



BOARD OF DIRECTORS' REPORT

Bismillahir Rahmanir Rahim

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

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuhu.

The Board of Directors of the Bank takes the privilege to welcome

you all to the 28th Annual General Meeting and has the pleasure of placing before you the Annual Report and the financial statements comprising the Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity of the Bank along with the report of the Auditors and Shariah Supervisory Committee for the year ended 31 December 2022.

Economy Analyses

World Economy Outlook

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Monetary policy should stay the course to restore price stability, and fiscal policy should aim to alleviate the cost-of-living pressures while maintaining a sufficiently tight stance aligned with monetary policy. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition and preventing fragmentation.

Bangladesh Economic Outlook

Bangladesh economy has been consistently performing well with above 6 percent of GDP growth since FY 2010-11 to up until COVID-19 outbreak. The growth rate was elevated to 8.15 percent in FY 2018-19. Unfortunately, country's economic growth was slowed due to the negative impact of COVID-19 pandemic. Despite the ongoing adverse situation, Bangladesh showed an overall GDP growth for FY 2022 which stood at 7.25% (estimated), up from 6.94% in 2021. Where Export receipts grew by 33.45% to stand at USD49.25 billion. On the other hand, import payments rose by 35.95% to USD 82.50 billion in FY 2022. Workers remittance inflow significantly declined by 15.12% to USD 21.03 billion. Foreign exchange reserve stood at USD 41.83 billion in FY 2022 due to pressure on forex reserve for importing goods, especially fuel at a higher price. Private sector credit growth during FY 2022 was so impressive throughout the year and ended the year at 13.66%, which was an increase compared to last year's growth of 8.35%. The deposit growth stood at 9.19% in FY

2022, compared to 14.02% last year. Non-performing investments in the country's banking system stood at BDT 1,252.58 billion in FY 2022, despite a relaxed loan classification policy adopted by the Bangladesh Bank. The industry CL ratio stood at 9.0% in FY 2022, in contrast to 7.9% in FY 2021.

We are going through a period of third world war proneness as the Russia-Ukraine war has escalated further for about one year. It has become catastrophic for the people of third world countries like us as the global economy recovery process further hampers and worsens than before, which was hammered by the COVID-19 pandemic in the past 2 years. As we are recovering from the worse COVID-19 pandemic, we are hoping to stabilize our economy and social activity by recovering the losses and destruction caused by the pandemic. But the outbreak of war between Russia and Ukraine made the situation even worse than before, causing a global disaster. In this event, we must remain watchful and alert to absorb and mitigate the effects of this unwanted war. As one of the highest oil, natural gas, and grain exporter nations, sanctions on Russia have resulted in a significant price hike of energy, grain, and other daily commodities, which has put huge pressure on the economy in Bangladesh, particularly on the forex reserve, as we are relying on the import of most of the raw materials for industries and energy for the power sector. At the same time, negative growth in foreign remittances ultimately decreases the net foreign exchange reserve in the country. This higher price further exacerbates the cost of living, which is affecting the people of third world countries like Bangladesh.

However, a series of initiatives and necessary policy support extended by the Central Bank have helped insulate the economy from the worst effects of multiple overlapping crises. It is mentionable that in the last decade our overall economy has gone through stable growth of an average 6.5%, which is supposed to move toward a lower middle income country status in 2024. Due to the COVID-19 outbreak and later war in Ukraine related economic instability issue, its been extended to 2026 later on.

Banking sector analysis

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

Scheduled Banks:

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

Non-Scheduled Banks:

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

There are 61 scheduled banks in Bangladesh who operate under full control and supervision of Bangladesh Bank which is empowered to do so through Bangladesh Bank Order, 1972 and Bank Company Act, 1991. Scheduled Banks are classified into following types:

State Owned Commercial Banks (SOCBs):

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

- Ansar VDP Unnayan Bank,
- Karmashangosthan Bank,
- ProbashiKollyan Bank,
- Jubilee Bank,
- Palli Sanchay Bank

A. Private Commercial Banks (PCBS):

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

B. Conventional PCBS:

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

C. Islami Shariah Based PCBS:

Al-Arafahh Islami Bank Limited
Exim Bank Limited
First Security Bank Limited
Islami Bank Bangladesh Limited
ICB Islami Bank Limited
Shahjalal Islami Bank Limited
Social Islami Bank Limited
Union Bank Limited
Standard Bank Limited
Global Islami Bank Limited

Overall Banking Scenario

Banks' Deposits: Total Deposit (excluding interbank items) of the scheduled banks increased by Tk. 1,789,110 million representing 12.69% point to point growth from Tk. 15,882,540 million as on 31 December 2022 to Tk. 14,093,430 million as on 31 December 2021.

Islamic Banks' Deposits: All Islamic Banks' deposits stood at Tk. 4,099,490 million during the year 2022 as against Tk. 3,931,110 million in the previous year 2021 and it increased by Tk. 1,68,380 million registering a growth of 4.28% in 2022. The share of Islamic Banks' deposits as of 31 December 2022 stood at 25.81% as compared to at 27.89% on 31 December 2021.

Banks' Advances /Investment: Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 1,200,040 million representing 9.47% point to point growth from Tk. 12,675,610 million as on 31 December 2021 to Tk. 13,875,650 million as on 31 December 2022.

Islamic Banks' Investments: All Islamic Banks' Investments stood at Tk 4,052,020 million during the year 2022 as against Tk. 3,534,480 million in the previous year 2021 and the Investment increased by Tk 5,17,540 million registering a growth of 14.64% in 2022. The share of Islamic Banks' Investments as of 31 December 2022 stood at 29.20% as compared to 27.88% on 31 December 2021.

Operating Profit: Despite a tough start of the year 2022 Banks in Bangladesh managed to earn a reasonable amount of operating profit for the year. But The growth of profit was slim owing to low credit/ investment demand, cautious lending/investment policy, lowering lending/ investment profit rates and the sluggish business environment.

In terms of operating profit earned, Islami Bank Bangladesh Limited (IBBL) is the highest and thus topping the list of Banks. Al-Arafahh Islami Bank Limited (AIBL) ended up being on 6th position in 2022. However in an apple to apple comparison (i.e. Islami to islami) AIBL is only second to IBBL, the oldest and biggest Islami Bank in Bangladesh.

Islami Banking Practices

Islami Banking System is becoming more and more attractive day by day to peoples irrespective of nations, religious, colors and species. More than 300 Banks & financial institutions are serving Islami banking throughout the world. At present in our country 10 full-fledged Islamic Banks are working successfully. And other traditional banks have Islami Banking Wings conducting Shariah based banking activities. Recent Development of Bangladesh Government Islamic Investment Bond (BGIB) is the milestone for shariah based banking practices in Bangladesh.

Al-Arafahh Islami Bank Limited

With the objective of achieving success in life here & here after following the way directed by the Holy Quran and the path shown by Rasul (SM) Al-Arafahh Islami Bank Ltd was established(registered) as a public limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorized capital of the Bank is Tk. 15,000.00 million and the paid-up capital is Tk. 10,649.02 million as on 31.12.2022.

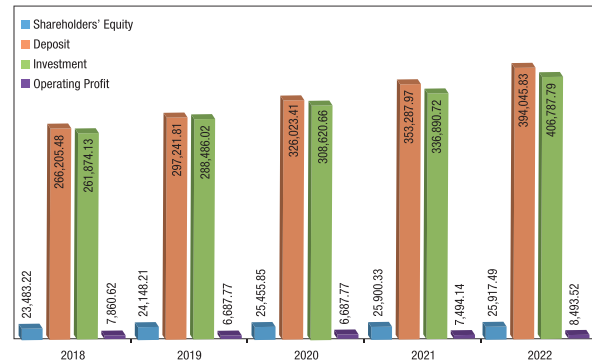
Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid up capital is being owned by local shareholders.

The equity of the bank has stood at Tk. 26,290.05 million as on 31 December 2022, the manpower was 5,184 and the number of shareholders was 17,186. It has achieved a continuous profit and declared a good dividend over the years. High quality customer service through the integration of modern technology and new products is the tool of the bank to achieve success. The bank has a diverse array of carefully tailored products and services to satisfy customer needs. The Bank is committed to contribute significantly to the national economy. It has made a positive contribution towards the socio-economic development of the country with 208 branches of which 26 is AD throughout the country.

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

Performance at a glance

(In Million Taka)



Special Features of Al-Arafahh Islami Bank Ltd.

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

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

Activities of Shariah Supervisory committee for the year 2022

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

Shariah Supervisory committee has by the grace of Al-mighty Allah managed to contribute a lot to run all the business activities of the Bank according to Shariah guidelines. During the year 2022 with some unavoidable circumstances our Honorable Members of the Shariah Supervisory Committee sat in 3 (Three) General Meetings and 1 (one) Emergency Meeting to discuss the matters of the Bank to give opinions & directives and given solutions thereof from the view point of Shariah Principles.

Muraqibs of the Supervisory committee have visited all branches of the Bank during the year to observe the Shariah compliance, give necessary instructions on the spot and submitted report to the Council. They have also submitted corrective measures to rectify the laws in implementing Shariah guidelines into the banking operations. They identified Tk 9.72 million as doubtful income of the branches of the Bank. Besides, after analyzing balance sheet, the Supervisory committee identified Tk. 662.36 million as compensation realized in different branches and Tk. 6.27 million as interest income received from NOSTRO A/Cs of foreign correspondent bank and Bangladesh Bank FC Clearing Account respectively. As a result, it is advised to finalize the Balance Sheet of 2022 keeping doubtful in-come apart from basic income and spend after tax the same on the basis of Shariah prescribed modes.

At Last, as per Shariah Inspection Report of 2022, the Doubtful Income of the Bank has been reduced comparatively and we hope that this reducing figure will be continued and necessary steps would be taken time to time, Insha-Allah.

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

AIBL Capital Market Services Ltd.

AIBL Capital Market Services Limited is a subsidiary company of Al-Arafahh Islami Bank Limited. The Company is incorporated under the company's Act, 1994 as a public limited company by shares with an authorized Capital of BDT 10 billion (10,000million) and paid up capital of BDT 4 billion (4,000.00 million) to provide stock brokerage services. The paid-up capital of the company is subscribed by Al- Arafah Islami Bank Limited and other individuals at the ratio of 60.50:39.50. During the year 2022 the company earned Operating Profit (Before provision for investment & taxation) of Tk. 104.87 million with Earning per Share (EPS) Tk. 0.19.

AIBL Capital Management Limited

AIBL Capital Management Limited (AIBLCML), a Subsidiary of Al-Arafahh Islami Bank Limited, was incorporated under the companies Act, 1994 on October 25, 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BDT 2 billion (2,000 million) and paid up capital of BDT 500 million (500 million). It aims to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking Services with a high level of professional expertise and integrity. During the year 2022 the company earned Operating Profit (Before provision for investment & taxation) of Tk. 8.62 Million with Earning per Share (EPS) Tk. 0.1027.

AIBL Assets Management Limited

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

Off-shore Banking Unit (OBU)

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

The principal activities of OBU are to provide Mudaraba Investment against payment of import bills under UPAS (Usance Payment at Sight) and Musharaka Documentary Bills in foreign currency (MDB F.C) to its customers. Total finance under UPAS in 2022 was USD 222.59 million under MDB FC was USD 17.58 million HPSM FC (Machinery) 6.57 million . Our Plan and Strategies for Foreign Exchange Business-

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

Position in the Stock Market

Bank's share sustained a steady strong position since its induction at Dhaka Stock Exchange & Chittagong Stock Exchange in 1998. In Dhaka Stock Exchange the face value of taka 10 of our share was traded at taka 27.80 highest in 2022. The market trend of our bank's share in Dhaka Stock Exchange from January 2022 to December 2022 is stated in the list:

Position in the Stock Market in the list:

Month	Opening	High	Low	Closing
January	26.60	27.80	26.50	26.90
February	26.90	27.20	26.50	26.50
March	26.50	27.00	26.40	26.70
April	26.70	26.90	26.10	26.30
May	26.30	26.70	25.70	26.60

June	26.60	27.00	24.20	25.60
July	25.60	25.60	23.20	23.60
August	23.60	26.80	23.60	23.80
September	23.80	24.20	23.60	23.60
October	23.60	24.90	23.60	24.30
November	24.30	24.40	23.60	23.60
December	23.60	23.90	23.60	23.60

Progress Analysis

At the end of 2022, the number of depositors stood at 2,943,179 and the accumulated deposit was Tk. 394,045.83 million. The total number of investors stood at 194,035 and total investment extended to them was Tk 406,787.79 million. During the year 2022 the total income was Tk. 32,738.34 million and total expenditure was Tk. 24,244.82 million. At the end of the year the profit before tax and provision stood Tk. 8,493.52 million.

Capital Adequacy & Reserve Fund

According to BRPD Circular the Bank will have to maintain Tk. 4,000.00 million Capitals from 1st July 2011. In compliance with the new provision, the bank has raised its Capital from Tk. 43,660.88 million to Tk. 44,551.49 million (Consolidated Basis) and Tk.41,358.68 million to Tk. 41,225.45 million (Solo Basis). Outstanding balance of AIBL Mudaraba Subordinated Bond Tk. 1,1010 million as at 31st December 2022.

In the year 2021 AIBL issued Mudaraba perpetual Bond for Tk. 5,000.00 million that meet the qualifying criteria for Tier- 1 Capital as per Basel III Guidelines.

In the year 2015 AIBL issue Mudaraba Subordinated Bond Tk. 3,000.00 million which is fully redeemed , in the year 2018 for Tk. 5,000.00 million , in the year 2020 for Tk. 5,000.00 million and in the year 2022 for Tk. 3,001 million out of Tk. 5,000.00 million that meet the qualifying criteria for Tier 2 Capital as per annex 4 of Basel III Guidelines. The paid-up capital of the bank was at Tk.10,649.02 million at 31st December 2022.The total reserve fund has stood at Tk.11,733.99 million in the current year against Tk. 11,733.35 million at 31st December2021. The Bangladesh Bank has fixed the ratio of minimum capital adequacy (MCR) against Risk-Weighted Assets at 12.50% or Tk. 4,000 million whichever is higher.

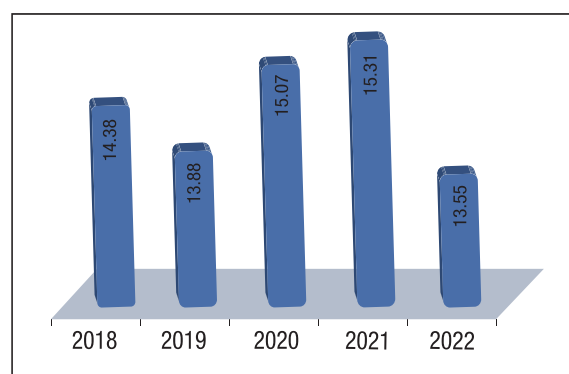
The Consolidated and Solo Basis capital adequacy ratio of the Bank as on 31.12.2022 are appended below:

Consolidated Basis

Tk. in million

a) Core Capital (Tier-I)	2022	2021
Paid up Capital	10,649.02	10,649.02
Statutory Reserve	10,649.02	10,649.02
Retained Earnings	1841.05	1823.37
AIBL Perpetual Bond	5000.00	5000.00
Non Controlling Interest	1693.43	1694.59
Total	29816.00	29816.00
Less Good will and other Intangible assets	192.17	514.70
Total Core Capital	29,640.35	29,301.30
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	5,008.96	4,759.58
Assets Revaluation Reserve	542.49	542.17
AIBL Sub Ordinate Bond	1,1010.00	9600
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(542.49)	(542.17)
Less: Excess Amount over Maximum Limit of T-2	1102.20	0.00
Total Supplementary Capital	14,916.76	14,359.58
Total Capital (a+b)	44,557.11	43,660.88
c) Capital Adequacy Ratio	14.17%	15.46%

Capital Adequacy Ratio As%

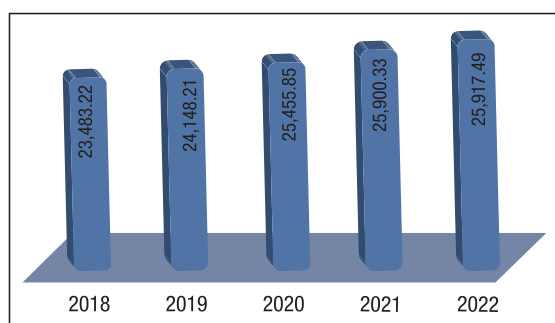


Solo Basis

a) Core Capital (Tier-I)	2022	2021
Paid up Capital	10,649.02	10,649.02
Statutory Reserve	10,649.02	10,649.02
Retained Earnings	1,657.72	1,643.13
AI BL Perpetual Bond	5000.00	5000.00
Total	27,955.76	27,941.17
Less Good will and other Intangible assets	192.17	514.70
Total Core Capital	27,763.59	27,426.47
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	5008.96	4759.58
Assets Revaluation Reserve	542.49	542.17
AI BL Sub Ordinate Bond	11,010.00	9600.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(542.49)	(542.17)
Less: Excess Amount over Maximum Limit of T-2	2557.10	427.37
Total Supplementary Capital	13,461.86	13,932.21
Total Capital (a+b)	41,225.46	41,358.68
c) Capital Adequacy Ratio	13.53	15.31

Shareholders' Equity

(In Million Taka)

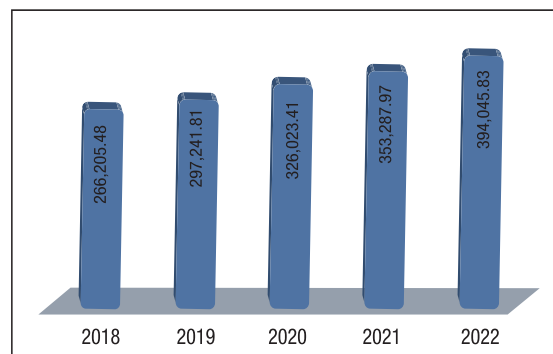


Deposits

The total deposit of the bank was Tk. 394,045.83 million at 31st December 2022 as against Tk. 353,287.97 million at 31st December 2021 a growth of 11.54 % of which Tk 8,051.03 million was bank deposit and Tk. 385,994.80 million was general deposit. The present strategy is to increase the deposit base through maintaining competitive profit rates and having low cost of funds to ensure a better spread with an average return on investment.

Deposit Growth

(In Million Taka)



The mix deposit of the bank on December 31, 2022 was as follows:

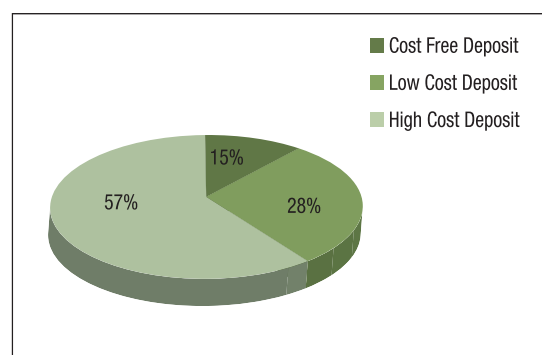
Deposit Mix

Products	Taka in Million
a) Al Wadia Current Account	58,456.93
b) Mudaraba Savings Deposit	69,141.33
c) Other Mudaraba Deposit	68,952.56
d) Mudaraba Term Deposit	193,084.57
e) Bills Payable	4,410.44
Total	394,045.83

Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	58,791.64	14.92%
b) Low Cost Deposit	110,332.83	28.00%
c) High Cost Deposit	224,921.36	57.08%
Total	394,045.83	100.00%

Deposit Mix as %



Various deposit product of the Bank in 2022:

Sl.No	Types of Deposit
1.	Mudaraba Term Deposit
	a. 36 Months
	b. 24 Months
	c. 12 Months
	d. 06 Months
	e. 03 Months
	f. 01 Month
2.	Mudaraba Savings Deposit
3.	Short Notice Deposit (SND)
4.	Monthly Hajj Deposit
5.	Monthly Installment Term Deposit (ITD)
6.	Monthly Profit Based Term Deposit (PTD)
7.	Monthly Savings Investment (SID)
8.	One Time Hajj Deposit
9.	(a) Al-Arafahh Savings Bond (3 Years)
10.	(b) Al-Arafahh Savings Bond (5 Years)
11.	(c) Al-Arafahh Savings Bond (8 Years)
12.	Marriage Saving Investment Scheme (MSIS)
13.	Pensioners deposit scheme
14.	Special Saving (Pension) Scheme
15.	Cash WAQF
16.	Lakhopati Deposit Scheme
17.	Kotipati Deposit Scheme
18.	Millionaire Deposit Scheme
19.	Double Benefit Scheme
20.	Triple Benefit Deposit Scheme
21.	ProbashiKallyan Deposit Pension Scheme
22.	Mudaraba Savings Deposit-Student,
23.	Farmers, Freedom fighters.

AIBL Mudaraba Bond:

AIBL Mudaraba Perpetual Bond' of Tk. 5,000.00 million:

AIBL Mudaraba Perpetual Bond' of Tk. 5,000.00 million issued in 2021. To raise Additional Tier-1 Capital through issuance of AIBL Mudaraba Perpetual Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III).

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

AIBL Mudaraba Subordinated Bond' of Tk. 3,000.00 million issued in 2015. The total profit/ return on the bond (for bond holders) will be calculated by Benchmark Mudaraba Term Deposit Profit rate of the

issuer plus a predetermined additional profit rate. The Benchmark Mudaraba profit rate will be issuer's prevailing highest Mudaraba term deposit profit rate in 6-12 months tenor; to be applied semiannually. The highest prevailing published Mudaraba Term Deposit profit rate in 6-12 months tenor of the issuer will be applicable in semi annual profit rate fixation. Investors are getting an additional profit rate of 2.50% per annum to be paid semiannually along with the benchmark profit by the issuer. The Mudaraba Bond will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively. In the meantime 100% of the Bond amount has redeemed at the end of 31st December 2022. The Standard Chartered Bank is the lead arranger of this issue and Green Delta Insurance Company Limited is the trustee.

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

AIBL 2nd Mudaraba Subordinated Bond' of Tk. 5,000.00 million issued in 2018. The total profit/ return on the bond will be calculated 1.25 times of highest 6 (six) month term Mudaraba Term Deposit profit rate for the preceding 180 days. After each financial year-end, the Issuer will give adjustment to the Bondholders if there is any additional profit reported in the respective financial year for Mudaraba Term Deposit Profit Rate for 6 months tenor. The Benchmark Mudaraba profit rate will be issuer's prevailing highest Mudaraba term deposit profit rate in 6-12 months tenor; to be applied semiannually. The highest prevailing published Mudaraba Term Deposit profit rate in 6-12 months tenor of the issuer will be applicable in semiannual profit rate fixation. The Mudaraba Bond will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively. In the meantime 40% of the Bond amount was redeemed at the end of 31st December 2022. The issue has been proposed to be transferable but will not be listed with any bourses. The Prime Bank Investment Limited is the lead arranger of this issue and Green Delta Insurance Company Limited is the trustee.

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

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

AIBL 4th Mudaraba Subordinated Bond' of Tk. 5,000.00 million:

AIBL 4th Mudaraba Subordinated Bond' of Tk. 3,010.00 million issued out of 5,000.00 million in 2022. The total profit/ return on the bond will be calculated as the average Rates of 6 months of

Full-fledged Shariah based banks collected from latest available "Announced Profit Rate Chart of those Banks (Deposit Rate)" published by Bangladesh Bank in its website at the beginning of any Profit Payment Period with an additional profit rate of 2.00% per annum. After each financial year-end, the Issuer will give adjustment to the Bondholders if there is any additional profit reported in the respective financial year for Mudaraba Term Deposit Profit Rate for 6 months tenor. Payment of profit will be Semi-annually not later than 60 days from expiry of 6 (six) months and 12 (twelve) months of each year from the issuance of Bond. The Mudaraba Bond will be redeemed at the end of 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively. The issue has been proposed to be transferable but will not be listed with any bourses. The UCB Investment Limited and Prime Bank Investment Limited is the lead arranger of this issue and First Security Islami Capital & Investment Limited Limited is the trustee.

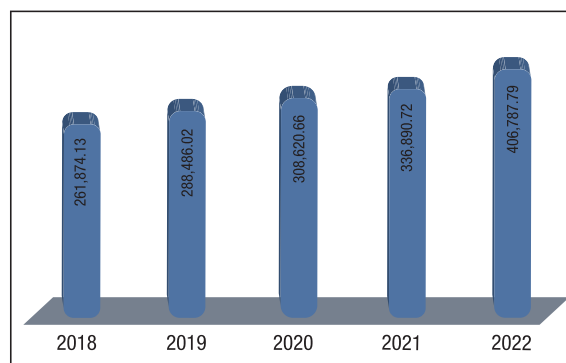
The details of Implementation Schedule of Mudaraba Subordinated Bond are stated as under:

Instrument Name	Particulars	Amount in Million BDT
AIBL Mudaraba Subordinated Bond	100% of the Bond amount has redeemed at the end of 31 st December 2022	
AIBL 2nd Mudaraba Subordinated Bond	Term Deposit with other Banks (from Bond money received).	2,500/-
	Disbursement to the Investment Clients of AIBL against Bond money received	2,500/-
AIBL 3 rd Mudaraba Subordinated Bond	Term Deposit with other Banks (from Bond money received).	2,500/-
	Disbursement to the Investment Clients of AIBL against Bond money received	2,500/-
AIBL 4th Mudaraba Subordinated Bond	Term Deposit with other Banks (from Bond money received).	1,500/-
	Disbursement to the Investment Clients of AIBL against Bond money received	1,501/-

Investment

The investment of the bank has stood at Tk. 406,787.79 million as on 31st December 2022 as against Tk. 336,890.72 (Net off PR) million in the previous year showing an increased by 20.75%. The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries including readymade garments, textile, edible oil, ship scraping, steel & engineering, chemicals, pharmaceuticals, cement, telecommunication, construction, health care, real estate, education, transport and investment under consumer schemes. We have geared up efforts to improve the recovery rate of disbursed investment and also taken adequate measures for converting the classified investment into performing assets. As a result, classified investment of the bank could be kept at a low level far below the national average. It is 5.41% in our bank as on 31 December 2022.

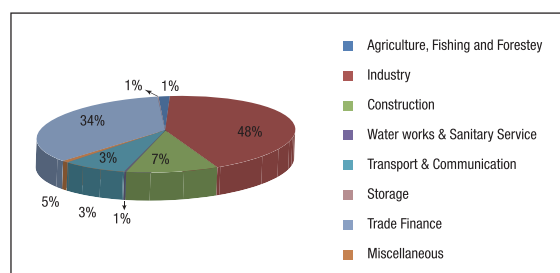
Investment Growth (In Million Taka)



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

Sector wise Investment 2022

Sectors	Taka in million
Agriculture, Fishing and Forestry	4,729.62
Industry	199,256.00
Construction	29,625.60
Water works & Sanitary Service	3,259.60
Transport & communication	12,988.13
Storage	21,659.06
Trade Finance	140,055.33
Miscellaneous	4,102.30
Total (Including Profit Receivable)	415,675.64
Less Unearned Profit on Investment	8,887.84
Total	406,787.80



Income

Investment income: The investment income was Tk. 25,221.42 million during the year 2022 which was growth of 7.57% over the previous year. Investment income is 77.04% of the total income of Tk. 32,738.34 million.

Income from other than investment: The bank has earned Tk. 7,516.92 commission income, exchange income, locker rent etc. in the current year which is 22.96% of the total income. It indicates 76.86% growth over the year 2021.

Expenditure

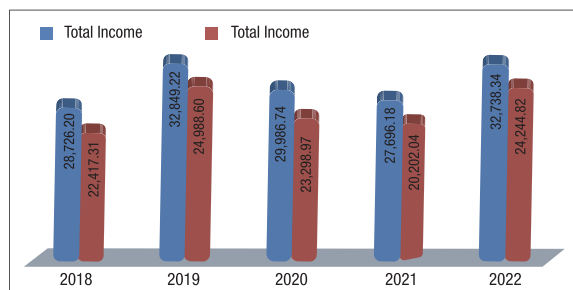
Profit paid to depositors:

The Bank has paid the depositors Tk. 16,109.65 million which is 63.87% of the investment income and 66.45% of the total expenditure for the year 2022. It was 23.23% growth over the year 2021.

Administrative and Other Expenses:

The administrative and other expenses were Tk. 8,135.17 million during the year showing 14.11% growth over the year 2021. It is 33.55% of the total expenditure.

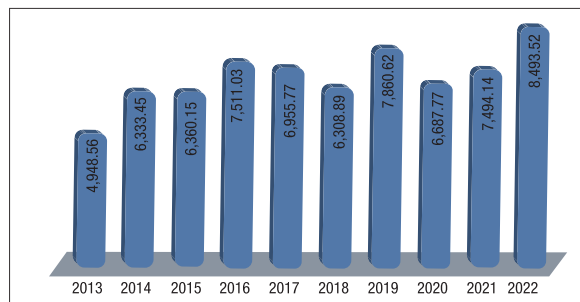
Total Income & Expenditure (In Million Taka)



Operating Profit

The bank earned operating profit of Tk. 8,493.52 million during the year 2022. The operating profit of the Bank during the year 2021 was Tk. 7,494.14 million and thus the Bank attained growth of 13.34% in respect of operating profit. The provision for income tax for the year amounted to Tk. 3,157.38 million and divisible profit available for appropriation amounted to Tk. 1,662.83 million.

Operating Profit (In Million Taka)



International Banking Wing (IBW)

International Trade

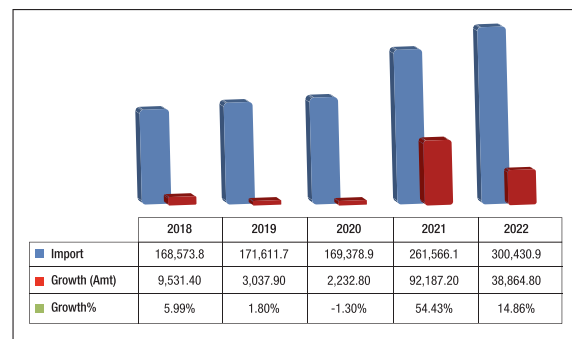
We are now more capable and confident of handling Foreign Exchange Business. Presently, we have 27 AD Branches through which we have handled total foreign exchange business of Tk. 570,032.80 million during the year 2022 as against the Target

of Tk. 530,000.00 million. Our Foreign Exchange business has increased by Tk.120,017.70 million recording a growth of 26.67%. Target of International Trade for the year 2023 has been fixed at Tk. 700,000.00 million with 22.80% growth.

Import Business

Total import business of the bank stood at Tk. 300,430.90 million during the year 2022 as against Tk. 261,566.10 million, Tk. 169,378.90 million and Tk. 171,611.70 million in the previous year 2021, 2020 and 2019 respectively. We recorded a 14.86% growth in import business in 2022 over 2021. Target for Import business for the year 2023 has been fixed at Tk. 350,000 million with an expected growth of 16.50%.

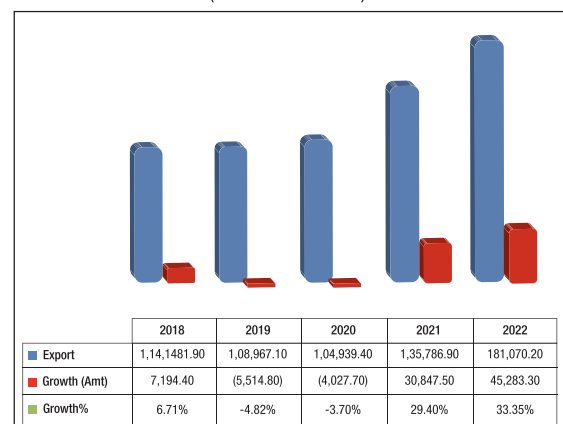
Import Business Growth (In Million Taka)



Export Business

Total Export business of the bank stood at Tk. 135,786.90 million during the year 2021 as against Tk. 104,939.40 million, Tk. 108,967.10 million, Tk. 114,481.90 million in the previous year 2020, 2019 and 2018 respectively. Our export business increased by Tk. 92,187.20 million i.e. 29.40% growth in 2021 as compared to decreases of Tk. 4,027.70 million i.e. -3.70% growth in 2020, decreases Tk. 5,514.80 million i.e. -4.82% growth in 2019. Our target for Export business for the year 2022 has been fixed at Tk 170,000 million with an expected growth of 25.20%.

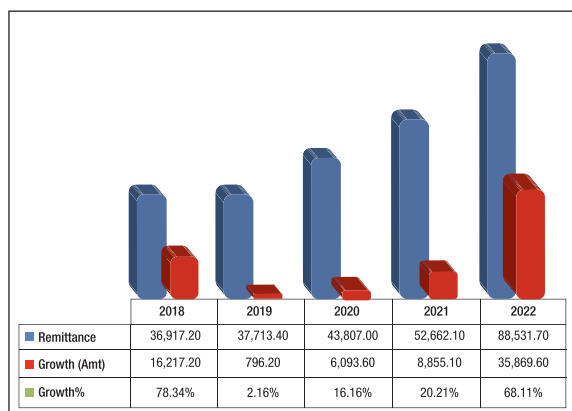
Export Business Growth (In Million Taka)



Remittance

Total remittance of the bank stood at Tk. 52,662.10 million during the year 2021 as against Tk. 43,807.00 million, Tk. 37,713.40 million and Tk. 36,917.20 million in the previous year 2020, 2019 and 2018 respectively. Our remittance increased by Tk. 8,855.10 million i.e. 20.21% in 2021 as compared to increases of Tk. 6093.60 million i.e. 16.16% in 2020, Tk. 796.20 million i.e. 2.16% in 2019 respectively. Target for Remittance business for the year 2021 has been fixed at Tk. 60,000 million and thus expecting a growth of 12.23%.

Remittance Business Growth (In Million Taka)



Treasury Operations:

Worldwide mobility restrictions due to delta and omicron variants of covid-19 is damaging economies across the world, including financial markets and institutions in all possible dimensions. For banks in particular, globally imposed restrictions generates multifaceted crises like potential increase in default rates, liquidity and profit rate imbalance, low credit/deposit growth, policy restrictions from regulators. In line with the financial dynamics across the world, AIBL Treasury has played a pivotal role in overall fund management of the bank. Treasury team monitored inflows and outflows of all balance sheet contracts and profitably managed liquidity and unusual situations within the laid down policies and regulations of Bangladesh Bank. Treasury always focus to cater the needs of different treasury solutions in changing environments. For inherent principles, the bank has many limitations and cannot deal with conventional Treasury products like Govt. Treasury Bond, Treasury bill, Call Money, SWAP & Forward Contracts. In spite of all the limitations, Treasury team was committed to offer competitive price, excellent services and time befitting advices to the clients to best fit the changing environment. AIBL Treasury has separate designated desks to provide optimum Treasury solutions.

Desks are as follows:

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

Foreign Exchange Desk

Foreign Exchange Desk thoroughly monitored exchange rate movements, volatility & liquidity scenario of USD and other active currencies throughout the years. Treasury set exchange rates for merchant transactions, successfully managed Net Open Position (NOP), ensured optimum liquidity, quoted market-based exchange rates to the exchange houses and managed FC liquidity for our Offshore Banking Unit (OBU). The Foreign Exchange desk has maintained close liaison with a set of local and foreign counterparts for ensuring of FC liquidity around the calendar. AIBL Treasury successfully managed FC dealing of cross currencies through its trading platforms of world renowned banks. The Desk has also provided FC dealing solutions to the counterparty banks in our local market. Whole of the year they have performed 2,856 no. of USD/BDT & cross currency deals. FX Desk has contributed operating income of BDT 1,672.70 million from cross currency deals, exchange gains & FC funding. In 2021, Treasury Back Office (TBO) team has handled 112,724 nos FX transactions with turnover of USD 5.24 bio. FX transactions were being routed through 34 Nostro accounts in USD, EUR, GBP, CNY, CHF, JPY, AED & SAR currencies. TBO had relentlessly driven it's all out effort for timely reconciliation of all of the nostro transactions aligned with Bangladesh Bank regulations.

Money Market Desk

Ensuring optimum liquidity of local currency to meet asset book requirement as well as earning optimum profitability from the mismatches between maturity buckets of deposits of the bank within regulatory requirements are prime responsibility of the Money Market Desk. AIBL Treasury Money Market Desk also maintained Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of the bank efficiently. Our team has successfully managed liquidity as well as deployed surplus funds to the Islamic banks, Islamic windows & Islamic branches of conventional banks and leasing companies operated under shariah principles. In 2021, Government introduced Bangladesh Government Investment Sukuk (BGIS) first time & AIBL also participated in its first auction of BGIS for SLR maintenance.

Asset Liability Management (ALM) Desk

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

2021 was a challenging year from Asset Liability point of view as Bangladesh Bank issued directives for deposit rate protection against inflation. Due to volatile movements of profit/interest rates of Asset and Liabilities in the market, it was a real challenge to maintain a reasonable spread. The ALM Desk was proactive to revise the profit rates of deposits aligning with market rates as well as ensuring liquidity. ALM Desk successfully recommended asset-liability slotting for maintaining a steady and reasonable spread for 2021. ALM Desk has properly maintained BASEL III ratios like Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) leverage ratio, commitment and wholesale borrowing position within set limit of Bangladesh Bank.

Corporate Service Desk

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

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

- Foreign Exchange Risk Management Guidelines
- Guidelines on Asset Liability Management
- Wholesale Borrowing and Lending Guidelines
- Management Action Trigger
- Contingency Funding Plan
- Profit Rate Risk Management Guidelines
- Fund Transfer Pricing Policy
- Market risk and counterparty limits.
- Treasury Outlook of 2022

Treasury Operations:

Ukraine-Russia war and subsequent geo-political tension over the world reining global production, supply chain disruption, commodity price up affected financial markets and institutions in all possible dimensions. For banks in particular, globally imposed restrictions generates multifaceted crises like potential increase in default rates, liquidity and profit rate imbalance, low credit/deposit growth, policy restrictions from regulators. In line with the financial dynamics across the world, AIBL Treasury has played a pivotal role in overall fund management of the bank. Treasury team monitored inflows and outflows of all balance sheet contracts and profitably managed liquidity and unusual situations within the laid down policies and regulations of Bangladesh Bank. Treasury always focus to cater the needs of different treasury solutions in changing environments. For inherent principles, the bank has many limitations and cannot deal with conventional Treasury products like Govt. Treasury Bond, Treasury bill, Call Money, SWAP & Forward Contracts. In spite of all the limitations, Treasury team was committed to offer competitive price, excellent services and time befitting advices to the clients to best fit the changing environment. AIBL Treasury has separate designated desks to provide optimum Treasury solutions.

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Treasury Outlook of 2022

In 2022 BDT moved against USD from Tk. 86.00 to Tk.103.297 resulting appreciation of almost 20.11% which was still overvalued compare to peer currencies. Most of the south Asian countries devalued their currencies significantly which has posed serious threat to our export destinations. Due to Ukraine-Russia war, US-China trade war and to retain export earnings, BDT may be under pressure for further devalue.

Moratorium in investment repayment, injecting money by B. Bank through repo may dampen money market round the year. As a result of flat deposit investment growth banks may face upward operating cost and narrow spread. To cope up with the changing scenario banks have to introduce tech-based banking, spread Agent and Sub-Branch outlets countrywide and rush to retail depositors/investment clients.

Off-Shore Banking Unit (OBU)

Al-Arafahh Islami Bank Limited (AIBL) obtained the Off-shore Banking Unit ("the Unit") License from Bangladesh Bank on 17 February, 2014 and commenced its operation from 22 May, 2014. Located at AIBL Motijheel Branch, 161, Motijheel Commercial Area Dhaka-1000, OBU is working as an independent unit. The principal activities of OBU include Mudaraba Investment under UPAS (Usance Payment At Sight), HPSMFC (Hire Purchase Sirkatul Melk in Foreign Currency) against Usance L/C opened at AD branch with the condition that payment will be made at sight by OBU of AIBL against acceptance of LC opening AD branches and Musharaka Documentary Bills in Foreign Currency (MDBFC) against Accepted Local Export Bills to the eligible Deemed Exporters of our AD and Non-AD branches. Besides, OBU may also accept F.C deposits from eligible customers. As per Bangladesh Bank guidelines the Books of Accounts of OBU is being maintained in foreign currencies of which the base currency is USD. Comparative position of Off-shore Banking Unit;

PROPERTY AND ASSETS	Dec.21 (Million USD)	Dec.22 (Million USD)	Growth
Total Assets	250.00	248.46	-0.62%
UPAS	231.88	222.60	-4.00%
MDBFC	14.71	17.58	19.51%
HPSM Machinery	2.38	6.57	176.05%
Placement from Parent Bank	94.56	99.03	4.73%
Borrowing from Overseas Banks	154.41	147.72	-4.33%
Net Operating Income	1.00	1.71	71.00%

Foreign Remittance Division:

Foreign Remittance Division is one of the most important business segments of the bank which contributes overall growth of the Bank, increases the inflow of foreign currency, assists to build up low cost deposit and strengthens customer base of the Bank as well as upholds Bank's image in home & abroad and also makes significant impact towards the sustainable development of the Bank. Foreign Remittance Division is procuring remittance from all the remittance hubs across the globe consisting more than 100 countries through 25 (twenty five) Remittance Arrangements with different exchange houses in abroad and local banks. AIBL received Remittance Award from "Centre for Non-Resident Bangladeshi (NRB)" as one of the Top-10 Banks for procuring the highest remittance in 2021 and 2022.

1. Remittance Achievement:

Total remittance of the bank stood at Tk. 8,853.17 crore during the year 2022 as against Tk. 5,266.21 crore, Tk. 4,380.70 crore in the previous year 2021 and 2020 respectively. Our remittance increased by Tk. 3,586.96 crore i.e. 68.11% in 2022 as compared to increases of Tk. 885.51 crore i.e. 20.21% in 2021 and Tk. 609.36 crore i.e. 16.16% in 2020 respectively. Target for Remittance business for the year 2023 has been fixed at Tk. 10,000.00 crore expecting growth 13%.

Performance of Foreign Inward Remittance -From 2018 to 2022:

Year	Remittance		No. of Tr.	Target (In Crore)	Achievement (In %)	Growth (In %)
	BDT (In Crore)	USD (In Million)				
2018	3,691.72	441.22	684,045	3,000	123%	78.32
2019	3,771.34	446.45	698,640	5,000	75%	2.16
2020	4,380.70	516.19	693,537	4,250	103%	16.16
2021	5,266.21	618.68	827,851	5,400	97.52%	20.21
2022	8,853.17	876.62	12,31,132	6,350	139.42%	68.11

The Branches & Agent Banking Outlets of AIBL have procured foreign remittance BDT 4,770.04 crore in 2022 which is more than 30.55% of the previous year 2021 and disbursement of foreign remittance through BEFTN (A/c Credit with other bank) was BDT 4,083.13 crore in 2022 which is more than 153.22% of the previous year 2021.

2. Remittance Drawing Arrangement:

We have executed 03 (three) new remittance drawing arrangements with different exchange houses in UAE, UK & Switzerland in 2022 and

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

3. Foreign Remittance Operation at Agent Banking Outlets:

Our all Agent banking outlets have been disbursing foreign remittance under the support of Foreign Remittance Division. Remittance achieved through Agent Banking Outlets during 2022 was BDT 1,767.79 crore which was 23.89% of total remittance.

4. Marketing & Promotional Activities:

With a view to increase transaction of Western Union, we executed promotional campaigns in Ramadan 2022, where every customer of Western Union was given umbrella during this campaign. In order to increase remittance volume, the division has a plan to launch more promotional campaigns in 2023.

Overseas Banking Division:

Overseas Banking Division has been managing the relationship with foreign correspondent banks. During the year, 11 RMA (Relationship Management Application) with global banks representing from Asia, Middle East, and Europe were established to facilitate international trade. Currently, the Bank has relationships with over 343 banks/branches worldwide in more than 55 countries.

The Bank has maintained Nostro Accounts in all major currencies viz. USD, EUR, GBP, JPY, CHF, SAR, AED and CNY for smooth settlement of treasury, remittance and trade transactions with the satisfaction of international banks. At the end of 2022, the Bank maintained 35 Nostro Accounts with 22 Banks.

The Bank has managed to arrange credit line for import trade. Despite challenging global situation, our trusted Foreign Correspondents continued to support for import of essential items. Bank facilitated import of Fertilizers, one of the most essential items under special credit limit through foreign correspondents. Division also created credit line with USDA to support import of US origin agricultural commodities and took initiative to expand relationship with other multilateral agencies.

The Bank has been conducting International Trade through centralized mode of operation following Central Bank's guidelines and international best practice managed by a team of well-experienced and professionally certified officials. All necessary compliance frameworks are in place including SWIFT integrated with Core Banking Software and Sanction Screening Tools backed by SWIFT Corp Ltd. The Bank subscribes and collect Credit Reports from renowned sources like D&B, Credit Safe etc. and also subscribes Vessel tracking from Lloyd's List Intelligence. The Bank has adopted guidelines and other effective tools to prevent Trade Based Money Laundering and has strengthened compliance culture.

Internal Control & Compliance Wing

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

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

Framework of Internal Control System:

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

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

It is effected by people

It provides reasonable assurance, not absolute assurance

It is objectives-focused

Objectives of Internal Control

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

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

Components & Principles of Internal Control

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

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

Three Lines of Defense Model:

Three International organizations and their publications; (1) Basel Committee on Banking Supervision in their publication "Principles for the Sound Management of Operational Risk", (2) Institute of Internal Auditors (IIA) in their global positioning paper "The Three Lines of Defense in Effective Risk Management and Control" and (3) COSO in their publication, "Leveraging COSO in Three Lines of Defense" have propagated and supported the Three Lines of Defense Model for Risk Management which has been internationally accepted for managing risk.

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

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

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

Relationship among the objectives, components, principles and model:

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

Sustainable Finance Unit

SFU of Al-Arafah Islami Bank Ltd. manages all the affairs related to Green banking, Sustainable Finance and Corporate Social Responsibility. As economy grows because of industrialization, it also causes to damage environment (i.e. carbon emission, air, water and soil pollution) as well as society. Banks play a major role in economic activity through financing businesses. So, in this case, banks can conduct responsibly through its proper financing policy, risk management policy and other environment friendly and social works. From this perspective, as a Bank, AIBL has performed the following activities through this Unit:

Green Banking

a. In-house Activities:

Under Green Office Guide, we implemented the following things:

- (i) Newly installed automatic sensor light bulbs in office building helps to reduce power consumption.
- (ii) Most of our communication with branches, higher authority, Board of Directors and even Annual General meeting were arranged through online platform which reduced use of paper, printer and ink.
- (iii) Many of our workshop and training session under the program of awareness and capacity building were also successfully done through online platform.

b. Greening the Banking operation:

(iv) We provide e-statement and transaction notification to all our account holders through email/sms.

(v) At present we have banking services through mobile app and Islamic Wallet Mobile Financial Services facilitating accounting opening from home, easy money transfer, payment of bill, mobile top-up, merchant payment and inclusion of rural area under banking service.

(vi) We have also introduced Internet Banking which allows transaction and availing other banking services to our valued clients staying at home.

(vii) Under Business Process Automation (BPA), we now circulate all our letters, instructions, Investment proposal and Sanction through shared digital platform, email and IP message.

All of the above activities have played a great role in reducing carbon emission, environmental degradation and parallelly in saving and utilizing all of our resources properly.

c. ESRM (Environment and Social Risk Management):

We have done Environmental and Social Risk Rating (ESRR) of all our investment proposals and also incorporated appropriate mitigation measures if required under ESRM as per instruction of Bangladesh Bank. Scheduled monitoring and inspections have also been done time to time.

d. Green and Sustainable Finance:

We have a Sustainable Finance Policy introduced in 2021. We can finance in 68 green products and other sustainable linked products as per this policy. AIBL has financed in diversified Green areas like LED Bulb/Tube Assembly Plant, ETP Construction, Recycling Plastic and Paper Waste, Green Brick Manufacturing and Green Establishment (i.e. Green Industry, Building) etc. In the last quarter of 2022 total Green Finance disbursement was BDT 2940.00 million. This is contributing greatly to the transition to resource-efficient and low carbon industries i.e. green industry and green economy in general.

As these are very much associated with Sustainable Development Goal, Bangladesh Bank has also formed several funds to facilitate refinance in green products/projects/initiatives at lower rate of return. We have signed following agreement under these funds with Bangladesh Bank:

i) Islamic Refinance scheme for Green Products:

Under this scheme any client can avail refinance for any of 52 green products/projects/initiatives at single digit profit rate.

ii) Refinance Fund for Technology Development / Upgradation of Export Oriented Industries:

Export-oriented industries can avail refinance under this fund at the lowest profit rate for upgradation of capital machinery to enhance their production efficiency.

iii) Green Transformation Fund (GTF):

It includes 200 million US Dollar and 200 million Euro from which manufacturer-exporters can get refinance in foreign exchange against import of capital machineries and accessories relevant to environment-friendly/green attributes specified by BB and industrial raw materials.

On the other hand, we have also achieved tremendous progress in sustainable finance. The most significant issue is that AIBL has been recognized as one of the most sustainable banks in Bangladesh by Bangladesh Bank in 2022. In the last quarter of this year our sustainable finance is BDT 11,108.12 million. To take this more ahead, recently we signed agreement with Bangladesh Bank titled as follows:

iv) Green Transformation Fund (GTF) in Local Currency (Taka):

It is a fund of BDT 5000 crore formed by Bangladesh from its own source. Our export oriented and manufacturing industries can avail term financing easily under this fund to import/buy Green/environment friendly capital machineries at lower rate of return.

Corporate Social responsibility (CSR) by Al-Arafahh Islami Bank Ltd. (AIBL)

As part of CSR, AIBL always gives priority to any emergency of the country /society /institution /individual. In 2022 AIBL has done Some mentionable CSR activities such as:

- a.) Donation of BDT 10.00 crore to Prime Minister's Relief Fund due to flood and cold wave.
- b.) AIBL has donated Tk. 10.00 Lac to prize giving ceremony of National Hifzul Quran Recitation Competition in 2022 which will act as motivation to Hifz students for further improvement of quality and standard of holy Quran recitation to an international level.

Our main priority sectors of CSR are education, health, food security, shelter, prevention of environmental disaster and special attention for the advancement of research/literature/culture. In 2022 our total expenditure in CSR is BDT 28.73 million which is shown sector wise in the table below:

(Amount in Million BDT)

Sl No.	Particulars	CSR in 2021	CSR in 2022
1	Health	87.10	50.80
2	Education	6.50	58.80
3	Disaster Management	0.00	35.70
4	Cultural Activities	0.00	22.00
5	Environmental Protection	56.00	20.00
6	Others	0.00	100.00
	Total	149.60	287.30

Education Scholarship Program:

Being aligned with government initiatives to achieve Sustainable Development Goal (SDG), AIBL has also taken step to promote quality education which is the 4th most prioritized goal of SDG. In 2018, we successfully begun the program titled "Al-Arafahh Islami Bank Education Scholarship-2018" for underprivileged meritorious students who completed HSC. Under this program each year we invite application from the students. Till 2022 this program covers 2 batches as follows:

Number of Students	Present institute of study	Total Scholarship (BDT in Million)
390	Students are covered from different educational institutions such as Public Universities, Medical Colleges, Engineering Universities, Agricultural Universities, Science and Technology Universities, Open University, National University, Private University etc.	22.10

For 2020 we already have prepared final selected list of candidates applied for this scholarship. Again, we also going to publish our next circular for the year 2021 & 2022 inviting application under AIBL Education Scholarship Program.

AIBL Foundation

Al-Arafahh Islami Bank Ltd. has also fulfilling its corporate social responsibility towards people and different institution through its foundation. AIBL foundation is operating the following institution:

- a. Al-Arafahh Islami Bank Ltd. Foundation Kidney Dialysis Center, Chattogram.
- b. Al-Arafahh Islamic International School and College, Hazaribagh, Dhaka.
- c. Al-Arafahh Tahfizul Kuran Madrasa, Hazaribagh, Dhaka.
- d. Al-Arafahh Islami Bank Foundation Hospital, Chattogram. (under construction)

Besides, it also has a future plan to establish another extension of Al-Arafahh Islami Bank Foundation Hospital at Hazaribagh, Dhaka.

All of the above are established with the motive to provide quality service to poor /less income people of the society.

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

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

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

CMSME Investment at a glance

Figure in Million

Description	2022	2021
Total CMSME Portfolio	131595	110641.00
% of CMSME Portfolio to Total Portfolio	31.70%	32.12%
Target of CMSME Investment	80000	70000.00
Total CMSME Disbursement	77205.07	65984.19
% of Achievement	96.51%	94.26%

Investment on Women Entrepreneurs

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

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

Description	Figure in Million
Total SME Portfolio in Women Entrepreneurs	6622.44
Amount of Disbursement to Women Entrepreneurs	4840.11

Refinance Schemes of Bangladesh Bank enrolled by AIBL

1. CMSME Stimulus Scheme 2022-23 (3rd Phase):

Bangladesh Bank has set 9500 Million Taka disbursement target for AIBL. About 4750 Million Taka of this scheme will be obtained under refinance and the remaining 4750 Million Taka will be financed from AIBL own funds where the Stimulus Profit rate for the customers is 4% and 5% profit incentives provided by Bangladesh Bank.

2. 250000 Million Pre-finance Scheme Against CMSME investment (2022-23):

Bangladesh Bank has set 8800 Million Taka disbursement target for AIBL. This scheme was formerly enrolled as refinance scheme but now it is converted to Pre-finance scheme by Bangladesh Bank. where the profit rate for the customers is 7% and Bangladesh Bank will be financed the fund at 2% profit rate.

3. Women Entrepreneur Refinance Scheme

Under this Refinance scheme for women entrepreneur AIBL is providing investment opportunities upto 5 Million at 5% profit rate where Bangladesh Bank refinanced the fund at 0.50%.

4. Agriculture Stimulus Scheme 2021-22

Under this Stimulus scheme AIBL has achieved 100% target of 535 Million Investment at 4% profit rate where Bangladesh Bank refinanced the fund at 0.50%.

5. Concessional Profit at 4% Scheme 2022-23

Under this Refinance scheme Bangladesh Bank set the target of 34.8 Million. where the profit rate for the customers is 4% and Bangladesh Bank will be financed the fund at 0.50% profit rate.

6. 'Ghore Phera' Refinance Scheme

Under this Refinance scheme Bangladesh Bank set the target of 80 Million. where the profit rate for the customers is 6% and Bangladesh Bank will be financed the fund at 0.50% profit rate. Profit Spread for AIBL will be 5.50%.

7. 10/50/100 Tk Account Holders' Refinance Scheme

Under this Refinance scheme Bangladesh Bank set the target of 100 Million. where the profit rate for the customers is 7% and Bangladesh Bank will be financed the fund at 1% profit rate. Profit Spread for AIBL will be 6%.

8. 10000 Million Tk Refinance Scheme to increase Wheat, Maize Production (2022-23)

Under this Refinance scheme AIBL has already achieved 100% target of 30 Million Investment at 4% profit rate where Bangladesh Bank refinanced the fund at 0.50%.

9. Start-up Fund Refinance Scheme

A fund was formed to invest in the Start-up enterprises and businesses. A fund of 48.70 Million was accumulated from where 9.70 Million have disbursed.

10. Credit Guarantee Scheme

From Bangladesh Bank Credit Guarantee Department (CGD) AIBL has enrolled 10 Million Credit Guarantee Scheme against the investment of 10/50/100 Tk. Account Holders' Refinance Scheme.

The Achievement of 2022-2023 is as follows:

(Figure In Million)

Sector wise Agricultural Disbursement	Current Fiscal Year Disbursement July-22 to Dec-22 (2022-2023)	Accumulated Outstanding (31/12/2022)
a) Crops	364.20	391.35
b) Fisheries	709.00	1029.51
c) Crop Storage	305.00	531.76
b) Livestock Development	1422.50	1743.48
d) Poverty Alleviation	9.47	50.13
a) Irrigation Tools	106.50	178.01
e) Agricultural Tools	117.00	251.78
g) Others	368.50	573.60
Grand Total	3402.17	4749.62

Agent Banking

Agent Banking services is one of the important dimensions of banking services in Bangladesh which is provided through engaged agents under valid agency agreement. Agent is the owner of one or more than one outlet(s) who conducts banking transactions on behalf of the bank. This type of banking is comparatively a tremendous idea that can help the formal banking sector reach out to the marginalized people of the society through agents. It is playing a pragmatic role in paving the way for financial inclusion, which is a tool for inclusive economic growth and financial development of a country.

We have launched 700 Agent Banking outlets through 485 Agents as on December 2022 with a view to bringing the un-banked population under banking services. As on December 2021, total accounts of Agent Banking are 7,03,510. We have already covered 265 Upazillas under 56 Districts. With some restrictions and limitations, most of the banking services are available in agent banking operation.

In Agent Banking, most of the beneficiaries are living in rural areas and were totally un-banked at the earlier. But now, their total deposit is Tk. 37,278.32 Million and the figure is increasing rapidly. Clients are opening accounts, depositing and withdrawing their expected money, getting foreign remittance from their relatives, paying their utility bills and getting other banking services spontaneously. This is one of the appropriate examples of financial inclusion in Bangladesh.

Agent Banking Performance At a Glance (As on 31-12-2022)

Taka in Million

Particular	December 2021	December 2022	Growth
Total Number of Outlet	571	700	22.59%
Total Number of Agent	397	485	22.17%
Number of Rural Outlet	502	615	22.51%
Number of Urban Outlet	69	85	23.19%
% of Rural Outlets Among Total Outlets	88%	88%	0.00%
Number of Covered Upazilla	227	248	9.25%
Number of Covered District	55	57	3.64%
% of Area Coverage Among 64 Districts	86%	89%	3.49%
Number of Accounts	502855	703510	39.90%
Number of Male Customer	270770	371042	37.03%
Number of Female Customer	232085	332468	43.25%
% of Female Customer	46%	47%	2.17%
Deposit of Agent Banking	31016.82	37278.37	20.19%
Cost Free Deposit	1156.63	1401.81	21.20%
Low Cost Deposit	11477.94	14497.24	26.31%
High Cost Deposit	18382.25	21379.32	16.30%
% of Cost-Free & Low-Cost Deposit	41%	43%	4.88%
Number of Foreign Remittance	235580	283774	20.46%
Amount of Foreign Remittance	14268.71	18323.83	28.42%
Number of Utility Bills Collection	6030907	7789644	29.16%
Amount of Utility Bills Collection	4079.04	5582.52	36.86%
Investment in Outlet Area Through Branch	1657.64	3775.83	127.79%

Retail Banking

AIBL Retail Banking Division aims to uphold a strong and superior customer experience by offering exceptional value to clients through utilizing customer data insights to create personalized experiences, improved customer satisfaction, innovative products, and value propositions. This Division plays important role in business growth through high growth business model, innovative customer proposition, faster customer onboarding, frictionless customer experience, wider distribution network & bulk acquisition, risk-efficient diversified investment portfolio and sustainable deposit portfolio.

Al-Arafahh Islami Bank Limited has been expanding its Retail Banking portfolio by forming a centralized Retail Banking Division to provide one-stop Retail Banking services to customers. Our focus on enhancing customer relationships and driving business growth by utilizing our established expertise in securing new clients and enhancing relationships with existing ones has been a key priority for us. To achieve these goals, we have taken a comprehensive approach by implementing a range of strategies that have been designed to have a significant impact. Retail Banking division has been strengthened through the creation of core units, which have allowed us to increase our capacity and better serve our customers. To deepen our relationship with our retail clients, we have assigned branch-specific retail relationship managers who are dedicated to providing personalized services and support. We have also been proactive in conducting training and development programs, both physical and digital, across the country. This has ensured that our employees are equipped with the knowledge and skills required to deliver superior customer service.

To further increase awareness of our brand and position ourselves as a leading Retail Islamic Financial Service Provider, we have undertaken several promotional and branding activities. These efforts have been designed to reach a wide audience and effectively communicate the value that we bring to our clients. Our commitment to expanding our retail business and improving customer relationships is unwavering. We believe that by taking a comprehensive approach, we will continue to drive sustainable growth and maintain our position as a leading provider of Islamic Financial Services.

Retail Banking Highlights:

- Retail investment disbursement recorded a 101% increase in disbursements in the year 2022. Home investment was the driving force behind this disbursement, representing 76% of the total retail investment disbursements in 2022.
- Retail Investment GL grew by 44% from 2021. This represents the highest growth rate for Retail Investment GL in recent years, as recorded in 2022.
- Auto Investment GL saw a substantial increase of 88% in 2022 compared to the previous year. Additionally, the Auto Investment disbursements recorded a significant growth of 401% from 2021.

In the coming years, AIBL Retail Banking will place a continued emphasis on customer engagement as a key driver of growth. Our focus will be on strengthening relationships with our clients, and to do so, we will actively seek to understand their needs and preferences. With this insight, we will provide tailored experiences that meet their unique requirements and exceed their expectations. Through this approach, we aim to retain our existing customers, as well as to attract new ones who appreciate our commitment to their satisfaction. Furthermore, to enhance our retail clients' digital banking experience, we will be prioritizing frictionless digital retail customer onboarding and a seamless digital retail banking experience for our retail customers.

Al-Arafahh Rural Development program (ARDP)

A stronger and larger rural economy is crucial for employment generation and poverty alleviation. Because this trends to reduce inequality and helps us achieving the desired sustainable

development. Realizing the fact AIBL launched its Grameen Small Investment Scheme (GSIS) in 2008. But with the passage of time as the importance of rural economy grew more and more AIBL thought of reinforcing its presence into the sector. Therefore, in order to be more vibrant and visible in the process of improving the life standard of the rural population AIBL launched a new program (encompassing old GSIS) under the banner called “Al-Arafah RURAL DEVELOPMENT PROGRAM or ARDP” in late 2020. We anticipate that through ARDP we will be able to enhance our CMSME activities and take AIBL to the remotest corners of the country.

SL No	Subject/Particulars	December 2021	December 2022	Growth
1	Number of Member	57,340	75,337	17,997
2	Number of Investment Client	50,839	63,227	12,388
3	Number of MSD Account	155,971	213,584	57,613
4	Number of SSP Account	40,744	59,037	18,293
5	Total Number of Account	196,715	272,621	75,906
6	Disbursement	155.84	355.61	199.77
7	Outstanding	129.65	257.85	128.20
8	Percentage of Recovery	90%	95%	5%
9	Deposit Amount MSD A/C	57.84	76.62	18.78
10	Deposit Amount SSP A/C	91.62	120.17	28.55
11	Deposit Amount Welfare fund	19.26	24.06	4.80
12	Total Deposit	168.72	220.85	52.13
13	Profit/Loss	1.85	6.17	4.32

Branding & Public Relations

Improvements in branding and media relations were priorities during the year 2022. In response to the gradual expansion in Bank's business, we extended our publicity to fulfill the market demand. We brought new dimension in our branding and publicity for establishing a positive image of the Bank. We acquired encouraging national attention towards AIBL throughout the year with our all-around activities. More than 71 news items of the Bank were broadcasted in 1480 news coverage through 21 different TV Channels during the year 2022. We continued news branding on 7 major satellites TV channels such as Channel-i, Bangla Vision, ATN Bangla, ATN News, Desh TV, DBC TV and ETV.

Promotion in the television media got a major hike during the Ramadan in this year. In total 17 major TV channels which included NTV, Bangla Vision, Bangla TV, Independent TV Jamuna TV, Channel-9, Boishakhi TV, SA TV, News 24, Gazi TV, Ekattor TV and many more. The Bank sponsored 11 different programs to encourage true Islamic values. The initiative was praised by the stakeholders and positively put an effect on business.

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

Our presence in the print media also was bold as we had 2220 Press Release items published in more than 60 different leading Newspapers and Medias throughout the year. Besides, more than 850 advertisements were published in 115 different publications during that year.

This year the Bank went into Electronic Media vastly. Besides, promotions in social Medias we have put utmost focus on Digital Media via Online Portals, Facebook, YouTube etc.

Moreover, during the adverse circumstances, Bank made its promotion through client service more effective and efficient in 2022. We must remember that, a satisfied client is the best advertiser of the Bank. So, all our promotional steps will be focused to make our customers feel that they are banking with their own bank with all the modern facilities, when they are with Al-Arafah Islami Bank Limited.

Branding Summary of AIBL in 2022

SL	Branding Details	Frequency During 2022
1	TV News Items	71 events 1480 coverage
2	TV Channel Coverage	21 channels
3	TV Branding (throughout the year)	7 channels
4	TV Branding during Ramadan	17 programs 11 channels
5	PR Published	2220 times
6	Print media covered	60 media
7	Promotional Advertising	850 advertisements
8	Publications used	115 publications

Information Technology

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

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

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

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

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

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

Services offered by Islamic Wallet

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

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

1. To become one of the best three Technologically advanced banks in the country within next 3 years
2. Ensure 100% Regulatory Compliance by taking highest possible ICT security measures within a year.
3. Considering a huge unbanked population across the country, AIBL has been working very closely with different government and non-government entity to ensure the availability of Mobile Financial Services (MFS) all over the country.

4. Full-phased Internet Banking along with E-Commerce and Payment Gate way will be started very soon.

5. Introduce Booth Banking Services as per Bangladesh Bank guideline.

Card Division

Card Division of Al-Arafahh Islami Bank Limited has diversified range of products and services since the beginning to fulfill the customers' needs by strictly maintaining the Shariah Principals. More than 3.00 lac AIBL card holders including Debit Cards, Credit Cards, Instant Cards, Pre-Paid Cards and Hajj Cards are using AIBL own 200 ATMs as well as any banks' ATMs through NPSB network & MasterCard enable ATMs. The bank issues technologically advanced EMV Chip Cards to provide vast and secured services to our valued customers throughout the time 24/7. We are providing effective and efficient card services among the customers with nominal service charges and maintenance fees which a positive marketing tool. We have travel card which does not require to maintain any bank account and it could be used for overseas travelling time with foreign currency. We have Instant Card for account holders which is being issued from branch premises instantly at the time of account opening. We are planning to introduce International Debit Card within shortest possible time to facilitate dual currency in Debit Cards as per Bangladesh Bank policy. Bank is offering discount facilities for both Debit & Credit Card holders & Equal Monthly Installment (EMI) facilities for Credit Card holders for the last few years to grab the market trends. We have a long list of EMI and discount partners including all renowned furniture manufacturers, branded electronic chain shops, lifestyle retailers, leading hospitals, popular restaurants, hotels & resorts, e-commerce shops, mobile & computer shops, tours & travels outlets, local airlines, auto care shops, motorcycle shops, super shops, etc.

We are working on to launch contactless card with more security within this year. For Platinum Credit Card holders, we have complementary airport lounge facilities at Hazrat Shahjalal International Airport, Dhaka and MasterCard designated airports all over the world. We are ensuring smooth online transactions for our card holders of AIBL through various security measures such as by using "MasterCard SecureCode". Bank is conducting promotional activities for cards through social and print media and has designed a lucrative webpage in its main website.

Card Division is working round the clock to provide efficient and outstanding services to our valued customers by using advancement technologies.

Asset Quality

Overdue investments stood at Tk. 16786.42 million as on 31st December 2022 as against Tk. 3993.40 million as of December, 31 last year. Total overdue increased by Tk. 12793.02 million during the year 2022 bringing the same to 4.04% of our total investment as against 1.16% in the previous year. Corporate Branch Managers, Zonal Heads and other Branch Managers are advised to take all precautionary measures so that the overdue investments are not inflated and income leakage remains under control.

Rescheduled investments increased by Tk. 1308.20 million from Tk. 21380.10 million to Tk. 22688.30 million (Term investments by Tk. 9528.60 million plus Continuous and Demand investments by Tk. 13159.70 million) which was 5.47% of total Investment. Recovery against rescheduled investment during the year 2022 was Tk. 3490.60 million.

Classified investments increased by Tk. 5870.53 million in 2022 from Tk. 16566.84 million to Tk. 22437.37 million representing 5.41% of total investment as against 4.81% in the previous year. During the year 2022, recovery & regularization against classified investment stood at Tk. 1696.47 million while recovery against written off investments stood at Tk. 122.02 million recording a total recovery of Tk. 5309.09 million which includes a recovery Tk. 3490.60 million from the rescheduled investments. Plan and Strategies to Improve the Asset Quality-

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

Risk Management

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

- Investment or default Risk (including concentration risk, country risk, and settlement risk)
- Market risk (Including interest rate risk in the banking book, Forex risk, and equity price risk)

- Liquidity risk
- Operational risk
- Other risks (residual risk, compliance risk, strategic risk, reputation risk etc.)

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

1st line of defense: Business owners

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

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

2nd line of defense: Standard Setters

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

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

3rd line of defense: Assurance Providers

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

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

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

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

1. Investment Risk Management Committee :

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

2. Asset Liability Risk Management Committee (ALCO):

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

3. Foreign Exchange Risk Management Committee:

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

4. Internal Control & Compliance Risk Management Committee:

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

5. Central Compliance Committee:

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

6. Information & Communication Technology Risk Management Committee:

ICT risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fires, cyclones or floods. This committee monitors and supervises the risks related to Data security, Physical security, Network security, Disaster recovery, Fraud, Forgery, System failure and Business continuity etc. Banks always run the risk of insufficient liquidity and investment/credit defaults. While conducting day to day operation AIBL usually faces the following major risk:

1. Credit/Investment Risk:

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

- i. Individual client wise: Investment Wing considers the risk on a case-to-case basis. Their sole purpose is to measure the weighted risk of individual clients and disburse loan/investment accordingly. IIRS is approved & verified by CRO of the Bank.
- ii. Portfolio wise: IAD considers the risk on a sector-to-sector basis or on industry-to- industry basis and is reviewed in ARC/MC meeting. This is what is referred to as portfolio wise investment risk management.

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

Top-20 Investment Risk Assessment and Resolution Report: To address Systematic risk as a part of BB initiative, RMD is preparing and sending report of Top-20 Investment Clients' position including risk mitigation road map to Bangladesh Bank quarterly after having approval from the Board of Directors and BRMC.

Risk Assessment of Top-20 Defaulters & Risky Investment Client: Apart from the 'Resolution Report of Top-20 Investment Risk Assessment' the RMD has prepared report on the risk assessment of Top-20 Defaulters and Top-20/30/50 Risky investment clients. The division assessed various risk related issues and provided various options & advises on how to mitigate the risks.

Internal Investment Risk Rating System (IIRRS): As per instructions stated in IIRRS guidelines issued by BRPD of Bangladesh Bank, summary report of IIRRS is required to be approved and signed by Chief Risk Officer (CRO) of the Bank.

Credit Rating related activities: Credit Rating has direct impact on Risk Weighted Asset (RWA) of the bank by maintaining minimum capital requirement and satisfactory CAR as well. The division is trying its best to get all the eligible clients rated by the external rating agency by advising branches so that the bank can allow investment safely. Side by side it helps the bank to make investment more maintaining minimum capital.

2. Market Risk:

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

Market risk also called 'Systematic Risk', cannot be eliminated through diversification, nevertheless it can be evaded. Systematic risk refers to the risk inherent to the entire market. The risk that

a major natural disaster will cause a decline in the market as a whole is an example of market/systematic risk. This sort of risk is evaluated by the Risk Management Division. As a part to address systematic risk, RMD is analyzing Top-20 investment clients' position and incorporating its review report with risk mitigation road map in 'Credit Risk Assessment and Resolution Report' for placing before the Board of Director's meeting for onward submission to Bangladesh Bank as well quarterly.

2.1 Interest/Profit Rate Risk:

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

1. Operational Risk:

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

Managing Other Specific Risks:

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

Residual Risk:

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

Liquidity Risk:

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

Strategic Risk:

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

Reputation Risk:

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

Environmental Risk:

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

Basel Accord Implementation:

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

Basel Implementation Unit (BIU) at Operational Layer and

Supervisory Review Process (SRP) team at Managerial Layer.

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

All Risk Committee (ARC) at Management level:

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

Risk Management and Other regulatory reports:

Risk Management Division prepares Monthly/Quarterly Risk Management Report, Half-Yearly Comprehensive Risk Management Report (CRM), and Stress Testing reports incorporating all risk areas as per directions of the prescribed format of Bangladesh Bank.

These risk reports are discussed in depth in All Risk Committee at Management level as well as Board Risk Management Committee and necessary instructions with guidance are given there against. Besides, AIBL sends Risk Appetite Statement (RAS), Effectiveness of Risk Management functions etc. to Bangladesh Bank annually duly reviewed and approved by the meeting of Board Risk Management Committee and Board of Directors' of the Bank as well.

Money Laundering and Terrorist Financing Prevention:

Ever since the first day of operation AIBL has been extremely cautious about compliance. Because it knows that a simple non-compliance can inflict a huge cost on the bank like any other institution. Rather, for banks the cost of non-compliance is much higher. If this non-compliance is pertaining to the crime like money laundering the burdens knows no bounds. Therefore, in order to protect its reputational risks and improve AIBL's vision and value AIBL always adheres to both internal policies and procedures along with Bangladesh Bank's Circulars and governmental laws. Not only that, AIBL is always keen to improve its compliance net and make it a contemporary one. In line with this AIBL has recently automated its AML monitoring system by introducing a state-of-the-art monitoring tool to bring peace of mind for the bank's officials and the bank as a whole.

The main area of focus remained in the fight against money laundering and terrorist financing and supporting effective implementation of the monitoring tools across the bank through training and capacity building. The tool, inter alia, will ease the process of KYC, CDD, EDD, name screening, transaction screening, transaction monitoring, suspicious activity reporting and so on. No denying the fact, it will definitely give an edge over its peers and help us stabilizing the reputation of the bank in the international arena. We, at banks, face fresh and newer challenges each day, since fraudsters target the weaknesses (if any) in the system. Therefore, it is an ever-vigilant process. Our new tool will help us in doing so by improving searches with technology, having regular cross communication with different agencies, using data analytics to find patterns and standardizing our system and structuring training. We strongly believe that by integrating due diligence and technology with people training and a robust partnership with law enforcing agencies, we can more effectively combat the increasingly sophisticated money launderers in the country and beyond and help prevent criminal activities. In a nutshell, we are committed to be on the lookout for money launderers. We remain watchful on the risks of virtual currencies, on-line betting, innovative financial services, de-risking, tax evasion and the risks associated with the COVID-19 pandemic, non-public data, third-party risk, TBML risks and so on. We are particularly critical on unnecessarily complicated and critical supply chain, rapid growth of newly formed countries, established companies unexpectedly changing to an entirely unrelated sector and consistent and significant cash payment along with unexplained third-party payments. We conclude with a vow that we shall not let the criminals use us for their benefits and put us into trouble.

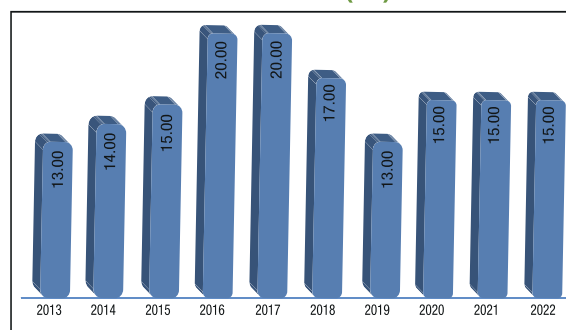
Dividend

The bank has been paying dividend every year since 1998 just after conversion of a public limited company. The Board of Directors of the Bank is pleased to recommend dividend 15% Cash in the year 2021.

Table of Historical Dividend Payment Percentage are as follows:

Year	Dividend
2013	13.50% Bonus
2014	14% Cash
2015	10% Cash & 5% Bonus
2016	20% Cash
2017	15% Cash & 5% Bonus
2018	15% Cash & 2% Bonus
2019	13% Cash
2020	15% Cash
2021	15% Cash
2022	12% Cash & 3% Bonus

Dividend (%)



Credit Rating

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

Long Term	: AA (pronounced Double A Two)
Short Term	: ST-2
Based on	: Audited Financial Statement 2021
Date of Rating	: 18 July 2022
Validity	: 17 July 2023
Outlook	: Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2022	AA	ST-2	Stable
30 June 2021	AA	ST-2	Stable
30 June 2020	AA	ST-2	Stable
30 June 2019	AA	ST-2	Stable
30 June 2018	AA	ST-2	Stable

Interpretation:

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

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

Human Resources

Well educated and skilled manpower is the best capital of an organization particularly in banking institution. We put utmost importance on recruitment and development of human resources. In recruiting process, we put emphasis on attracting talented young stars. Total 984 employees in different categories/ranks joined and exit 63 during the year 2022 raising our total employees to 5,184 as on 31.12.2022.

We have 5,184 staff in the Bank of whom 349 are executives 3,821 are officers and 1,014 other staff as on December 31st 2022.

SI No	Designation	Category Number
1	Executives	349
2	Officers	3,821
3	Others	1,014
	Total	5,184

We nominated 126 employees in outside training course viz. BIBM, BBTA, BAB etc. in 2022 and they have completed the course successfully.

We motivate and facilitate our deserving employees to complete international standard professional degrees like CDCS, CSDG and ACAMS. Presently, we have 65 CDCS, 3 CSDG and 10 CAMS officials of which 1 officials completed CDCS and 3 officials CAMS during the year 2022.

Activities of AIBTRI

AIBTRI: Centre of Excellence for Human Capital Development

Alhamdulillah. After inception in 1996, Al-Arafahh Islami Bank Training & Research Institute

(AIBTRI) has successfully crossed a long way to its destination of being an organization of excellence in training and education. Skilled human resources are the cutting- edge assets of any organization. Needless to say, for effective growth of an institution and enhance both soft hard skills of its employees, there is no alternative to recourse on continuous training. AIBTRI's prime objectives, among others, are to impart training to all stages of Bank employees to aware them about the latest development of knowledge on the changing functional procedures, policies, rules, directives and regulations of the financial system. As the banking sector is experiencing various reform measures with a view to coping up with the modern financial complexities like bit coin fintech, regtech, crypto currencies, Central Bank Digital Currency (CBDC) etc, focusing on need-based training is imperative to turn the human resources of the Bank into human capital.

Training programs at AIBTRI are scheduled and singled out on need-based assessments by a set of human committed capital faculty development members of with the institute. cutting-edge AIBTRI skills, has knowledge given utmost importance to training for and wisdom. Despite limitations and shortcomings, AIBTRI is however, moving forward for attaining its desired level of competency through arranging various training courses including 3 month-long AIBL-CACP certification course for BAMLCOS, EDPs, seminars, workshops etc. on topical banking and financial issues.

The financial sector of Bangladesh underwent a number of reform measures under new normal scenario after COVID-19 shocks in the country. In line with the changed circumstances, the AIBTRI has been adopting new strategies and methods for improving the knowledge-base of the manpower. AIBTRI is also keeping pace by putting its best efforts to respond to the need for capacity building of AIBL officials with new thoughts and innovative ideas to achieve the objectives of different reform measures.

Overall Training Scenario in 2022:

During the year 2022, AIBTRI conducted a wide range of activities to attain objectives of imparting quality training to the officers of the Bank. AIBTRI conduct a total number of 148 (One Hundred and Forty Eight) Training Courses, Workshops, Executive Development Programs, Lead Bank Program, Outreach Program, Specilized Training Courses called AIBL-CACP and Foreign Training Program where 9177 participants attended during the period January-December, 2022. It may be noted that both the online and classroom based programs were arranged. Proper health safety measures were taken before arranging the classroom based programs.

Training Courses (TC):

To develop the professional skills and knowledge of the officials in the fields of Shari' ah, banking, finance, CMSME, retail banking and microfinance, customer service development etc. AIBTRI conducted a total of 13 (Thirteen) training courses both classroom based as well as through virtual platform during the year under report.

Training Workshops (TW):

A total of 66 (Sixty Six) training workshops were conducted during the year at AIBTRI for fulfilling the requirements of understanding the current issues and challenges relating to banking operations such as new imperatives on International Trade and Finance, impact of fintech applications, National Integrity Strategy, Documentation Errors & Investment Property Valuation, FATCA, Customs Duty Payment through RTGS under e-Payment system, Money Laundering & Terrorist financing issues etc., Moreover, with a view to enhancing skill of the employees, AIBTRI has arranged number of in-house discussions on topical issues of Islamic Shari'ah and banking.

Executive Development Programs (EDP):

To meet the requirements of enhancing the knowledge on current issues of the bank's top Executives, managers, manager operations about the money laundering preventions and other

topical economic and financial issues, AIBTRI conducted 2 (two) EDPs in 2022 at its Board Room where participants other than head office attended the programs through Microsoft Teams platform. The titles of EDPs were Sukuk Issuance in Bangladesh: Concept, Structuring

and Fund Management and Bancassurance and Bancatakaful: Concepts, Products and Role of the Banks.

Outreach Training Programs (OTP):

AIBTRI conducted 41 (Forty One) outreach training programs (OTP) during the year 2022 in five different locations based on zonal offices of the Bank. The programs had their remarkable impact to create awareness among young, brilliant and promising officers regarding Islamic Shari'ah and Banking, Foreign Exchange, Investment, Environmental Risk Rating, Agent Banking etc.

Islamic Financial Literacy Program (IFLP):

One Islamic Financial Literacy Program was arranged at Bangladesh Parjaton Corporation auditorium at Rangpur where about 100 university and college professors, madrasah teachers khatibs of jame mosques attended. The program was presided over by the Principal of Carmichael College. IFLP had impacted highly among the participants and the misconceptions about Islamic banking had been somewhat erased which were expressed by the thanks giving speech by the participants.

Lead Bank Program (LBP):

The AIBTRI with the cooperation of MLTFPD of the bank arranged a Lead Bank Program on prevention of Money Laundering and Terrorist Financing at Khulna Zone. Al-Arafahh Islami Bank played the role of Lead Bank in the program. BFIU and AIBL Officials conducted various sessions of the program. Total 93 participants from all banks in Khulna Division attended the LBP.

Certified AML & CFT Professional (AIBL-CACP):

During 2022, the AIBTRI with the cooperation of BFIU & BIBM conducted two 3-Month long specialized Training Courses (STCs) titled AIBL Certified AML & CFT Professional (AIBL-CACP) to create 126 certified expert officials on AML CFT especially the Bank's BAMLCOs. BFIU and BIBM Officials had conducted various sessions of the program. The core objectives of the program is to develop a group of knowledgeable and efficient BAMLCO's equip them with the overall theoretical and applied issues relating to AML & CFT for making them proactive to address the AML & CFT issues of the Bank with efficiency. The CACP certificate holders may be called "AIBL-CACP". We confidently hope that through this endeavor the Bank would get a group of qualified AML & CFT professionals who would ensure every AML & CFT related compliance issues of the Bank at branch level and would make the Bank a fully-complied Bank on AML & CFT issues. We also hope that this course will create a new branding of experts in AML & CFT for the banking industry in Bangladesh.

Future Programs of AIBTRI:

Given the directions of the esteemed Board of Directors (BOD) of the Bank, following new programs have been undertaken by AIBTRI for the year 2023 to initiate research on the practical operational areas with a view to assisting the Board for its policy making as well as to develop the bank as a knowledge-based Islamic bank in the country:

1. To conduct 2 (two) "Certified AML & CFT Professional (AIBL-CACP)" certification Course on Anti Money Laundering and Combating Financing of Terrorism" for professional development of the employees of the Bank. These certified AML & CFT Professional

experts especially BAMLCOs would help the bank to make it free from money laundering and financing of terrorism risks.

2. To conduct one "Executive Diploma program in Islamic Banking and Finance (AIBL-

EDIBF)" for professional development of the employees of the Bank from Officer to Vice

President Level. The program would be started from July, 2023. In the global and local context, Islamic banking and finance industry has been growing faster than the and competitive financial banking institutions has environment, been an emerged essential in the step is marketplace. crucial to In line disseminate with this cutting-edge changing conventional counterpart in recent decades. Stiff competition among the Islamic banks operational knowledge of Islamic banking and finance to the workforce of the Bank to equip them with knowledge and efficiency so that they could set an example in the industry as efficient officers of a knowledge-based clean Islamic Bank dedicated together in the development process of the country.

While there is a huge demand for skilled people with technical and Shari'ah knowledge to accelerate growth and make the Bangladeshi banking and finance industry robust and sustainable, there is not enough opportunity to acquire relevant knowledge in this area through the existing education system of the country. Hence, to meet this essential demand of the banking sector, especially for the employees of the AIBL, AIBTRI as the Bank's apex training institute, is planning to launch the Executive Diploma program in Islamic Banking and Finance (AIBL-EDIBF) to develop a competent human capital base for the Bank. With the steady and strong growth Of Al-Arafahh Islami Bank, the demand for AIBL skilled feels Islamic the need Bankers to is upgrade its continuously human increasing resources As with the latest knowledge the second largest Islamic bank, banking and finance. Thus, AIBTRI has designed its flagship education/training program on Islamic Banking and finance considering the specific requirements of skilled manpower of the Bank. It is expected that this AIBL-EDIBF will certainly enrich the bank as knowledge-based bank by giving every employee of the Bank an in-depth understanding of the leading issues in Islamic banking and finance i.e., Islamic finance laws and concepts, Islamic banking products, its operations, and related Shari'ah Standards Specifically, the AIBL-EDIBF program, as an important flagship human capital development programs of the Bank, is a unique opportunity for an in-depth understanding of banking and finance in the perspective of Islamic Shari'ah and its overall practices in the Bank. The diploma program will provide clear insights and concepts of Shari' ah based Islamic banking framework to the Bank's all level of employees for effective understanding and implementation of Shari'ah in the Bank and thereby to promote Islamic banking industry in the country.

The AIBTRI will conduct this 1-year long 'AIBL-EDIBF' certification program over two semesters (six months for each semester). The syllabus covered in Semester-1 is relatively elementary and examination is designed to test the candidate's basic knowledge of Islamic Banking, while the syllabus included in Semester-2 is at an advanced level and examination is designed to test the candidates' theoretical as well as practical knowledge and understanding of the difference between Islamic and conventional Banking and recently developed financial technological practices that are necessary for better decision- making.

3. The AIBTRI would publish a half yearly "AIBTRI Journal titled Thoughts on Islamic

Banking and Finance (TIBF)' from June 2023. The journal would focus among others, current developments in the areas of Islamic financial products and services around the world, their thoughts and research outcomes. The opinions, thoughts and policy prescriptions expressed in the journal may help the readers/officers of the Bank to understand the dynamics of the Islamic financial sector as well as the stand of Al-Arafahh Islami Bank. It may also create a channel of communication about the ongoing changes directed to achieve the Maqasid al-Shari'ah by the Bank and may give signal to the all types of stakeholders about the commitment of the Bank adhering to full compliance of Shari'ah in its all activities thus increasing the reputational base of the Bank. Along with the research papers on inclusive and sustainable Islamic finance, the journal may also focus on publication of articles on Islamic strategy for poverty alleviation, CMSME, micro-investment, retail banking products and agricultural sector issues. Apart from that it is expected that the officers of the Bank may take the opportunity to explore their brilliance and contribute to the journal regularly.

It is hoped that Thoughts on Islamic Banking and Finance' may be a platform for publishing divergent intuitive thoughts of the brilliant officers of the Bank to guide and augment the future pragmatic programs of the Bank in different areas of investment. To cope with the rapidly changing dynamism of the world Islamic financial architecture based on CBDC, Fintech, Regtech, Crypto-currency and block-chain technologies and to meet the demand of the time, the scholars of Islamic finance field both at home and abroad, we hope would come forward to analyse the recent dynamism and disseminate their thoughts and prescriptions through this journal so that the AIBL management may get proper insights for making timely decisions. The scope of the journal includes, but is not limited to, Islamic banking and finance, Islamic money markets, Islamic Capital markets, Islamic investment management, issues on Shari' ah implementation and practices and in Islamic banking and finance, zakat, awqaf, takaful and comparative analysis of conventional financial methodologies. The journal would focus mainly on the following:

- a. Three/Four Research Papers on Islamic banking and finance in each issue of the journal; in
- b. Half-yearly Review on Bangladesh Bank's Announced Policy Circulars/Directives;
- c. Half-yearly Analysis on the development of Islamic finance sector in Bangladesh
comparison with AIBL;
- d. Consecutive discussion on AIBL introduced Islamic financial Products and Services
- e. AIBL's important instructions/circulars issued during the period;
- f. Knowledge-bank on Islamic banking and finance terminologies;
- g. Development News Round-up of Islamic banking both at home and abroad;
- h. Eminent Islamic Finance / Banking Scholars interview;

i. Book/Journal review;

j. Any other issue considered necessary by the Board of Editorial Advisors or Bank Management.

4. To prepare policy papers and important notes analyzing the mechanism and modus operandi of Islamic financial products in vogue in comparison with the present Islamic financial products of the Bank and suggest modifications thereto or develop new modalities of Islamic financial products.

5. Development and Management of AIBTRI website and Training Database.

New Financial Products suggested by AIBTRI in 2022:

1. Employees Common Cash Waqf Deposit A/C: Employees Common Cash Waqf Deposit A/C is one of the new products in AIBL suggested by AIBTRI, particularly first ever in Islamic Banks of Bangladesh. Through this scheme the employees of the Bank will contribute to build a huge amount of cash waqf, whose income will be ploughed Bank for the welfare of the employee's children. This type of deposit is perpetual and will create long term deposit-base of the Bank.

2. AIBL Hajj and Umrah Investment Scheme: Besides Cash Waqf Deposit A/C, the AIBTRI also suggested new Hajj and Umrah Investment Scheme to address the financial needs of the people to help perform Hazz and Umrah. The modus operandi of this scheme is based on Al-Ijarah Al-Mawsufiah Fi Al-Dhimmah. This will create new avenue for Retail banking business of the Bank.

3. e-GP facility under Quard system: The AIBTRI has suggested the actual Islamic mode for functioning e-GP activities smoothly in the Bank.

Branches Control Division: -

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

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

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

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

5. Type of Deposit Accounts and General Instructions for Maintenance.
6. Banking Booth Policy and operational guideline.
7. Sending SMS to Account holders.

Business Promotion & Marketing Division (BPMD)

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

BPMD consists of four (4) Departments as:

- i) Business Development & Marketing Department
- ii) Branch Expansion Department
- iii) Product Development & Evaluation Department
- iv) Financial Literacy & Financial Inclusion Department

Each department has its own targeted goal to achieve.

Function of BPMD:

Business Promotion & Marketing Division was established in 2010 with a vision to survive in the competition and to continuously improve business of our bank using different marketing tools. Main focus of this division is to identify business opportunities, overcome business threats and to develop business strategy. This division builds and maintains a long-term relationship with its investment clients, assists to the branches regarding prospective investment clients and also assist deposit mobilization. Besides, BPMD works to develop new and existing products. This division also identifies requirements of different promotional/gift items for customers and also to improve bank's brand and corporate image.

BPMD follow-up, monitor; supervise to achieve the target by the branches. BPMD co-ordinate regular Business Development Conference/Meeting. It also provides /advice/guide the branches regarding new investment client for business development.

In the year 2022 was very much important for BPMD as in this year this Division has done a number of important works that was gradually developed on time to time since the inception of this Division. Most remarkable works done by BPMD in 2022 are as follows: -

- With an aim to render efficient services to existing and new clients of the bank, retaining existing business growth, maintaining business portfolio efficiently and effectively, finally to take effective control, monitor, supervise overall activities of the branches.
- Marketing Division hold "Business Development Conference" 6 Zones to keep a close contact by Head Office and valued business clients of the Bank in the year of 2022.
- To build long term Client-Bank relationship as well as

to promote business of the Bank, BPMD arranged Iftar Mahfil Centrally and through all branches of the Bank. Also distributed Ramadan Gift to the valued clients/VIPs/CIPs on behalf of Honorable Chairman & Managing Director and CEO of the Bank.

- Happy New Year gift (Bangla & English year) distributed by BPMD.
- With a view to increase Low Cost & No Cost deposit, number of new accounts, recovery of written-off investment this division Organized 02(two) CASA" and achieved 1,16,317 no. of Accounts & 2365.00 Crore deposit.
- Analysis of Business Projection & ABCD report in every month and submitted MC Meeting before the management for making decision.
- To Monitor Loss Branch & their activities.
- To prepare of Crest/Certificate/Banner/Leaflet etc. distributed throughout all branches.
- Different promotional/gift item like Crockerries, Wallet, Mug, Key Ring, Coat Pin, Folder, Paper weight etc. were procured to distribute among valued clients of all branches and for acquisition of new account holder and maintain good relation with present Customers.
- Some Product like E-GP, A-Challan, Hajj & umrah, Den mohar, Cash Wakfah & Non-Traditional Export Items has been re-branded and introduces 02(two) products like AIBL Gift Cheque/Card & AIBL Employees Cash Waqf Deposit Fund. In this regard Campaign & 12 lac Leaflet printed and distributed through 208 Branches, 64 Sub-branches and 700 agents. Portfolio of the products are effectively as follows: -

SL No	Name of the Product	2021		2022	
		No of Br. & Account	Amount	No of Br. & Account	Amount
1	A-Challan	14 Brs	215.84	199 Brs	855.60
2	Haj & Omrah	120 Brs	55.60	166 Brs	66.15
3	Cash Wakfah	6840 A/C's	5.50	9698 A/C's	5.74
4	E-GP	-	0.00	12 Brs	3.85
5	Non-Traditional Exp.	-	-	5 Brs	-

- Bulletin published on March & September in every year.
- BPMD made different agreement up to Dec-2022 on the following organizations: - Dhaka Power Distribution, DESCO, Titas Gas Transmission & Distribution, Northern Electricity Supply Company (Nesco), Dhaka Wasa, Bangladesh Polly Biddut Board, Karnaphuli Gas, Bakrabad Gas Distribution, Standard University, Motor Vehicle BRTA, The IBN Sina Trust, Popular Diagnostic Cen. Ltd., Nagad Ltd., UCB Fintech Company Ltd. Upay, Padma Diagnostic Centre Limited, Chottogram Metropolitan Hospital Limited, Evercare Hospital Dhaka (Apollo).
- In 2022 BPMD survey for the place, location, business position, rental status & feasibility report of 05(five) new Branches like Bagerhat Br., Noapara Br., Terokhada Br. Poradaha Br. & Coat Bazar Br.

- Mangers Award, Export Trophy, letter of appreciation/ congratulation, Crest are given on different criteria for excellent achievement.

Plan for 2023:

In every Bank Marketing Division plays an important role to achieve overall business target of the Bank. Booking new investment, fresh deposit mobilization, deposit mixed, new account opening is the main focus of Marketing Division for the new year along with building long term customer-bank relationship. To reach the business target, BPMD is going to take following initiatives: -

- ✓ To spread out business activities of the Bank, BPMD will take initiative to expand its Branch, Sub-Branches network throughout the country.
- ✓ Through intensive supervision, monitoring and follow-up BPMD will help the Negative growth branches to increase their business position.
- ✓ To maintain customer relationship with the existing business clients of the Bank, Marketing Division will do Zone-wise Business Development conference in the year of 2023.
- Under the Brand development program, we will go for Strategic Alliance contact with different renowned govt./Semi-govt. i.e. Titas Gas Bill Collection, Pilgrim Pre-Registration, DESA, BRTA, DESCO, Gas Registration fees, DPDC, DESCO, NESCO, PDB, REB, TITAS, KGTCL, WASA, City Corporation etc.
- To increasing Low cost & No cost Deposit we have to improve better service through Campaign.
- Instruction to be issued all branches for opening Business Account, Salary Account, Collection & Disbursement Account of Corporate Organization/ BRAC/ BURO/ ASHA/ UDDIPON Govt. & Semi-Govt/LGED/PWD/Election Commission/Passport Office, RJSC etc.
- To increase number of branches for collection BRTA bill, A-Challan, E-GP,Hajj & Umrah Registration fees etc. through On-line.
- Special attention to be made for opening new accounts of School, Madrasah, Hospital, Diagnostic Center, Club, Association, Samity, Market, owners Association.
- Financial literacy & Financial Inclusion: Head of BPMD is Focal Point of Financial Inclusion department of AIBL. So, we have to arrange school banking Conference every year. Presently we have 1,12,532 number of School accounts and balance is TK. 33.04 crore.

Branch Network

At present we have 208 branches all over the country. In a bid to expand our network of Branches we got approval to open 7 (Seven) new branches in 2022.

Appointment of Statutory Auditor

In the 27th Annual General Meeting of the Bank M/S Shafiq BASAK & Co. Chartered Accountants and M/S Hoda Vasi Chowdhury & Co. Chartered Accountants was appointed External Auditors of the Bank for a term till conclusion of the 28th Annual General Meeting.

The Board has approved M/S Hoda Vasi Chowdhury & Co. Chartered Accountants and M/S Khan Wahab Shafique Rahman & Co. Chartered Accountants for appointment as External Auditors by the shareholders till the 29th Annual General Meeting.

Board Meeting

During the year 2022, 15 regular Board Meeting had been held. Besides, 20 meetings of Executive Committee, 7 meetings of Audit Committee and 4 Risk management Committee of the Board had also been held during the year.

Appreciation

The Board of Directors expresses its gratitude to the Almighty Allah for enabling us to achieve remarkable progress in all respect during the year 2022. Board of Directors takes this opportunity to thank the Shariah and Board Members of the Bank for their relentless whole-hearted support. Their collective wisdom contributed extensively to acquiring of strength. The Board of Directors also thanks the management and the staff for their loyalty, support and untiring efforts which has resulted in improved performance. The Board of Directors expresses its thanks to respected shareholders, valued customers, patrons well-wishers, Government, of Bangladesh, Bangladesh Bank, Registrar of Joint Stock Companies & Firms, Securities and Exchange Commission, Auditors, Legal advisers and all others concerned for giving us the benefit of their support and co-operation. We quietly weigh their continued support and co-operation which are constant source of inspiration. We re-assurance

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

While we look forward to their continuous support and co-operation with trust and confidence, we reassure that our respected shareholders can expect further satisfactory results in 2023. May the Almighty, Allah give us dedication, patience and fortitude to serve the cause of Islam and to go ahead with our mission to run the Bank as per the principles of Islamic Shariah.

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

Ma- Assalam

Sincerely,



Alhaji Salim Rahman

Chairman

Date: 16 August 2023



Chairman of the Bank Alhajj Salim Rahman inaugurated the Annual Business Development Conference 2023 of AIBL as Chief Guest while other Members of the Board were also present at the event



Al-Arafah Islami Bank Limited (AIBL) has opened 202nd branch at Bagerhat Sadar, on Monday, 5 September 2022. Board Executive Committee Chairman of the Bank Alhajj Abdus Samad Labu inaugurated the new branch as Chief Guest



As a tribute to Father of the Nation Bangabandhu Sheikh Mujibur Rahman, the Bank organized a seminar titled 'Bangabandhu and Bangladesh'



Bangladesh Bank and AIBL signed an agreement for refinancing scheme to increase food production to ensure food security of the country



Agent Banking Conference-2022 of AIBL was held on September 17, 2022 Saturday at Al-Arafah Tower, Dhaka. Managing Director and CEO of the Bank Farman R. Chowdhury inaugurated the conference as Chief Guest



The closing ceremony of three-month long special training course titled 'Certified AML & CFT Professional' at AIBL was held on Thursday, February 09, 2023 at Bank's Head Office



379th Board Meeting of the Board of Directors of AIBL was held at the Al-Arafah Tower on Thursday, 27 October 2022. Hon'ble Chairman of the Board of Directors Alhaji Salim Rahman presided over the meeting



Chairman of the Bank handed over the sponsorship cheque as Al-Arafah Islami Bank become the title Sponsor of the 8th Bangladesh Junior Science Olympiad



Business Performance Meeting of AIBL was held on 16 November, 2022 at the Head Office of the Bank. Chairman of the Bank, Alhaji Salim Rahman was present the meeting as Chief Guest



AIBL has become the title sponsor of 27th National Youth Hockey Tournament. Air Chief Marshal Sheikh Abdul Hannan, President of BHF, Chairman of the Bank Alhaji Salim Rahman and Managing Director and CEO Farman R. Chowdhury were present in the inauguration of the event.



Al Arafah Islami Bank Ltd. has been awarded ISO 27001:2013 certificate by SCK Certifications Private Limited on fulfilling standards required for information security management systems



Al-Arafah Islami Bank Ltd. opened 'Hajj Booth' to provide services of Hajj pilgrims at Ashkona Hajj Camp, on 21 May, 2023. Managing Director and CEO of the Bank Farman R. Chowdhury inaugurated the booth as Chief Guest

Directors' Report to the Shareholders as per condition No. 1.5 of BSEC Notification No. BSEC/ CMRRCD/2006-158/207/Admin/80 Dated 3rd June 2018

The Directors also report that:

- i. Industry outlook and possible future developments in the industry; Page No. 41-42
- ii. The segment-wise or product-wise performance; Page No. 46-48 & 54-58
- iii. Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; Page No. 124-126
- iv. A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; Page No. 71
- v. A discussion on continuity of any extraordinary activities and their implications (gain or loss); Not applicable.
- vi. A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; Page No. 187-191
- vii. A statement of utilization of proceeds raised through public issues, rights issues and /or any other instruments (AIBL Mudaraba Subordinate Bond); Page No. 47-48
- viii. An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc. Not Applicable;
- ix. An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;

Highlights along with reasons thereof are given below:

Particulars	2022 Amount in million	2021 Amount in million	Growth (%)
Investment income	24,969.22	23,261.04	7.34%
Profit paid to depositors	15,894.12	12,833.77	23.85%
Net Investment Income	9,075.10	10,427.27	(12.97%)
Commission, Exchange and other Income	7,269.13	3,878.28	87.43%
Total Operating Income	16,344.23	14,305.55	14.25%
Total Operating Expense	7,964.22	6,959.66	14.43%
Profit before tax and provision	8,380.01	7,345.89	14.08%
Provision on Investment and others	3,229.51	2,655.58	21.61%
Profit Before tax	5,150.50	4,690.31	9.81%
Provision for taxation	3,124.80	2,666.95	17.17%
Net Profit after tax	2,025.70	2,023.36	0.12%
EPS	1.90	1.90	0.12%

- x. A statement of remuneration paid to the directors including independent directors; Page No. 152
- xi. The financial statements prepared by the management of the Bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- xii. Proper books of account of the Bank have been maintained;
- xiii. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- xiv. International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- xv. The system of internal control is sound in design and has been effectively implemented and monitored;
- xvi. The Minority share holders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;
- xvii. There is no significant doubt upon the Bank's ability to continue as a going concern;
- xviii. The significant deviations from the last year's operating results of the Bank has been highlighted and the reasons thereof is explained serial no. ix of Page No. 71
- xix. A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; Page No. 17
- xx. The Bank has declared dividend (cash or stock) for the year 2022
- xxi. Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; Page No. 63
- xxii. The total number of Board meetings held during the year and attendance by each director; Page No. 84
- xxiii. A report on the pattern of share holding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:
 - a. Parent or Subsidiary or Associated Companies and other related parties(name-wise details); Page No. 85
 - b. Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children(name-wise details); Page No. 85-86
 - c. Executives; and); Page No. 9-11
 - d. Shareholders holding ten percent(10%) or more voting interest in the company (name-wise details); Not applicable

Explanation: For the purpose of this clause, the expression

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

- xxiv. Appointment or reappointment of a director, a disclosure on the following information to the shareholders:
- Brief resume of the director; Page No. 187-192
 - nature of his or her expertise in specific functional areas; and Page No.187-192
 - names of companies in which the person also holds the directorship and the membership of committees of the Board; Page No.187-192
- xxv. Management’s Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company’s position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:
- Bank has an accounting policies and there in after have been consistently applied in estimation for preparation of financial statements

- Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; Not applicable
- Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; Not applicable.
- Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; Not applicable
- Briefly explain the financial and economic scenario of the country and the globe; Page No. 41-42
- Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and Page No. 60-63
- Future plan or projection or forecast for Bank’s operation, performance and financial position, with justification thereof,

Budgeted Deposit, Investment, Classified Investment, Foreign Exchange and Operating Profit for the year 2022

(BDT in million)

SLNo	Particulars	Achievement December 2021	Budget	Achievement December 2022	Achievement Of Budget 2022	% Growth on 2021	Budget 2023	Budgeted Growth on 2022 (In Taka)	(%) Growth on 2022
1	2	3	4	5	6=(5/4)%	7=(5-3)/3	8	9=(8-5)	10=(8-5)/5
1	Deposit & Borrowings	380,885	435,000	443368	101.92%	16.40%	485000	41632	9.39%
2	Investment	344,431	398,000	415073	104.29%	20.51%	455000	39927	9.62%
3	No. of Accounts	2,541,170	2,850,000	2943179	103.27%	15.82%	3225000	281821	9.58%
4	Classified Investment	16,566.84	19,000	22437.37	118.09%	35.44%	22500	63	0.28%
5	Percentage (%) of Classified Investments	4.81%	4.77%	5.41%	-	-	4.77%	-	-
6	Foreign Exchange Business	450,015	530,000	570033	107.55%	26.67%	700000	129967	22.80%
	a) Import	261,566	300,000	300431	100.14%	14.86%	350000	49569	16.50%
	b) Export	135,787	170,000	181070	106.51%	33.35%	250000	68930	38.07%
	c) Remittance	52,662	60,000	88532	147.55%	68.11%	100000	11468	12.95%
7	Operating Profit	7,346	8,300	8380	100.96%	14.08%	8300	-80	-0.95%