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
Deferred tax Adjustment	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	639,198	639,198	-	639,198
Share premium	-	-	-	-	-	-	-
Net profit for the year	-	-	2,076,584,075	-	2,076,584,075	30,039,078	2,106,623,153
Cash Dividend	-	-	(1,645,148,281)	-	(1,645,148,281)	(31,205,000)	(1,676,353,281)
Bonus Share	-	-	-	-	-	-	-
Asset revaluation Reserve	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Profit paid on aibl mudaraba perpetual bond	-	-	(393,500,000)	-	(393,500,000)	-	(393,500,000)
Transfer to 1 % strat-Up fund	-	-	(20,256,992)	-	(20,256,992)	-	(20,256,992)
Appropriations during the year	-	-	-	-	-	-	-
Balance as at December 31, 2022	10,649,021,850	10,649,021,850	1,841,051,479	1,084,971,059	24,224,066,237	1,693,428,067	25,917,494,305
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


Chief Financial Officer


Managing Director


Director


Director


Chairman



Al-Arafah Islami Bank Ltd
Consolidated Statement Of Liquidity
(Maturity Analysis of Assets and Liabilities)
For the year ended December 31, 2022

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		12,686,134,206	-	-	-	18,948,929,611	31,635,063,817
Balance with other Bank and Financial Institution		123,300,000	2,000,000,000	1,000,000,000	-	7,172,710,213	10,296,010,213
Placement with Banks & Other Financial Institutions		1,400,000,000	1,600,000,000	-	-	4,978,915,400	7,978,915,400
Investments (in Shares & Securities)		-	-	942,700,000	-	36,004,224,402	36,946,924,402
Investments		74,001,600,000	108,063,400,000	128,642,723,209	65,062,200,000	31,017,871,660	406,787,794,869
Fixed Assets including premises (Land & Building)		-	-	-	-	5,144,429,450	5,144,429,450
Other Assets		521,200,000	389,900,000	-	1,470,600,000	33,534,396,155	35,916,096,155
Non Banking Assets		-	-	-	-	50,875,037	50,875,037
Total Assets		88,732,234,206	112,053,300,000	130,585,423,209	66,532,800,000	136,852,351,928	534,756,109,343
2 Liabilities :							
Placement from Banks & Other Financial institutions		2,615,000,000	9,791,956,990	9,281,200,000	32,435,085,723	-	54,123,242,713
Deposits		58,932,300,000	125,539,400,000	123,870,245,368	52,316,800,000	33,387,092,143	394,045,837,511
Other Accounts		-	-	-	-	-	-
Provision and Other Liabilities		477,700,000	57,500,000	-	-	44,079,917,944	44,615,117,944
Deferred tax Liabilities/ (Assets)		-	-	-	-	44,416,869	44,416,869
AIBL Mudaraba Subordinated Bond		-	-	-	-	16,010,000,000	16,010,000,000
Total Liabilities		62,025,000,000	135,388,856,990	133,151,445,368	84,751,885,723	93,521,426,956	508,838,615,037
Net Liquidity Gap		26,707,234,206	(23,335,556,990)	(2,566,022,159)	(18,219,085,723)	43,330,924,972	25,917,494,305

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]
Chief Financial Officer

SHAFIQ BASAK & CO
CHARTERED ACCOUNTANTS

[Signature]
Managing Director

SHAFIQ BASAK & CO
CHARTERED ACCOUNTANTS

[Signature]
Director

SHAFIQ BASAK & CO
CHARTERED ACCOUNTANTS

[Signature]
Chairman



Al-Arafah Islami Bank Ltd.
Balance Sheet
As at December 31, 2022

PROPERTY AND ASSETS	Notes	2022 Taka	2021 Taka
Cash in hand	5		
Cash in hand (including foreign currencies)		4,937,082,161	3,217,933,106
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		26,693,129,611	20,456,548,331
		31,630,211,772	23,674,481,437
Balance with other Banks and Financial Institutions	6		
In Bangladesh		285,378,847	3,133,653,387
Outside Bangladesh		10,010,631,366	8,907,482,685
		10,296,010,213	12,041,136,072
Placement with Banks & Other Financial Institutions	7	7,978,915,400	23,985,000,000
Investment in Share & Securities	8		
Government	8.a	27,410,280,000	23,504,940,000
Others	8.b	8,342,669,347	5,472,068,391
		35,752,949,347	28,977,008,391
Investments	9		
General Investments etc.		383,800,551,247	322,543,724,969
Bills purchased and discounted		22,384,720,413	13,547,882,130
		406,185,271,660	336,091,607,099
Fixed assets less Accumulated Depreciation	10	5,138,505,694	5,463,069,708
Other Assets	11	27,931,117,070	23,190,127,923
Non-Banking Assets	12	50,875,037	50,875,037
Total Assets		524,963,856,193	453,473,305,667
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial institutions	13	49,030,885,723	27,343,210,872
Deposits and other Accounts	14		
Mudaraba Savings Deposits		69,141,332,232	62,011,042,726
Mudaraba Term Deposits		193,376,026,240	175,739,194,371
Other Mudaraba Deposits	14.i	68,952,559,817	68,093,138,221
Al-wadeeah Current Accounts and Other Accounts etc.	14.ii	58,456,929,183	43,639,188,504
Bills Payable		4,410,444,671	4,059,481,203
		394,337,292,143	353,542,045,025
Other Liabilities	15	41,500,531,411	33,868,952,635
Deferred tax Liabilities/ (Assets)	16	44,416,869	93,595,145
AIBL Mudaraba Bond	17	16,010,000,000	14,600,000,000
Total Liabilities		500,923,126,146	429,447,803,677
Capital/Share Holders Equity			
Paid up Capital	18	10,649,021,850	10,649,021,850
Statutory Reserve	19	10,649,021,850	10,649,021,850
Revaluation Reserve	20	1,084,971,059	1,084,331,861
Retained Earnings	21	1,657,715,288	1,643,126,429
Total Share holders equity		24,040,730,046	24,025,501,990
Total Liability and Share holders equity		524,963,856,193	453,473,305,667
Net assets value per share (NAV)	42	22.58	22.56



Al-Arafah Islami Bank Ltd.
Balance Sheet
As at December 31, 2022

	Notes	2022 Taka	2021 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement			
Letters of Guarantee			
Letters of Credit			
Bills for Collection			
Other Contingent Liabilities			
Total			

22

53,436,902,467	51,575,595,132
17,155,967,572	13,673,407,658
51,420,430,999	44,089,212,630
13,398,111,982	7,495,927,198
-	-
135,411,413,020	116,834,142,618

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

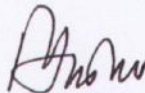
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Total Off Balance sheet items including Contingent

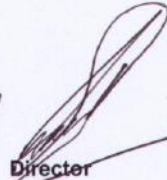
135,411,413,020 116,834,142,618

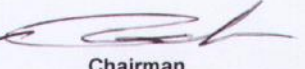
Accompanying notes form an integral part of these financial statements.


Chief Financial Officer


Managing Director


Director


Director


Chairman

Signed in terms of our report of even date.


Md. Shafiqul Islam FCA

Partner
 Enrolment number-595

Shafiq Basak & Co.
 Chartered Accountants

DVC : 2304300595AS336782

Place: Dhaka

Date : 30 APR 2023




Sabbir Ahmed FCA

Partner
 Enrolment number-

Hoda Vasi Chowdhury & Co.
 Chartered Accountants

DVC : 2304300770AS197083



Al-Arafah Islami Bank Ltd.
PROFIT OR LOSS ACCOUNTS
For the year ended December 31, 2022

	Notes	2022 Taka	2021 Taka
Investment Income	23	24,969,223,322	23,261,043,228
Profit paid on deposits & Borrowing	24	(15,894,118,135)	(12,833,773,890)
Net Investment Income		9,075,105,187	10,427,269,338
Income from Investment in Shares /Securities	25	1,065,018,571	339,091,445
Commission, Exchange and Brokerage	26	5,449,539,929	3,003,819,477
Other Operating Income	27	754,570,162	535,368,779
		7,269,128,662	3,878,279,701
Total operating income		16,344,233,849	14,305,549,039
Salaries and allowances & contribution to P.F	28	5,377,786,825	4,678,276,709
Directors fees & expenses	29	9,861,968	6,962,107
Shariah Supervisory Committee's fees & expenses	30	455,970	246,770
Rent, taxes, insurance and lighting etc.	31	503,414,249	518,790,708
Postage, telegram, telephone and stamp etc.	32	79,641,578	67,054,263
Legal charges		20,370,624	13,422,248
Auditors' fee		1,845,750	1,583,250
Salary & Allowances to the Managing Director		22,330,000	20,418,000
Depreciation and repairs to the bank's properties	33	998,804,281	886,756,883
Stationery, printing and advertisement etc.	34	182,611,948	147,513,137
Other expenses	35	767,093,897	618,636,986
Total operating expenses		7,964,217,090	6,959,661,061
Profit/(Loss) before Tax & provision		8,380,016,759	7,345,887,978
Provision against Investments & Contingent Liabilities	36	3,167,995,944	2,647,118,347
Provision for diminution in value of investment		31,389,324	8,459,961
Other Provision		30,129,000	-
Total provision		3,229,514,268	2,655,578,307
Profit/(Loss) before Tax		5,150,502,491	4,690,309,671
Current tax		3,173,981,638	2,706,560,843
Deferred tax	16	(49,178,276)	(39,609,013)
Provision for Taxation		3,124,803,361	2,666,951,830
Net Profit/(Loss) after tax		2,025,699,129	2,023,357,841
Appropriation			
Statutory Reserve		-	314,394,026
Profit paid on aibl mudaraba perpetual bond		393,500,000	64,364,153
General Reserve (1 % Start-Up Fund)		20,256,991	20,233,578
		413,756,991	398,991,758
Retained Earnings		1,611,942,138	1,624,366,083
Earning per Ordinary share (EPS)	41.	1.90	1.90

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.

Md. Shafiqul Islam FCA

Partner

Enrolment number-595

Shafiq Basak & Co.

Chartered Accountants

DVC : 2304300595AS 197082

Place: Dhaka

Date : 30 APR 2023



Sabbir Ahmed FCA

Partner

Enrolment number-

Hoda Vasi Chowdhury & Co.

Chartered Accountants

DVC : 2304300770AS 197083



Al-Arafah Islami Bank Ltd.
CASH FLOW STATEMENT
For the year ended December 31, 2022

	Notes	2022 Taka	2021 Taka
Cash flows from operating activities			
Investment income receipt in Cash		25,160,400,132	23,658,148,613
Profit paid on deposits and borrowings		(14,445,776,938)	(12,906,725,161)
Dividend received		29,682,989	33,566,797
Fees & Commission received in cash		5,449,539,929	3,003,819,477
Recoveries from write off investments		117,391,063	57,842,746
Cash payments to employees		(5,400,116,825)	(4,698,694,709)
Cash payments to suppliers		(182,611,948)	(147,513,137)
Received from other operating activities (item-wise)		754,570,162	535,368,779
Paid for other operating activities (item-wise)	37	(1,505,601,963)	(1,347,641,802)
Advance income tax paid		(2,806,820,322)	(2,061,982,892)
Operating profit before changes in operating assets and liabilities		7,170,656,279	6,126,188,711
Changing in Operating assets & liabilities			
Increase/(Decrease) of trading securities		(2,870,600,956)	(4,328,089,045)
Increase/(Decrease) of placement to other banks		16,006,084,600	(9,714,990,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)		(70,438,949,288)	(33,947,860,704)
Increase/(Decrease) of other assets (item-wise)	38	(1,207,401,116)	(407,390,310)
Increase/(Decrease) of placement from other banks and financial institution		21,687,674,851	4,838,892,087
Increase/(Decrease) of Deposits from customers (other than Banks)		39,746,905,921	27,704,942,412
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	39	759,610,606	(138,075,121)
Cash receipt from operating activities		3,683,324,617	(15,992,570,680)
A. Net Cash from operating activities		10,853,980,896	(9,866,381,969)
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(551,322,340)	(402,005,372)
Sales proceeds of Fixed assets		-	-
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		(551,322,340)	(402,005,372)
Cash flows from financing activities			
Increase in Exchange Equalization Account		639,198	4,894
Issue of AIBL Subordinate Bond / Perpetual Bond		1,410,000,000	3,400,000,000
Increase in Share Capital		-	-
Dividend paid		(1,597,353,278)	(1,597,353,277)
C. Net cash flows from financing activities		(186,714,080)	1,802,651,616
D. Net increase in cash and cash equivalent (A+B+C)		10,115,944,476	(8,465,735,725)
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent (D+E)		10,115,944,476	(8,465,735,725)
G. Cash & Cash Equivalents at the beginning of the year		59,220,557,509	67,686,293,234
H. Cash & Cash Equivalents at the end of the year	40	69,336,501,985	59,220,557,509
Net Operating Cash Flow per Share (NOCFPS)	43	10.19	(9.27)

Accompanying notes form an integral part of these financial statements.

Chief Financial Officer

Managing Director

Director

Director

Chairman



Al-Arafah Islami Bank Limited**Notes to the Financial Statements**

As at and for the year ended December 31, 2022

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 Ulama, 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 Chaittagong Stock Exchange (CSE). Presently the bank has 208 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.

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, 2022 to December 31, 2022.

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

2.8.2.1 Investment in shares and securities

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

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

2.8.2.2 Revaluation gains/losses on Government securities

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

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

2.8.2.3 Provision on loans and advances/investments

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

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

2.8.2.4 Investment in subsidiaries

The bank has made investment in subsidiary company named AIBL Capital Market Service Ltd Tk. 242.00 crore holding 60.50% shares. The rest of 39.50% shares are 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 Paltan Dist : Dhaka, P. S Motijheel, Sub - registry office : Sutrapur, Dhaka collectorate Touzi # 141-B-1, Mouza : Sabek Shahar Dhaka, Sheet # 22, Ward # 03, Sabek Khatian # 6947, 6947 [KA], 6947[Jha], Sabek Dag # 97, 100,101,102 and 110, SA Mouza : Ramna, Sheet # 10, SA Khatian # 362, SA Dag # 1979,1980,1981,2025,1997,1998 and 1979/2039, RS Mouza : Motijheel, RS Khatian # 420, RS Dag # 1314 and 1322, D.P Khatian # 619, D.P Dag # 812 and 804.Mutation Khatian 362/3 and Dag # 1979 and 1980. The area of land measuring about 27.10 Decimal,

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

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

Depreciation of an item of fixed assets and amortization on intangible assets is charged on the basis of estimated useful lives as mentioned in revised fixed asset policy of the bank on monthly basis following straight-line method. The depreciation/amortization method used should reflect the pattern in which the asset's economic benefits are consumed by the 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.

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 September, 2012, BRPD Circular No.05 dated 29 May, 2013, BRPD Circular No.14 dated 22 June, 2022 and BRPD Circular No.51 dated 18 December, 2022. The provision rates are given below:

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 2022 (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 2022, 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)	Tax Rate	
Items giving rise temporary Difference							
Fixed Assets	5,138,505,695	1,519,150,691	3,619,355,004	3,500,910,025	118,444,979	37.50%	44,416,867
Net deferred tax liability (asset)							44,416,868

Deferred tax Assets (Income) / Liability Expenses

Balance as on 1 st January 2022	93,595,144
Provision required as on December 31, 2022	(49,178,276)
Balance as on December 31, 2022	44,416,868

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.

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, 2022 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

Financial Statements were approved by the Board of Directors on 386th meeting held on 30 April 2023 has approved the audited financial statements for the year ended 31 December 2022. The Board has also recommended 12.00% cash dividend & 3.00% Bonus dividend for the year ended 31 December 2022 subject to approval of the shareholders at the 28th Annual General Meeting (AGM).

2.22 General

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

3.A Risk Management

The risk of Al-Arafah Islami Bank Limited is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers 7 (seven) Core Risk Areas of banking i.e Credit risk management, foreign exchange risk management, Assets Liability Management, prevention of money laundering and establishment of internal control and compliance 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 demarked. Duties and responsibilities of them have also been defined. All foreign exchange transactions are revalued at mark to market rate as determined by Bangladesh Bank at the month end. All Nostro accounts are reconciled on monthly basis and outstanding entry beyond 30 (thirty) days is reviewed by the management for its settlement. Regulatory reports are submitted on time to Bangladesh Bank.

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

v) **Prevention of money laundering**

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

vi) **Guideline on information & Communication Technology:**

Technology is the process by which humans modify nature to meet their needs and wants. The term Information Technology (IT) means computers, auxiliary equipment, software, hardware and similar procedures, services and related resources. Information Technology (IT) developed in a rapidly changing global environment, and challenges us to courageous initiatives to address a host of vital skilled human resources. To overcome the challenges the bank has a IT policy. The IT policy of the bank includes the purchase policy, hardware policy, software development policy, banking application usage policy, security policy, disaster recovery policy etc. The bank is now implementing its 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, 2022 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:

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	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investments in Associates & Joint Ventures	28	N/A
Financial Instruments: Presentation	32	Applied
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

Name of the IFRS	IFRS No.	Status
Financial Instruments: Disclosures	7	Applied
Financial Instruments: Recognition and Measurement	9	Applied
Consolidated Financial Statements	10	Applied
Disclosure of interest in other entities	12	Applied
Fair value Measurement	13	Applied
Revenue from contracts with customers	15	Applied
Leases	16	Applied

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 380th Meeting held on 23 November, 2022 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	Nasir Uddin	Member	M.A. (Pass)
5	M. Kamal Uddin Chowdhury	Member	B.Com

During the period 2022 the audit committee of the bank conducted 07 (seven) meetings in which among others, the following issues were discussed:-

- Reviewing the inspection report of different branches of AIBL conducted by the bank internal inspection team from time to time and status of compliance thereof.
- Reviewing the comprehensive inspection report of different branches of AIBL conducted by Bangladesh Bank and status of compliance thereof.
- Reviewing the financial statements of the bank for the period 31 December, 2022.

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 2022 compared to 2020.

			2022 Taka	2021 Taka
5. Cash in hand				
a) Cash in hand				
In local currency			4,934,384,054	3,209,848,106
In Foreign currency (Note 5.a.ii)			2,698,107	8,085,000
			4,937,082,161	3,217,933,106
b) Balance with Bangladesh Bank				
In local currency			23,547,907,841	19,000,036,966
In Foreign currency			1,893,564,550	269,017,371
			25,441,472,391	19,269,054,337
c) Balance with Sonali Bank Ltd.				
In local currency			1,251,657,220	1,187,493,994
In Foreign currency			-	-
			1,251,657,220	1,187,493,994
5.a.i	Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)		26,693,129,611	20,456,548,331
5.a.ii	In Foreign currency			
	Currency Name	Amount in FC	Ex. Rate	Amount in BDT
	US Dollar	26050	103.57	2,698,107
	Great Britain Pound			762,256
	EURO			-
	REYAL			-
				2,698,107
				8,085,000
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)		17,697,296,000	15,257,506,000
	Actual reserve held with Bangladesh Bank		23,994,224,000	18,947,749,000
	Surplus/(Deficit)		6,296,928,000	3,690,243,000
	Statutory Liquidity Requirments (SLR)			
	Required Reserve(5.50 % of Average Demand and Time Liabilities)		24,767,914,000	21,309,191,000
	Actual reseve held		30,474,965,000	27,910,362,000
	Surplus/(Deficit)		5,707,051,000	6,601,171,000
5.A	Cash in hand			
	Al-Arafah Islami Bank Ltd.		4,937,082,161	3,217,933,106
	AIBL Capital Market Services Ltd.		-	5,602
	AIBL Capital Management Ltd.		4,852,045	14,114,828
	Millennium information solution Ltd.		-	-
			4,941,934,206	3,232,053,536
6.	Balance with other Banks and Financial Institutions			
a)	In Bangladesh:			
	Al-Wadia Current Accounts			
	Islami Bank Bangladesh Limited.		9,737,063	2,345,593
	Dutch Bangla Bank Limited.		231,078	235,458
	National Bank Limited.		235,815	2,176,505
	Agrani Bank Limited.		13,611,592	20,576,000
			23,815,547	25,333,555
	Short Term Deposits			
	Dhaka Bank Limited.		499,487	52,198,332
	Prime Bank Limited.		273,413	5,067,421
	Social Islami Bank Limited.		43,953,638	394,312,546
	Shahjalal Islami Bank Limited.		13,108,929	1,896,730,870
	EXIM Bank Limited.		29,138,745	74,906,530
	ICB Islamic Bank Limited.		162,028,614	162,068,844
	Jamuna Bank Limited.		8,831,357	44,611,746
	The City Bank Limited.		3,136,339	15,496,381
	Southeast Bank Limited.		524,669	37,673,703
	AB Bank Limited.		55,470	6,849
	Bank Alfah Limited.		12,639	425,246,611
			261,563,300	3,108,319,832
			285,378,847	3,133,653,387

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

b. Outside Bangladesh (NOSTRO A/C)

				2022 Taka	2021 Taka
Name of bank	Currency Name	Amount in Foreign Currency	Conversion rate per unit F.C	Amount in BDT.	Amount in BDT.
HABIB BANK AMERICAN BANK, NEW YORK, USA	USD	(3,377,173)	103.30	(348,851,872)	44,124,251
ICICI BANK LIMITED, HONGKONG	USD	(2,120,781)	103.30	(219,070,360)	32,641,103
MASHREQUE BANK PSC, NEW YORK	USD	(2,052,706)	103.30	(212,038,337)	72,900,023
CITIBANK N.A., NEW YORK, USA	USD	(2,377,446)	103.30	(245,583,066)	(146,836,571)
STANDARD CHARTERD BANK LTD, NEW YORK	USD	(4,515,166)	103.30	(466,403,131)	321,113,043
COMMERZBANK AG, FRANKFURT	USD	(2,138,837)	103.30	(220,935,468)	22,006,301
AL RAJI BANKING & INV CORP, KSA	SAR	358,086	27.49	9,844,112	12,724,401
EMIRATES NBD, RIYADH, KSA	SAR	190,435	27.49	5,235,219	12,499,550
RIYAD BANK, KSA	SAR	365,658	27.49	10,052,268	4,833,612
STANDARD CHARTERD BANK LTD, JAPAN	JPY	(4,377,322)	0.77	(3,379,293)	227,769
STANDARD CHARTERD BANK LTD, LONDON	GBP	5,367,901	124.19	666,661,107	1,058,939
COMMERZBANK AG, FRANKFURT AM	GBP	65,066	124.19	8,080,755	5,710,469
COMMERZBANK AG, FRANKFURT AM	EURO	278,586	109.84	30,598,672	1,956,456
STANDARD CHARTERD BANK LTD, FRANKFURT	EURO	4,753,996	109.84	522,158,424	95,944,205
INTESA SANPAOLO SPA, ITALY	EURO	247,073	109.84	27,137,488	27,948,192
SHANGHAI PUDONG DEVELOPMENT BANK, CHINA	CNY	1,569,850	14.84	23,293,904	3,949,930
HABIB BANK AG, ZURICH	CHF	213,196	111.60	23,792,672	5,997,565
ABU DHABI COMMERCIAL BANK PJSC, UAE	AED	516,268.85	28.1249	14,520,010	852,152
PUNJAB NATIONAL BANK, KOLKATA, ACUE	ACUE	7,812	109.84	858,064	-
UNITED BANK OF INDIA, KOLKATA, ACUE	ACUE	-	#DIV/0!	-	757,764
AB BANK LTD, MUMBAI	ACUD	150,718	103.30	15,568,667	38,416,251
AXIS BANK LTD, KOLKATA	ACUD	247,798	103.30	25,596,772	32,475,419
BANK OF BHUTAN, BHUTAN	ACUD	48,442	103.30	5,003,926	11,916,532
ICICI BANK LIMITED, MUMBAI	ACUD	374,464	103.30	38,681,022	109,726,793
MASHREQUE BANK PSC, MUMBAI	ACUD	2,518	103.30	260,054	29,438,122
SONALI BANK LTD, KOLKATA	ACUD	41,847	103.30	4,322,657	12,191,028
STANDARD CHARTERD BANK LTD, KARACHI	ACUD	168,964	103.30	17,453,516	24,062,953
STANDARD CHARTERD BANK LTD, MUMBAI	ACUD	244,628	103.30	25,269,298	57,783,990
HABIB METROPOLITAN BANK LTD, KARACHI	ACUD	11,911	103.30	1,230,330	35,976,868
STANDARD CHARTERD BANK, KOLKATA (AMEX)	ACUD	-	0.00	-	13,376,118
KUMARI BANK LTD, NEPAL	ACUD	13,975	103.30	1,443,576	8,384,805
PUNJAB NATIONAL BANK, KOLKATA	ACUD	201,519	103.30	20,816,270	13,282,501
				(218,382,747)	907,440,533
Placement to OBU-USD				10,229,014,113	8,000,042,151
				10,010,631,366	8,907,482,685
				10,296,010,213	12,041,136,072

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

a) In Bangladesh:

Al-Arafah Islami Bank Ltd. [Note-6.a]
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.

Less: Inter-Company Adjustment

b. Outside Bangladesh

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

Payable on Demand
Up to 1 (one) month
Over 1 (one) Month but not more than 3 (three) Months
Over 3 (three) Months but not more than 1 (one) year
Over 1 year but not more than 5 years
Over 5 years

285,378,847	3,133,653,387
291,454,632	254,078,915
-	-
576,833,479	3,387,732,302
(291,454,632)	(254,078,915)
285,378,847	3,133,653,387
10,010,631,366	8,907,482,685
10,296,010,213	12,041,136,072

123,300,000	3,528,100,000
2,000,000,000	145,900,000
1,000,000,000	1,100,000,000
-	-
7,172,710,213	7,267,136,072
10,296,010,213	12,041,136,072

7. Placement with Banks & Other Financial institutions

The City Bank Limited.
Exim Bank Limited.
Premier Bank Limited.
Southeast Bank Limited.
Islamic Finance and Investment Limited.
Union Bank Limited.
Mercantile Bank Limited.
Social Islami Bank Limited.
Dhaka Bank Limited.
Shahjalal Islami Bank Limited.
Standard Bank Limited
Midland Bank Limited.
Agrani Bank Limited.

F.c. placement local (usd)

-	-
-	6,300,000,000
-	2,000,000,000
-	300,000,000
1,000,000,000	1,200,000,000
2,000,000,000	1,000,000,000
-	300,000,000
-	2,840,000,000
-	1,000,000,000
-	250,000,000
-	2,500,000,000
-	600,000,000
-	3,550,000,000
3,000,000,000	21,840,000,000
4,978,915,400	2,145,000,000
7,978,915,400	23,985,000,000
7,978,915,400	23,985,000,000
7,978,915,400	23,985,000,000

7.A Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.

8. Investment in Shares & Securities

Bangladesh Govt. Islami Bond Fund (8.a)
Bangladesh government investment sukuk (BGIS) (8.a)
Investment In Islamic Refinance Fund (8.a)
Investment in Share (8.b)

11,500,000,000	13,500,000,000
15,410,280,000	9,504,940,000
500,000,000	500,000,000
8,342,669,347	5,472,068,391
35,752,949,347	28,977,008,391

8.a Investments in Share & Securities

Government Securities
Bangladesh Govt. Islami Bond Fund
Bangladesh government investment sukuk (BGIS) (8.a)
Investment in Islamic Refinance Fund

8.b In shares (quoted and unquoted)

Quoted

Private (8.b.i)

Unquoted

Private (8.b.ii)

8.b.i Book value of share as on 31 December 2022 as follows

Quoted shares in (Schedule of Shares and Securities are given Annexure B)

Dafodilco
padmaoil
Primetex
Jamunaoil
primelife
Bbscables
Sinobangla
Premiercem
UNIONINS
BDTHAIFOOD
BEXIMCO
BSC
EHL
ITC
TITASGAS
TOSRIFA
UNIQUEHRL
BDCOM
SPCL
ACIFORMULA
ACMELAB
MALEKSPIN
NORTHERNINS
BSCCL
LHBL
NAHEEACP
RUNNERAUTO
ibnsina
Lindbd
BEXGSUKUK
AIBL 1st Islamic Mutual Fund

8.b.ii Unquoted shares in

Swift Share
Inv in union bank mudaraba sub-or
Investment in sibl perpetual bond
Investment in ibbl second mudara
Investment in sbl perpetual bond
investment in sibl 4th subordinate bond
investment in ibbl 4th subordinate bond
Investment in Millennium Information Solution Limited

8.A Investment in Shares & Securities

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd. 8.A.ii
AIBL Capital Management Ltd. 8.A.ii
Millennium information solution Ltd. 8.A.ii

8.A.i Investment in Shares & Securities

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.

8.A Maturity grouping of investments

Payable on Demand
Not more than 3 months
Over 3 (three) months but not more than 1 (one) year
Over 1 year but not more than 5 years
More than 5 years

9. Investments

a) General Investment

i. in Bangladesh
Murabaha Investment
Bai-Muazzal Investment
Hire Purchase Investment
Quard
Other Investment

Less: Unearned profit on Investment

b) Bill Purchased & Discounted

Payable in Bangladesh
Payable out side Bangladesh

c) Maturity grouping of Investment Including bills purchased and discounted

Payable on Demand
Up to 1 (one) month
Over 1 (one) month but not more than 3 (three) months
Over 3 (three) months but not more than 1 (one) year
Over 1 year but not more than 5 years
Over 5 years

2022 Taka	2021 Taka
27,410,280,000	23,504,940,000
11,500,000,000	13,500,000,000
15,410,280,000	9,504,940,000
500,000,000	500,000,000

902,592,719	931,991,763
7,440,076,628	4,540,076,628
8,342,669,347	5,472,068,391

329,597,028	337,651,147
395,722	17,742,023
-	25,658,888
8,855,453	8,855,453
140,558,755	197,308,404
7,740,115	5,063,220
550,539	31,756,505
48,741,034	27,720,667
46,380	-
35,540	-
2,322,099	-
4,274,995	-
7,139,281	-
1,876,831	-
4,989,041	-
5,464,058	-
10,867,788	-
2,202,683	-
2,610,252	-
2,828,826	-
2,150,700	-
4,170,750	-
2,369,176	-
12,017,378	-
5,487,803	-
1,451,039	-
2,296,135	-
3,267,235	9,042,717
18,286,086	1,192,739
100,000,000	100,000,000
170,000,000	170,000,000
902,592,719	931,991,763

7,453,233	7,453,233
400,000,000	500,000,000
1,000,000,000	1,000,000,000
2,000,000,000	2,000,000,000
1,000,000,000	1,000,000,000
1,000,000,000	-
2,000,000,000	-
29,484,505	29,484,505
7,440,076,628	4,540,076,628
8,342,669,347	5,472,068,391

35,752,949,347	28,977,008,391
662,120,683	662,120,683
531,854,372	517,010,792
-	-
36,946,924,402	30,156,139,866

8,342,669,347	5,472,068,391
662,120,683	662,120,683
531,854,372	517,010,792
9,536,644,402	6,651,199,866

-	-
942,700,000	972,100,000
-	-
36,004,224,402	29,184,039,866
36,946,924,402	30,156,139,866

106,752,007,341	86,322,076,719
154,270,820,903	129,337,794,964
125,258,177,749	107,165,266,820
1,427,689,425	2,200,822,788
4,979,702,571	5,857,967,923
392,688,397,989	330,883,929,214
8,887,846,742	8,340,204,245
383,800,551,247	322,543,724,969

20,824,372,694	11,622,369,941
1,560,347,719	1,925,512,189
22,384,720,413	13,547,882,130
406,185,271,660	336,091,607,099

74,001,600,000	60,054,761,420
108,063,400,000	93,530,861,420
128,040,200,000	104,749,861,420
65,062,200,000	51,532,261,420
31,017,871,660	26,224,061,419
406,185,271,660	336,091,607,099

2022 Taka	2021 Taka
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d) An analysis to disclose following Significant concentration :

i. Investment to Directors and others	-	-
ii. Investment to Managing Director and Chief Executive	-	-
iii. Investment to customer (No. of clients with amount of outstanding and classified loan to whom loans and investment sanctioned more than 10% of total capital of the Bank)	176,693,500,000	149,637,600,000
iv. Investments to customers for more than 10% of Bank's Total Capital	39	43
Number of clients	176,693,500,000	149,637,600,000
Amount of outstanding Investment	-	-
Amount of Classified Investment	-	-

Name of Clients	Funded	Non-Funded	Figure in crore	Figure in crore
01 Meghna Group	0.35	460.67	461.02	522.72
02 City Group	418.73	612.24	1,030.97	590.41
03 Thermax Group	419.24	132.24	551.48	492.05
04 Majumder Traders	209.08	70.90	279.98	382.36
05 T K Group	104.91	94.06	198.97	167.34
06 Abul Khair Steel Industries Ltd.	49.68	549.47	599.15	491.48
07 AIBL Capital Market Services Ltd.	392.51	40.00	432.51	528.01
08 Noapara Traders	29.91	626.82	656.73	273.00
09 Techno Electricals Ltd	166.69	525.50	692.19	186.87
10 Badsha Group	169.45	269.46	438.91	490.66
11 Aman Tex Limited	-	-	-	413.10
12 Masihata Sweaters Ltd.	277.90	393.31	671.21	560.93
13 Tafid Cotton Mills Ltd.	412.51	41.29	453.80	538.72
14 The Rani Concast, Rani Re-Rolling & RRM Electron	-	-	-	326.69
15 Sheikh Brother & its Sister Concern	156.98	444.40	601.38	914.44
16 Runner Motors Ltd. & Promita	-	-	-	217.81
17 Bangladesh Steel Re-rolling Mills	85.36	277.43	362.79	311.85
18 NICE Denim Mills Ltd.	401.55	241.73	643.28	655.76
19 Younus Paper Mills Ltd & its sister concern	154.01	47.03	201.04	262.46
20 Momtex	368.91	138.13	507.04	420.51
21 Kader Compact Spinning Mills	-	-	-	320.59
22 Kabir Steel Re-rolling Mills	447.09	104.88	551.97	571.50
23 IBN Sina	235.20	75.14	310.34	345.46
24 Ayman Textile & Hosiery Ltd.	413.27	0.77	414.04	414.04
25 Aman Group	227.79	189.02	416.81	-
26 Nitol Motors Ltd.	386.77	-	386.77	356.57
27 Robiul Islam, M/S. Rahman Traders & M/S. Zobari Traders	-	-	-	342.10
28 Creative paper Mills	-	-	-	354.73
29 Biswas Poultry & Fish Feeds Ltd.	442.27	52.41	494.68	419.98
30 PRAN-RFL Group	72.70	340.14	412.84	286.50
31 Delta Group	387.75	0.72	388.47	384.23
32 M S Dyeing, Printing & Finishing Ltd.	641.23	234.16	875.39	-
33 Mahmud Fabrics And Finishing Ltd.	575.54	132.45	707.99	779.77
34 S Suhi industrial Park Ltd	710.69	124.50	835.19	846.36
35 Smile Food Products Ltd	-	63.38	63.38	149.96
36 H.R. Re-Rolling Mills	100.18	174.66	274.84	193.22
37 Healthcare pharmaceuticals Ltd.	-	-	-	124.47
38 Max Infrastructure Ltd.	158.47	169.64	328.11	327.11
39 Nassa Taipei Denim & Textile Ltd	426.23	58.52	484.75	487.56
40 Bashundhara Group	636.11	55.41	691.52	907.01
41 Formula One	-	341.41	341.41	386.27
42 Birds Garments Ltd, Unit-2, Birds R N R Fashion Ltd, & Birds A & Z Ltd, Khair	93.42	81.14	174.56	-
43 Esquire Knit Composite & Esquire Dyeing Industries Limited	237.99	166.00	403.99	-
44 GMS Trims Ltd., GMS Composite Knitting Ltd	33.65	9.01	42.66	-
45 Unique Hotel & Resorts Ltd.	228.79	-	228.79	-
46 ECO INTIMATES LTD	35.70	22.70	58.40	-
47 Mir Akter	-	-	-	286.65
48 Buildstone Construction Co. Ltd.	-	-	-	251.53
	10,308.61	7,360.74	17,669.35	17,282.78

v) Industry/Sector wise Investments

Agriculture	4,729,622,382	5,663,500,000
Industry	199,256,000,000	178,629,900,000
Construction	29,625,600,000	24,653,900,000
Power, Gas, Water & Sanitary Services	3,259,600,000	2,807,700,000
Transport & communication	12,988,129,991	11,341,300,000
Trade Service	139,452,802,566	115,621,408,696
Storage	21,659,060,439	1,753,800,000
Professional & Miscellaneous Service	4,102,303,024	3,960,302,648
	415,073,118,402	344,431,811,344
Less: Unearned profit on Investment	8,887,846,742	8,340,204,245
	406,185,271,660	336,091,607,099

vi) Geographical Location -wise Investment

Urban:	382,251,817,575	325,933,829,009
Dhaka Region	307,115,841,883	260,538,764,572
Chittagong Region	41,269,390,124	38,886,917,343
Sylhet Region	2,463,008,298	1,062,490,925
Rajshahi Region	7,607,136,698	6,711,620,886
Mymensing	2,001,585,683	3,906,143,427
Khulna Region	12,561,699,075	7,853,894,878
Rangpur Region	5,977,182,977	3,594,003,561
Barisal Region	3,255,972,837	3,379,993,417

Rural:

Dhaka Region
Chittagong Region
Sylhet Region
Mymensing
Rajshahi Region
Khulna Region
Rangpur Region
Barisal Region

2022 Taka	2021 Taka
32,821,300,827	18,497,982,335
15,428,792,480	1,155,605,025
8,653,453,422	6,955,001,100
351,193,855	662,255,000
209,728,027	2,755,021,200
3,460,703,761	319,450,000
3,139,778,189	3,560,050,000
1,044,981,487	2,245,000,000
532,669,806	845,600,010
415,073,118,402	344,431,811,344
8,887,846,742	8,340,204,245
406,185,271,660	336,091,607,099

Less: Unearned profit on Investment

e) Classification of Investment including bills purchased and discounted

Unclassified

Standard including (Staff investment)
Special Mention Accounts (SMA)

Classified

Sub Standard
Doubtful
Bad / Loss

392,635,744,402	327,864,971,344
382,029,640,402	322,876,507,344
10,606,104,000	4,988,464,000
22,437,374,000	16,566,840,000
3,817,629,000	4,694,050,000
4,857,409,000	424,893,000
13,762,336,000	11,447,897,000
415,073,118,402	344,431,811,344
8,887,846,742	8,340,204,245
406,185,271,660	336,091,607,099

Less: Unearned profit on Investment

f) Required Provision on Investment & Off-balance sheet exposures

Unclassified

General provision on unclassified Investment
General provision on small enterprise Investment
General provision on Housing financing Investment
General provision on consumer financing Investment
General provision on Micro Investment
General provision on special mention Investment
General provision on BHS/MHS/SDS

2,905,716,000	2,597,152,001
274,664,000	243,546,000
34,535,000	31,668,000
25,864,000	17,215,000
59,399,000	35,533,000
44,107,000	24,395,000
28,187,000	134,591,000
3,372,472,000	3,084,100,001

Classified

Specific provision on substandard Investment
Specific provision on doubtful Investment
Specific provision on bad/loss Investment

810,144,000	560,609,000
1,444,528,000	36,471,000
8,719,187,000	7,969,703,099
10,973,859,000	8,566,783,099

Unclassified

General provision on Off-balance sheet

1,221,130,772	1,093,400,000
15,567,461,772	12,744,283,100

g) Provision made on Investment & Off-balance sheet exposures

Unclassified

General provision on unclassified Investment
General provision on small enterprise Investment
General provision on Housing financing Investment
General provision on consumer financing Investment
General provision on Micro Investment
General provision on special mention Investment
General provision on BHS/MHS/SDS

2,905,716,000	2,597,152,001
274,664,000	243,546,000
34,535,000	31,668,000
25,864,000	17,215,000
59,399,000	35,533,000
44,107,000	24,395,000
28,187,000	134,591,000
3,372,472,000	3,084,100,001

Classified

Specific provision on substandard Investment
Specific provision on doubtful Investment
Specific provision on bad/loss Investment

810,144,000	560,609,000
1,444,528,000	36,471,000
8,719,187,000	7,969,703,099
10,973,859,000	8,566,783,099

Unclassified

General provision on Off-balance sheet

1,221,130,772	1,093,400,000
15,567,461,772	12,744,283,100

Provision Excess/(Shortfall)

h) Particulars of Investments

i) Investment considered good in respect of which of the bank company is fully secured;

297,910,303,667	248,117,618,428
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ii) Investment considered good against which the banking company holds no security other than the debtors personal guarantee.

117,162,814,728	96,314,192,910
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iii) Investment considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors;

- -

iv) Investment adversely classified; provision not maintained thereagainst;

- -

v) Investment due by directors or officers of the Banking company or any of these either separately or jointly with any other persons;

	2022 Taka	2021 Taka
vi) Investment due from companies or firms in which the directors of the banking company have interests as directors, partners or managing or in the case of private companies as members;	37,590,066	65,053,016
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	13,762,336,000	11,447,897,000
i) Decrease/Increase in provision (Specific)	2,407,075,901	-
ii) Amount of Investment written off;	8,174,626,000	798,433,000
iii) Amount realised against Investment previously written off;	117,391,063	57,842,746
b) Amount of provision kept against Investment classified as "bad/loss" on the date of preparing the balance sheet ;	8,719,187,000	7,969,703,099
c) Profit creditable to the profit suspense/Compensation A/c;	-	-
xi) i) Cumulative amount of the written of Investment;	9,666,793,000	8,467,793,000
ii) Amount written off during the current year;	664,808,334	190,860,995
iii) The amount of written off Investment for which lawsuit has been filed;	8,174,626,000	798,433,000
9.A. Investments	406,185,271,660	336,091,607,099
Al-Arafah Islami Bank Ltd.	596,522,088	784,382,481
AIBL Capital Market Services Ltd.	6,001,121	14,726,383
AIBL Capital Management Ltd.	406,787,794,869	336,890,715,963
Less : Inter company Adjustment	-	-
	406,787,794,869	336,890,715,963
9.A.i Maturity grouping of Investment		
Including bills purchased and discounted		
Payable on Demand	74,001,600,000	60,054,761,420
Up to 1 (one) month	108,063,400,000	93,530,661,420
Over 1 (one) month but not more than 3 (three) months	128,642,723,209	105,548,970,284
Over 3 (three) months but not more than 1 (one) year	65,062,200,000	51,532,261,420
Over 1 year but not more than 5 years	31,017,871,660	26,224,061,419
Over 5 years	406,787,794,869	336,890,715,963
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)	1,264,787,864	1,110,481,309
Furniture (Steel)	211,162,576	198,052,878
Computer	389,089,799	339,509,129
Computer (Accessories)	151,561,819	139,586,740
Motor Car	217,526,499	218,854,314
Machine equipment & appliance	1,426,184,202	1,336,114,375
Online Hardware	990,698,709	945,058,999
Interior Decoration	180,262,680	179,000,650
Right of use Assets as per IFRS-16*	1,708,500,000	1,636,000,000
Books & Library	9,289,182	9,279,367
	9,289,530,351	8,852,404,782
Intangible Assets		
Online Software	609,797,608	514,696,836
Total	9,899,327,959	9,367,101,618
Less Accumulated Depreciation & Amortization	4,760,822,264	3,904,031,910
	5,138,505,695	5,463,069,708
Schedule of Fixed Assets are given in Annexure - A.		
10.A. Fixed Assets		
Al-Arafah Islami Bank Ltd.	5,138,505,694	5,463,069,708
AIBL Capital Market Services Ltd.	5,329,684	6,690,525
AIBL Capital Management Ltd.	594,072	512,402
	5,144,429,450	5,470,272,635

11. Other Assets

Acquiring settlement
cash incentive from b. Bank (f. Rem
Suspense account
Stock of stationary
Stamp in hand
security deposit
Advance rent
Stock of atm card
P.r (bb) against stimulus fund
Investment for Subsidiary Companies
Advance Income Tax & TDS [Note 11.2]
Protested bill
Prepaid expenses
Balance with cmsl for portfolio account
Parking for overdue claims (ibw)
Accrued income
Scb mc settlement a/c (local)
Remittance adjustment a/c
Clearing adjustment
Dividend receivable
Due from off-shore Banking unit

Less: Balance with OBU for elimination investment with OBU

Investment in subsidiary
Less: Sale of Investment

11.1 Classification of other Assets under the following catagories

- i) Investment in shares of subsidiary companies;
In Bangladesh
- ii) Stationery, Stamps, Printing materials etc.
- iii) Advance rent and advertisement;
- iv) Profit accrued on Investment but not collected, commision &
brokerage receivable on shares and debenture and other income receivable
- v) Security deposit
- vi) Preliminary, formation and organization expenses, renovaition
- vii) Acquiring settlement
- viii) Suspenses account
- ix) cash incentive from b. Bank (f. Rem
- x) Protested Bills
- xi) Dividend Receivable
- xii) Stock of atm card
- xiii) Others
- xiii) Others
Clearing adjustment
Remittance adjustment a/c
Advance Income Tax & TDS
Scb mc settlement a/c (local)
Balance with cmsl for portfolio account
Parking for overdue claims (ibw)
Remittance adjustment a/c

11.2 Advance Income Tax & TDS

- i) Beginning of the year
Advance tax paid during the year
Tax deducted at Source during the year
Settlement for previous year
Advance income tax at the end of the year

11.A. Consolidated Other Assets

Al-Arafah Islami Bank Ltd.
AIBL Capital Market Services Ltd.
AIBL Capital Management Ltd.

Less: Inter-Company Adjustment

12. Non-Banking Assets

2022 Taka	2021 Taka
252,524,592	167,495,746
800,100,000	-
35,241,112	47,190,764
149,000,433	105,202,072
12,661,217	9,469,036
5,215,587	5,108,992
413,525,068	391,982,212
-	1,050,000
66,564	97,374,511
2,910,000,000	2,910,000,000
19,486,759,040	16,679,938,718
11,128,534	18,539,796
5,794,354	2,255,786
1,470,636,188	1,433,093,999
311,848,228	135,951,643
1,721,012,073	994,244,364
11,099,110	8,420,248
150,000,099	100,000,050
174,394,440	76,829,300
10,109,220	5,979,475
25,664,698,424	21,450,372,206
53,595,815,494	44,640,500,129
25,664,698,424	21,450,372,206
27,931,117,070	23,190,127,923
29,484,505	29,484,505
-	-
29,484,505	29,484,505
2,910,000,000	2,910,000,000
-	-
161,661,650	114,671,108
413,525,068	391,982,212
1721012073	994244364
5,215,587	5,108,992
5,794,354	2,255,786
252,524,592	167,495,746
35,241,112	47,190,764
800,100,000	-
11,128,534	18,539,796
10,109,220	5,979,475
-	1,050,000
21,604,804,880	18,537,587,944
27,931,117,070	23,196,106,187
174,394,440	76,829,300
-	-
19,486,759,040	16,679,938,718
11,099,110	8,420,248
1,470,636,188	1,433,093,999
311,848,228	135,951,643
150,001,310	100,000,050
21,604,804,880	18,531,608,468
16,679,938,718	14,617,955,826
2,648,735,003	1,908,417,810
158,085,319	153,565,082
-	-
19,486,759,040	16,679,938,718
27,931,117,070	23,190,127,923
10,862,347,233	10,104,219,007
32,631,853	19,961,514
38,826,096,155	33,314,308,443
(2,910,000,000)	(2,910,000,000)
35,916,096,155	30,404,308,443
50,875,037	50,875,037

2022 Taka	2021 Taka
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13. Placement from Banks & Other financial Institutions

The Bank has taken finance from Islamic Investment Bond (Islami Bond) at banks' own mudaraba savings rate (i.e. as on 31ST December 2022 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	8-Jan-2023	D.P Note	500,000,000	1,000,000,000
	Borrowing from Bangladesh Bank	11-Jan-2023	D.P Note	500,000,000	2,000,000,000
	Borrowing from Bangladesh Bank	15-Jan-2023	D.P Note	500,000,000	2,000,000,000
	Borrowing from Bangladesh Bank	31-Jan-2023	D.P Note	500,000,000	2,000,000,000
	Borrowing from Bangladesh Bank	8-Feb-2023	D.P Note	1,000,000,000	2,000,000,000
	Borrowing from Bangladesh Bank	12-Feb-2023	D.P Note	500,000,000	-
	Borrowing from Bangladesh Bank	14-Feb-2023	D.P Note	1,000,000,000	-
	Borrowing from Bangladesh Bank	22-Feb-2023	D.P Note	1,500,000,000	-
	Borrowing from Bangladesh Bank	22-Mar-2023	D.P Note	3,000,000,000	-
	Borrowing from Bangladesh Bank	27-Mar-2023	D.P Note	500,000,000	-
	Borrowing from Bangladesh Bank	29-Mar-2023	D.P Note	2,000,000,000	-
				11,500,000,000	9,000,000,000
				37,530,885,723	18,343,210,872
b.	F.C. BORROWING FROM BANGLADESH BANK				
	F.c. borrowing from B.B (USD)			26,918,101,984	-
	Borrowing from B. Bank stimulus Fund (QSF)			227,198,611	1,262,813,140
	Borrowing from B. Bank stimulus Fund (AGRI)			789,776,206	562,245,000
	Borrowing from B. Bank refinance Scheme (CMSME)			3,403	775,829,783
	Borrowing from B. Bank refinance (WORKING CAPITAL)			411,808,520	-
	Borrowing from B. Bank bai-istishna finance (BB-Preshipment)			30,000,000	-
	Borrowing from BB women enterprenure Re-Finance(CMSME)			93,287,000	-
	Borrowing from BB 10/50/1000 taka Refinance (FID)			47,250,000	-
	Borrowing from bb ghore fera Ee-finance (FID)			48,800,000	-
	Borrowing from B.bank sukuk fund (IBLF)			8,950,000,000	-
	Borrowing from B.bank agriculture Crops Re-Finance 1000 Crore			14,660,000	15,742,322,948
				-	-
c.	Out side Bangladesh			49,030,885,723	27,343,210,872
13.A	Placement from Banks & Other financial Institutions				
	Al-Arafah Islami Bank Ltd.			49,030,885,723	27,343,210,872
	AIBL Capital Market Services Ltd.			5,092,356,990	5,163,550,237
				54,123,242,713	32,506,761,109
14.	Deposit and Other Accounts				
	Mudaraba Savings Deposits			69,141,332,232	62,011,042,726
	Mudaraba Term Deposits			193,376,026,240	175,739,194,371
	Other Mudaraba Deposits [Note :14.i]			68,952,559,817	68,093,138,221
	Al-Wadia Current Accounts and Others Accounts etc. [Note: 14.ii]			58,456,929,183	43,639,188,504
	Bills Payable			4,410,444,671	4,059,481,203
				394,337,292,143	353,542,045,025
14.i.	Other Mudaraba Deposits				
	Mudaraba Short Term Deposit			29,351,953,149	27,878,761,286
	Installment Term Deposit (Ittd)			23,722,544,353	23,089,167,411
	Savings Inv. Deposit (Sid)			5,097,893	7,402,166
	P/P Term Deposit (Ptd)			7,470,716,223	7,434,782,237
	Monthly Hajj Deposit (Mhd)			237,444,482	238,875,966
	Term Hajj Deposit (Thd)			3,524,493	3,548,315
	Marriage Savings & Invt. Scheme			779,265	670,217
	Special Pension Dep. Scheme			18,137,627	3,773,268
	Mudaraba Term Cash Waqf Deposi			62,272,137	72,970,341
	Lakhapati Deposit Scheme (Lds)			83,581,948	111,760,029
	Millionaire Dep. Scheme (Mmids)			2,694,876,572	3,111,638,016
	Kotipoti Deposit Scheme (Mkds)			2,205,840,520	2,240,940,296
	Double Benefit Dep. Scheme (Dbds)			389,968,055	742,170,944
	Pension Dep. Scheme (Pds)			2,575,207,387	2,976,971,867
	Triple Benefit Dep. Scheme (Tbds)			130,615,713	179,705,862
				68,952,559,817	68,093,138,221
14.ii	Al-wadeeah Current Accounts and Other Accounts				
	Al-wadeeah Current Deposits			27,461,247,453	26,253,187,927
	Sundry Deposit			19,045,224,919	12,909,524,574
	Profit Payable For All Deposit Ac			3,982,596,329	2,934,255,132
	F.C Held against EDF			604,524,392	167,243,984
	F.C Deposit Account			7,363,336,090	1,374,976,887
				58,456,929,183	43,639,188,504
14.A.	Consolidated Deposit and other Accounts				
	Mudaraba Savings Deposits			69,141,332,232	62,011,042,726
	Mudaraba Term Deposits [Note :14.A.ii]			193,084,571,608	175,485,115,456
	Other Mudaraba Deposits			68,952,559,817	68,093,138,221
	Al-Wadia Current Accounts and Others Accounts etc.			58,456,929,183	43,639,188,504
	Bills Payable			4,410,444,671	4,059,481,203
				394,045,837,511	353,287,966,110
14.A.i	Maturity-wise Classification of Deposits				
	i. Repayable on Demand			10,787,600,000	8,063,000,000
	With a residual maturity of				
	ii. Repayable within 1 (one) month			51,200,017,918	46,150,966,000
	iii. Over 1 (one) month but within 6 (six) months			133,791,944,642	135,934,172,087
	iv. Over 6 (six) months within 1 (one) year			112,562,382,808	92,355,348,999
	v. Over 1 (one) year within 5 (five) years			52,316,800,000	45,257,900,000
	vi. Over 5 (five) years within 10 (ten) years			33,386,285,013	25,525,128,672
	vii. Unclaimed Deposits 10 (ten) years and above			807,130	1,450,354
				394,045,837,511	353,287,966,110
14.A.ii	Mudaraba Term Deposits				
	Less: Inter-Company Adjustment			193,376,026,240	175,739,194,371
				(291,454,632)	(254,078,915)
				193,084,571,608	175,485,115,456

15. Other Liabilities

Provision for unclassified investment [15.2.a.ii]
1.5% & 2 % general provision - covid-19
Provision for classified investment [15.2.a.i]
Provision for off balance sheet item [15.a.iii]
Provision for Outstanding expense
Provision for taxation [15.1]
provision for Others
Provision for diminution in value of investment
Provident fund
Adjustment a/c credit balance
Clearing adjustment
Interest income
Cib collection charge
Risk fund for shbis
F.c. held against bb l/c
Credit card payment (local)
Supervision fees (sme)
b.b borrowing Settlements
Electronic govt procurement
Profit rent suspense
Compensation receivable
Mastercard Settlement Account
1 % strat-Up fund
Lease Liabilities as per IFRS-16 Leases *

2022 Taka	2021 Taka
3,372,472,000	3,084,100,000
343,313,000	541,424,000
10,973,859,000	8,566,783,099
1,221,130,772	1,093,400,000
19,597,361	5,001,470
20,454,150,492	17,280,168,856
40,507,536	18,747,964
72,049,274	40,659,950
1,500	16
3,353,975	3,587,475
51,176,917	256,522,409
6,293,088	-
29,372,703	24,141,583
9,798,202	74
94,973	94,973
19,845,403	15,435,609
589,976	594,841
70,334,620	19,506,849
1,425,259	1,242,771
496,991,446	368,939,189
2,471,834,391	1,242,589,933
835,541,057	44,270,101
65,998,464	45,741,472
940,800,002	1,216,000,000
41,500,531,411	33,868,952,635

15.1 Provision for income Tax

Current tax
Provision held at the beginning of the year
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
3,173,981,638	2,706,560,843
-	-
20,454,150,493	17,280,168,856

15.1.a Provision for Current Tax made during the year

Income Tax on Business Income
Capital gain
Cash Dividend
Excess Profit Tax (+)
Estimated Provision Required as at December 31,2022 (i)

2,957,459,811	2,487,522,473
953,625	2,693,406
5,936,598	6,713,359
-	-
2,964,350,034	2,496,929,239

Balance as at January 1,2022
Tax for previous year (-)
Actual provision for tax held (II)
Estimated provision needs to be made (I-II)
Provision actually made during the year

17,280,168,856	14,573,608,013
17,280,168,856	14,573,608,013
20,454,150,493	17,280,168,856
3,173,981,638	2,706,560,843
2,964,350,034	2,496,929,239

A. Computation of Taxable Profit
Profit before tax
Add:Inadmissible expenditure
Less: Item of income for sparate Consideration
Less: Further allowable Expenditure
Estimated Business Income other than 82(C)
Add: Capital Gain
Add:Cash dividend
Total Taxable Income

5,150,502,491	4,690,309,671
4,180,400,622	3,213,489,721
39,219,243	60,500,859
846,106,764	650,887,660
8,445,577,106	7,192,410,872
953,625	2,693,406
5,936,598	6,713,359
8,452,467,329	7,201,817,638

15.2 Provision on Investment & Others

Provision against Classified Investments (Specific) [15.2.a.i]
Provision against Unclassified Investments (general) [15.2.a.ii]
Provision against Off-balance Sheet exposures [15.2.a.iii]
Provision for diminution in value of investments [15.3]
Total Provision Held (a)

10,973,859,000	8,566,783,099
3,372,472,000	3,084,100,001
1,221,130,772	1,093,400,000
72,049,275	40,659,950
15,639,511,047	12,784,943,050

a) The movement in Specific provision on classified Investment :
i) Provision held at the beginning of the year
Fully provision debt written off
Recoveries of amount previously written off
Specific provision for the year
Provision transferred from covid-19
Provision held at the end of the year
ii)a. The movement in general provision on unclassified Investment :
Provision held at the beginning of the year
Provision during the year
Provision transferred from classified investment
Provision held at the end of the year
iii) The movement in provision against Off-balance sheet exposures
Provision held at the beginning of the year
Provision during the year
Provision held at the end of the year
Total general provision on Investment

8,566,783,099	6,644,357,001
(664,808,334)	(190,860,995)
117,391,063	57,842,746
2,751,893,172	2,055,444,347
202,600,000	-
10,973,859,000	8,566,783,099
3,084,100,000	2,787,100,000
288,372,000	297,000,000
-	-
3,372,472,000	3,084,100,000
3,372,472,000	3,084,100,000
1,093,400,000	935,500,001
127,730,772	157,900,000
1,221,130,772	1,093,400,000
15,567,461,772	12,744,283,099

	2022 Taka	2021 Taka
b) Provision for Others		
Provision held at the beginning of the year	18,747,964	18,747,964
Provision during the year	30,129,000	-
	48,876,964	18,747,964
Less, Adjustment during the year	8,369,428	-
Provision held at the end of the year	40,507,536	18,747,964
15.3 Provision for diminution in value of investment in Share		
Provision held at the beginning of the year	40,659,950	32,199,990
Provision transferred to classified Investment	31,389,324	8,459,961
Provision held at the end of the year	72,049,274	40,659,950
15.4 General provision -COVID-19 :	541,424,000.00	404,650,000.00
Transferred to 1.5 % General provision -COVID-19	-	(215,400,000.00)
Provision during the year	-	(189,250,000.00)
	541,424,000.00	215,400,000.00
Transferred From 1.5 % General provision -COVID-19	-	189,250,000.00
Transferred From 2 % General provision -COVID-19	-	136,774,000.00
Provision during the year 2 % General provision -COVID-19	-	326,024,000.00
	(202,600,000.00)	-
Provision transferred to classified investment	343,313,000.00	541,424,000.00
Provision held at the end of the year		
15.5 General Reserve (1 % Start-Up Fund)	45,741,472	25,507,894
Provision during the year	20,256,991	20,233,578
Provision held at the end of the year	65,998,463	45,741,472
15.A.Consolidated Other Liabilities		
Al-Arafah Islami Bank Ltd.	41,500,531,411	33,868,952,635
AIBL Capital Market Services Ltd.	3,064,903,243	2,384,221,150
AIBL Capital Management Ltd.	49,683,290	45,211,508
	44,615,117,944	36,298,385,294
Less: Inter-Company Adjustment	-	-
	44,615,117,944	36,298,385,294
15.I.A Consolidated Current tax		
Al-Arafah Islami Bank Ltd.	3,173,981,638	308,597,329
AIBL Capital Market Services Ltd.	28,840,202	3,554,620
AIBL Capital Management Ltd.	3,487,464	167,830
	3,206,309,304	312,319,779
15.3. Provision for diminution in value of investment		
Al-Arafah Islami Bank Ltd.	72,049,274	40,659,950
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	-	-
	72,049,274	40,659,950
16. Deferred tax Liabilities/ (Assets)		
Opening balance	93,595,145	133,204,157
Add: Addition for the year	(49,178,277)	(39,609,013)
Deferred tax Liabilities on revaluation Reserve	-	-
Provision held at the end of the year	44,416,868	93,595,144
Presented after appropriate offsetting as follows:		
Deferred tax Liabilities(+)	93,595,144	133,204,157
Deferred tax Liabilities on revaluation Reserve	(49,178,277)	(39,609,013)
Deferred tax Liabilities	-	-
Deferred Tax Liabilities(net)	44,416,868	93,595,145
16.A Deferred tax Liabilities/ (Assets)		
Al-Arafah Islami Bank Ltd.	44,416,868	93,595,145
AIBL Capital Market Services Ltd.	-	-
Provision held at the end of the year	44,416,868	93,595,145
17. AIBL Mudaraba Bond		
AIBL Mudaraba Bond	11,010,000,000	9,600,000,000
Perpetual bond	5,000,000,000	5,000,000,000
	16,010,000,000	14,600,000,000
18. a) Authorised Capital		
The Authorized Capital of the Bank is 1,500,000,000 Ordinary Share of Tk. 10 each.	15,000,000,000	15,000,000,000
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)	7,829,682,170	7,829,682,170
	10,649,021,850	10,649,021,850

c) Issued and paid up Capital of the Bank is 106,49,02,185 nos. of shares of Tk. 10 each as follows

Description	2022 No. of Shares	2021 No. of Shares	2022 Total Taka	2021 Total Taka
Sponsors / Promoters	451,238,227	445,921,227	4,512,382,270	4,459,212,270
Institution	328,427,194	318,138,088	3,284,271,940	3,181,380,880
General Public	285,236,764	300,842,870	2,852,367,640	3,008,428,700
Total	1,064,902,185	1,064,902,185	10,649,021,850	10,649,021,850

d) Break-up of Shares Classification of shareholders by holding as on 31-12-2022

Range of Holding	Number of Shareholders	No. of Shares	No. of Shares
Less than 50,000	16,685	64,081,097	6.02%
50,001 to 100,000	159	14,849,996	1.39%
100,001 to 200,000	127	18,900,908	1.77%
200,001 to 300,000	25	8,424,313	0.79%
300,001 to 400,000	31	12,498,863	1.17%
400,001 to 500,000	22	10,205,210	0.96%
500,001 to 1,000,000	34	26,231,165	2.46%
1,000,001 to 10,000,000	74	281,323,098	26.42%
10,000,001 to 20,000,000	29	628,387,535	59.01%
Total	17,186	1,064,902,185	100.00%

	2022 Taka	2021 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	10,649,021,850
Retained Earnings	1,657,715,288	1,643,126,429
Less : Regulatory Adjustment (Goodwill and al other Intangible Assets)	(192,165,313)	(514,696,836)
	<u>22,763,593,675</u>	<u>22,426,473,293</u>
2.Additional Tier-I Capital	5,000,000,000	0
Total Tier-1 Capital	27,763,593,675	27,426,473,293
3.Tier- II (Supplimentary Capital)		
General Provision	5,008,965,047	5,222,943,911
AIBL Mudaraba Bond	11,010,000,000	9,600,000,000
As per Basel III excess amount over maximum limit of T-2	2,557,096,990	(427,367,314)
	<u>18,576,062,036</u>	<u>14,395,576,596</u>
Maximum Limit of tier-2 Capital (considering para 3.2 (v) including foot note no. Of Guidelines)	13,461,868,058	13,932,232,685
3.Tier- III		
A. Total Eligible Capital (1+2)	46,339,655,712	41,822,049,890
B. Total Risk weighted Assets (a+b+c)	304,760,399,596	270,110,220,245
a. Credit Risk	280,230,518,082	244,926,742,164
i. Balance sheet Exposure	273,458,888,082	236,977,560,164
ii. Off-balance sheet Exposure	6,771,630,000	7,949,182,000
b. Market Risk (From WS-3)	2,182,787,429	4,370,700,000
c. Operational Risk (From WS-4)	22,347,094,084	20,812,778,081
C. Capital Adequacy Ratio (CAR) (A / B)	13.53%	15.31%
D. Core Capital to RWA	9.11%	10.15%
E. Supplementary Capital to RWA	4.42%	5.16%
F. Minimum Capital Requirement (MCR) 10.00% of RWA	30,476,039,960	27,011,022,025
G. Capital surplus on risk weighted assets based (A-F)	15,863,615,752	14,811,027,865
H. Required Capital with Conservation Buffer @ 12.50% on RWA	38,095,049,949	33,763,777,531
I. Excess Over Capital with Conservation Buffer (A-H)	8,244,605,762	8,058,272,359
18.A. Non-Controlling Interest		
Opening balance	1,694,593,989	1,655,730,853
Add: Non-Controlling Interest in Profit for the year	(1,165,922)	38,863,136
	<u>1,693,428,067</u>	<u>1,694,593,989</u>
19. Statutory Reserve		
Opening balance beginning of the year	10,649,021,850	10,334,627,824
Add. Reserve @ 20% (on pre-tax profit)	-	314,394,026
Balance at the end of the year.	<u>10,649,021,850</u>	<u>10,649,021,850</u>
20. Revaluation Reserve		
Asset revaluation Reserve	1,084,174,318	1,084,174,318
Total Asset revaluation Reserve	<u>1,084,174,318</u>	<u>1,084,174,318</u>
FC Revaluation Reserve	796,741	157,543
	<u>1,084,971,059</u>	<u>1,084,331,861</u>
21. Retained Earnings		
Opening balance beginning of the year	1,643,126,429	1,616,113,623
Less : Cash Dividend	(1,597,353,278)	(1,597,353,277)
Add: Net Profit / (loss) after tax during the year	2,025,899,129	2,023,357,841
	<u>2,071,472,280</u>	<u>2,042,118,187</u>
Less : Transfer to Statutory Reserve	-	314,394,026
Less : transfer to 1 % strat-Up fund	20,256,991	20,233,578
Less : Profit paid on aibl mudaraba perpetual bond	393,500,000	64,364,153
	<u>1,657,715,288</u>	<u>1,643,126,429</u>
21.A. Consolidated Retained Earnings		
Al-Arafah Islami Bank Ltd.	1,823,372,676	1,732,137,218
Add: Net profit after tax during the year	2,076,584,076	2,087,580,493
Less: Cash dividend to equity holders of the bank	(1,645,148,281)	(1,597,353,277)
Less: Transfer to statutory reserve	-	(314,394,026)
Less : transfer to 1 % strat-Up fund	(20,256,991)	(20,233,578)
Less : Profit paid on aibl mudaraba perpetual bond	(393,500,000)	(64,364,153)
	<u>1,841,051,480</u>	<u>1,823,372,676</u>
22. Letter of Guarantee		
a) Claim against the bank which is not acknowledged as debt		
b) Money for which is the bank is contingently liable in respect of guarantees given favoring		
i. Directors	-	-
ii. Government	-	-
iii. Bank and other financial institution	-	-
iv. Others	-	-
	<u>17,155,967,572</u>	<u>13,673,407,658</u>
23. Investment Income		
i. Income from General Investments		
Murabaha	765,438,800	659,946,127
Bai-Muazzal	8,711,492,188	7,829,192,174
Hire-Purchase	7,548,714,378	7,331,125,505
Others mode income	7,063,268,113	6,769,268,620
	<u>24,088,913,479</u>	<u>22,589,532,426</u>
ii. Profit received from other Islamic Bank	<u>880,309,843</u>	<u>671,510,802</u>
Total (i + ii)	<u>24,969,223,322</u>	<u>23,261,043,228</u>

	2022 Taka	2021 Taka
23.A.Cosolidated Investment Income		
Al-Arafah Islami Bank Ltd.	24,969,223,322	23,261,043,228
AIBL Capital Market Services Ltd.	203,677,468	148,918,120
AIBL Capital Management Ltd.	492,308	618,117
Millennium information solution Ltd.	-	-
	25,173,393,098	23,410,579,465
Less : Inter company Adjustment	48,022,151	35,433,169
	25,221,415,249	23,446,012,634
24. Profit paid on Deposits & Borrowing		
Mudaraba Savings Deposit	1,810,610,965	1,011,254,295
Mudaraba Short Term Deposit	907,484,902	440,700,008
Mudaraba Term Deposit	9,286,027,990	7,566,899,289
Mudaraba Special Deposit	2,802,080,448	2,938,461,887
AIBL Mudaraba subordinate debt.	663,624,104	738,784,104
Mudaraba BD. Govt. Islamic Bond fund	346,989,726	51,674,307
Profit Expenses of Lease Liabilities (as Per IFRS 16 Leases)	77,300,000	86,000,000
	15,894,118,135	12,833,773,890
24.A. Profit paid on Deposits & Borrowing		
Al-Arafah Islami Bank Ltd.	15,894,118,135	12,833,773,890
AIBL Capital Market Services Ltd.	167,507,116	203,583,939
AIBL Capital Management Ltd.	-	-
Millennium Information	-	-
	16,061,625,251	13,037,357,829
Less : Inter company Adjustment	48,022,151	35,433,169
	16,109,647,402	13,072,790,998
25. Income from Investment in Share /Securities		
Dividend income (cash)	29,682,989	33,566,797
Gain on sale of Shares/Securities	9,536,255	26,934,062
Profit received from other Islamic Bond	1,025,799,327	278,590,586
	1,065,018,571	339,091,445
25.A. Income from Investment in Share /Securities		
Al-Arafah Islami Bank Ltd.	1,065,018,571	339,091,445
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	11,639,324	20,463,327
	1,076,657,895	359,554,772
Less : Inter company Adjustment	-	-
	1,076,657,895	359,554,772
26. Commission, Exchange & Brokerage Income		
Commission	2,120,945,337	1,730,909,474
Exchange	3,328,594,592	1,272,910,003
Brokerage commision	-	-
	5,449,539,929	3,003,819,477
26.A Commission, Exchange & Brokerage Income		
Al-Arafah Islami Bank Ltd.	5,449,539,929	3,003,819,477
AIBL Capital Market Services Ltd.	174,797,931	294,535,529
AIBL Capital Management Ltd.	15,309,521	754,362
	5,639,647,381	3,299,109,368
Less : Inter company Adjustment	-	-
	5,639,647,381	3,299,109,368
27. Other Operating Income		
Procesing fee on investment	99,068,205	18,060,588
Supveision fee	63,625	84,025
Service charge	11,427	7,747
Capital gain or loss from fixed asset	3,477,700	3,479,798
Passbook sales(gsis)	221,727	133,429
Account maintenance fee	179,257,250	218,573,859
Sms banking fees	138,622,272	52,250
legal expenses recovered	16,897,851	21,436,649
Printing & stationary	826,565	476,520
P & t charge recovered	22,136,682	45,496,826
Application form sales(seis)	3,810	1,260
Card income	153,499,092	124,264,624
Misc.earning	129,927,088	98,332,549
	754,570,162	535,368,779
27.A. Other Operating Income		
Al-Arafah Islami Bank Ltd.	754,570,162	535,368,779
AIBL Capital Market Services Ltd.	46,042,030	56,132,730
	800,612,192	591,501,509
Less : Inter company Adjustment	-	-
	800,612,192	591,501,509

	2022 Taka	2021 Taka
28. Salaries, Allowances & Contribution to P.F		
Basic Pay	1,910,316,025	1,663,242,302
House Rent Expenses	897,767,045	800,951,906
House Maintenance	297,211,301	317,926,866
Medical Expenses	318,811,835	281,866,696
Bonus (28.i)	586,289,726	541,349,863
Bank's contribution to P.F	178,902,393	161,546,104
Utility	2,620,045	78,706
Conveyance Expenses	102,540,694	100,064,622
LFA Allowance (Salary)	288,222,473	246,766,683
Lunch and entertainment allowance	95,086,847	105,944,972
Leave encashment expenses	230,753,206	2,003,898
Car Expenses	219,069,965	205,111,892
Gratuity Expenses	250,195,270	251,422,199
	5,377,786,825	4,678,276,709
28.i Bonus		
Incentive bonus	201,000,000	200,615,350
Bangla new year	42,654,433	41,935,118
Eid-ul-fitr bonus	169,220,305	147,278,385
Eid-ul-adha bonus	176,394,988	151,521,010
	589,269,726	541,349,863
28.A. Salaries, Allowances & Contribution to P.F		
Al-Arafah Islami Bank Ltd.	5,377,786,825	4,678,276,709
AIBL Capital Market Services Ltd.	72,004,649	68,679,573
AIBL Capital Management Ltd.	13,982,972	9,957,630
	5,463,774,446	4,756,913,912
29. Director & Sharia Council Fees & Expenses		
i. Directors fees for attending Board/executive Committee/other committee meeting	3,819,200	3,921,800
ii. TA/DA/ Hotel fare & Foreign Directors	6,042,768	3,040,307
iii. Others	-	-
	9,861,968	6,962,107
29.A. Director & Sharia Council Fees & Expenses		
Al-Arafah Islami Bank Ltd.	9,861,968	6,962,107
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	-	-
	9,861,968	6,962,107
30. Sharia Supervisory Committee's Fees & Expenses		
i. Sharia fees for attending meeting	455,970	246,770
ii. TA/DA/ Hotel fare & Foreign Directors	-	-
iii. Others	-	-
	455,970	246,770
31. Rent,Taxes,Insurance & Electricity Bill		
Rent Office	494,938,465	448,348,868
Transfer to depreciation and profit expenses under IFRS-16*	425,000,000	304,100,000
Electricity Bill	69,938,465	144,248,868
Insurance	125,338,952	110,020,581
	308,136,832	264,521,259
	503,414,249	518,790,708
31.A. Rent,Taxes,Insurance & Electricity Bill		
Al-Arafah Islami Bank Ltd.	503,414,249	187,619,856
AIBL Capital Market Services Ltd.	20,686,316	4,792,791
AIBL Capital Management Ltd.	-	-
	524,100,565	192,412,647
32. Postage,Telegram,Telephone & Stamp		
Stamp and Catridge paper	-	-
Postage	16,060,487	15,413,217
Telephone (Office)	3,624,292	3,101,615
Telephone (Mobile)	11,547,631	1,363,239
SWIFT Charge	3,867,802	5,775,809
Internet Charges	582,127	452,182
Online Charge	43,959,239	40,948,201
	79,641,578	67,054,263
32.A. Postage,Telegram,Telephone & Stamp		
Al-Arafah Islami Bank Ltd.	79,641,578	67,054,263
AIBL Capital Market Services Ltd.	79,288	89,706
AIBL Capital Management Ltd.	115,239	87,431
	79,836,105	67,231,400
33. Depreciation Repairs to the Bank's property		
Repairs to the Bank's property		
R.R. Furniture & Fixture (Wooden)	2,714,438	1,758,545
R.R. Furniture & Fixture (Steel)	2,530,749	1,829,961
R.R. Computer	2,253,220	1,517,523
Maint. of Motor Car and other Vehicle	1,639,340	809,384
R.R. Machine equipment & appliances	26,928,293	32,845,059
Maintenance of Land & Building	199,422	183,868
R.R. Computer Accessories	1,121,581	737,533
R.R. Others	5,862,027	1,964,421
Software Maintenance Fee	73,668,818	78,229,272
Hardware Maintenance Fee	6,000,039	1,069,904
	122,917,927	120,945,470
Depreciation to the Bank's property		
Depr. Furniture (Wood)	119,488,748	96,730,246
Depr. Furniture (Steel)	14,729,140	12,449,534
Depr. Computer	28,393,946	26,861,104
Depr. Motor Car	17,755,122	20,038,911
Depr. Machine equip & Appliance	149,402,004	143,752,896
Depr. Books & Library	62,610	84,699
Depr. Land & Building	30,667,308	30,665,928
Depr. Online Hardware	127,786,518	132,773,014
Depr. Online Software	75,243,337	69,107,402
Depr. Computer Accessories	14,429,748	15,208,404
Right of use (ROU) Assets*	291,479,189	206,412,506
Depr. Interior Decoration	6,448,684	11,726,769
	875,886,354	765,811,413
	998,804,281	886,756,883

	2022 Taka	2021 Taka
33.A Depreciation Repairs to the Bank's property		
Al-Arafah Islami Bank Ltd.	998,804,281	886,756,883
AIBL Capital Market Services Ltd.	5,098,090	4,414,224
AIBL Capital Management Ltd.	306,829	229,129
	<u>1,004,209,200</u>	<u>891,400,236</u>
34. Stationary,Printing & Advertisement		
Printing & Stationery	46,426,228	36,810,220
Paper & Table Stationery	43,113,414	38,035,768
Advertisement & Publicity Expenses	93,072,305	72,667,148
	<u>182,611,947</u>	<u>147,513,137</u>
34.A. Stationary,Printing & Advertisement		
Al-Arafah Islami Bank Ltd.	182,611,948	147,513,137
AIBL Capital Market Services Ltd.	1,116,250	1,401,253
AIBL Capital Management Ltd.	111,370	160,734
	<u>183,839,568</u>	<u>149,075,124</u>
35. Other expenses		
Local conveyance expenses	14,139,969	11,702,975
Petroleum oil lubricant motors	20,678,439	15,051,989
Cng motor car	2,174,947	2,789,043
Entertainment expenses	31,278,753	26,656,869
Travelling expenses	24,879,559	17,875,884
Bank charge	20,043,483	14,910,956
Wages (salary-casual staff)	71,886,459	57,639,381
Security guard service	163,635,916	143,101,713
Subscription	36,361,937	16,613,973
Leveries & uniforms	3,132,380	9,608,893
Petroleum oil & lubricants	15,414,883	249,500
Donations	22,024,390	568,432
Wasa charge	8,610,478	7,459,488
Gas charge	1,855,991	1,684,448
Excise duty	22,621,920	48,857,727
News paper journal & periodical	3,861,530	1,429,439
Evening banking expenses	592,125	862,392
Upkeep branches premises	4,317,565	2,787,527
Washing charge	3,334,896	2,519,125
Direct expenses on investment	1,164,892	-
Computer Accessories	6,919,370	761,233
Photo Copy Machine Accessories	2,227,520	13,097,023
Business development	45,751,755	21,931,850
Closing expenses	12,113,830	1,790,880
Holding tax of own premises	3,008,911	7,778,512
Capital loss from sale of fixed ass	1,335,244	282,466
Office expenses (Various Purchase)	3,420,150	-
Registration expenses	1,313,050	15,066,095
Remittance expense through agent	377,464	144,282
Aqm/eqm	897,603	633,302
Crocarage	3,674,952	680,765
Creditrating charge	892,250	967,500
Tax token expenditure	525,647	633,857
Misc. Expenses	3,011,256	2,118,347
Training expenses	15,828,837	3,572,674
Card expense	143,155,682	129,933,462
It allowance	6,209,800	6,008,645
Saturday working allowance (Overtime)	5,936,942	4,504,134
Charge expenses	3,778,548	3,499,133
Risk expenses	5,741,290	2,254,500
Account opening commission throu	15,610,805	11,548,500
Data info service charge	3,037,918	2,924,436
Electronics & fittings item	5,110,561	3,009,126
Honorarium	5,204,000	3,128,510
	<u>767,093,897</u>	<u>618,636,986</u>
35.A.Consolidated Other expenses		
Al-Arafah Islami Bank Ltd.	767,093,897	618,636,986
AIBL Capital Market Services Ltd.	53,080,173	59,993,316
AIBL Capital Management Ltd.	4,244,017	3,835,481
	<u>824,418,087</u>	<u>682,465,783</u>
36. Provision against Investments & Off-Balance sheet exposures		
On Classified Investment as per Bangladesh Bank Circular	2,751,893,172	2,055,444,347
On Un-classified Investment as per Bangladesh Bank Circular	288,372,000	297,000,000
On Off-balance sheet as per Bangladesh Bank Circular	127,730,772	157,900,000
	<u>3,167,995,944</u>	<u>2,647,118,347</u>
36.A. Provision against Investments & Off-Balance sheet exposures		
Al-Arafah Islami Bank Ltd.	3,167,995,944	2,647,118,347
AIBL Capital Market Services Ltd.	-	-
AIBL Capital Management Ltd.	-	-
	<u>3,167,995,944</u>	<u>2,647,118,347</u>

	2022 Taka	2021 Taka
37. Paid for other operating activities		
Directors' fees & expenses	9,861,968	6,962,107
Shariah Supervisory Committee's fees & expenses	455,970	246,770
Rent, taxes, insurance and lighting etc.	503,414,249	518,790,708
Postage, telegram, telephone and stamp etc.	79,641,578	67,054,263
Legal charges	20,370,624	13,422,248
Auditors' fee	1,845,750	1,583,250
Repairs to the bank's properties	122,917,927	120,945,470
Other expenses	767,093,897	618,636,986
	(1,505,601,964)	(1,347,641,802)
37.A. Paid for other operating Activities		
Al-Arafah Islami Bank Ltd.	(1,505,601,963)	(1,347,641,802)
Inter company Adjustment	(78,360,233)	(84,743,334)
	(1,583,962,196)	(1,432,385,136)
38. Increase/Decrease of other assets (item-wise)		
Acquiring settlement	85,028,846	40,504,240
cash incentive from b. Bank (f. Rem	800,100,000	(13,042,264)
Suspense account	(11,949,652)	-
Adjustment a/c debit balance	-	22,498,534
Stock of stationary	43,798,361	1,688,942
Stamp in hand	3,192,181	5,108,992
security deposit	106,595	26,530,030
Advance rent	21,542,856	-
Stock of atm card	(1,050,000)	97,374,511
P.r (bb) against stimulus fund	(97,307,947)	-
Advance Income Tax & TDS [Note 11.2]	-	2,393,554
Protested bill	(7,411,262)	455,788
Prepaid expenses	3,538,568	37,397,823
Balance with cmsl for portfolio account	37,542,189	135,951,643
Parking for overdue claims (ibw)	175,896,585	-
Accrued income	-	8,420,248
Scb mc settlement a/c (local)	2,678,863	-
Branches account	-	1,211
Remittance adjustment a/c	-	100,000,050
Remittance adjustment a/c	50,000,050	(63,872,467)
Clearing adjustment	97,565,140	5,979,475
Dividend receivable	4,129,744	-
	(1,207,401,116)	(407,390,310)
38.A Increase/Decrease of other assets (item-wise)		
Al-Arafah Islami Bank Ltd.	(1,207,401,116)	(407,390,310)
Inter company Adjustment	(2,345,356,604)	(8,366,501,847)
	(3,552,757,720)	(8,773,892,156)
39. Increase/Decrease of Trading liabilities (item-wise)		
Clearing adjustment	(205,345,492)	(43,408,972)
Interest income	6,293,088	-
Cib collection charge	5,231,120	1,104,949
Risk fund for shbis	9,798,128	(10,829)
Parking account	-	-
F.c. held against bb l/c	-	-
Credit card payment (local)	4,409,794	15,435,609
Supervision fees (sme)	(4,865)	38,775
b.b borrowing Settlements	50,827,771	(138,188,710)
Electronic govt procurement	182,488	(2,811,852)
Compensation receivable	56,519,683	56,519,683
Mastercard Settlement Account	791,270,956	(30,243,056)
	759,610,606	(138,075,121)
39.A Increase/Decrease of Trading liabilities (item-wise)		
Al-Arafah Islami Bank Ltd.	759,610,606	(138,075,121)
Inter company Adjustment	(1,320,587,359)	(422,901,632)
	(560,976,753)	(560,976,753)
40. Cash and Cash Equivalent at the end of the year		
Cash in hand	4,937,082,161	3,217,933,106
Balance with Bangladesh Bank & Sonali Bank Ltd.	26,693,129,611	20,456,548,331
Balance with Other Banks	10,296,010,213	12,041,136,072
Bangladesh Government Islamic Investment Bond	27,410,280,000	23,504,940,000
	69,336,501,985	59,220,557,509
40.A Cash and Cash Equivalent at the end of the year		
Al-Arafah Islami Bank Ltd.	69,336,501,985	59,220,557,508
AIBL Capital Market Services Ltd.	-	5,602
AIBL Capital Management Ltd.	4,852,045	14,114,828
Millennium information solution Ltd.	-	-
	69,341,354,030	59,234,677,939

	2022 Taka	2021 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	2,025,699,129	2,023,357,841
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>1.90</u>
41.A Consolidated Earnings Per Share (CEPS)		
Net profit after tax	2,076,584,075	2,087,580,493
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>1.95</u>	<u>1.96</u>
42. Net Asset Value		
Net Assets Value (Consolidated)	24,224,066,238	24,205,748,237
Net Assets Value (Bank's)	24,040,730,047	24,025,501,990
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>22.75</u>	<u>22.73</u>
Net Asset Value (NAV) per Share (Bank's) (Previous year's figure restated)	<u>22.58</u>	<u>22.56</u>
43. Net Operatating Cash Flows per share (NOCFPS);		
Net cash flows from operating activities (Consolidated)	10,950,493,713	(9,812,019,409)
Net cash flows from operating activities (Banks)	10,853,980,896	(9,866,381,969)
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>10.28</u>	<u>(9.21)</u>
Net Operating Cash Flow per share (NOCFPS) (Bank's) (Previous year's figure restated)	<u>10.19</u>	<u>(9.27)</u>
44 Reconciliation of Operating Cash flow:		
Profit before provision & tax (A)	8,380,016,759	7,345,887,978
Adjustment of Non-Cash Items (B):		
Depreciation	875,886,354	765,811,413
Net loss/(gain) on sale of fixed assets	(2,142,456)	(3,479,798)
Foreign Exchange gain/ loss	(37,876,189)	(24,185,838)
Total Non-Cash Items (B)	835,867,709	738,145,777
Adjustment of accrued income /expenses (C) :		
(increase)/decrease of profit income receivable on investment	(1,904,939,212)	2,885,264,371
Increase/(decrease) of profit payable on deposits	2,652,208,175	(2,781,026,435)
Increase/(decrease) of accrued expenses payable	14,323,170	(100,088)
Total adjustment of accrued income/expenses (C)	761,592,133	104,137,848
Income tax payment (D)	(2,806,820,322)	(2,061,982,892)
Cash flows before changes in operating assets and liabilities (A+B+C+D)	<u>7,170,656,279</u>	<u>6,126,188,711</u>
45. Events after the balance sheet date		
The Board of Directors in its 386th meeting held on 30 April, 2023 has approved the audited financial statements for the year ended 31 December 2022. The Board has also recommended 12.00% cash dividend & 3.00% Bonus dividend for the year ended 31 December 2022 subject to approval of the shareholders at the 28th Annual General Meeting (AGM).		

Al-Arafah Islami Bank Ltd.
CONSOLIDATED SCHEDULE OF FIXED ASSETS
As at a December 31, 2022

Annexure - A.I

SL No	Particulars	Cost / Revaluation			Depreciation/Amortization			Written down value as on 31-12-2022	
		Balance at 1st January 2022	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31 st December 2022	Charge for the year		Transfer/ Disposal during the year
A. Fixed Assets									
1	Land	389,802,442	-	-	-	389,802,442	-	-	389,802,442
2	Building	1,221,316,331	-	-	-	1,221,316,331	30,667,308	-	1,003,992,633
3	Furniture & Fixture (Wood)	1,113,830,867	-	159,159,842	4,853,287	1,268,137,422	119,657,905	4,853,787	680,069,205
4	Furniture & Fixture (Steel)	198,774,167	-	13,321,820	212,122	211,883,865	14,798,995	212,122	99,705,564
5	Computer	348,050,241	-	49,634,170	-	397,684,411	29,659,348	-	87,227,845
6	Computer Accessories	139,280,145	-	12,054,797	-	151,334,942	14,752,804	-	33,425,224
7	Motor Car	236,917,253	-	6,749,218	8,077,033	235,589,438	17,755,122	9,206,733	38,718,311
8	Machine Equipment & Appliance	1,348,238,161	-	95,066,899	4,574,072	1,438,730,988	149,737,490	4,575,322	259,238,840
9	Books & Library	9,279,367	-	9,815	-	9,289,182	62,610	-	182,178
10	Online Hardware	948,005,883	-	45,639,710	-	993,645,593	127,786,518	-	199,414,318
11	Interior Decoration	196,001,878	-	3,437,408	-	199,439,286	8,148,807	-	22,609,779
12	Right of use Aseets (ROU)	1,636,000,000	-	72,500,000	-	1,708,500,000	291,479,189	-	1,008,693,997
Sub-Total		7,785,496,735	-	457,573,679	17,716,514	8,225,353,900	804,506,096	18,847,964	3,823,080,336
B. Intangible Assets									
13	Online Software	517,334,504	-	95,170,072	-	612,504,576	75,460,326	248,036	192,000,866
Sub-Total		517,334,504	-	95,170,072	-	612,504,576	75,460,326	248,036	192,000,866
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, 2022	9,432,179,487	-	552,743,751	17,716,514	9,967,206,724	879,966,422	19,096,000	5,144,429,450
	December 31, 2021	9,036,210,706	-	405,577,921	9,609,140	9,432,179,487	768,881,451	9,305,053	5,470,272,635

Al-Arafah Islami Bank Ltd.
Schedule of Fixed Assets
As at a December 31, 2022

Annexure - A

SL No	Particulars	Cost / Revaluation				Depreciation/Amortization				Written down value as on 31-12-2022
		Balance at 1st January 2022	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31 st December 2022	Balance at 1st January 2022	Charge for the year	Tranfer/ Disposal during the year	Balance at 31 st December 2022
A. Fixed Assets										
1	Land	389,802,443	-	-		389,802,443	-	-		389,802,443
2	Building	1,221,316,331	-	-		1,221,316,331	186,656,390	30,667,308		217,323,698
3	Furniture & Fixture (Wood)	1,110,481,309	-	159,159,842	4,853,287	1,264,787,864	470,288,484	119,488,748	4,853,787	584,923,445
4	Furniture & Fixture (Steel)	198,052,878	-	13,321,820	212,122	211,162,576	97,538,949	14,729,140	212,122	112,055,967
5	Computer	339,509,129	-	49,580,670	-	389,089,799	274,584,550	28,393,946	-	302,978,496
6	Computer Accessories	139,586,740	-	11,975,079	-	151,561,819	103,046,210	14,429,748	-	117,475,958
7	Motor Car	218,854,314	-	6,749,218	8,077,033	217,526,499	170,251,142	17,755,122	9,206,733	178,799,531
8	Machine Equipment & Appliance	1,336,114,375	-	94,643,899	4,574,072	1,426,184,202	1,022,389,678	149,402,004	4,575,322	1,167,216,360
9	Books & Library	9,279,367	-	9,815	-	9,289,182	9,030,870	62,610		9,093,480
10	Online Hardware	945,058,999	-	45,639,710	-	990,698,709	663,253,095	127,786,518	-	791,039,613
11	Interior Decoration	179,000,650	-	1,262,030	-	180,262,680	156,028,733	6,448,684		162,477,417
12	Right of use Assets (ROU)	1,636,000,000		72,500,000		1,708,500,000	408,326,816	291,479,189	-	699,806,005
Sub-Total		7,723,056,535	-	454,842,083	17,716,514	8,160,182,104	3,561,394,917	800,643,017	18,847,964	4,343,189,970
B. Intangible Assets										
13	Online Software	514,696,836	-	95,100,772	-	609,797,608	342,636,994	75,243,337	248,036	417,632,295
Sub-Total		514,696,836	-	95,100,772	-	609,797,608	342,636,994	75,243,337	248,036	417,632,295
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. 2022		9,367,101,619	-	549,942,855	17,716,514	9,899,327,960	3,904,031,911	875,886,354	19,096,000	4,760,822,265
December 31. 2021		8,974,401,300	-	402,309,459	9,609,140	9,367,101,619	3,147,525,551	765,811,413	9,305,052	3,904,031,911
										5,138,505,694
										5,463,069,708