

BOARD OF

DIRECTORS' REPORT

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 30th 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 2024.

Economy Analyses

World Economy Outlook

The IMF has projected a decline in global growth following a period of steady but underwhelming performance, amidst policy shifts and emerging uncertainties. Global growth is projected to fall from an estimated 3.3% in 2024 to 2.8% in 2025, before recovering to 3% in 2026. This is lower than the projections in the January 2025 WEO Update, by 0.5 percentage point for 2025 and 0.3 percentage point for 2026.

Global inflation is expected to fall from an annual average of 5.7% in 2024 to 4.3% in 2025 and 3.6% in 2025. In the last quarter of 2024, the global economy continues to see steady growth, as inflation has moderated, private consumption has been sustained and monetary policy has started to ease in key markets. Nevertheless, short- and medium-term growth prospects are challenged by rising geopolitical risks and growing policy uncertainty.

In Euromonitor International's Q4 2024 baseline forecast, global real GDP growth is expected to reach 3.2% in 2024 and maintain this rate of growth in 2025,

thus staying below the pre-pandemic levels. Global inflation would ease to 3.8% in 2025, significantly down from 6.5% in 2024.

Real GDP growth forecasts for advanced economies are estimated to remain stable, but underwhelming at 1.7% for both 2024 and 2025, on the back of a still high rate environment and subdued consumer and business confidence. The pace of growth, however, diverges across economies.

Global economies ended more resilient in 2023 than many expected when the year began. Whether this can continue is the key question for 2024. We think the answer probably lies in the labour market and how inflation will fare in the coming year. The outlook for both factors will define the timing and scope of monetary policy easing that is to come. Economic activity thus far has been supported by the persistence of extremely low unemployment rates. This has helped households with cost-of-living pressures that have not been seen in generations. Furthermore, many borrowers have yet to experience the impact of interest rate increases. Inflation has been the biggest driver of economic growth in the past year, and it will be the key to watch in the year ahead. As the progress of disinflation continues around the globe, driven mainly by decelerating goods inflation, the services side remains uncertain. Broadly, we expect that central banks will be on hold well into 2024 to be sure inflation is sustainably anchored at respective targets before discussions shift to rate cutting. The central case, therefore, is a policy plateau where rates stay elevated for some time into 2024 before a 'slow and steady' rate cutting cycle to minimise risks of a secondary inflation outbreak (which would be particularly humbling for policymakers).

Downside surprises on inflation and/or upside surprises on unemployment may alter this view. Isolated downside inflation surprises speak to the soft-landing narrative, like what has occurred in the US through 2023. However, it is still likely that central banks would ease cautiously in this case. Upside surprises on unemployment are likely to be

far more economically destructive and risk a hard landing. In this case central banks could be expected to ease policy more aggressively. Despite the clear risks of the lags of monetary policy fostering a hard landing scenario, we remain in the soft landing camp, but it is a broad church. This is predicated on our expectation that every step inflation takes towards central bank targets brings greater freedom to address growth concerns by easing policy, should they arise. Geopolitical risks remain a wildcard. What may put a spanner in the works are heightened geopolitical risks. Outright conflicts will continue with the Russia-Ukraine conflict and now the Israel-Hamas conflict, both potentially imparting further shocks to the global economy, particularly via the energy complex. Slow-moving but tectonic shifts in geopolitical and economic alignments will continue to shape trade and capital flows. US-China tensions are notable, but also the broader BRICS-plus bloc against advanced economies threatens to be destabilising. Political polarisation and populism also threaten to be disruptive. Clearly, the US Presidential election is at the forefront of these concerns, with the contest, which may again be Biden versus Trump, having domestic and global implications. There are also elections in India, Mexico and Taiwan that will be closely watched. 2024 risks bringing the lowest growth of this cycle. Overall, we expect growth to be somewhat weaker in 2024 than in 2023. This is particularly true in the US, which has experienced the most robust growth of major advanced economies and will probably slow, coming from a relatively high base. The Eurozone and the UK are already stagnating. Growth through 2024 will be likely to remain weak, not too dissimilar to 2023. Recession risks in these economies remain the most acute. The UK will probably be a touch weaker than the Eurozone, with potentially more persistent inflation. Japan's growth will likely moderate after a better-than-expected 2023, with the Japanese economy being an exception to the global increase in policy rates. And then there's China — risks abound— yet policy support will likely stabilise growth.

Investment implications

It seems that 2024 is a year in which to be cautious as an investor. There is a strong view of where we are in the rates cycle, and this lends itself to asset allocations

that favour fixed income over equities despite some relatively surprising, though inconsistent, equity market performance in 2023. Nonetheless, the 60/40 fund model was again under pressure in 2023 as bonds had not yet delivered, and equity returns were highly dependent on jurisdiction and sector. Risk-averse investors and those experiencing a 'denominator effect' have shied away from private markets in 2023, especially unlisted infrastructure. This is despite very solid returns through both 2022 and 2023. The turbulent economic years exiting the pandemic may have made it difficult to allocate to private markets, but those already exposed have observed true 'mid-risk' performance through this unusual cycle and we believe the asset class is well positioned heading into 2024. Overall, we believe how the global economy will actually land is key as long-duration investors look to potentially rotate back to growth assets. A soft landing would facilitate this at the expense of returns in fixed income assets. Conversely, a hard landing would deter any rotation given the expectation of poor economic conditions and questions of how far rates might fall. Whatever the easing cycle, central banks will once again be looking to get a feel for the neutral rate, particularly in a soft landing scenario. While labour supply, better productivity and fiscal largesse may all support the notion of a higher neutral rate, we remain unconvinced that this could be sustained in a higher debt world.

Bangladesh Economic Outlook

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), GDP growth rate for FY 2023-24 stood at 5.82 percent as against 5.78 percent in the final estimates for FY 2022-23. As per the provisional estimate for FY 2023-24, the size of GDP in current market prices is Tk.50,48,027 crore or USD 459 billion, which was Tk.44,90,842 crore or USD 452 billion in the previous fiscal year. Agriculture, industry and services are the broad three sectors of GDP. Broad sector-wise data shows that the provisional growth for FY 2023-24 in the agriculture sector stood at 3.21 percent, which was 3.37 percent in the final estimate of FY 2022-23. Growth rate of the agriculture sector decreased by 0.16 percentage point in FY 2023-24 compared to FY 2022-23. Growth of the industry sector for FY 2023-24 is estimated at 6.66 percent which was 8.37 percent in the final

estimate for FY 2022-23. Growth rate of the industry sector has decreased by 1.71 percentage points in FY 2023-24 as compared to FY 2022-23. On the other hand, growth of the service sector has been provisionally estimated at 5.80 percent for FY 2023-24, which was 5.37 percent as in the final estimate for FY 2022-23. The growth rate of service sector increased by 0.43 percentage point in FY 2023-24 over FY 2022-23. According to the provisional estimate of FY 2023-24, the ratio of investment, domestic savings and national savings to GDP stood at 30.98 percent, 27.61 percent and 31.86 percent respectively, which was 30.95 percent, 25.76 percent and 29.95 percent respectively in the final estimate of FY 2022-23. The per capita income stood at Tk.3,06,144 (USD 2,784) as of provisional estimates of FY 2023-24. In the previous fiscal year, the per capita income was Tk.2,73,360 (USD 2,749). As per the Consumer Price Index (CPI), the rate of inflation during FY 2022-23 was 9.02 percent. Of this food inflation stood at 8.71 percent while nonfood inflation stood at 9.39 percent. Inflation surged to 9.73 percent in FY 2023-24, with food inflation rising by 10.65 percent and non-food inflation by 8.86 percent. To contain inflation within a tolerable limit, various necessary adjustments are being made in monetary and fiscal policies. The scope of Open Market Sales (OMS) has been expanded and family card have been provided to low-income families to purchase essential goods at lower prices. In FY 2022-23, the total revenue mobilisation stood at Tk.3,66,658 crore (8.26% of GDP), of which tax revenue mobilised by the NBR was Tk.3,19,731 crore (7.20% of GDP), non-NBR tax revenue was Tk.7,994 crore (0.18% of GDP) and non-tax revenue was Tk.38,933 crore (0.88% of GDP). The revised revenue mobilisation target was set at Tk. 4,78,000 crore in FY 2023-24, which is 9.47 percent of GDP. Of them, revenue receipt from NBR sources was marked at Tk. 4,10,000 crore (8.12% of GDP), tax revenue from non-NBR sources at Tk. 19,000 crore (0.38% of GDP) and non-tax revenue at Tk. 49,000 crore (0.97 % of GDP). The total expenditure outlay was estimated to Tk.5,73,857 crore in FY 2022-23, which is 12.93 percent of GDP. Of them, ADP was Tk.1,91,927 crore (excluding autonomous bodies/corporations own funding), which is 4.32 percent of GDP. The total expenditure target for FY 2023-24 has been set at Tk. 7,14,418 crore (14.15% of GDP), of which, the allocation for the revised ADP is Tk. 2,45,000 crore.

In FY 2023-24, the revised budget deficit is set at 4.68 percent of GDP, where the budget deficit recorded at 4.67 percent of GDP in FY 2022-23. To tame inflation, Bangladesh Bank has initiated some policy measures under a contractionary policy stance. Included among those are: implementation of the interest rate corridor (IRC), establishment of a reference-based interest rate for lending, removal of the lending rate cap, elimination of the interest rate floor on deposits, unification of the exchange rate, and a cumulative 250 basis points increase in the policy rate during FY 2023-24. Besides, Bangladesh Bank also implemented several initiatives for curbing inflation and stabilising the exchange rate regime, of which significant steps included: narrowing IRC from ± 200 basis points to ± 150 basis points, discontinued practice of devolvement of T-bills and T-bonds on BB, introduction of currency swap and Resident Foreign Currency Deposit (RFCD) account, the SMART (Six Months Moving Average Rate of Treasury Bill) based system was scrapped, low cost credit to priority sectors (agriculture, CMSMEs, import substitution, and export-oriented industries) and introduction of the crawling peg system, etc. The trends of monetary aggregates show that at the end of June of FY 2023-24, the year-on-year growth of reserve money (RM), broad money (M2) and narrow money (M1) stood at 7.84 percent, 7.74 percent and 1.84 percent respectively. The growth rate (year-on-year) of domestic credit stood at 9.80 percent in FY 2023-24. It was much higher recorded at 15.25 percent in FY 2022-23. Of the components of domestic credit, private sector credit growth stood a little lower at 9.84 percent at the end of June 2024 against 10.58 percent of June 2023. The net credit to the government increased by 9.69 percent at the end of June 2024, which was excessively increased by 36.72 percent at the end of June 2023. During the period, the share of credit to government (net) (excluding other public sector) and the private sector to the total domestic credit stood at 20.08 percent and 77.58 percent respectively. In FY 2023-24, both stock markets, Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), noticed some volatility. The market capitalisation of all securities decreased in both the markets. Compared to June 30, 2023, the market capitalisation of DSE and CSE decreased by 14.24 percent and 8.83 percent respectively at the end of June 30, 2024. During the same period, the DSE

Broad Index (DSEX) and CSE Overall Price Index decreased significantly by 16.01 percent and 19.44 percent respectively. The country's export earnings achieved USD 44,475 million during FY 2023-24, which is 4.34 percent lower than the export earnings of the previous fiscal year. During the period, imports (c&f) decreased by 11.1 percent to USD 66,725 million. Remittance inflow stood at USD 23,915 million, which is 10.65 percent higher than the previous fiscal year. The external position recovered with the improvement of the deficit situation in balance of payments (BoP) in FY 2023-24. During the period, current account deficit was narrowed down from USD 11,633 million in FY 2022-23 to USD 6,512 million in FY 2023-24, caused by declining trade deficit along with the increasing remittance inflows and sharp descend in import payments. On the other hand, with the shrinking of current account deficit, lower surplus financial inflows dominated by external loans under the period resulted in lesser the deficit in BoP. The net outcome of all these made the overall balance a deficit of USD 4,300 million in FY2023-24 compared to the deficit of USD 8,222 million in the previous fiscal year. As deficit in balance of payment created pressure on the exchange rate reflected in 11.65 percent depreciation of Taka against US dollar in FY 2023-24 compared to the FY 2022-23. To meet the excess demand of foreign currency, Bangladesh bank intervened into the foreign exchange though net selling USD 9.42 billion in FY 2023-24. The weighted average inter-bank rate stood at Taka 111.00 per USD on 30 June 2024, which was Taka 99.42 per USD in 30 June 2023. The gross foreign exchange reserves of Bangladesh Bank decreased to USD 26.82 billion at the end of June 2024, as compared to USD 31.20 billion at the of June 2023. Sector-wise Economic Situation In FY 2023-24, the total production of food grain is 501.174 lakh metric tonnes, compared to 467.04 lakh metric tonnes in FY 2022-23. In FY 2023-24, the amount of food grain distribution target was 34.05 lakh metric tonnes, where the actual food grain distribution was 32.61 lakh metric tonnes. In continuation of the past years, the amount of agricultural and rural loans disbursed in the country has been gradually increasing. By June 2024, a total of Tk.37,153.90 crore in agriculture and rural credit had been distributed against the target of Tk.35,000.00 crore, which is 106.15 percent of the target. Taking into consideration

the increase in domestic agricultural production, the revised budget for FY 2023-24 has allocated Tk.25,000 crore for subsidies on fertilisers and other agricultural activities and Tk.160 crore for seed production activities. In FY 2023-24, a total of 50.80 lakh metric tonnes of fish was produced from inland water bodies and marine sources. To prevent various disease and reduce financial risks caused by disease, 32.99 crore doses of vaccines for 17 diseases of livestock and poultry were produced and administered at the government level. According to the BBS, the Quantum Index of Industrial Production increased by 8.84 percent in FY 2023-24, compared to the previous fiscal year. A total of 456 business institutions are ongoing with production in the existing 8 EPZs of the country. An additional 103 industries are in the process of implementation. As of June 2024, the amount of cumulative investment in the EPZs is USD 6,787.79 million. During the same period, 4,86,304 Bangladeshis have been employed in the industrial establishments of EPZs under BEPZA. It is mentionable that 66 percent of Bangladeshi citizens working in EPZ are women, which is playing an important role in women's empowerment. The installed capacity of power generation of the country reached to 31,452 megawatts, including captive and renewable energy (up to June 2024). The maximum generation so far was 16,477 MW on 30 April, 2024. Per capita generation including captive and renewable energy has reached 640 kWh in FY 2023-24. On the other hand, total number of transmission lines has been increased to 15,624 circuit kilometers till June 2024. The power distribution line has now been stood at 6,43,000 km and the number of subscribers has been increased to 47.1 million up to June 2024. Natural gas met almost 54 percent of the country's total commercial use of energy. Up to June 2024, 29 gas fields have been discovered in the country. According to the latest estimate, total Gas Initial in Place (GIIP) is 38.21 trillion cubic feet (TCF), out of which 29.74 TCF is recoverable (proven and probable). From 1960 to June 2024, a total of 21.08 TCF gas was produced, leaving 8.66 TCF recoverable. At present, the fuel oil storage capacity of the country is about 13.69 lakh metric tonnes. The total length of highways in the country is 22,476 km as of June 2024. Parallel to the roads, development projects like bus rapid transit (BRT), Dhaka Elevated Express way and some other

mega-projects are being implemented. At present, about 3,254 km long network of railway lines connects almost all of the important places including 48 districts of the country. Several measures have been undertaken for the development and maintenance of navigability of different river routes, ensuring safe movement of watercraft, development of inland river ports, creating infrastructure facilities to carry container goods in inland waterways etc. As the national flagship carrier, Biman Bangladesh Airlines Limited is operating 7 national and 23 international flights in different routes. Besides, the total number of mobile phone subscribers and internet users exceeded 19.61 crore and 15.76 crore in June 2024 respectively. According to the Human Development Report, 2023/2024 by UNDP, Bangladesh ranked 129th out of 191 countries. At present (2023), the net enrollment rate in primary schools is 97.76 percent. Various programmes have been implemented with the goal of developing skilled and qualified human resources by providing access to education at all levels and enhancing the quality of education. Besides, significant progress has been made in reducing child and maternal mortality and increasing average life expectancy. According to the Household Income and Expenditure Survey (HIES) 2022, the poverty rate declined to 18.7 percent in 2022, which was 24.3 percent in 2016. However, the Gini coefficient rose to 0.4999 in 2022, compared to 0.482 in 2016, indicates an increase in income disparity over the period. Several poverty alleviation programmes in Bangladesh meant to address poverty alleviation directly or indirectly have been launched by the government. Apart from these, different government along with non-government institutions, carried out various activities involving introducing microcredit in order to expedite the government's efforts of poverty reduction. Bangladesh Investment Development Authority (BIDA) online One Stop Services (OSS) aims to bring together relevant government agencies in a coordinated and streamlined manner, providing efficient and transparent services to investors. Currently, the portal offers a total of 132 services from 43 agencies. During FY 2023-24, the amount of net FDI was USD 1,468.17 million. A total of 1,064 projects were registered with BIDA in FY 2023-24 under joint venture investment (local and foreign) and the amount involved with the proposal was Tk. 15,69,982

million. A total of 97 economic zones have been approved of which 13 zones have already been started commercial production and 29 are currently under development phase. Under the public-private partnership modality, 79 projects are being implemented by 26 organisations from 17 ministries. To accelerate climate risk mitigation and adaptation programmes, the government has approved the National Adaptation Plan (NAP) for 2023-2050 and submitted it to the United Nations Framework Convention on Climate Change (UNFCCC). Additionally, the Nationally Determined Contributions (NDC) were updated and submitted to the UNFCCC.

A significant portion of projects under the Bangladesh Climate Change Trust Fund (BCCTF) has been undertaken to tackle climate change adaptation. Projects focused on various areas such as skill development, institutional capacity strengthening, air pollution reduction, health protection impact assessment, riverbank conservation, innovation of climate-tolerant crops, safe water supply, installation of solar streetlights, and the creation of natural reservoirs have been financed by the BCCTF.

The International Monetary Fund (IMF) has maintained its economic growth forecast for Bangladesh at 3.8% for the current fiscal 2024-25, consistent with its December projection, but anticipates a stronger recovery, forecasting growth of 6.5% in FY26.

The multilateral lending agency also projected Bangladesh's inflation to remain elevated, reaching 10% in FY25, before cooling down to 5.2% in the next fiscal year, according to its latest edition of the World Economic Outlook. However, the inflation projection for FY25 is lower than the December forecast of 11%.

The IMF's projection comes after the Asian Development Bank (ADB), in its latest Asian Development Outlook, expected Bangladesh's economy to grow by 3.9% in FY25, before increasing to 5.1% in FY26. The ADB also warned that the 12-month average inflation in Bangladesh is expected to rise further to 10.2% in FY25, before easing to 8% in the next fiscal year.

In December last year, the government revised its GDP growth projection for FY25 downward to 5.25%, from the initial estimate of 6.75%, due to ongoing financial crisis and political volatility following the government changeover.

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

Overall Banking Scenario

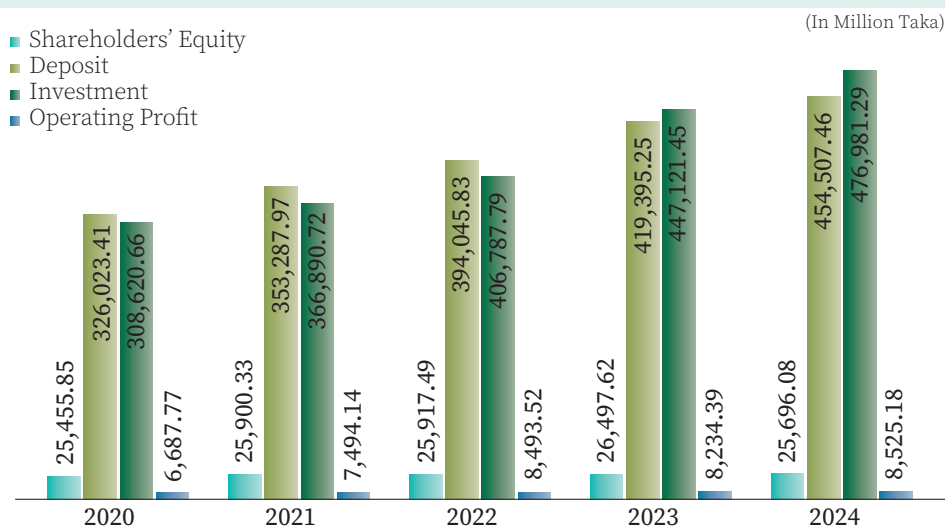
Banks' Deposits: Total Deposit (excluding interbank items) of the scheduled banks increased by Tk. 2,75610 million representing 1.58% point to point growth from Tk. 17,767,520 million as on 31 December 2024 to Tk. 17,491,910 million as on 31 December 2023.

Islamic Banks' Deposits: All Islamic Banks' deposits stood at TK. 4,397,580 million during the year 2024 as against Tk. 4,434,030 million in the previous year 2023 and it decreased by Tk. 36,450 million registering a growth of -0.82% in 2024. The share of Islamic Banks' deposits as of 31 December 2024 stood at 24.75% as compared to at 25.35% on 31 December 2023.

Banks' Advances /Investment: Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 1,641,360 million representing 10.67% point to point growth from Tk. 17,025,890 million as on 31 December 2024 to Tk. 15,384530 million as on 31 December 2023.

Islamic Banks' Investments: All Islamic Banks' Investments stood at TK 4,793,100 million during the year 2024 as against Tk. 4,449,740 million in the previous year 2023 and the Investment increased by Tk 343,360 million registering a growth of 7.72% in 2024. The share of Islamic Banks' Investments as of 31 December 2024 stood at 28.15% as compared to 28.92% on 31 December 2023.

Performance at a glance



Operating Profit: Despite a tough start of the year 2024 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.

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 (BGIIB) is the milestone for shariah based banking practices in Bangladesh.

Al-Arafah Islami Bank PLC

With the objective of achieving success in life here & here after following the way directed by the Holy Quran and the path shown by Rasul (SM) Al-Arafah Islami Bank PLC 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. 11,516.92 million as on 31.12.2024.

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

The equity of the bank has stood at Tk. 25,696.08 million as on 31 December 2024, the manpower was 6,026 and the number of shareholders was 15,766. 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.

Special Features of Al-Arafah Islami Bank Ltd.

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

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

Activities of Shariah Supervisory committee for the year 2024

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 Iztihad.

Shariah Supervisory committee has by the grace of Al-mighty Allah managed to contribute a lot to run all the business activities of the Bank according to Shariah guidelines. During the year 2024 with some unavoidable circumstances our Honorable Members of the Shariah Supervisory Committee sat in 3 (Three) General Meetings and 2 (two) 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 15.60 million as doubtful income of the branches of the Bank. Besides, after analyzing balance sheet, the Supervisory committee identified Tk. 1,245.63 million as compensation realized in different branches and Tk. 45.72 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 2024 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 2024, the Doubtful Income of the Bank has been reduced comparatively and we hope that this reducing figure will be continued and necessary steps would be taken time to time, Insha-Allah.

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

study. May Allah give us tawfiq to do all activities at His pleasure, Ameen.

AIBL Capital Market Services Ltd.

AIBL Capital Market Services Limited is a subsidiary company of Al-Arafah Islami Bank Limited. The Company is incorporated under the company’s Act, 1994 as a public limited company by shares with an authorized Capital of BDT 10 billion (10,000million) and paid up capital of BDT 4 billion (4,000.00 million) to provide stock brokerage services. The paid-up capital of the company is subscribed by Al-Arafah Islami Bank Limited and other individuals at the ratio of 60.50:39.50. During the year 2024 the company earned Operating Profit (Before provision for investment & taxation) of Tk. 34.21 million with Earning per Share (EPS) Tk. 0.06.

AIBL Capital Management Limited

AIBL Capital Management Limited (AIBLCML), a Subsidiary of Al-Arafah Islami Bank Limited, was incorporated under the companies Act, 1994 on October 25, 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BDT 2 billion (2,000 million) and paid up capital of BDT 500 million (500 million). It aims to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking Services with a high level of professional expertise and integrity. During the year 2024 the company earned Operating Profit (Before provision for investment & taxation) of Tk. (3.33) Million with Earning per Share (EPS) Tk. (0.0878).

AIBL Assets Management Limited

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

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 28.60 highest in 2024.The market trend of our bank’s share in Dhaka Stock Exchange from January 2024 to December 2024 is stated in the list:

Position in the Stock Market in the list:

Month	Opening	High	Low	Closing
January	23.70	24.90	23.40	23.80
February	23.80	25.30	23.50	24.00
March	24.00	24.20	22.00	24.00
April	24.00	24.20	23.50	23.60
May	23.60	25.00	23.10	23.90
June	23.90	24.10	21.80	23.60
July	23.60	23.90	22.10	23.00
August	23.00	28.60	22.60	24.20
September	24.20	24.80	23.00	23.50
October	23.50	23.90	21.90	22.00
November	22.00	22.20	19.10	19.50
December	19.50	21.20	19.10	19.50

Progress Analysis

At the end of 2024, the number of depositors stood at 36,37,240 and the accumulated deposit was Tk. 454,507.44 million. The total number of investors stood at 205,873 and total investment extended to them was Tk 476,981.29 million. During the year 2024 the total income was Tk. 50,562.16 million and total expenditure was Tk. 42,036.98 million. At the end of the year the profit before tax and provision stood Tk. 8,525.18 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. 45,489.90 million to Tk. 42,982.78 million (Consolidated Basis) and Tk. 42,288.41 million to Tk. 40,766.65 million (Solo Basis). Outstanding balance of AIBL Mudaraba Subordinated Bond Tk. 9,000 million as at 31st December 2024.

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 2022-23 for Tk. 5,000 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.11,516.92 million at 31st December 2024.The total reserve fund has stood at Tk.12,324.74 million in the current year against Tk. 12,052.66 million at 31st December2023. 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.

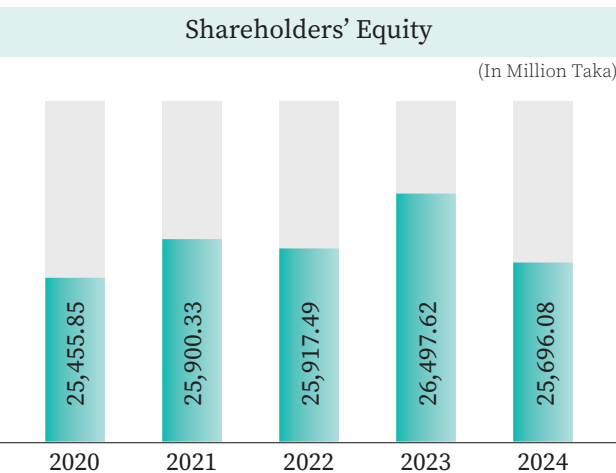
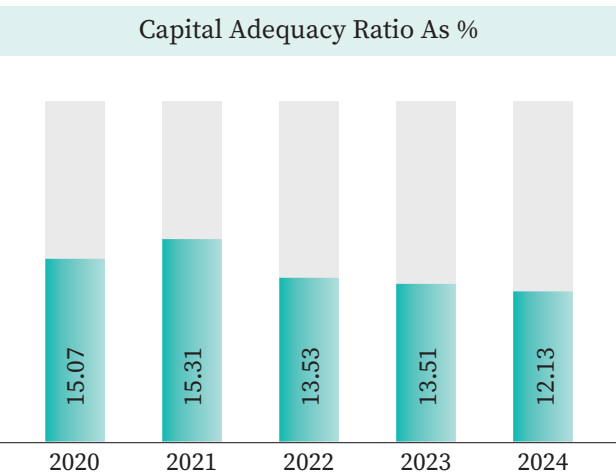
The Consolidated and Solo Basis capital adequacy ratio of the Bank as on 31.12.2024 are appended below:

Consolidated Basis

Tk. in million		
a) Core Capital (Tier-I)	2024	2023
Paid up Capital	11,516.92	10,968.49
Statutory Reserve	11,238.49	10,968.49
Retained Earnings	170.78	1802.54
AIBL Perpetual Bond	5000.00	5000.00
Non Controlling Interest	1673.93	1673.93
Total	30,413.45	30,413.45
Less Good will and other Intangible assets	446.60	168.30
Total Core Capital	29,163.23	30,245.15
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	4,874.60	4,899.89
Assets Revaluation Reserve	543.13	542.09
AIBL Sub Ordinate Bond	9,000.00	1,1000.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(543.13)	(542.09)
Less: Excess Amount over Maximum Limit of T-2	655.14	655.14
Total Supplementary Capital	13,819	15,244.75
Total Capital (a+b)	42,982.77	45,489.90
c) Capital Adequacy Ratio	12.44%	14.05%

Solo Basis

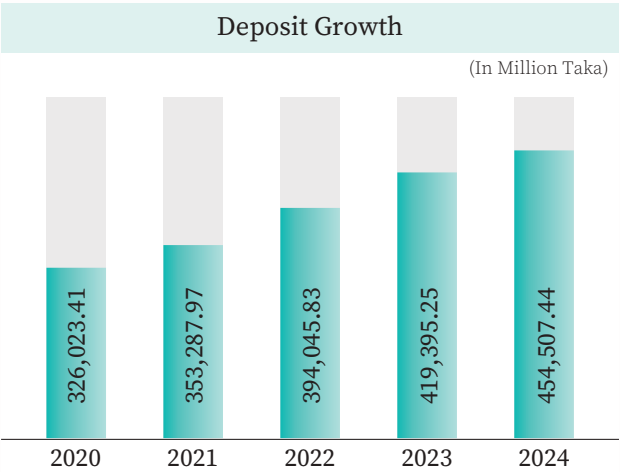
a) Core Capital (Tier-I)	2024	2023
Paid up Capital	11,516.92	10,968.49
Statutory Reserve	11,238.49	10,968.49
Retained Earnings	11.50	1,653.98
AIBL Perpetual Bond	5000.00	5000.00
Total	27,766.91	28,590.96
Less Good will and other Intangible assets	446.60	168.30
Total Core Capital	27,320.31	28,422.66
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	4,874.60	4,899.89
Assets Revaluation Reserve	543.13	542.09
AIBL Sub Ordinate Bond	9,000.00	11,000.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(543.13)	(542.09)
Less: Excess Amount over Maximum Limit of T-2	431.77	2034.14
Total Supplementary Capital	13,442.83	13,865.75
Total Capital (a+b)	40,763.14	42,288.41
c) Capital Adequacy Ratio	12.13	13.51



Deposits

The total deposit of the bank was Tk. 454,507.44 million at 31st December 2024 as against Tk. 419,395.25 million at 31st December 2023 a growth of 8.37 % of which Tk 3,401.40 million was bank deposit and Tk. 451,106.04 million was general deposit. The present strategy is to increase the deposit base through maintaining competitive profit rates and having low cost of funds to ensure a better spread with an average return on investment.

The mix deposit of the bank on December 31, 2024 was as follows:

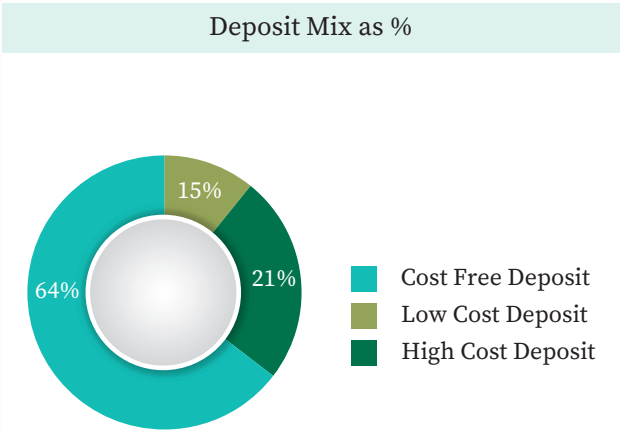


Deposit Mix

Products	Taka in Million
a) Al Wadia Current Account	68,344.72
b) Mudaraba Savings Deposit	73,317.46
c) Other Mudaraba Deposit	75,420.27
d) Mudaraba Term Deposit	233,363.89
e) Bills Payable	4,061.10
Total	454,507.44

Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	67,312.55	14.81%
b) Low Cost Deposit	95,582.92	21.03%
c) High Cost Deposit	291,611.97	64.16%
Total	454,507.44	100.00%



Various deposit product of the Bank in 2024:

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 (It'd)
6.	Monthly Profit Based Term Deposit (Ptd)
7.	Monthly Savings Investment (Sid)
8.	One Time Hajj Deposit
9.	(A) Al-Arafah Savings Bond (3 Years)
10.	(B) Al-Arafah Savings Bond (5 Years)
11.	(C) Al-Arafah Savings Bond (8 Years)
12.	Marriage Saving Investment Scheme (Msis)
13.	Pensioners Deposit Scheme
14.	Special Saving (Pension) Scheme
15.	Cash Waqf
16.	Mudaraba Somriddhi Deposit Scheme
17.	Excellent Benifit Deposit Scheme
18.	Ahsan Deposit Scheme
19.	Education Savings Scheme Scheme
20.	Shadhin Term Sanchay Prokalpa (As Wish)

21. Advantage Deposit Scheme
22. Probashikallyan Deposit Pension Scheme
23. Mudaraba Savings Deposit-Student,
24. Msd Farmers
25. Msd Freedom Fighters
26. Msd Senior Citizen.
27. Msd (Germents Ind. Workers)
28. Msd (Pathashishu)
29. Aibl Payroll Privilege Services
30. Non Resident Taka Deposit Account (Nrt)

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 80% of the Bond amount was redeemed at the end of 31st December 2024. 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. In the meantime 40% of the Bond amount was redeemed at the end of 31st

December 2024. 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 in 2022 and 1990.00 million issued in 2023 out of 5,000.00 million. 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.

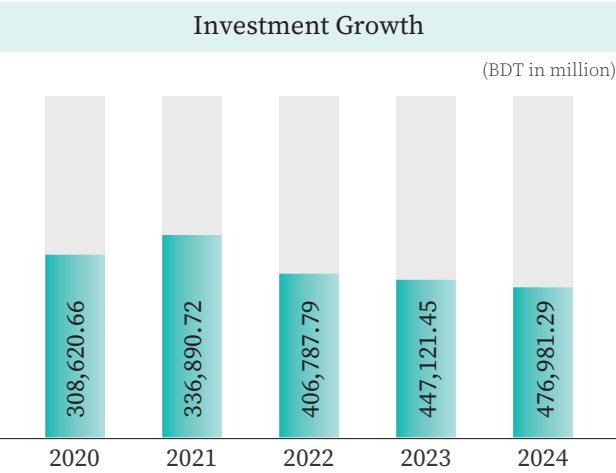
The details of Implementation Schedule of Mudaraba Subordinated Bond are stated as under:

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

Investment

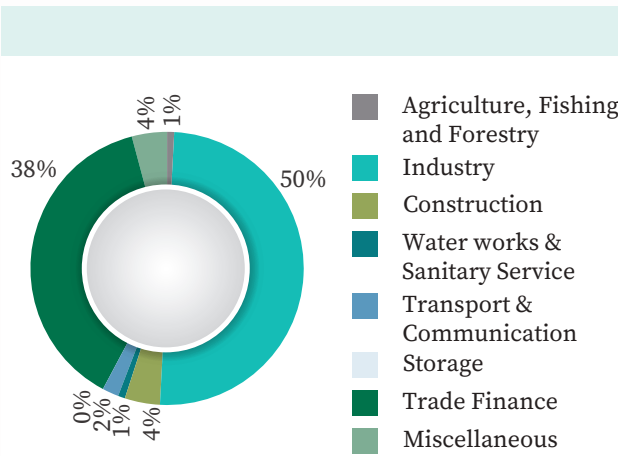
The investment of the bank has stood at Tk. 476,981.28 million as on 31st December 2023 as against Tk. 447,121.45 (Net off PR) million in the previous year showing an increased by 6.68% The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries including 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 15.14% in our bank as on 31 December 2024.



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 2024

Sectors	Taka in million
Agriculture, Fishing and Forestry	5,915.95
Industry	243,384.86
Construction	19,420.70
Water works & Sanitary Service	3,137.70
Transport & communication	9,117.61
Storage	1,100.20
Trade Finance	186,226.13
Miscellaneous	21,265.20
Total (Including Profit Receivable)	489,568.35
Less Unearned Profit on Investment	12,587.07
Total	476,981.28



Income

Investment income: The investment income was Tk. 42370.52 million during the year 2024 which was growth of 35.37% over the previous year. Investment income is 83.80% of the total income of Tk. 50,562.16 million.

Income from other than investment: The bank has earned Tk. 8,191.64 commission income, exchange income, locker rent etc. in the current year which is 16.20% of the total income. It indicates 3.53% growth over the year 2023.

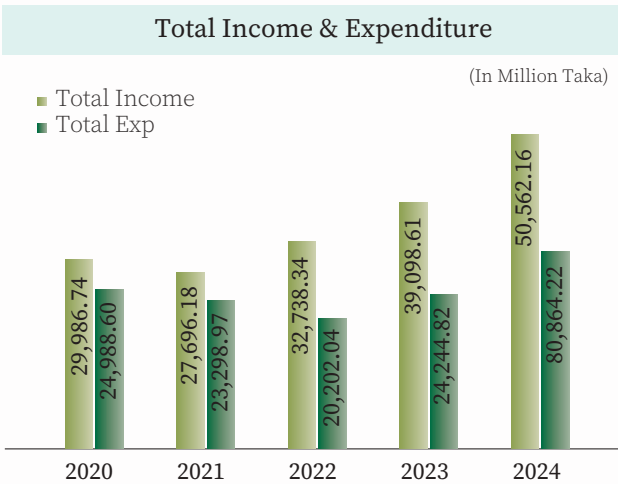
Expenditure

Profit paid to depositors:

The Bank has paid the depositors Tk. 30,525.47 million which is 72.04% of the investment income and 72.62% of the total expenditure for the year 2024. It was 43.98% growth over the year 2023.

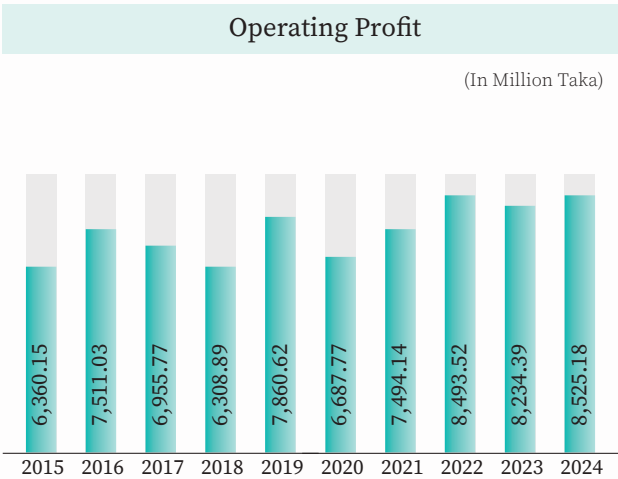
Administrative and Other Expenses:

The administrative and other expenses were Tk. 11,511.51 million during the year showing 19.13% growth over the year 2023. It is 27.38% of the total expenditure.



Operating Profit

The bank earned operating profit of Tk. 8,525.17 million during the year 2024. The operating profit of the Bank during the year 2023 was Tk. 8,234.39 million and thus the Bank attained growth of 3.53% in respect of operating profit. The provision for income tax for the year amounted to Tk. 3,344.07 million and divisible profit available for appropriation amounted to Tk. 13.51 million.



International Banking Wing (IBW)

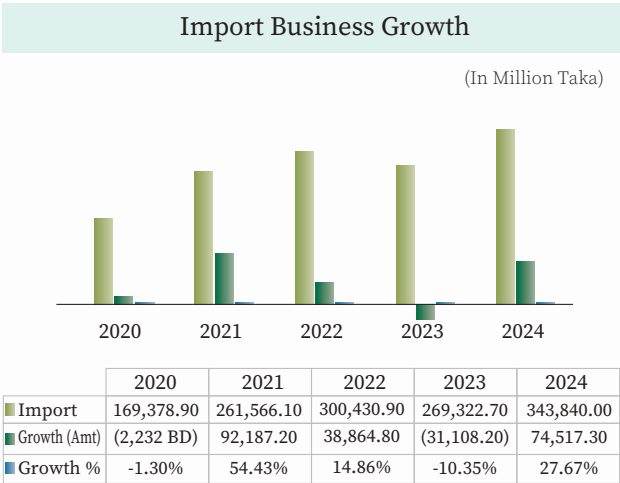
International Trade

We are now more capable and confident of handling Foreign Exchange Business. Presently, we have 27 AD Branches, One Trade Processing Unit at

Chattogram to extend Trade Services to the Trade Customers of Non-AD branches of Chattogram Zone and Foreign Trade Processing Division (FTPD) at Head Office through which we have handled total foreign exchange business of Tk. 689,780.57 million during the year 2024 as against the Target of Tk. 807,600.00 million. Our Foreign Exchange business has increased by Tk. 106,308.32 million recording a growth of 18.22%. Target of International Trade for the year 2025 has been fixed at Tk.861,000.00 million with 24.82% growth. To extend smooth Trade Services to the Trade Customers of Non-AD Branches other than Chattogram Zone a Trade Processing Unit at Dhaka is under consideration and hopefully we will start the operation within this year.

Import Business

Total import business of the bank for the year 2024 stood at Tk. 343,840.00 million as against Tk 360,000.00 million in the previous year. We recorded a 27.67% growth in import business in 2024 over 2023. Target for Import business for the year 2025 has been fixed at Tk. 425,000.00 million with an expected growth of 23.60%.



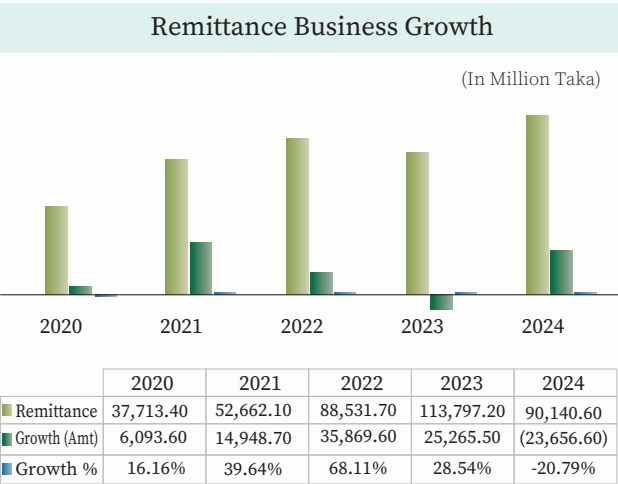
Export Business

Total Export business of the bank for the year 2024 stood at Tk. 255,800.00 million as against Tk. 277,600.00 million in year 2024 and thus recorded a growth of 27.68% over previous year. Our target for Export business for the year 2025 has been fixed at Tk 306,000.00 million with an expected growth of 19.62%.



Remittance

Total remittance of the bank stood at Tk. 90,140.60 million during the year 2024 as against Tk. 170,000.00 million, in the previous year. Our remittance business recorded (20.79%) growth in 2024 over 2023. Target for Remittance business for the year 2025 has been fixed at Tk. 130,000.00 million and thus expecting a growth of 44.22%.



Treasury Operations:

Global economic polarization and geo-political tension reining global production, supply chain disruption, inflationary interest rate movements 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, fiscal/monetary control from regulators. In line with the financial dynamics across the world, Treasury of the Bank 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 focuses 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. AIBPLC 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 year. 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 local and foreign counterparts for ensuring FC liquidity round the calendar. AIBPLC 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. During 2024, There have been 1073 no. of USD/BDT & cross currency deals. FX Desk has contributed operating income of BDT 504.10 million from cross currency deals, exchange gains & FC funding. In 2024, Treasury Back Office (TBO) team has handled 92,432 no. of FX transactions with turnover of USD 12.70 billion. FX transactions were being routed through 34 Nostro accounts in USD, EUR, GBP, CNY, CHF, JPY, AED & SAR currencies. Treasury Back Office is relentlessly driving its 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. AIBPLC Treasury Money Market Desk also maintained Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of the bank efficiently. The team has successfully managed liquidity as well as deployed surplus funds to the Islamic banks, Islamic windows & Islamic branches of conventional banks and NBFIs operated under shariah principles. The bank participated BGIIB and BGIS(Sukuk) issued by Bangladesh Bank for maintaining SLR of the Bank.

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. The Bank prepares ALCO paper & conducts ALCO meetings each month where all issues related with ALM are discussed and instructions are given.

2024 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 in the market, it was a real challenge to maintain a reasonable spread. ALM Desk was proactive to revise the profit rates of deposits and rate of return on investment aligning with market rates as well as ensuring liquidity. ALM Desk successfully recommended asset-liability slotting for maintaining a steady and reasonable spread. ALM Desk has properly maintained regulatory ratios like CRR, SLR, IDR,LCR,NSFR leverage ratio, commitment and wholesale borrowing position within set limit of Bangladesh Bank.

Corporate Service Desk

The Corporate service desk provides customized treasury solutions to the corporate clients matching with market practice. 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 the Bank.

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 2025

In 2024 BDT moved against USD from Tk. 110 to Tk.120.00 resulting depreciation of almost 9.09% which was parallel to peer currencies. Most of the south Asian countries devalued their currencies slightly which has posed challenge to our export destinations.

Compare to the devaluation of peer currencies and to retain export earnings, BDT may be under pressure for further devalue.

B. Bank open market operations and government spending dried up money market liquidity round the year. As a result of downward 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 for hunting retail depositors/investment clients.

Off-Shore Banking Unit (OBU)

Al-Arafah Islami Bank PLC 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 its 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), HPSMF (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 AIB 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. During the year Bank introduced International Banking Account upon regulatory changes of Bangladesh Bank vide FE Circular 19 of Nov 2023 and enactment of the Offshore Banking Act 2024. The Bank has also launched Digital Platform to attract Foreign Currency Deposit from Non-Resident 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;

Key Indicators	DEC-23 (Million USD)	DEC-24 (Million USD)	Growth (%)
Total Assets	106.1	71.07	-33.02
UPAS	70.19	40.79	-41.89
MDBFC	15.96	23.45	46.93
HPSM Machinery	6.31	6.2	-1.74
Placement from Parent Bank	55.38	68.84	24.30
Borrowing from Overseas Banks	49.19	0	-100.00
Net Operating Income	1.54	1.02	-33.77

Foreign Remittance Division:

The Foreign Remittance Division is a key business segment of the Bank, playing a vital role in its overall growth. By increasing the inflow of foreign currency, the division supports the Bank’s financial stability, strengthens its customer base, and contributes to building low-cost deposits. Additionally, it enhances the Bank’s reputation both locally and internationally, making a significant impact on its sustainable development.

The division facilitates remittance procurement from over 100 countries through 33 strategic remittance arrangements with international exchange houses and local banks. This extensive global network ensures a seamless and efficient flow of remittances, benefiting customers and boosting the Bank’s financial position.

In recognition of its outstanding performance, AIBPLC was honored with the Remittance Award 2024 (8th Position) by the Ministry of Expatriates’ Welfare & Overseas Employment for the financial year 2023-2024.

Through its strong global partnerships and commitment to excellence, the Foreign Remittance Division continues to drive financial inclusion and economic growth.

exchange houses in Saudi Arabia (KSA), UAE, Oman, Bahrain, Kuwait, Qatar, Malaysia, and other key markets worldwide.

3. Foreign Remittance Operation at Agent Banking Outlets:

All Agent Banking Outlets have been actively disbursing foreign remittances with the support of the Foreign Remittance Division. In 2024, remittances processed through Agent Banking Outlets totaled BDT 433.22 crore, accounting for 4.81% of the Bank’s total remittance inflow.

Overseas Banking Division:

The Overseas Banking Division continues to play a pivotal role in managing relationships with foreign correspondent banks. In 2024, the Bank successfully established five new Relationship Management

1. Performance of Foreign Inward Remittance -from 2020 to 2024:

Year	Remittance		No. of Transaction	Target BDT (In Crore)	Achievement (In %)	Growth (In %)
	BDT (In Crore)	USD (In Million)				
2020	4,380.70	516.19	693,537	4,250.00	103%	16.16
2021	5,266.21	618.68	827,851	5,400.00	97.52%	20.21
2022	8,853.17	876.62	12,31,132	6,350.00	139.42%	68.11
2023	11,379.73	1,010.44	1,366,646	10,000.00	113.80	28.54%
2024	9,014.06	755.92	9,94,108	17,000.00	53.02%	-20.79%

In 2024, the Branches and Agent Banking Outlets of AIBPLC facilitated the procurement of foreign remittances amounting to BDT 1,532.36 crore, representing 17.00% of the total remittance inflow. Meanwhile, BDT 7,481.45 crore (or 83.00% of total remittances) was disbursed through BEFTN (A/c Credit with Other Banks), ensuring efficient and seamless fund transfers.

2. Remittance Drawing Arrangement:

In 2024, we successfully executed eight new remittance drawing arrangements with exchange houses in the UK, Japan, Malaysia, Singapore, UAE, and the USA. Additionally, ten more exchange houses from various global hubs are currently in the pipeline.

To further expand and strengthen the Bank’s remittance business, the division is making dedicated efforts to establish new drawing arrangements with

Applications (RMAs) with leading global banks across Asia, the Middle East, and Oceania, further facilitating international trade. Currently, the Bank maintains partnerships with over 340 banks and branches across 56 countries.

To ensure seamless treasury, remittance, and trade settlements, the Bank operates Nostro Accounts in major global currencies viz. USD, EUR, GBP, JPY, CHF, SAR, AED, SGD, and CNY. As of the end of 2024, the Bank managed 36 Nostro Accounts across 22 correspondent banks, ensuring efficient international transactions.

Despite global economic challenges, the Bank successfully arranged credit lines to support import trade. Our trusted foreign correspondents have continued to provide financial backing for the import of essential commodities, including fertilizers, industrial raw materials, and capital machinery.

The Bank conducts international trade operations through a centralized framework, strictly adhering to the Central Bank's guidelines and international best practices. A team of highly experienced and professionally certified officials manages these operations, ensuring compliance and efficiency.

To enhance security and compliance, the Bank has implemented robust regulatory frameworks, including SWIFT integration with Core Banking Software and advanced Sanction Screening Tools provided by SWIFT Corp Ltd. Additionally, the Bank subscribes to globally recognized credit information services such as Dun & Bradstreet (D&B) and Credit Safe. Vessel tracking services from Lloyd's List Intelligence further strengthen risk management.

Furthermore, the Bank has adopted a cutting-edge transaction monitoring system enabling trade transaction monitoring and reinforcing a strong compliance culture.

Through strategic initiatives and continuous advancements in technology, the Bank remains committed to fostering global banking relationships, ensuring regulatory compliance, and facilitating seamless international trade.

Foreign Trade Processing Division:

Al-Arafah islami bank Ltd introduced FTPD (Foreign Trade Processing Division) in 2014 with an aim to razor sharp sparkle service through state of the art technology pacify exposure to foreign exchange risk. Since its inception FTPD is striving to put forth a all out effort to come out with a service in excellence and gradually improve its operation which encompasses both external and internal compliance, monitoring and smooth trade operation subsequently boost up the sustainable foreign trade growth.

The division has the vision to set a fully centralized foreign trade services by the year 2024. FTPD now operating all the transaction and processing services cash and back to back import LCs from a single point except export and back to back LCs of Motijheel branch. FTPD has the plan to fully centralize the bank Trade operation shortly.

FTPD is strengthening its compliance effort by

implementing strictest policy to outweigh the stringent regulatory fines ensuring the adherence to BFIU Circular No. 24 Dated December 10, 2019 Guidelines for Prevention of TBML. FTPD understand what is legally required for the institution, employees, and customers to a successful trade compliance program subsequently understand the robust regulatory effort and consequence of non-compliance thereby deliberately assessed the import item price Focusing on implementing appropriate systems and controls to mitigate risk arising out of TBML.

To guard the detrimental effect of USA PATRIOT ACT Section 319(a) forfeiture from US Correspondent account and to implement the New York State Department of Financial Services (NYDFS) Final Rule Part 504 which require Monitor transactions prior to their execution to prevent unlawful transactions with targets of economic sanctions administered by OFAC, FTPD is implementing trade activity sanctions screening in AST (Automated Screening Tool) through SWIFT sanctions screening software.

Moreover FTPD check the general ledger balancing regarding LC liability, bills liability and cash security and very keen to ensure there is no mismatch at any point of time along with this, FTPD is focusing that all relevant charges are realized strictly as par Head office sanction and BRPD circular no-11 Master circular on schedule of charges dt 10th June 2021. By this way FTPD is targeting to minimize the exposure to foreign exchange risk.

The division hit a tremendous stride on the volume of transaction in cash LC and back to back LC in 2023. The volume of workflow of the division is gradually increasing whereas the manpower remains almost alike. About 46% total workflow rose over 2022 to 2023 which has been accomplished by the same manpower probe the cost effectiveness implemented solely by the FTPD. By the year 2024 FTPD will execute fully centralized operation result in all types of cash and back to back LCs including export of all AD and Non AD dealt from a single point focusing on the minimization of exposure to foreign exchange risk which require greater challenges, hard work and FTPD is relentlessly work for continuous development and make exemplary trade processing

center in the banking industry.

Internal Control & Compliance Wing

At Al-Arafah Islami Bank PLC, internal control is regarded as an integral and enduring part of corporate governance, designed to uphold the Bank's values of transparency, Shari'ah compliance, and ethical responsibility. It is a structured system of policies, procedures, and oversight measures implemented by the Board of Directors, Management, and employees at all levels to ensure effective operations, accurate financial reporting, and strict adherence to applicable laws, regulatory guidelines, and internal policies.

The Internal Control System of Al-Arafah Islami Bank PLC is designed to support sound governance, operational excellence, and compliance with both regulatory and Shari'ah principles. It functions as a structured and risk-based framework that enables the Bank to achieve its goals while safeguarding stakeholders' interests.

Objectives of Internal Control System:

Prime objectives of Al-Arafah Islami Bank is to ensure the utilization of resources in a manner aligned with the Bank's strategic goals and Islamic financial principles, enhance communication within the organization and with external stakeholders to support informed decision-making and make sure that full compliance with all applicable laws, regulations, and internal policies, including Shari'ah compliance are maintained.

Detailed Objectives

1. Operational Objective

- Ensure the effective and efficient execution of banking operations that contribute to the achievement of the Bank's vision, mission, and strategic priorities.
- Promote a control-aware environment that reduces risk and supports ethical, Shari'ah-compliant practices.

2. Reporting Objective

- Provide timely, accurate, complete, and transparent reporting, both financial and non-financial, to internal management and external

stakeholders.

- Enable data-driven decision-making by ensuring the integrity and reliability of all information systems.

3. Compliance Objective

- Conduct all business activities in strict adherence to relevant laws, regulations, and internal guidelines, particularly those related to Islamic banking, AML/CFT, and prudential standards.
- Foster a culture of integrity and accountability across the organization to minimize legal and reputational risks.

These three objectives—operations, reporting, and compliance—are supported by five components of internal control.

a) Control Environment: The bank fosters a culture of integrity, ethical behavior, and accountability among its employees. Bank's board as well as management always promote a strong control environment through effective leadership, clear communication, and a well-defined organizational structure.

b) Risk Assessment: Al-Arafah Islami Bank PLC conducts regular risk assessments to identify and evaluate potential risks. This enables the bank to develop appropriate strategies and controls to mitigate these risks effectively. This assessment is being conducted at every level of operations e.g. branch level as first line of defense, head office level at second line of defense and through internal audit as the third line of defense.

c) Control Activities: The bank has implemented a range of control activities, such as segregation of duties, authorization procedures, and regular monitoring and review processes. These activities ensure that transactions are executed accurately, assets are safeguarded, and compliance with regulatory requirements is maintained.

d) Information and Communication: Al-Arafah Islami Bank PLC emphasizes the importance of timely and accurate information flow across all levels of the organization. Bank has a software-based online platform for dissemination of

circulars/policies/guidelines across all level. Regular meetings (online and physical) are being conducted with the top management which ensures effective decision-making, risk management, and compliance.

e) Monitoring: The bank has established a robust monitoring system to assess the effectiveness of internal controls. Apart from regular internal audits, external audits and management reviews, concurrent auditors are deployed at branch level who are regularly reporting risk areas and control weaknesses that helps taking corrective actions promptly.

In the last year (2024), the Board of Directors of Al-Arafah Islami Bank PLC played a pivotal role in strengthening the internal control and compliance environment. The Board provided strategic direction by establishing a sound control framework, forming essential committees (e.g., Executive Committee, Audit Committee, and Risk Management Committee), reviewing key audit reports, and ensuring regulatory compliance and ethical conduct across the Bank.

The Board Audit Committee actively monitored the Bank's internal control mechanisms by evaluating management's control practices, reviewing IT systems and fraud risk indicators, and assessing the implementation status of audit recommendations. The Committee also emphasized accurate financial reporting, ensured the independence and effectiveness of both internal and external audits, and verified adherence to laws, regulations, and internal policies.

The Senior Management Team (SMT)/ MANCOM remained committed to internal control excellence by regularly monitoring control effectiveness, allocating adequate resources to audit functions, ensuring full regulatory compliance, and providing annual assurance to the Board regarding internal control soundness. Audit findings and compliance issues were addressed promptly and systematically.

To ensure independence and accountability, the Bank's Internal Control & Compliance Wing (ICCW) is structured into three dedicated and functionally distinct divisions:

- Audit & Inspection Division
- Compliance Division
- Monitoring Division

These divisions collectively ensure a robust, transparent, and Shari'ah-compliant internal control system throughout the organization.

Activities performed by several divisions under ICCW in the year 2024 are as follows:

a) Audit & Inspection Division:

i) Risk Based Internal Audit: As per the approved audit plan, the Audit & Inspection Division successfully completed 100% of the scheduled audits in 211 branches, along with 22 divisional audits and 21 surprise inspections. Moreover, special inspections were conducted from time to time based on specific requirements.

ii) In 2024, a total of approximately 148,670 findings—comprising High Risk, Medium Risk, and Low Risk items—were detected by Internal Audit in the branches, and 48% of the lapses were rectified on the spot.

iii) Reviewed & updated Audit Manuals of the bank.

iv) During 2024, internal auditors and concurrent auditors collectively identified income leakage amounting to Tk. 16.59 crore in the Bank's operations. Of this amount, approximately Tk. 13.00 crore was realized on the spot during the course of the audits.

b) Compliance Division:

i) Compliance Status:

Internal Audit: In 2024, a total of 46,514 lapses were rectified through follow-up actions, representing approximately 41% of the total unrectified audit observations.

Bangladesh Bank Inspection: Compliance reports for 100% of the comprehensive inspections and foreign exchange inspections conducted by Bangladesh Bank were submitted on time.

ii) Memo Submission:

The Division submitted 30 memos related to branches, 6 memos concerning Head Office, and 24 memos on important miscellaneous issues to the Board Audit Committee (BAC) and the Board, based on risk prioritization.

iii) Reviewed & updated Compliance Policy and Operational Manuals of the bank.

iv) Audit File Closure: A total of 247 audit files were closed in 2024.

v) Others: Other activities performed by the Division include assessing branch-wise ICC performance gradation based on audit findings and submitting reports to the Board regarding the implementation status of decisions made by the Board Audit Committee (BAC) and Bangladesh Bank.

c) Monitoring Division:

Works accomplished by this division in 2024 are as follows: -

1. Monitoring & follow up the activities of concurrent auditors.
2. Follow up of Mandatory Leave.
3. Follow-up of Quarterly Operation Report (QOR).
4. Follow-up employee Job Rotation.
5. Employees/Staff Account Monitoring.
6. Follow-up of MPI/Murabaha Godown visit report.
7. Review & update the monitoring policy & operation guidelines.

Whistleblowers' Protection Policy:

Al-Arafah Islami Bank PLC has implemented a comprehensive Whistleblowers' Protection Policy to promote transparency, accountability, and ethical conduct within the organization. This policy, embedded in the Bank's Internal Control and Compliance (ICC) framework, encourages employees to report misconduct, malpractice, or any unethical behavior without fear of retaliation. It ensures confidentiality, outlines clear reporting channels—including the Chairman, Managing Director, and Head of ICCW—and provides structured procedures for investigation, assessment, and corrective action. The policy clearly distinguishes

between whistleblowing and personal grievances, emphasizing good faith reporting for genuine organizational concerns such as fraud, abuse of authority, and regulatory breaches.

To protect whistleblowers, the Bank guarantees confidentiality, job security, and safeguards against harassment or victimization. An internal committee under ICCW is responsible for assessing and investigating disclosures. Anonymous complaints may be considered based on credibility and seriousness, while knowingly false or malicious allegations may lead to disciplinary action. Furthermore, whistleblowers may be rewarded—financially or otherwise—if their disclosures help prevent significant financial or reputational loss. The Bank is also committed to training staff on whistleblowing procedures to foster a culture of openness, compliance, and integrity.

Overall, it aims to foster a culture of transparency, accountability, and good governance within the Bank.

Sustainable Finance Unit

The Sustainable Finance Unit (SFU) of Al-Arafah Islami Bank PLC (AIBPLC) drives responsible investment by integrating ESG principles into financial decisions, with a focus on climate resilience, social inclusion, and good governance. AIBPLC further advances these priorities through its Green Banking initiatives, Sustainable Finance practices, and Corporate Social Responsibility (CSR) activities. From this perspective, the Bank has undertaken the following activities through this Unit:

Under its Green Banking initiatives, the Bank has introduced Sensor-Based Lighting, Digital Training, E-Statements, SMS Alerts, Mobile Banking, Internet Banking, increased number of ATM booths and Business Process Automation (BPA) to reduce electricity and paper use. These measures support the Bank's shift toward low-carbon operations.

In line with Bangladesh Bank guidelines, all investments that fall under the scope of ESRM guideline are being addressed appropriately through Environmental and Social Risk Ratings (ESRR) checklist. The Bank is also set to implement

Environmental and Social Management Systems (ESMS) with MIS reporting from mid-2024.

Adopting the Sustainability and Climate-Related Financial Disclosure framework, AIBPLC set 2024 as the base year, targeting a 5% CO₂e reduction across Scope 1, 2, and 3 emissions by 2029. Emissions in 2024 were: Scope 1 – 9,990.25 tCO₂e, Scope 2 – 2,812.93 tCO₂e, Scope 3 – 1,009,033.18 tCO₂e. Progress is monitored quarterly by the Sustainable Finance Committee.

The Sustainable Finance Policy (2021) covers 94 green and sustainable products. Help Desks at 226 branches assist clients, and staff training in 2024 strengthened implementation. That year, green finance disbursement reached BDT 11,113.34 million, and total sustainable finance stood at BDT 143,849.19 million, focused on sectors like LED lighting, recycling, green bricks, and eco-friendly industries. The Bank aimed to allocate 5% of term investments to green finance and 20% to sustainable finance, nearly achieving these goals. AIBPLC also participates in Bangladesh Bank refinance schemes, including the Islamic Refinance Scheme, Technology Upgradation Fund, and Green Transformation Fund (GTF), earning recognition as one of the most sustainable banks in 2022.

Corporate Social Responsibility (CSR)

As part of CSR, AIBPLC always gives priority to any emergency of the country /society /institution /individual. In line with Bangladesh Bank (BB) guidelines, our main priority sectors of CSR are education, health, environment and climate change mitigation & adaptation and other sectors such as income generating activities, disaster management, infrastructure development, sports & culture. Under environment and climate change mitigation & adaptation, bank preserves a fund called Climate Risk Fund to facilitate financing at subsidized profit rate in some special environment friendly projects such as Climate resilience and disaster management, financing in green clean transportation project, financing in govt. approved eco-tourism projects, financing in sandwich panel, natural eco-system protection and restoration. AIBPLC spent BDT 299.21 million out of total approved budget of BDT 300.00

million in 2024. In Education sector, the bank has spent BDT 60.58 million to 564 underprivileged undergraduate students through its own Education Scholarship Program, helping them pursue higher studies. Additionally, it allocated BDT 143.81 million to Healthcare, BDT 89.1 million to Disaster Relief, BDT 3.24 million to Climate Risk initiatives, and BDT 2.48 million to Environment Protection significantly benefiting the society.

In 2024 our total expenditure in CSR is BDT 299.20 million which is shown sector wise in the table below:

(Amount in Million BDT)

Sl No.	Particulars	2024	2023
1	Health	143.81	286.67
2	Education	60.58	59.14
3	Disaster Management	89.10	123.89
4	Cultural Activities	0.00	0.43
5	Environmental Protection	5.72	43.06
Total		299.21	513.20

AIBL Foundation

Al-Arafah Islami Bank PLC. has also fulfilled its corporate social responsibility towards people and different institution through its foundation. AIB foundation is operating the following institution:

- a. **Al-Arafah Islamic International School and College:** Al-Arafah Islami Bank Foundation has been established this institution with a view to building next generation according to the ideals of peace and equality of Islam and to establishing banking and other aspects of life in the way of Islam. The prime aim of this Islamic International School & College is to contribute towards building human resource and in the broader sense to ensure human welfare. With the view Al-Arafah Islami Bank Foundation has established Al-Arafah Islamic International School & College at Dhanmondi in 1998. Such institution upto O level of its kind is for the first time in Bangladesh. Now it is situated at Hazaribagh, Dhaka. Current students around 350 and Teachers with other staffs are 40.

b. Al-Arafah Tahfizul Quran Madrasa: Previously it was a department of Al-Arafah Islamic International School and College but now it is a separate unit named Al-Arafah Tahfizul Quran Madrasa (residential). It is also situated at its own premises at Hazaribagh, Dhaka. Current students around 25 and Teachers with other staffs are 4. Already almost 100 Hafez passed.

c. Al-Arafah Islami Bank Foundation Kidney Dialysis Center, Chattogram: Al-Arafah Islami Bank Foundation established this 10-bed dialysis center at Firingi Bazar, Chattogram to give the dialysis service of underprivileged people of this area at low cost. Presently annual number of dialysis almost 7000.

d. Al-Arafah Islami Bank Foundation Hospital, Chattogram: Al-Arafah Islami Bank Foundation are planning to establish this 60-bed hospital at its own land, Sholoshohor, Muradpur, Chattogram to give the standard health care service of underprivileged people of this area at subsidized price. Almost 90% work is complete and planning to start its operation on January-2026 In Sha Allah. It's a general hospital including most common but critical services like ICU, NICU, Dialysis etc.

e. Al-Arafah Islami Bank Medical College and Hospital: Besides, it also has a future plan to establish another extension of Al-Arafah Islami Bank Medical College and Hospital at its own land, Hazaribagh, Dhaka.

In those above projects total BDT 27.02 million was expended by AIB Foundation under CSR activities in 2024.

All of the above are established with the motive to provide quality service to poor /less income (underprivileged) 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. The contributions of cottage, micro, small, and medium enterprises (CMSMEs) play a crucial role in economic development, especially in a developing country like Bangladesh, by generating wealth and creating employment opportunities.

Al-Arafah Islami Bank PLC. playing a significant and positive role in in the banking sector in Bangladesh. The bank has already invested a total taka 483493.37 Million in investment sector out of which taka 159854.65 Million has been invested in the CMSME sector and participated in most of the refinance and pre-finance schemes announced by Bangladesh Bank.

Our aim is to minimize investment risk through small scale investments in CMSME and Agriculture and to distribute investments among the largest number of investment client rather than locking the investment in the hands of a single investment client. For this we need to bring forward branch managers and zonal heads in small investment CMSME and agricultural sector. Their positive outlook can bring back discipline in investment. Another thing to note is that which investment product has a higher spread and is more attractive to the customer and should be presented to the investment client. Government and Bangladesh Bank have provided refinancing facility at only 5% profit rate to women entrepreneur sector and 2% more cash facility if customer pays the investment on time of which customer will get 1% and bank will get 1%. Emphasis is placed on below-mentioned factors to minimize investment risk and maximize profit.

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 by Bangladesh Bank, Al-Arafah Islami bank PLC. is giving a priority over CMSME financing to three categories of enterprises viz. Industry, Trade & Services.

CMSME Investment at a glance

Figure in Million

Description	2024	2023
Total CMSME Portfolio	159854.65	146585.88
% of CMSME Portfolio to Total Portfolio	33.06%	32.47%
Target of CMSME Investment	115000	95000
Total CMSME Disbursement	71635.77	74252.88
% of Achievement	62.29%	78.16%

Investment on Women Entrepreneurs

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

Al-Arafah Islami Bank PLC. 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	7647.88
Amount of Disbursement to Women Entrepreneurs	4151.17

Refinance Schemes of Bangladesh Bank enrolled by AIBL

1. 25000 Crore Pre-finance Scheme Against CMSME investment:
Bangladesh Bank has set 8800 Million Taka disbursement target for AIBPLC. This scheme was formerly enrolled as refinance scheme but now it is converted to Pre-finance scheme by Bangladesh Bank. Bangladesh Bank has allotted 6555.30 Million Taka as Pre-finance fund in favour of AIBPLC in 03 phases. where the profit rate for

the customers is 7% and Bangladesh Bank will be financed the fund at 2% profit rate.

2. Small Enterprise Refinance Scheme for Women Entrepreneurs
Under this Refinance scheme for women entrepreneur AIBPLC. is providing investment opportunities upto 5 Million at 5% profit rate where Bangladesh Bank refinanced the fund at 0.50%. Profit Spread for AIBPLC. will be 4.50%.
3. Agriculture Refinance Scheme (Food Security) 2023-24
Under this Refinance scheme Bangladesh Bank set the target of 940 Million where the profit rate for the customers is 4% and Bangladesh Bank will be financed the fund at 0.50% profit rate. Profit Spread for AIBPLC. will be 3.50%.
4. Concessional Profit at 4% Scheme 2023-24
Under this Refinance scheme Bangladesh Bank set the target of 47.05 Million where the Stimulus Profit rate for the customers is 4% and (SMART rate-4%) profit incentives provided by Bangladesh Bank.
5. ‘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 AIBPLC. will be 5.50%.
6. 10/50/100 Tk Account Holders’ Refinance Scheme
Under this Refinance scheme Bangladesh Bank set the target of 200 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 AIBPLC. will be 6%.
7. 10000 Million Tk Refinance Scheme to increase Wheat, Maize Production (2023-24)
Under this Refinance scheme AIBPLC. has already achieved 100% target of 170 Million Investment at 4% profit rate where Bangladesh Bank refinanced the fund at 0.50%.
8. Start-up Fund Refinance Scheme
A fund was formed to invest in the Start-up

enterprises and businesses. A fund of 66.0 Million was accumulated from where 9.70 Million have disbursed.

9. Credit Guarantee Scheme

From Credit Guarantee Department (CGD) of Bangladesh Bank AIBPLC. has enrolled in Credit Guarantee Scheme against 10/50/100 Tk. Account Holders’ Refinance Scheme, Small Enterprise Refinance Scheme for Women Entrepreneurs and 25000 Crore Pre-finance Scheme Against CMSME investment where the target is 10 Million, 30 Million and 50 Million respectively for AIBPLC.

Financial Inclusion Department (FID):

Financial Inclusion indicates the availability and accessibility of financial services and products to all segments of society, particularly to individuals and communities who have traditionally been excluded from formal financial systems. It aims to provide opportunities for people to participate in the formal economy, manage their finances, and improve their overall economic well-being.

Fostering inclusive economic growth and sustainable development is one of the key objectives of Bangladesh Bank (BB). With this vision, BB is prioritizing a number of initiatives to promote financial inclusion henceforth inclusive economic growth.

To Execute this objective, according to Bangladesh Bank requirement AIBPLC has formed Financial Inclusion Department under Financial Literacy Wing which is supervised by Deputy Managing Director and headed by Executive Vice President.

To create an empowered nation with right knowledge and skills for making responsible financial decisions, FID is working to achieve the following set of objectives:

- Establishing sustainable financial literacy infrastructure at the community as well as national level.
- Reducing gender gap in financial services;
- Ensuring delivery of synchronized financial literacy based on the needs of different target groups through effective tools and monitoring

mechanism;

- Capacitating people towards DFS and raise awareness against financial fraud, reduce associated risk

- Enhancing consumer financial rights protection.

Activity of FID:

- 1) Organizing Financial Literacy Programs (Training/Seminar/Workshop)
- 2) School Banking Conference.
- 3) Reporting
- 4) Investment
- 5) Monitoring & Recovery
- 6) Creating & Actualizing Financial Service Provider (FSP) Interactive Map
- 7) Compliances

Performance of FID in the year of 2024:

Particulars	Target	Achievement	(In %)
10/50/100 Taka Refinancing Investment Scheme	20.00 Core	4.055 Core	20.28%
School Banking A/C (number)	16000	9,166	57.88%
Financial Literacy Programs (FLP)	128	120	98%

Agent Banking

By the December 2024, we had successfully established a network of 745 Agent Banking Outlets across 530 distinct agent locations. This initiative was specifically designed to extend financial services to the previously unbanked population of Bangladesh. As a result, we have opened a total of 10,04,177 accounts under the agent banking program, effectively covering 304 Upazillas across 57 Districts. While certain restrictions and limitations may apply, the majority of standard banking services are readily accessible through our agent banking outlets.

The impact of this program has been particularly pronounced in rural areas, where previously unbanked individuals now actively engage in financial transactions. Indeed, the total deposit volume for agent banking currently stands at Tk. 40083.80 Million, and this figure continues to exhibit significant upward trends. Clients readily open accounts, deposit and withdraw funds, receive foreign remittances, settle utility bills, and access a range of other essential financial services through

our convenient network. This program serves as a compelling example of successful financial inclusion within the Bangladeshi context.

Agent Banking Performance At a Glance
(As on 31-12-2024)

Taka in Million		
Particular	December 2024	December 2023
Total Number of Outlet	745	737
Total Number of Agent	530	515
Number of Rural Outlet	656	648
Number of Urban Outlet	89	89
Number of Covered Upazilla	304	297
Number of Covered District	57	57
Number of Accounts	1004177	888931
Number of Male Customer	533769	470971
Number of Female Customer	470408	417960
Deposit of Agent Banking	40083.80	40072.69
Cost Free Deposit	1545.70	1775.82
Low Cost Deposit	14101.50	14432.34
High Cost Deposit	24436.60	23864.53
Amount of Foreign Remittance	4332.40	10115.97
Number of Utility Bills Collection	10716626	9366592
Amount of Utility Bills Collection	8307.00	6959.73
Net Amount of Profit	906.20	766.59

Retail Banking

In 2024, the Retail Banking Division of Al-Arafah Islami Bank PLC demonstrated exceptional performance and continued its strategic journey toward sustainable growth, profitability, and customer-centric innovation. Our commitment to delivering Shariah-compliant financial solutions, exceptional value, and superior customer experiences remained unwavering, as we embraced innovation and personalized services to meet the evolving needs of our clients. By harnessing data analytics, we focused on delivering personalized experiences that connect with each customer, enhancing satisfaction and fostering loyalty.

Our approach is deeply rooted in Islamic values and guided by a humanitarian outlook, aiming not only to generate financial returns but also to uplift

communities and contribute to the socio-economic development of the nation. We remain steadfast in promoting financial inclusion, particularly among underserved and rural populations, ensuring that our services contribute meaningfully to social welfare.

Driven by strategic initiatives and enhanced field-level execution, the Division achieved 114% of its profit target, reflecting a 46% growth in profit over 2023. This achievement underscores the effectiveness of our focused retail strategy and deepened customer engagement.

To strengthen our brand presence and reach a wider audience, we significantly enhanced our digital marketing efforts through online platforms, including social media and the corporate website. Recognizing the importance of skilled human capital, we conducted training programs across our branch network, equipping employees with the knowledge and tools to deliver superior Shariah-based retail financial services. These efforts also contributed to cultivating long-term customer loyalty and service excellence.

In alignment with our vision for long-term sustainable growth, we continue to invest in responsible banking practices that balance profitability with ethical responsibility, social impact, and environmental stewardship. The Retail Banking Division of AIBPLC remains committed to serving as a catalyst for equitable growth and prosperity, guided by Shariah-based principles and a dedication to the betterment of society.

Offering a diverse portfolio of retail investment products—including Home Investment, Semi-Pucca Home Investment, Auto Investment, Personal Investment, and Rapid Investment—we continued to provide accessible and tailored solutions to meet the varied needs of our clients. Our Payroll Banking Proposition, branded as AIBPLC Payroll Privilege Services (APPS), offers a consolidated Shariah-based package comprising Individual Salary Accounts, Retail Investment Facilities, and Card-related services for employees of partner organizations. In addition, three new retail deposit products are scheduled to launch soon, designed to empower

customers across all segments by offering enhanced flexibility, higher monthly returns, free services, and digital convenience, along with value-driven features.

Retail Banking Highlights:

Retail investment outstanding grew by 22% compared to the previous year, highlighting our sustained efforts to expand access to Islamic financial services across diverse retail segments, supported by innovative investment products and responsive service delivery.

Introduced Mudaraba Advantage Deposit Scheme—an exclusive deposit product designed to deepen sustainable core deposits, tap new deposit segments, and drive CASA growth. This scheme also creates opportunities for cross-selling other banking products.

Onboarded payroll clients and expanded the payroll customer base. These efforts contributed to building customer loyalty, increasing cross-sell opportunities, and strengthening recurring deposit inflows.

Launched the first Retail Business Hub in Chattogram. The Hub promotes collaboration, performance tracking, and a business-oriented culture. We plan to inaugurate additional seven hubs shortly, replicating this model in strategic locations across Dhaka to ensure dedicated customer service and foster loyal customer creation.

Strong focus was placed on less active low-value accounts through a targeted campaign. This initiative successfully revitalized customer relationships and contributed significantly to deposit growth and reinforcing our core deposit base.

Conducted structured branch visits and training programs across the network, ensuring alignment with retail business goals, reinforcing product knowledge, and strengthening frontline execution capacity.

Embracing the digital shift, we significantly enhanced online visibility through dedicated retail campaigns on social media platforms and our official website, generating higher engagement and

supporting business acquisition efforts.

Looking ahead, the Retail Banking Division is committed to accelerating its growth trajectory through a strong nationwide business drive, the launch of innovative Shariah-compliant retail products, targeted retail business campaigns and the delivery of value-based customer propositions tailored to diverse needs. Our focus will remain on customer segmentation, enabling us to design and deliver more targeted solutions for youth, professionals, salaried individuals, women, and entrepreneurs. As we continue to refine our strategy, particular attention will be given to digital customer onboarding—making the first point of contact as seamless and inclusive as possible. Efforts are also underway to digitize payroll banking solutions and streamline the onboarding process for corporate clients. Most notably, we are preparing to introduce a set of innovative investment products under new investment mode—set to be the first of its kind in Bangladesh—paving the way for broader financial inclusion and deeper market penetration through Shariah-aligned, technology-enabled platforms.

Al-Arafah Rural Development program (ARDP)

In front of the slogan “Village will be city” the activities of Al-Arafah Rural Development Program (ARDP) were started with the approval of the Board Directors. The ARDP Program was launched in an effort to serve the rural population of the country by developing their socio-economic conditions, conducting retail investment activities in the rural economy, developing saving attitude based on Islamic shariah and creating transaction opportunities with Islamic banks through investment. The main objective of the program is to include the large rural population through financial inclusion and implementation of Bangladesh Banks refinancing schemes as opposed to retail investment and employment generating initiative under the CMSME policy of Bangladesh bank.

The ARDP program supports the socio- economic development of farmers, labourer, fisherman, small traders and small entrepreneurs. Another important objective of this program is to prioritize the economic employment of rural woman entrepreneurs. ARDP Program are conducted on individual, group and

association basis. Collateral is not required to get investment under the program. The mode of Investment repayment is based on weekly/monthly installments. ARDP activities are being conducted at a total 260 work stations, including 18 sub branches and 100 agent outlets through 142 link branches.

Essentially this program is a type of investment system with intensive monitoring and skilled staff working in various disciplines and ensuring constant supervision. As the Al-Arafah Rural Development program is conducted directly in rural and suburban areas, this program is directly related to the people, which is reaching the door-steps of the people at the door -to-door level as the branding of Al-Arafah Islami Bank PLC.

Summary of ARDP-2024

Sl	Particular	2023 (YTD)	2024 (YTD)
1	Designated Branch	145	166
2	Total Employee wit HO	407	441
3	Beneficiary Member	76116	83455
4	Client	60061	58057
5	Number of A/C	302220	381750
6	Deposit/Savings	336.57	550.64
7	Investment	381.88	436.99
8	Profit (Excluding provision)	4.54	22.02

Brand Communications and Marketing Division

In 2024, the Brand Communications and Marketing Division of Al-Arafah Islami Bank PLC. focused on enhancing its media visibility and strengthening its reputation through consistent, multi-channel branding efforts.

To meet the demands of an expanding business and to promote Shariah-based banking across diverse customer segments, including SME and CMSME, the Division prioritized strategic engagement across both traditional and digital platforms. Our goal: to deepen trust, drive awareness, and reinforce our image as a transparent and people-centric Islamic financial institution.

During the reporting year, over 74 major events were featured in 915 news coverages across 23 television

channels. Continuous presence was maintained on 8 leading satellite TV channels, including Channel-i, BanglaVision, ATN Bangla, ATN News, DBC News, ETV, Desh TV and Channel 71. Our branding efforts during Ramadan received additional focus through promotions on 17 major networks, reinforcing our values during the most spiritually significant time of the year.

We also saw impactful engagement through traditional media. 2,220 press releases were published in more than 70 newspapers and media outlets, while over 720 advertisements appeared across 120 publications. More than 21 favorable interviews and countless positive news placements helped bolster a transparent and credible image of the Bank.

Our branding extended into high-visibility spaces with billboards and roadside signage, including major hubs such as Mawa Chowrasta near Padma Bridge, and through digital display technologies such as LED boards and screen projections, ensuring extensive reach despite regulatory constraints.

Digital branding saw remarkable traction in 2024:

- Facebook: 752,294 followers (+94,574); 446 posts; 481,279 engagements
- YouTube: 2,610 subscribers; 289 videos; 126,231 lifetime views
- Instagram: 1,647 followers; 235 posts
- LinkedIn: 431 followers; 267 posts

These numbers reflect an increasingly vibrant digital presence and higher levels of engagement with customers, especially younger, tech-savvy segments.

Customer satisfaction continues to be a cornerstone of our branding strategy. Whether through targeted Eid Shopping and SME campaigns, or through our rebranding initiatives, we aim to deepen long-term relationships and position AIBPLC as not just a bank, but a trusted financial partner.

Looking ahead, our branding roadmap is guided by the principles of Trust, Transparency, and Transformation. Through a three-year strategic communication plan, we will deploy a 360-degree media matrix focused on storytelling, community

engagement, inclusive finance, women’s empowerment, and youth development. Internally, we will enhance alignment through leadership branding and value-driven internal communication. Externally, our goal is to elevate visibility, expand digital infrastructure, and ensure inclusive growth.

Branding Summary of 2024:

SL	Branding Activity	Frequency / Coverage
1	TV News Items	74 events, 915 coverages
2	TV Channel Coverage	23 channels
3	Satellite TV Branding (Year-round)	8 major channels
4	TV Branding during Ramadan	17 networks
5	Press Releases Published	2,220 times
6	Print Media Coverage	70+ media houses
7	Promotional Advertisements	720+ placements
8	Publications Used	120 publications
9	Digital Followers (Facebook)	752K+ followers, 481K+ engagements

Information Technology

In 2024, the ICT Division of Al-Arafah Islami Bank PLC has continued to play a transformative role in digitizing banking operations, enhancing infrastructure, ensuring cybersecurity, and expanding customer-focused digital services. This year was marked by critical system upgrades, regulatory compliance advancements, and strategic technology implementations—paving the way for a more secure, agile, and innovative banking ecosystem.

Key Achievements & Initiatives

1. Core Banking System (CBS) Upgrade:

- Al-Arafah Islami Bank PLC (AIBL) embarked on its automation journey in 2006 and successfully launched its online banking operations in 2008. Since then, the bank has continuously enhanced its technology landscape to deliver secure, efficient, and customer-centric services.
- Migrating CBS to the Kubernetes platform Ababil NG for enhanced performance, security, and scalability.
 - Initiated hardware installation to support real-

time processing, resilience, and future digital service integration.

➤ **Automation Journey and Technology Adoption at AIBPLC**

In addition to the Core Banking System (CBS), AIB PLC has integrated a wide range of technology-driven solutions aimed at automating internal operations, strengthening security, and enhancing service delivery for our valued customers. These include:

1. Bangladesh Electronic Funds Transfer Network (BEFTN)
2. Real-Time Gross Settlement (RTGS)
3. Bangladesh Automated Cheque Processing System (BACH)
4. Integrated Supervision System (ISS) Reporting
5. Business Performance Assessment (BPA)
6. Credit Information Bureau (CIB) Integration
7. goAML – CTR Reporting
8. Return on Investment (RIT) Reporting
9. Internet Banking (i-Banking)
10. Sylvia – Human Resource Management System (HRMS)
11. Agent Banking Services
12. Utility Bill Collection Platform
13. Sanction Screening System
14. FATCA Compliance Solution
15. SWIFT Connectivity
16. Asset Management System
17. Centralized Anti-Virus Management
18. Enterprise Mail Server
19. Offshore Banking Unit (OBU)
20. Treasury Management System
21. ATM Services
22. Mobile ATM Services
23. Debit Card Services
24. Credit Card Services
25. SMS Alert System

2. Internet Banking Enhancement

- Launched fund transfer to bKash from AIBL accounts via Internet Banking (iBanking)—improving digital convenience.
- Achieved PCI-DSS certification for security compliance in Internet Banking.
- Upcoming 2025 enhancements:
 - o Auto-registration facility

- o Mobile top-up
- o Bangla QR payment acquiring
- o ITD & MTDR account opening via iBanking

3. Cybersecurity & Compliance

- Achieved:
 - o ISO 27001 Certification (Information Security Management System)
 - o PCI-DSS Certification (Cardholder data security)
 - o EPI Certification for Data Center infrastructure
- Established Security Operations Center (SOC) for 24/7 monitoring and rapid incident response.
- Conducted regular security assessments for all applications and infrastructure.

4. Disaster Recovery (DR) Modernization

- Have started relocating DR site to Felicity IDC Data Center, Kaliakoir Hi-Tech Park for enhancing business continuity, recovery time, and resilience.

5. Infrastructure Expansion

- Increased network capacity at DC and DR sites.
- Strengthened Data Center infrastructure with improved tagging and documentation.
- Expanded secure Wi-Fi, upgraded networking equipment, and implemented network segmentation to support growing demands.

6. Litigation Management System

- Deployed a centralized legal case management solution to streamline operations in the Legal Division.

7. Anti-Money Laundering Dashboard (AMLD)

- AML Monitoring software dashboard for:
 - o Regulatory reporting
 - o Risk-based alerting (GB, Trade, Remittance, Card)
 - o Proactive compliance tracking

8. Read, Learn and Do (RLD) – E-Learning Platform

- Implemented a structured internal learning portal for upskilling employees.
- Features interactive modules, certification, and self-paced assessments to drive continuous growth.

Looking Ahead – 2025 Priorities

- Further enriching digital platforms with customer-centric features.
- Enhancing disaster resilience through cloud-based redundancy.
- Strengthening ICT governance and vendor management frameworks.
- Promoting AI/ML-driven analytics in compliance and customer behavior insights.

Card Division

The transformation of digitalization in banking sector, the use of cards is constantly increasing. Interest in cards and ATMs has now extended beyond urban areas to rural areas. This division is constantly enhancing its card services to meet this demand. In 2024, It has achieved potential and remarkable growth in card count and profit. Compared to 2023, credit card growth was 26%, debit card growth was 25%, prepaid card growth 46%, net profit was Tk.4.51 crores. Card Division has issued more than 18000 credit cards, near about 500000 debit cards and 4500 prepaid cards and these numbers are increasing day by day. In addition to 134 EMI and 10000 discount outlet partners all over the country. It has buy 01 get 01, buy 01 get 02 and buy 01 get 03 offer with all the five stars hotels in Bangladesh by using La-Riba credit card. Also, card division often arranges up-to 50% cash back offer in different occasion with different merchants by using its credit card.

The La-Riba credit card has created a strong buzz in the market since its launch. Its Shariah-compliant, interest-free model has attracted wide attention from ethically conscious consumers. Customers appreciate the card's transparency and alignment with Islamic financial principles. It stands out as a unique offering in a market saturated with conventional credit products. Overall, La-Riba has successfully set a new trend and captured the interest of a growing intrinsic segment.

In 2024, Bank received 02 MasterCard Awards for excellence in issuing international debit card and prepaid domestic card. It has been issuing contactless cards for two years. Along with MasterCard, bank has got Visa Card membership approval and will start its operation very soon. The division has been issuing international debit card from early in the 2024.

As per new organogram, the division is positioned for a transformative phase. This restructuring aims to streamline operations and enhance efficiency across all units. With clearer roles and responsibilities, employees are expected to perform with greater focus and accountability. The revised structure also promotes better coordination and faster decision-making. As a result, innovation and productivity are anticipated to rise significantly. Stakeholders have expressed confidence in the leadership's vision and strategic direction. Overall, this organizational shift is expected to lead to massive positive change and sustained business growth.

Currently, banks prefer lending to retail customers rather than corporate clients due to lower default risks. This shift helps banks reduce their exposure to large-ticket corporate defaults. Retail lending also supports consumption-driven economic growth, making it a healthy asset class. As a result, banks are strengthening their retail portfolios to ensure steady income and risk balance.

Our motto is to offer credit cards to all our existing potential investment and deposit customers. This initiative aims to deepen customer relationships and enhance their banking experience. By leveraging our existing customer base, we can ensure better credit quality and lower acquisition costs. Offering credit cards to these customers adds value and encourages greater engagement with our financial products. It also helps us grow our retail portfolio while maintaining a strong and trusted customer network.

Asset Quality

Overdue investments stood at Tk. 21,343.10 million as on 31st December 2024 as against Tk. 16,379.80 million as of December, 2023. Total overdue increased by Tk. 4,963.30 million during the year 2024 bringing the same to 4.45% of our total investment as against 3.58% 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. 24,497.60 million from Tk. 37,405.30 million to Tk. 61,902.90 million (Term investments by Tk. 29,325.10 million plus Continuous and Demand investments

by Tk. 32,577.80 million) which was 12.90% of total Investment. Recovery against rescheduled investment during the year 2024 was Tk. 1,879.70 million.

Classified investments increased by Tk. 43,189.17 million in 2024 from Tk. 30,866.19 million to Tk. 74,055.36 million representing 15.14% of total investment as against 6.76% in the previous year. During the year 2024, recovery & regularization against classified investment stood at Tk. 13,077.75 million while recovery against written off investments stood at Tk. 320.52 million recording a total recovery of Tk. 152,777.97 million which includes a recovery Tk. 1,879.70 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.

Investment Administration Division

Investment Administration is one of the most important functions of a bank like ours for maintaining a healthy and effective Shariah based investment portfolio in a fair and diligent manner for enhancing Shareholders value by increasing profitability and reducing Non-Performing Investment (NPI) in a minimum level. As a result, Investment Administration Division (IAD) is

recognized as one of the crucial components at AIBPLC in managing sound investment portpolio and supporting investment processes through Policy formulations.

IAD plays its role through the following key departments;

- i) Investment Implementation and Compliance Department (IICD)
- ii) Investment Monitoring and Supervision Department (IMSD)
- iii) Investment Policy Department (IPD)

The principal functions of IAD are focused on safeguarding invested funds through proper documentation and close monitoring & strong Supervision through implementing on-site & off-site monitoring tools & techniques during currency of the investment. Besides the departments of the division performs following key functions amongst others:

- 1) IICD issues NOC after the collection of the required documents including Mortgage documents if any through the Business Process Automation (BPA) system as per sanction advice before disbursement of Investment facilities to the customers.
- 2) IMSD monitors all investment customers for adjustment/repayment of each and every deal/installments before expiry to avoid possible income leakages.
- 3) IMSD issues Early Warning Letter (EWL) on customer-wise investment deals before two months of its expiry and follow-up letters with reference to the EWL for the past due investment deals for recovery before further degradation of the investments.
- 4) IMSD monitors disbursement of investments to confirm proper end-use of invested funds for the purpose for which investment was given.
- 5) IPD formulates and updates Bank's policies / guidelines /manuals/ circulars as per Business to maintain a sustainable shariah based sound investment portpolio of the Bank.

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 oversights 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:

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.

1. 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,

Top-20 Investment Risk Assessment and Resolution

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.

2. 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 (CRMR), 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:

We all know that the term "money laundering" is not new to mankind. It has a long history and could be as old as the history of organized crime. These evil doers continuously keep on changing their color, ways and means to convert their ill-gotten proceeds into legally acceptable financial asset. Since banks are being as a conduit, we are facing increasing risk of losing our reputation every single minute. With the advancement of technology and globalization, as we are expanding our digital services to meet the customers' demand, financial criminals are becoming even more sophisticated in their schemes to exploit the vulnerabilities. The stakes of these actions are too high for the bank which include hefty noncompliance fines and enforcement actions, reputational damage as well as loss of revenue and increase of operational costs. Taking all these aspects into cognizance AIBPLC has recently introduced a sophisticated Anti Money Laundering compliance tool to keep the bank free from all financial crime risks.

We at AIBPLC are committed to supporting a secure, stable and resilient financial infrastructure. This includes applying a risk-based approach to detect and deter the use of the Bank's services and delivery channels for illegal purposes. Our tool helps us use analytics and technology to keep us informed on the latest anti-money laundering (AML) and anti-terrorist financing (ATF) sanctions, trends and typologies. Our specialists also have professional experience and certifications to detect and deter suspected money laundering, terrorist financing and activities prohibited by sanctions.

In addition, AIBPLC also include the following:

- Senior Management and Board's oversight
- Documented policies and procedures
- Ongoing AML and ATF and sanctions awareness training for employees
- Periodic risk-based due diligence and

- assessment of client relationships
- Ongoing monitoring of transactions and activity
- Screening against terrorist and other sanctions watchlists
- Reporting of prescribed transactions, as applicable
- Assessment of money laundering, terrorist financing and sanctions risk
- Independent testing of processes and controls

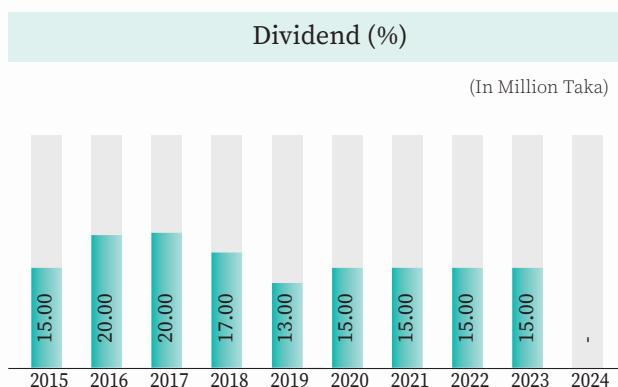
Additionally, we keep an ever-vigilant eye on the financial transactions and continue the approach of managing financial crime risks across all customer segments, channels and products within the business. We also closely monitor all our products and services to ensure that they are not misused by the wrong-doers. In a nutshell, AIBPLC has been able to successfully create an anti-money laundering compliance regime within the bank over the past year which is growing from strength to strength every day.

Dividend

- The bank has been paying dividend every year since 1998 just after conversion of a public limited company. The Board of Directors of Al-Arafah Islami Bank PLC has recommended no dividend to the shareholders for the year ended December 31, 2024, which will increase financial strength of the Bank.

Table of Historical Dividend Payment Percentage are as follows:

Year	Dividend
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
2023	10% Cash & 3% Bonus
2024	0.00



Credit Rating

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

Long Term	:	AA (pronounced Double A Two)
Short Term	:	ST-2
Based on	:	Audited Financial Statement 2023
Date of Rating	:	27 June 2024
Validity	:	26 June 2025
Outlook	:	Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
30 June 2024	AA	ST-2	Stable
30 June 2023	AA	ST-2	Stable
30 June 2022	AA	ST-2	Stable
30 June 2021	AA	ST-2	Stable
30 June 2020	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 453 employees in different categories/ranks joined and exit 237 during the year 2024 raising our total employees to 6,026 as on 31.12.2024.

We have 6,026 staff in the Bank of whom 424 are executives 4,788 are officers and 814 other staff as on 31st December 2024.

SI No	Designation	Category Number
1	Executives	424
2	Officers	4,788
3	Others	814
	Total	6,026

We nominated 203 employees in outside training course viz. BIBM, BBTA, BAB etc. in 2024 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 68 CDCS, 3 CSDG, 13 CAMS, CERM 7 and CISA 1 officials, of which 1 official completed CAMS during the year 2024.

AIBTRI: Centre of Excellence for Human Capital Development

Activities of AIBTRI

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

The institute’s training programs are meticulously designed, scheduled, and tailored based on need-based assessments conducted by a dedicated team of faculty members. AIBTRI places paramount importance on training for human capital development, focusing on industry-leading skills, knowledge, and wisdom. The institute is actively working towards achieving its desired level of competency through various training courses, including a three-month AIB-CACP certification course for BAMLCOs, EDPs, workshops, and more, addressing topical banking and financial issues.

AIBTRI has adopted new strategies and methods to enhance the knowledge base of its workforce. The institute is committed to responding to the need for capacity building among AIB PLC officials, providing them with innovative ideas and clear concepts to navigate the objectives of the various reform measures initiated by financial regulators.

Overall Training Scenario in 2024:

During the year 2024, AIBTRI conducted a wide range of activities to attain objectives of imparting quality training to the officers of the Bank. AIBTRI conducted a total number of 145 (One Hundred and Forty-Five) Training Courses, Workshops, Executive Development Programs, Lead Bank Program, Outreach Program, Specialized Training Course called AIB-CACP and Foreign Training Programs where 10430 participants were trained in the endeavor to establish a knowledge-based Islamic Bank.

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, e-payment through RTGS etc. AIBTRI conducted a total of 21 (Twenty-One) training courses in its modern classroom.

Training Workshops (TW):

A total of 47 (Forty-Seven) 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 a number of in-house discussions on topical issues of Islamic Shari'ah and banking.

Outreach Training Programs (OTP):

AIBTRI conducted 66 (Sixty-Six) outreach training programs (OTP) during the year 2023 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, AML & CFT issues, Retail banking management, Environmental Risk Rating, Agent Banking etc. The participants of OTPs were very much attentive and they raised very pertinent questions for elucidation of the themes of the topics discussed.

Certified AML & CFT Professional (AIB-CACP):

During 2024, the AIBTRI with the cooperation of BFIU & BIBM conducted two 3-month long specialized Training Courses (STCs) titled "AIB PLC Certified AML & CFT Professional (AIB-CACP)" to create 176 certified expert officials on AML & CFT issues especially aiming at developing the BAMLCOs of the Bank with knowledge and enhanced capacity. BFIU and BIBM Officials had conducted various sessions of the program. The primary objective of these programs is to cultivate a group of well-informed and proficient BAMLCOs and to equip them with comprehensive theoretical knowledge and practical insights related to AML & CFT issues. The aim is to empower them as proactive officials capable of addressing AML & CFT concerns within the Branches efficiently to establish 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. It is an encouraging message that the Bank has achieved 'Satisfactory Ranking' in 2023 by the BFIU for its wholehearted attempts to address the AML & CFT issues of the Bank with knowledge, courage and capacity. AIBTRI feels proud to help the Bank by developing knowledgeable BAMLCOs to achieve this prestigious rating from BFIU.

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.

Presently BPMD consists of four (3) Departments as:

- i) Business Development & Marketing Department
- ii) Branch Expansion Department
- iii) Product Development & Evaluation Department

Function of BPMD:

Main focus/function 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.

Generally, BPMD 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 the last 3 Years i.e., 2022,2023 &2024 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 different year.
- 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, this division Organized different Campaigns. In the year of 2024 the Division organized 02(two) Campaign i.e. Chairman's Award for Deposit Mobilization (Achieved TK.1,645.96Cr.) & Al-Amanah Deposit Campaign (Achieved TK.9,527.00 Cr. Crore) Successfully.
- 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 Crookeries, 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.
- BPMD made different agreement up to Dec-2024 on the following organizations: - Bangladesh Polly Biddut Board, Dhaka wasa, Jalalabad Gas Field, Northern Electricity Supply Company (Nesco), Titas Gas Transmission & Distribution, Dhaka Elec. Supply.Co. Ltd., International Standard University, ABG Technology Ltd, UCB Fintech Company Ltd. Upay, Southeast University, National Polymer Industry Ltd., BD Election Commission, Dhaka Power Distribution, NAGAD Ltd., BRTA (CNS), CPTU (e-GP), Karnaphuli Gas, Bakrabad

GasDistribution, National Pension Authority, Chattogram Metropolitan Hospital Limited, Padma Diagnostic Centre Limited, Popular Diagnostic Center .Ltd., Ever Care Hospital, (STS Holding), Farazy Hospital Ltd., Farazy Dental Hospital Anowar Kha Modern Hospital, The IBN Sina Trust, MIOT Hospital Ltd., Apollo Multispecialty Hospital Ltd.

- BPMD survey for the place, location, business position, rental status & feasibility report of New & Existing Branches/Sub-branches.
- Mangers Award, Export Trophy, letter of appreciation/congratulation, Crest are given on different criteria for excellent achievement.

Plan for 2025:

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 2025.
- Under the Brand development program, we will go for Strategic Alliance contact with different renowned govt./Semi-govt./Private organization i.e. Titas Gas Bill Collection, Pilgrim Pre-Registration, DESA, BRTA, DESCO, Gas Registration fees, DPDC, DESCO, NESCO, PDB, REB, KGTCL, WASA, City Corporation, Govt. Universal Pension Scheme, National Polymer Ind. Ltd. etc. Beside these we are going

to agreement with US Bangla Airlines, RFL-Gonga Foudry, Dhaka Central International Medical College & Hospitals,(Shyamoli), Aurora Specialized Hospital

- 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, Madrsaha, Hospital, Diagnostic Center, Club, Association, Samity, Market, owners Association.
- Appointed Relation-Ship Manager (RM) All of the Branches and Zones/Head Office (BPMD) for hunting and serving Area based Corporate Clients (New/Existing / Proposed)

Branch Network

At present we have 226 branches all over the country. In a bid to expand our network of Branches we got approval to open 11 (Eleven) new branches in 2024.

Appointment of Statutory Auditor

In the 29th Annual General Meeting of the Bank M/S Khan Wahab Shafique Rahman & Co. Chartered Accountants and M/S K M Alam & Co. Chartered Accountants was appointed External Auditors of the Bank for a term till conclusion of the 30th Annual General Meeting.

The Board has approved M/S Khan Wahab Shafique Rahman & Co. Chartered Accountants and M/S K M Alam & Co. Chartered Accountants for appointment as External Auditors by the shareholders till the 31st Annual General Meeting.

Board Meeting

During the year 2024, 18 regular Board Meeting had been held. Besides, 11 meetings of Executive Committee, 9 meetings of Audit Committee and 6 Risk management Committee of the Board had also been held during the year.

Appreciation

The Board of Directors expresses its gratitude to the Almighty Allah for enabling us to achieve remarkable progress in all respect during the year 2024. 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.

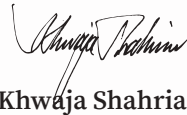
We re-assurance Our vow to remain most disciplined, Shariah compliant and result oriented.

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 2025. 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,



Khwaja Shahriar

Chairman

Date: 14 August 2025