BOARD OF DIRECTOR'S 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 WaRahmatullahi WaBarakatuhu.

The Board of Directors of the Bank takes the privilege to welcome you all to the 31st 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 2025.

Economy Analyses

World Economy Outlook

The rules of the global economy are in flux. Detailsof newly introduced policy measures are slowly coming into focus, and growth prospects are shifting along with them. After the United States introduced higher tariffs starting in February, subsequent deals and resets have tempered some extremes. But uncertainty about the stability and trajectory of the global economy remains acute. Meanwhile, substantial cuts to international development aid and new restrictions on immigration have been rolled out in some advanced economies. Several major economies have adopted a more stimulative fiscal stance, raising concerns about the sustainability of public finances and possible cross border spillovers. The world's economies, institutions, and markets have been adjusting to a landscape marked by greater protectionism and fragmentation, with dim medium-term growth prospects and calling for a recalibration of macroeconomic policies.

At the onset of trade policy shifts and the surge in uncertainty, the April 2025 World Economic Outlook (WEO) revised the 2025 global growth projection downward by 0.5 percentage point to 2.8 percent. This was predicated on tariffs being supply shocks for tariff-imposing countries and demand shocks for the targeted, with uncertainty being a negative demand shock all around. By July, announcements that lowered tariffs from their April highs prompted a modest upward revision to 3.0 percent. Inflation projections, while little changed overall, went up for the United States and down for many other economies.

After a resilient start, the global economy is showing signs of a moderate slowdown, as predicted. Incoming data in the first half of 2025 showed robust activity. Inflation in Asian economies was subdued, while it remained steady in the United States. This apparent resilience, however, seems to be largely attributable to temporary factors such as front loading of trade and investment and inventory management strategies rather than to fundamental strength. As these factors fade, weaker data are surfacing. The front-loading is unwinding, and labor markets are softening. Pass-through of tariffs to US consumer prices, previously muted, appears increasingly likely. Advanced economies, traditionally reliant on immigration, are seeing sharp declines in net labor inflows, with implications for potential output.

Global growth is projected to slow from 3.3 % in 2024 to 3.2 percent in 2025 and to 3.1 percent in 2026. This is an improvement relative to the July WEO Update but cumulatively 0.2 percentage point below forecasts made before the policy shifts in the October 2024 WEO, with the slowdown reflecting headwinds from uncertainty and protectionism, even though the tariff shock is smaller than originally announced. On an end-of-year basis, global growth is projected to slow down from 3.6 percent in 2024 to 2.6 percent in 2025. Advanced economies are forecast to grow about 1½ percent in 2025–26, with the United States slowing to 2.0 percent. Emerging market and developing economies are projected to moderate to just above 4.0 percent. Inflation is expected to decline to 4.2 percent globally in 2025 and to 3.7 percent in 2026, with notable variation: above-target inflation in the United States—with risks tilted to the upside and subdued inflation in much of the rest of the world. World trade volume is forecast to grow at an average rate of 2.9 percent in 2025–26 boosted by front-loading in 2025 yet still much slower than the 3.5 percent growth rate in 2024 with persistent trade fr entation limiting gains.

Risks to the outlook remain tilted to the downside, as they were in previous WEO reports. Prolonged policy uncertainty could dampen consumption and investment. Further escalation of protectionist measures, including nontariff barriers, could suppress investment, disrupt supply chains, and stifle productivity growth. Larger-than-expected shocks to labor supply, notably from restrictive immigration policies, could reduce growth, especially in economies facing aging populations and skill shortages. Fiscal vulnerabilities and financial market fragilities may interact with rising borrowing costs and increased rollover risks for sovereigns. An abrupt repricing of tech stocks could be triggered by disappointing results on earnings and productivity gains related to artificial intelligence (AI), marking an end to the AI investment boom and the associated exuberance of financial markets, with the possibility of broader implications for macro financial stability. Pressure on the independence of key economic institutions, such as central banks, could erode hard-earned policy credibility and undermine sound economic decision making, including as a result of reduced data reliability. Commodity price spikes—stemming fromclimate shocks or geopolitical tensions—pose additional risks, especially for low-income, commodity-importing countries. On the upside, a breakthrough in trade negotiations could lower tariffs and reduce uncertainty. Renewed reform momentum in an effort to navigate the intensifying challenges could give a boost to medium-term growth. Faster productivity growth because of AI could bring economy-wide gains. The task ahead is to restore confidence through credible, predictable, and sustainable policy actions. Policymakers should establish clear, transparent, and rules-based trade policy road maps to reduce uncertainty and support investment and to reap the productivity and growth benefits that more trade brings. Trade rules should be modernized for the digital age and offer opportunities for stronger multilateral cooperation. Pairing tradediplomacy with macroeconomic adjustment is crucial for correcting persistent external imbalances by addressing their underlying causes and securinglastinggains. Rebuilding fiscal buffers andsafeguarding debt sustainability remain a priority. Medium-term fiscal consolidation should involve realistic, balanced plans that combine spending rationalization and revenue generation. Any new support measures should be temporary, well-targeted, and offset by clear savings. Monetary policy should be calibrated to balance price stability and growth risks, in line with central banks' mandates. Preserving the independence of central banks remains critical for anchoring inflation expectations and enabling them to achieve their mandates. Countries should embrace reform without any further delay to enhance resilience as a new global economic landscape takes shape. Efforts on structural reforms—promoting labor mobility, encouraging workforce participation, investing in digitalization, and strengthening institutions—should be redoubled now to lift growth prospects. industrial policy may have a role in improving resilience and growth, but full consideration should be given to opportunity costs and trade-offs involved in its use. For low-income countries, mobilizing domestic resources, including through governance and administrative reforms, is essential as external aid declines. In times of uncertainty, scenario planning and predesigned policy playbooks can improve preparedness and credibility, ensuring that policy responses are both effective and timely.

Bangladesh Economic Outlook

Despite the political turmoil experienced in 2024, the economy showed signs of recovery in the second half of FY2025, with real GDP growth overall declining only slightly to 4.0% in FY2025 from 4.2% a year ago. This is the third consecutive year of moderation, reflecting ongoing broad-based domestic challenges.

Thanks to a substantial increase in remittance inflows, resilient export performance and budgetary support from the development partners, the pressure on the external sector has eased in FY2025, with the current account balance returning to a surplus for the first time in eight years. As a result, foreign exchange reserves, which had been on a declining trend in recent years, have somewhat stabilized. The exchange rate has remained steady, notwithstanding the adoption of a more flexible exchange rate regime in May 2025. In FY2025, Bangladesh's remittances sent home by Bangladeshi wage earners living abroad surged by 26.81%, particularly as more funds were routed through the banking channel. The increased contributed significantly to easing the pressure on the forex reserves. Inflation, which has been on a surging streak since 2022, has remained a major concern. Average inflation rose to 10% in FY2025 from 9.7% a year ago, due to a host of factors including the local currency's depreciation, flooding in 2024 and supply-chain disruptions caused by the political upheaval last year. It has slightly cooled off in recent months due to the tight monetary policy adopted by the central bank. However, inflation still remains elevated. Non-Performing Loan (NPL) in the banking sector is another challenge that has continued to haunt the economy in recent years. During the reporting period, the interim government and the central bank have initiated banking sector reforms. Besides focusing on urgent measures to manage risks, authorities are conducting asset quality reviews in selected weak banks and strengthening regulations to improve governance and transparency in the banking sector. Revenue mobilization remained weak in the reporting period. According to official data, only 71.3% of the FY2025 revenue target was met during the July-May period of FY25. That said, the interim government has initiated several reforms that pertain to improving domestic revenue mobilization. On the other hand, due to the current economic sloth and inflation, new job creation has stalled, leading to a rise in the unemployment rate. Consequently, the poverty rate climbed in FY2025, which is a matter of concern. The national poverty rate is projected to have risen to 21.2% during this period, up from 20.5% a year ago in FY 2024.

Despite efforts by the authorities, the overall investment climate has not witnessed much improvement, as both private and public sector activities have remained sluggish. Although the situation has improved somewhat in recent months, political uncertainty and the law-and-order issues are still a concern.

While the ready-made garment sector blazes the trail for the country's export-led growth model that heavily leans on labor cost competitiveness, multiple new sectors offer possibilities. A study commissioned by UNDP and the UK government identified three priority sectors, namely agro-processing, jute/jute products and IT-enabled services (IT), with the potential for Bangladesh to expand its export portfolio. Industry insiders project that the IT sector can become the country's "next big thing," with Bangladesh being home to 2% of Asia's start-ups, up from almost zero ten years ago, putting the country on a similar level as Vietnam and Malaysia. Electronics and pharmaceuticals also demonstrate the capability of obtaining business know-how in more high-tech industry segments. Other emerging sectors include the leather and ceramic industries. However, local enterprises enjoy a steep advantage and influence across most sectors. Despite the considerable potential for Foreign Direct Investments (FDI), the current level remains low (0.4 of the GDP). Multiple challenges persist for foreign enterprises, albeit not unique compared to the rest of South Asia. Proximity to regional economic giants, such as India and China (India encircles Bangladesh on three sides), gives Bangladesh an added geo-strategic significance and proximity to large markets. With adequate policy reform and support, a level playing field and framework conditions, foreign companies, including the Swiss ones, can potentially become investment and technology (hi and clean-tech) partners in these promising and emerging sectors, which will be mutually beneficial.

The bilateral trade and investment ties between Switzerland and Bangladesh hold immense potential. Bangladesh is Switzerland's second largest trading partner in South Asia (considering two-way trade), after India. Swiss companies are active in all crucial economic sectors in Bangladesh and provide state of the art technology, products and services. Knowledge, technological and innovation partnerships will likely shape the future course of bilateral economic cooperation.

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 62 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,
- Probashi Kollyan 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 PLC
- Exim Bank PLC
- First Security Islami Bank PLC
- Islami Bank Bangladesh PLC

- ICB Islami Bank PLC
- ShahjalalIslami Bank PLC
- Social Islami Bank PLC
- Union Bank PLC
- Standard Islami Bank PLC
- Global Islami Bank PLC

Digital Commercial Banks

There is 1 digital commercial bank [yet not granted permission for Commercial Operation] which is owned by individuals/private entities. It is a digital bank with no branches.

Overall Banking Scenario

Banks Deposits

Total Deposit (excluding inter bank items) of the scheduled banks increased by Tk. 1,972,060 million representing 11.10% point to point growth from Tk. 19,739,580 million as on 31 December 2025 to Tk. 17,767,520 million as on 31 December 2024.

Islamic Banks Deposits

All Islamic Banks' deposits stood at TK. 4,811,920 million during the year 2025 as against Tk. 4,397,580 million in the previous year 2024 and it increased by Tk. 414,340 million registering a growth of 9.42% in 2025. The share of Islamic Banks' deposits as of 31 December 2025 stood at 24.38% as compared to at 24.75% on 31 December 2024.

Banks' Advances /Investment

Total Advances/ Investments (excluding bills) of the scheduled banks increased by Tk. 1,018,340million representing 5.98% point to point growth from Tk. 18,044,230 million as on 31 December 2025 to Tk.17,025,890million as on 31 December 2024.

Islamic Banks Investments

All Islamic Banks' Investments stood at TK 5,250,710 million during the year 2025 as against Tk. 4,793,100 million in the previous year 2024 and the Investment increased by Tk457,610 million registering a growth of 9.55% in 2025. The share of Islamic Banks' Investments as of 31 December 2025 stood at 29.10% as compared to 28.15% on 31 December 2024.

Operating Profit

Despite a tough start of the year 2025 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 attractiveday by day to peoples irrespective of nations, religious, colorsand species. More than 300 Banks & financial institutions areserving Islami banking throughout the world. At present in ourcountry 10full-fledged Islamic Banks are working successfully. Andother traditional banks have Islami Banking Wings conductingShariah based banking activities. Recent Development ofBangladesh Government Islamic Investment Bond (BGIIB) is themilestone for shariah based banking practices in Bangladesh.

Al-Arafah Islami Bank PLC

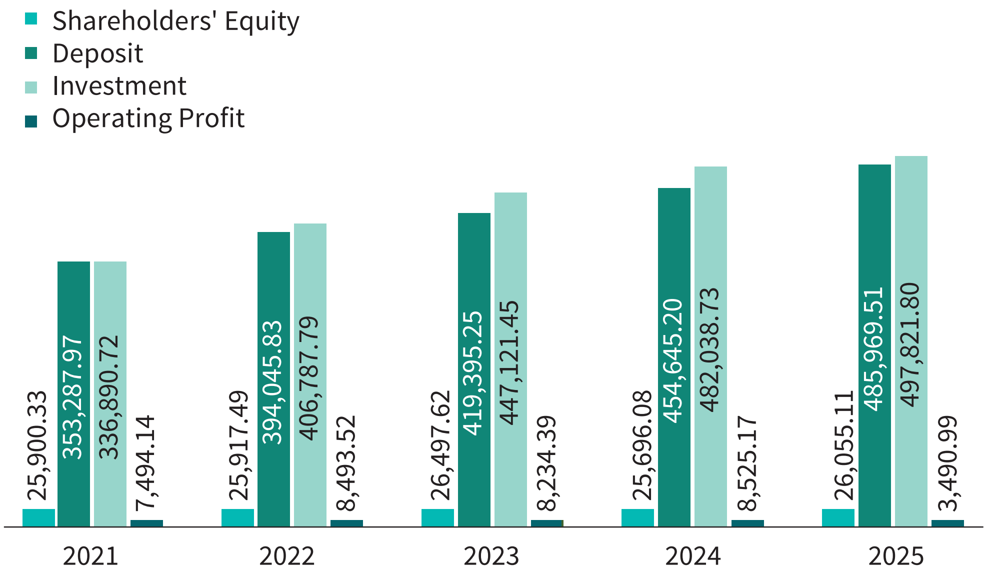
With the objective of achieving success in life here & hereafterfollowing the way directed by the Holy Quran and the pathshown by Rasul (SM) Al-ArafahIslami Bank PLC was established(registered) as a public limited company on 18 June 1995. Theinaugural ceremony took place on 27 September 1995. Theauthorized capital of the Bank is Tk. 15,000.00 million and thepaid-up capital is Tk. 11,516.92 million as on 31.12.2025.

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

The equity of the bank has stood at Tk. 26,055.11 million as on 31 December 2025, the man power was 5,593 and the number of shareholders was 15,183. 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 226 branches of which 27 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 anddevoted to high quality service to customers. Our aims are for boosting modern management, advanced technology, good rofitability and steady growth transparency. We are also firmly committed to disclosure and compliance to shariah andregulatory authorities. Today the bank is an agile organization which promotes innovation, encourages improvement, values sense of urgency and develops people who accept challenges and turns them into opportunities.

Performance at a glance (In Million Taka)



Special Features of Al-Arafah Islami Bank PLC

- 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-incomegroup of people, create employment opportunities.
- According to the need and demand of the society and thecountry as a whole the bank invests money to different'Halal' business. The bank participates in different activitiesaiming at creating jobs, implementing developmentprojects of the government and creating infrastructure.
- The bank is committed to establish an economic systemresulting in social justice and equitable distribution ofwealth. It is committed to bring about changes in theunderdeveloped 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 thepartners of the investment income of the bank. About70% of the investment income is distributed among the Mudaraba depositors.
- To render improved services to the clients imbued withIslamic spirit of brotherhood, peace and fraternity and bydeveloping an institutional cohesion. The bank is contributing to economic and philanthropicactivities. AIBL English Medium Madrasah, AIBL library andAl-ArafahIslami Bank Foundation Kidney Dialysis Centrepatronizes by the Bank are such examples.

Activities of Shariah Supervisory committee for the year 2025

Al-hamdulillah, Shariah Supervisory committee consists of 7members including 5 specialized in FiqhulMuamalat (Islamic Commercial Law)according to guidelines given by the Bangladesh Bank to ensurewhether all banking operations are transacted in accordance withIslamiShariah i.e. Qur'an, Sunnah, Ijma and Iztihad. Shariah Supervisory committee has by the grace of Al-mightyAllah managed to contribute a lot to run all the businessactivities of the Bank according to Shariah guidelines. During theyear 2025 our HonorableMembers of the Shariah Supervisory Committee sat in 3(Three)General Meetings and 1(one) Emergency Meeting to discussthe matters of the Bank to give opinions & directives and givensolutions 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 Tk31.25million as doubtful income of the branches of the Bank. Besides, after analyzing balance sheet, the Supervisory committee identified Tk.1,364.35 million as compensation realized in different branches and Tk. 62.46million 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 income 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 2025, 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 Secretariatof Al-Arafah Islami Bank having about 500 books on Qur'an, Hadith, Fiqh, Islamic Economics and Islami Banking. Honorablemembers of the Council give Shariah guidelines to run theBank's operations taking necessary consultations and datafrom 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 PLC. The Company is incorporatedunder the company's Act, 1994 as a public limited companyby 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 thecompany is subscribed by Al- ArafahIslami Bank Limited andother individuals at the ratio of 60.50:39.50. During the year 2025 the company earned Operating Profit (Before provision for investment & taxation) of Tk. 3.07million with Earning per Share (EPS) Tk. 0.01.

AIBL Capital Management Limited

AIBL Capital Management Limited (AIBLCML), a Subsidiary ofAl-ArafahIslami Bank Limited, was incorporated under thecompanies Act, 1994 on October 25, 2011 with a view to runand manage the operations of Merchant Banking Serviceswith an authorized Capital of BDT 2 billion (2,000 million)and paid up capital of BDT 500 million (500 million). It aimsto be one of the leading Merchant Banks of the country byrendering quality Merchant Banking Services with a high levelof professional expertise and integrity.During the year 2025 the company earned Operating Profit (Before provision for investment & taxation) of Tk.(12.83)Million with Earning per Share (EPS) Tk.(0.26).

Position in the Stock Market

Bank's share sustained a steady strong position since itsinduction at Dhaka Stock Exchange & Chittagong Stock Exchange in 1998. In Dhaka Stock Exchange the face value oftaka 10 of our share was traded at taka 23.80 highest in 2025.The market trend of our bank's share in Dhaka Stock Exchangefrom January 2025 to December 2025 is stated in the list:

Monthwise Position in the Stock Market in 2025

(BDT)

Month	Opening	High	Low	Closing
January	23.70	19.50	18.00	18.50
February	18.50	21.60	18.10	20.70
March	20.70	23.70	20.50	23.50
April	23.50	23.80	21.50	22.50
May	22.50	23.20	15.00	17.00
June	17.00	18.00	16.00	16.80
July	16.80	19.10	17.30	18.90
August	18.90	19.50	16.90	17.30
September	17.30	17.60	16.70	16.90
October	16.90	17.10	14.80	15.00
November	15.00	17.30	12.00	16.70
December	16.70	17.00	14.00	15.00

Progress Analysis

At the end of 2025, the number of depositors stood at 39,17,579 and the accumulated deposit was Tk.486,267.39 million. The total number of investors stood at 198,206 andtotal investment extended to them was Tk501,219.70 million.During the year 2025 the total income was Tk 50,399.68 million and total expenditure was Tk.46,898.94 million. Atthe end of the year the profit before tax and provision stood Tk.3,500.74 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 compliancewith the new provision, the bank has raised its Capital fromTk. 42,982.78 million to Tk.43,274.32 million (Consolidated Basis) and Tk.40,763.14 million to Tk. 41,435.41 million (Solo Basis). Outstanding balance of AIBL Mudaraba Subordinated Bond Tk. 6,398.00 millionas at 31st December 2025.

In the year 2021 AIB PLC 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, 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 BaselIII Guidelines. The paid-up capital of the bank was at Tk.11,516.92 million at 31st December 2025. The total reserve fund has stood at Tk. 12,601.09 million in the current year against Tk. 12,324.74 million at 31st December 2024. 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 31.12.2025 are appended below:

Consolidated Basis

Tk. in million

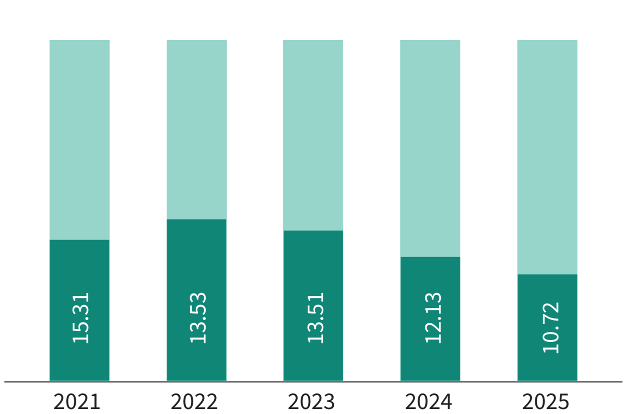
a) Core Capital (Tier-I)	2025	2024
Paid up Capital	11,516.92	11,516.92
Statutory Reserve	11,516.92	11,238.49
Retained Earnings	252.84	170.78
AIBL Perpetual Bond	5000.00	5000.00
Non Controlling Interest	1,684.26	1673.93
Total	**29,970.94**	**30,413.45**
Less Good will and other Intangible assets	618.41	446.60
Total Core Capital	29,352.53	29,163.23
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	7,523.79	4,874.60
Assets Revaluation Reserve	542.09	543.13
AIBL Sub Ordinate Bond	6,398.00	9,000.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(542.09)	(543.13)
Less: Excess Amount over Maximum Limit of T-2	0.00	655.14
Total Supplementary Capital	13,921.79	13,819
Total Capital (a+b)	**43,274.32**	**42,982.77**
c) Capital Adequacy Ratio	**11.08%**	**12.44%**

Solo Basis

Tk. in million

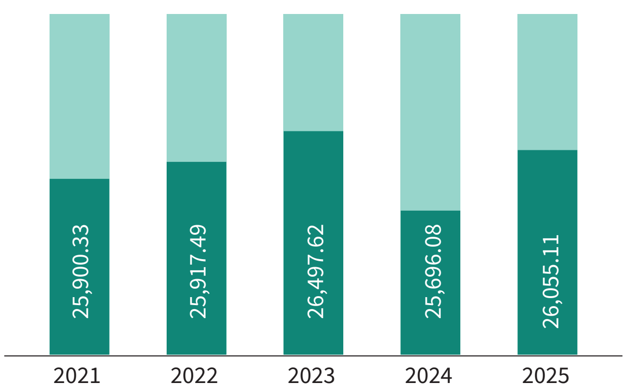
a) Core Capital (Tier-I)	2025	2024
Paid up Capital	11.516.92	11.516.92
Statutory Reserve	11.516.92	11,238.49
Retained Earnings	98.19	11.50
AIBL Perpetual Bond	5000.00	5000.00
Total	**28,132.03**	**27,766.91**
Less Good will and other Intangible assets	618.41	446.60
Total Core Capital	27,513.62	27,320.31
b) Supplementary Capital (Tier-II)		
Provision for Unclassified Investment	7,523.79	4,874.60
Assets Revaluation Reserve	542.09	543.13
AIBL Sub Ordinate Bond	6,398.00	9,000.00
Less: Revaluation Reserves for Fixed Assets, Securities & Equity Securities.	(542.09)	(543.13)
Less: Excess Amount over Maximum Limit of T-2	0.00	431.77
Total Supplementary Capital	13,921.79	13,442.83
Total Capital (a+b)	**41,435.41**	**40,763.14**
c) Capital Adequacy Ratio	**10.72%**	**12.13%**

Capital Adequacy Ratio As %



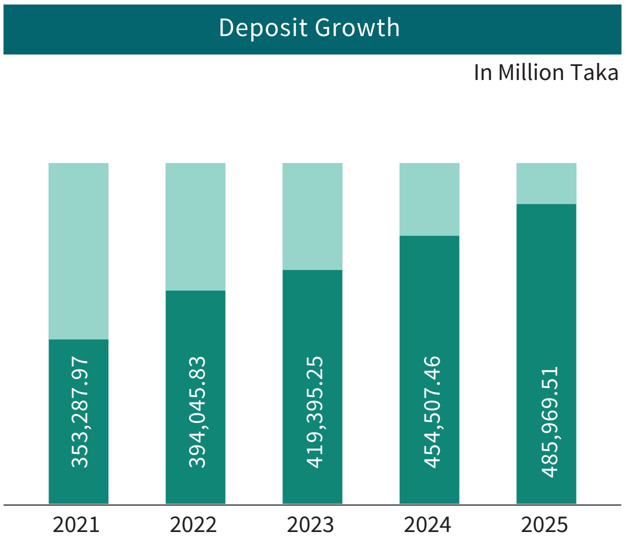
Shareholders' Equity

In Million Taka



Deposits

The total deposit of the bank was Tk. 485,969.51 million at 31st December 2025 as against Tk. 454,507.46 million at 31 st December 2024 a growth of 6.90% of which Tk 3,401.40 million was bank deposit and Tk. 482,568.11 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 withan average return on investment.



The mix deposit of the bank on December 31, 2025 was as follows:

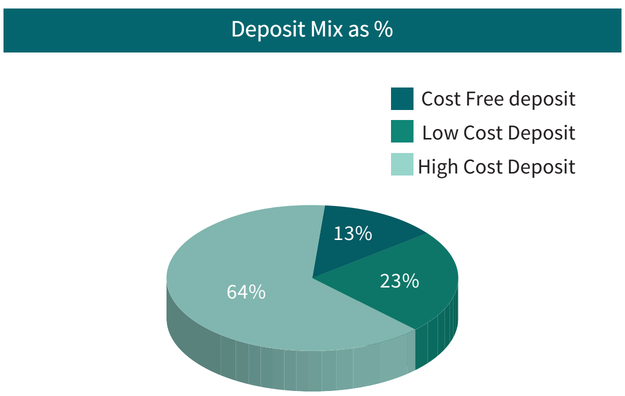
Deposit Mix

Products	Taka in Million
a) Al Wadia Current Account	59,828.62
b) Mudaraba Savings Deposit	83,895.75
c) Other Mudaraba Deposit	96,283.80
d) Mudaraba Term Deposit	240,980.72
e) Bills Payable	4,980.62
Total	485,969.51

Deposit Mix (%)

Products	Taka in Million	% of Total
a) Cost Free deposit	64,439.56	13.26%
b) Low Cost Deposit	110,665.26	22.77%
c) High Cost Deposit	310,874.70	63.97%
Total	485,969.51	100.00%

Deposit Mix as %



Various deposit product of the Bank in 2025:

1. Mudaraba Term Deposit
A. 36 Months
B. 24 Months
C. 12 Months
D. 06 Months
E. 03 Months
F. 01 Month
G. 100 Days
H. 200 Days
I. 400 Days
2. Mudaraba Savings Deposit
3. Short Deposit (SND)
4. Monthly Hajj Deposit
5. Monthly Installment Term Deposit (LTD)
6. Monthly Profit Based Term Deposit (PTD)
7. Monthly Savings Investment (SID)
8. One Time Hajj Deposit
9. Al-Arafah Savings Bond (3 Years)
10. Al-Arafah Savings Bond (5 Years)
11. 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. Mudaraba Aman Deposit Scheme
19. Mudaraba Ahsan Deposit Scheme
20. Mudaraba Ahsan Plus Deposit Scheme
21. Education Savings Scheme
22. Shadhin Term Sanchay Prokalpa (As Wish)
23. Advantage Deposit Scheme
24. Probashi kallyan Deposit Pension Scheme
25. Mudaraba Savings Deposit-Student
26. MSD Farmers
27. MSD Freedom Fighters
28. MSD Senior Citizen.
29. MSD (Germents Ind. Workers)
30. MSD (Pathashishu)
31. AIB PLC Payroll Privilege Services
32. Non Resident Taka Deposit Account (NRT)

AIBL Mudaraba Bond:

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

AIBL MudarabaPerpetual 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 meantime100% of the Bond amount hasredeemed 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.

AIB PLC 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 semiannualprofit 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,100% of the Bond amount was redeemed at the end of 31st December 2025. 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 3rdMudaraba 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 beSemi-annually not later than 60 days from expiry of 6 (six) months and 12 (twelve) months of each year from the issuance of Bond. TheMudaraba 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 meantime40% of the Bond amount was redeemed at the end of 31 st 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 issuedin 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 beSemi-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 andFirst Security Islami Capital & Investment Limited Limited is the trustee.

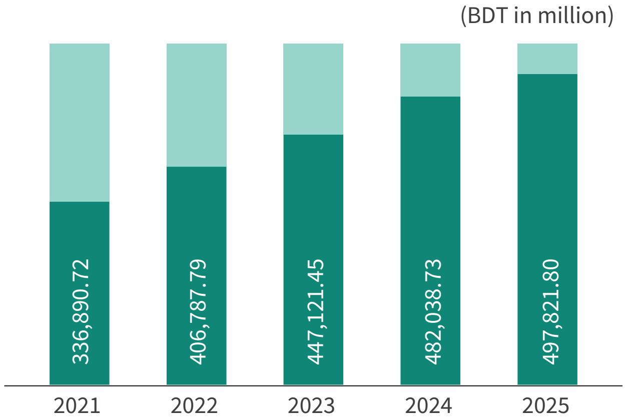
The details of Implementation Schedule of Mudaraba Subordinated Bond are stated as under

Instrument Name	Particulars	Amount in Million BDT
AIBPLC Mudaraba Subordinated Bond		100% of the Bond amount has redeemed at the end of 31st December 2022
AIBPLC 2nd Mudaraba Subordinated Bond		100% of the Bond amount has redeemed at the end of 31st December 2025
AIBPLC 3rdMudaraba 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/-
AIBPLC 4th 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. 497,821.80 million as on 31st December 2025 as against Tk. 482,038.73 (Net off PR) million in the previous year showing an increased by 3.27% The investment portfolio of the bank is well diversified and covers a broad spectrum of businesses and industries including ready made 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 improvethe recovery rate of disbursed investment and also taken adequate measures for converting the classified investment into performing assets. As a result, classified investment ofthe bank could be kept at a low level far below the national average. It is 5.98% in our bank as on 31 December 2025.

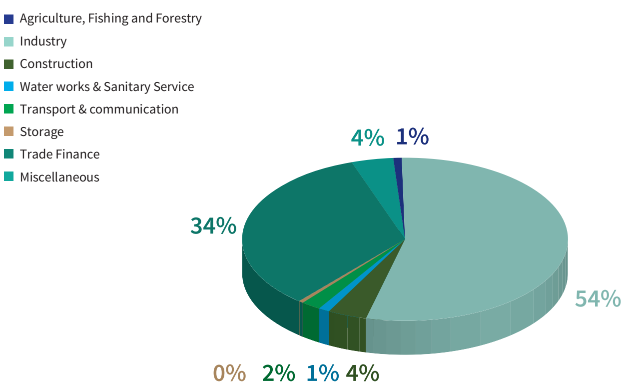
Investment Growth



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

Sector wise Investment 2025

Sectors	Taka in million
Agriculture, Fishing and Forestry	8,225.03
Industry	275,305.67
Construction	20,391.74
Water works & Sanitary Service	3,200.45
Transport & communication	9,345.55
Storage	1,120.00
Trade Finance	171,900.58
Miscellaneous	20,687.36
Total (Including Profit Receivable)	510,176.38
Less Unearned Profit on Investment	12,354.58
Total	497,821.80



Income

Investment income

The investment income was Tk. 41,618 million during the year 2025 which was growth of 1.55% over the previous year. Investment income is 82.08% of the total income of Tk. 50,703.57 million.

Income from other than investment:The bank has earnedTk.9,085.57 commission income, exchange income, locker rent etc. in thecurrent year which is17.92%of the total income. It indicates 10.91% growth over the year 2024.

Expenditure

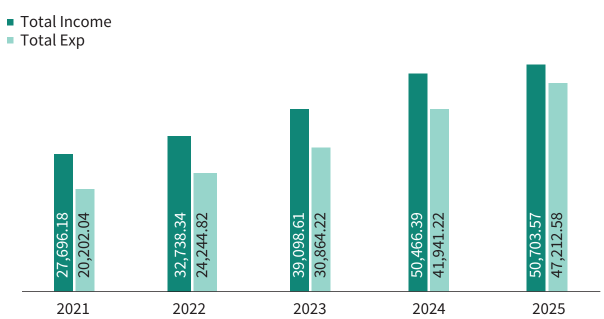
Profit paid to depositors

The Bank has paid the depositors Tk. 35,504.56 million which is 85.31% of the investment income and 75.20% of the total expenditure for the year 2025. It was 19.47% growth over the year 2024.

Administrative and Other Expenses

The administrative and other expenses were Tk. 11,708.02 million during the year showing -4.21% growth over the year 2024. It is 24.80% of the total expenditure.

Total Income & Expenditure (In Million Taka)



Operating Profit

The bank earned operating profit of Tk. 3,490.99 million during the year 2025. The operating profit of the Bank during the year 2024 was Tk.8,525.17 million and thus the Bank attained negative growth of -59.05% in respect of operating profit. The provision for income tax for the year amounted to Tk. 217.55 million.

International Banking Wing (IBW)

International Trade

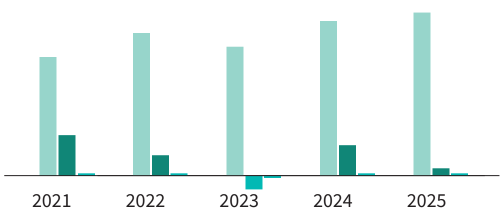
We are now more capable and confident of handling Foreign Exchange Business. Presently, we have 27 AD Branches, One Trade Processing Unit at Chattogram to extend Trade Services to the Trade Customers of Non-AD branches of Chattogram Zone and Foreign Trade Processing Division (FTPD) at Head Office through which we have handled total foreign exchange business of Tk. 706,00.35 million during the year 2025 as against the Target of Tk.861,000.00 million. Our Foreign Exchange business has increased by Tk.16,321.30 million recording a growth of 2.37%. Target of International Trade for the year 2026 has been fixed at Tk.815,000.00 million with 15.42% 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 2025 stood at Tk. 350,840.00 million as against Tk 343,840.00 million in the previous year. We recorded a 2.04% growth in import business in 2025 over 2024. Target for Import business for the year 2026 has been fixed at Tk. 400,000.00 million with an expected growth of 14.01%.

Import Business Growth

Tk in million



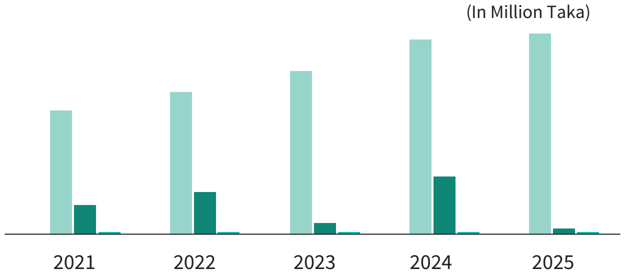
	2021	2022	2023	2024	2025
Import	261,566.10	300,430.90	269,322.70	343,840.00	350,840.00
Growth (Amt)	92,187.20	38,864.80	(31,108.20)	74,517.30	7,000.00
Growth %	54.43%	14.86%	-10.35%	27.67%	2.04%

Export Business

Total Export business of the bank for the year 2025 stood at Tk.259,200.00 million as against Tk255,800.00 million in year 2024 and thus recorded a growth of 1.33% over previous year. Our target for Export business for the year 2026 has been fixed at Tk 300,000.00 million with an expected growth of 15.74%.

Export Business Growth

(In Million Taka)



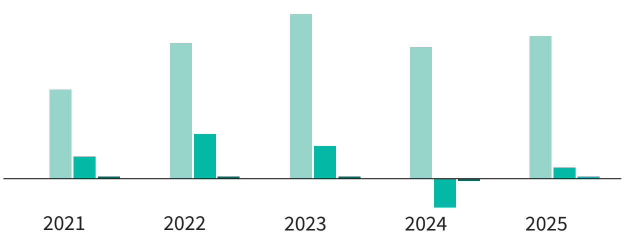
	2021	2022	2023	2024	2025
Export	135,786.90	181,070.20	200,352.30	255,800.00	259,200.00
Growth (Amt)	30,847.50	45,283.30	19,282.10	55,447.70	3,400.00
Growth %	29.40%	33.35%	10.65%	27.68%	1.33%

Remittance

Total remittance of the bank stood at Tk.96,063.50 million during the year 2025 as against Tk. 90,140.60 million, in the previous year. Our remittance business recorded 6.57% growth in 2025 over 2024. Target for Remittance business for the year 2026 has been fixed at Tk. 115,000.00 million and thus expecting a growth of 19.72%.

Remittance Business Growth

(In Million Taka)



	2021	2022	2023	2024	2025
Remittance	52,662.10	88,531.70	113,797.20	90,140.60	96,063.50
Growth (Amt)	14,948.70	35,869.60	25,265.50	(23,656.60)	5,920.70
Growth %	39.64%	68.11%	28.54%	-20.79%	6.57%

Foreign Trade Processing

Al-Arafah Islami Bank Plc. 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 2026. 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 intended to centralize the bank Trade operation shortly.

The Division hit a tremendous stride on the volume of transaction in cash LC and back to back LC in 2025. The volume of workflow of the division is gradually increasing whereas the manpower remains almost alike. By the year 2026 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.

SWIFT Operation

During the year 2025, the Bank successfully completed the migration of SWIFT payment messaging system to the ISO 20022/SWIFT CBPR+ Standard (PACS.008 & PACS.009). All required activities, configuration updates, and validation checks have been finalized, and the system is fully operational under the new messaging format. All necessary training on ISO 20022/SWIFT CBPR+ Standard has been provided to all SWIFT users of AIBPLC. This upgrade ensures enhanced data quality, improved interoperability, and alignment with global payment modernization initiatives.

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), HPSMFC (Hire Purchase Sirkatul Melk in Foreign Currency) against Usance L/C opened at AD branch with the condition that payment will be made at sight by OBU of 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-24 (Million USD)	DEC-25 (Million USD)	GROWTH (%)
Total Assets	71.07	93.41	31.43%
UPAS	40.79	68.34	67.54%
MDBFC	23.45	19.69	-16.03%
HPSM Machinery	6.2	5.15	-16.93%
Placement from Parent Bank	68.84	91.17	32.43%
Borrowing from Overseas Banks	0	0	
Net Operating Income	1.02	1.11	8.82%

Financial Institutions

The Financial Institution Division continued to play a pivotal role in strengthening and managing relationships with foreign correspondent banks throughout 2025. During the year, the Bank successfully established 24 new Relationship Management Applications (RMAs) with leading global banks across Asia, the Middle East, and Europe, thereby enhancing its capacity to facilitate international trade. As a result, the Bank now maintains correspondent relationships with more than 352 banks and branches spanning 57 countries.

In line with its strategic objective to expand global transaction capabilities, Nostro accounts in AUD and CAD were established to facilitate smoother and more efficient settlement of remittance transactions in those respective currencies. During the year, the Bank initiated and completed the process of opening USD Nostro account with JPMorgan Chase Bank, New York. This is expected to significantly strengthen the Bank's ability to process international payments efficiently.

To ensure seamless treasury, remittance, and trade settlements, the Bank currently operates Nostro Accounts in major global currencies, including USD, EUR, GBP, JPY, SAR, AED, CNY, SGD, CAD and AUD. As of the end of 2025, the Bank total of 37 Nostro Accounts across 22 correspondent banks, ensuring efficient and reliable execution of international transactions.

Despite prevailing global and domestic economic challenges, the Bank successfully arranged credit lines to support import trade activities. Its trusted network of foreign correspondents continued to provide financial backing for the import of essential commodities such as fertilizers, industrial raw materials, and capital machinery, thereby supporting key sectors of the economy.

All international trade operations are conducted through a centralized framework, in strict compliance with the guidelines of the central bank and international best practices. These operations are managed by a team of highly experienced and professionally certified officials, ensuring operational efficiency, accuracy, and regulatory compliance.

To further strengthen security and compliance, the Bank has implemented robust regulatory frameworks, including migration of SIWFT ISO integration with its Core Banking System and the deployment of advanced sanction screening solutions from SWIFT. In addition, the Bank subscribes to globally recognized credit intelligence providers such as Dun & Bradstreet and Creditsafe. The use of vessel tracking services from Lloyd's List Intelligence further enhances the Bank's risk management capabilities.

Furthermore, the Bank has implemented a state-of-the-art transaction monitoring system to strengthen oversight of trade transactions and reinforce a strong compliance culture across all operations.

Through these strategic initiatives and continuous technological advancements, the Bank remains committed to strengthening global banking relationships, ensuring full regulatory compliance, and facilitating seamless international trade.

NRB Banking Division

The NRB Banking 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 39 (thirtynine) 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.

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

1. Remittance Achievement:

Performance of Foreign Inward Remittance from 2021 to 2025:

The Branches & Agent Banking Outlets of AIBPLC have procured foreign remittance BDT 1,909.58 crore which is 19.88%, disbursement of foreign remittance through BEFTN (A/c Credit with other bank) was BDT 7,674.42 crore which is 79.89% and disbursement of foreign remittance through MFS (bKash and Nagad) was BDT 22.34 crore which is 0.233% of the total remittance in 2025.

2. Remittance Drawing Arrangement:

We have executed 4 (four) new remittance drawing arrangements with different exchange houses in Spain, UK, & USA (Global) in 2025 and another 10 (Ten) more exchange houses from different hubs of the world are under process. In order to boost-up remittance business the division is deploying all-out effort to establish new drawing arrangement with exchange houses in KSA, UAE, Oman, Bahrain, Kuwait, Qatar, Malaysia, UK, USA & across the globe.

3. Foreign Remittance Operation at Agent Banking Outlets

Our all Agent banking outlets have been disbursing foreign remittance under the support of NRB Banking Division. Remittance achieved through Agent Banking Outlets during 2025 was BDT 833.06 crore which was 8.67% of total remittance.

Internal Control & Compliance Wing

1. Overview

Internal control is widely recognized as the cornerstone of sound corporate governance in modern financial institutions. The Committee of Sponsoring Organizations of the Tread way Commission (COSO, 2013) defines internal control as “a process, affected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.” This universally adopted framework forms the intellectual basis upon which Al-Arafah Islami Bank PLC (AIBPLC) has built its Internal Control and Compliance Wing (ICCW).

In Bangladesh, the Bangladesh Bank — through its Risk Based Capital Adequacy (RBCA) guidelines and various BRPD Circulars — mandates that all scheduled banks maintain comprehensive internal control and compliance frameworks. AIBPLC’s ICCW is structured in full alignment with these domestic regulatory requirements, as evidenced by its 100% resolution rate on all Bangladesh Bank inspection observations received during 2025.

At Al-ArafahIslami Bank PLC, internal control is established as a permanent and integral mechanism of corporate governance, systematically implemented by the Board of Directors, Management, and all personnel. This framework is designed to uphold the Bank’s core values of transparency, Shari’ah compliance, and ethical responsibility while ensuring operational effectiveness, the reliability of financial reporting, and strict adherence to regulatory requirements and internal policies. By integrating robust policies and procedures, the Bank proactively manages risks and reinforces its commitment to legal and ethical operational excellence.

1.1 Key Pillars of the Integrated Framework

Pillar	Strategic Implementation at AIBPLC
Governance & Oversight	A “Tone at the Top” approach where the Board ensures a rigorous control culture through the Board Audit Committee and Risk Management Committee.
Operational Integrity	Streamlined procedures to safeguard assets and ensure Shari’ah-compliant transactions across all 226 branches.
Risk Mitigation	Comprehensive internal policies designed to identify, assess, and neutralize potential institutional risks across the Three Lines of Defense.
Compliance & Reporting	Rigorous standards to guarantee accuracy of financial disclosures and alignment with Bangladesh Bank directives and statutory laws.
Human Capital	Investment in technical proficiency and ethical alignment with Islamic banking values through continuous training and certification.

1.2 The Five Components of Internal Control (COSO)

Component	Description at AIBPLC
A. Control Environment	AIBPLC fosters a corporate culture rooted in integrity and ethical behavior. The Board and Senior Management promote a rigorous control environment through visionary leadership, transparent communication, and a clearly defined organizational structure.
B. Risk Assessment & Three Lines of Defense	Systematic risk assessments identify and evaluate potential vulnerabilities. The Three Lines of Defense model operationalizes this: Branch operations (1st), Head Office Risk & Compliance oversight (2nd), and Independent Internal Audit (3rd).
C. Control Activities	A comprehensive suite of control measures — including strict segregation of duties, multi-level authorization protocols, and continuous monitoring — ensures transaction accuracy, asset safeguarding, and regulatory compliance.

D. Information & Communication	Advanced technological infrastructure ensures seamless real-time information flow. Digital platforms facilitate dissemination of policies and circulars; structured executive briefings keep top management informed.
E. Monitoring Activities	A proactive monitoring ecosystem — combining internal and external audits with Concurrent Auditors at branch level — enables real-time identification of control weaknesses and immediate corrective action.

2. ICCW at a Glance — Performance Dashboard 2025

The year 2025 marked a period of significant operational achievement for the Internal Control & Compliance Wing of Al-ArafahIslami Bank PLC. The following dashboard encapsulates the Wing's key performance indicators, demonstrating its comprehensive coverage, high rectification efficiency, and uninterrupted regulatory compliance record.

Key Performance Indicator	2025 Achievement
Branches Audited (Total Network)	226
Total Audit Findings Identified	1,32,523
Findings Rectified On-Spot	76,073
On-Spot Rectification Rate	57.4%
Post-Audit Compliance (2025 Audit)	24,131
Post-Audit Compliance Rate	42.75%
Unrectified Lapses (Pre-2025)	66,790
Compliance of Pre-2025 Lapses	50,328
Pre-2025 Rectification Rate	75.35%
Bangladesh Bank Inspection Reports Received	30
Total Bangladesh Bank Observations	2,045
BB Observations sent on time	100%
Independent Concurrent Audit Branches	17
General Concurrent Audit Branches	198

3. Statistical Analysis & Graphical Presentation

3.1 Audit Findings Distribution by Risk Category

A total of 1,32,523 audit findings were identified across all 226 branches during 2025. The distribution follows a characteristic pattern consistent with the COSO risk stratification model, with medium-risk operational findings (DVSL/SL category) representing the dominant proportion at 66.0%, reflecting day-to-day procedural and operational irregularities. Very serious lapses (VSL) and very serious observation (VSO) collectively constitute less than 2.5% of total findings, indicating a generally sound control environment.

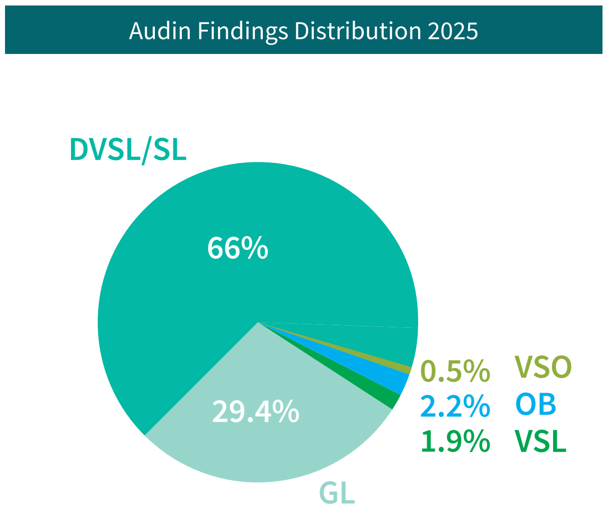


Figure 1: Audit Findings Distribution by Category — 132,523 Total Findings (2025)

Category	Description	Findings	Percentage
VSL	Very Serious Lapse	2,518	1.90%
DVSL/SL	Deemed to be Very Serious & Serious Lapse	87,459	66.00%
GL	General Lapse	38,907	29.36%
VSO	Very Serious Observation	674	0.51%
OB	Observation	2,965	2.24%
Total		1,32,523	100%

3.2 Audit Findings Rectification & Compliance Status

The rectification performance of AIBPLC's ICCW in 2025 demonstrates a commendable commitment to continuous improvement. On-spot rectification — where findings are corrected during the audit engagement itself — reached 76,073 cases, representing a 57.4% instantaneous resolution rate. This metric is particularly significant as it reflects the proactive engagement of branch management and the effectiveness of real-time corrective action guidance provided by auditors.

For pre-existing lapses from years prior to 2025, a rectification rate of 75.35% was achieved on 66,790 outstanding items, indicating systematic and sustained follow-up by the Compliance Division. Cumulatively, post-audit compliance resolution (both current-year and carry-forward) amounted to 74,459 findings — a testament to the institutional resolve of AIBPLC's management team in addressing audit observations.

Figure 2: Audit Findings Reflaction & Compliance Status (2025)

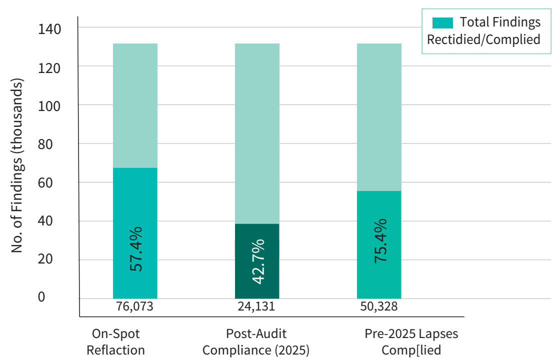


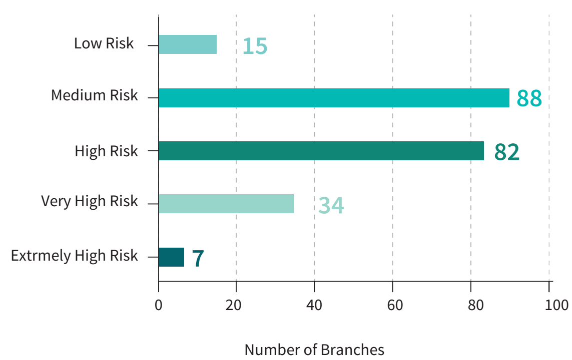
Figure 2: Audit Findings Rectification & Compliance Status (2025)

3.3 Branch Risk Profile Classification

Risk-based auditing, as advocated by the Institute of Internal Auditors (IIA) and the Basel Committee, requires that audit resources be allocated in proportion to risk exposure. AIBPLC's annual branch risk grading exercise classifies all branches into five risk tiers — Extremely High, Very High, High, Medium, and Low — thereby enabling the Audit & Inspection Division to prioritize higher-risk branches for more frequent and intensive audit coverage.

The 2025 risk grading results reveal that 138 out of 226 branches (61.1%) fall within the Medium Risk category, reflecting a stable overall control environment. However, 30 branches are classified as Very High or Extremely High Risk, warranting heightened monitoring attention and targeted intervention by the ICCW.

Figure 3: Branch Risk Profile Classification (2025)



Risk Category	No. of Branches	% of Network
Extremely High Risk	7	3.10%
Very High Risk	34	15.04%
High Risk	82	36.28%
Medium Risk	88	38.94%
Low Risk	15	6.64%
Total	226	100%

3.4 Regulatory Compliance & Audit Coverage Overview

AIBPLC's regulatory compliance record in 2025 is exemplary. All 2,045 observations contained in the 30 Bangladesh Bank inspection reports received during the year were responded on time ensuring proper compliance. This achievement is consistent with international best practice benchmarks set by the Basel Committee, which identifies timely resolution of regulatory observations as a key indicator of institutional governance quality.

Figure 4: Regulatory Compliance & Audit Coverage Overview (2025)

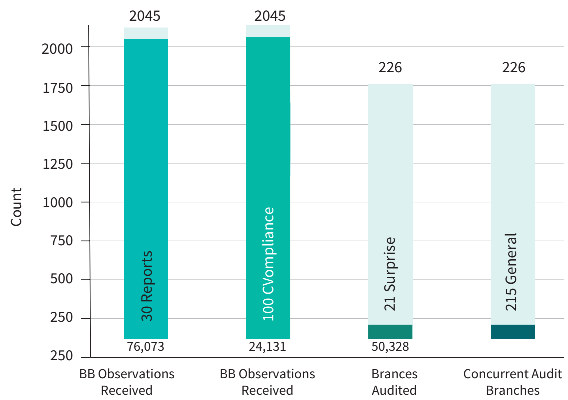


Figure 4: Regulatory Compliance & Audit Coverage Overview (2025)

3.5 Income Leakage Identification & Recovery

Beyond risk mitigation, internal audit creates direct financial value through income leakage identification. In 2025, collaborative efforts between the internal audit team and concurrent auditors identified income leakages to talling Tk. 26.67 crore across the branch network. Through proactive recovery measures conducted in parallel with the audit process, Tk. 23.07 crore (approximately 86.5%) was successfully realized, representing a significant financial benefit to the Bank's stakeholders. The outstanding balance of Tk. 3.60 crore remains under active follow-up.

Figure 5: Income Leakage - Recovery Status (2025)
Total Identified: TK. 25.67 Crore

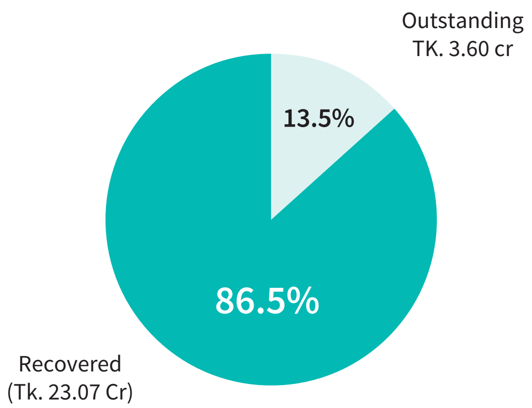


Figure 5: Income Leakage Recovery Status — Total Identified Tk. 26.67 Crore (2025)

4. Governance & Oversight Framework

In 2025, the Board of Directors of Al-ArafahIslami 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 — the Executive Committee, the Audit Committee, and the 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.

4.1 ICCW Organizational Structure

To ensure independence and accountability, the ICCW is structured into three dedicated and functionally distinct divisions:

- Audit & Inspection Division — responsible for risk-based internal audit across all branches and Head Office divisions.
- Compliance Division — responsible for regulatory compliance monitoring and follow-up of audit observations.
- Monitoring Division — responsible for continuous surveillance of operational indicators, concurrent audit oversight, and control tool management.

5. Performance Review: ICC Wing's Activities 2025

5.1 Audit & Inspection Division

Operating as the third line of defense, the Audit & Inspection Division ensures that risk management protocols are strictly followed across the Bank's entire network. The Division's activities in 2025 delivered complete audit coverage with strong corrective action outcomes.

Activity / Metric	2025 Result
Annual Audit Plan Execution Rate	100%
Branches Covered under RBIA	226
Head Office Divisions Audited	24
Surprise Inspections Conducted	21
Total Findings Identified (RBIA)	~1,32,523
On-Site Rectification Rate (RBIA)	~57.4%
Income Leakage Identified	Tk. 26.67 Crore
Income Leakage Recovered	Tk. 23.07 Crore (~86.5%)

The 100% execution of the Annual Audit Plan represents a hall mark of institutional discipline. The near-57% instantaneous rectification rate during Risk-Based Internal Audits (RBIA) is indicative of the cooperative relationship between the audit team and branch management — a factor identified in internal audit effectiveness research as critical to maximizing audit value (Lenz & Hahn, 2015).

5.2 Compliance Division

The Compliance Division functions as the primary interface between the Bank and its regulatory supervisors, most notably Bangladesh Bank. It also drives the post-audit follow-up process to ensure that findings identified by the Audit & Inspection Division are addressed systematically and within regulatory timelines.

Activity / Metric	2025 Result
Internal Audit Lapses Rectified (Follow-Up)	74,459
Rectification Rate on Outstanding Lapses	60.42%
Bangladesh Bank Compliance Reports Submitted (On-Time)	100%
Formal Memos to BAC / Board (Branch Operations)	7
Formal Memos to BAC / Board (HO Divisions)	8
Formal Memos to BAC / Board (Miscellaneous)	43
Total Formal Memos Submitted	58
Audit Files Finalized& Closed	267

A 100% on-time regulatory submission rate is a distinction that directly mitigates the risk of supervisory sanctions under the Bank Company Act, 1991 (amended 2023) and Bangladesh Bank's BRPD Circular framework. The 58 formal memos submitted to the Board Audit Committee during 2025 ensured that decision-making authority was informed on all material control issues, consistent with the principles of effective board oversight prescribed by the BCBS Corporate Governance Guidelines for Banks (2015).

5.3 Monitoring Division

The Monitoring Division provides continuous real-time surveillance of key operational indicators, serving as an early-warning mechanism against systemic failures. In 2025, the Division executed the following principal activities:

- Concurrent Audit Oversight: Supervision and rigorous follow-up of concurrent audit activities at all branch levels.
- Human Resources Compliance: Monitoring of Mandatory Leave and Job Rotation policies to mitigate operational and fraud risks.
- Operational Reporting: Consistent follow-up of the Quarterly Operation Report (QOR) and monitoring of employee/staff accounts.
- Investment Oversight: Oversight of MPI/Murabaha Godown inspection reports to ensure the physical security of collateral.
- Investment Documentation Checklist:Checking and follow-up of investment document checklist.
- Reviewing Quarterly Operations Report and ensuring compliance thereon.
- Policy Updates: Review and modernization of the Monitoring Policy and Operational Guidelines.
- Training provided to 209 General Concurrent Auditors.

Control Tools Maintained by the Monitoring Division:

Control Tool	Purpose
Departmental Control Function Checklist (DCFCL)	Real-time departmental self-assessment of control adherence
Investment Documentation Check List (IDCL)	Validation of Shari'ah-compliant investment documentation standards
Self-Assessment of Anti-Fraud Internal Controls (SAAFIC)	Bangladesh Bank-mandated annual anti-fraud self-assessment report
Quarterly Operation Report (QOR)	Quarterly operational performance and control status reporting
Annual Health Report	Comprehensive annual integrated health report to Bangladesh Bank
Monitoring effectiveness of the bank's internal control system	Establishing a Robust Control Culture in Bank.

6. Key Achievements in 2025

The ICCW's performance in 2025 reflects the collective commitment of the Board, Senior Management, and the Wing's personnel to institutional governance excellence. Key highlights include:

Achievement	Detail
Complete Audit Coverage	Conducted audits across all 226 branches of the Bank, ensuring no branch remained outside the internal control oversight perimeter.
Comprehensive Findings Identification	Identified and reported 1,32,523 audit findings, providing the Board and Management with a thorough picture of the operational risk landscape.

High On-Spot Rectification Rate	Facilitated on-spot rectification of 76,073 findings (57.4%) during audit engagements, demonstrating proactive corrective action culture.
Substantial Compliance Follow-Through	Ensured post-audit compliance of 74,459 findings (24,131 current-year + 50,328 carry-forward) through systematic follow-up.
Audit File Closure	Successfully finalized and closed 267 audit files from previous years, clearing a significant backlog and improving institutional record management.
100% Regulatory Compliance	Resolved all 2,045 Bangladesh Bank observations contained in 30 inspection reports, maintaining an unblemished regulatory compliance record.
Income Leakage Recovery	Recovered Tk. 23.07 crore (86%) of identified income leakages totaling Tk. 26.59 crore, delivering tangible financial benefit to shareholders.
Risk-Based Branch Grading	Strengthened the annual risk grading exercise, classifying all branches into five risk tiers to drive risk-proportionate audit resource allocation.

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% CO_2e reduction across Scope 1, 2, and 3 emissions by 2029. Emissions in 2024 were: Scope 1 – 9,990.25 tCO_2e, Scope 2 – 2,812.93 tCO_2e, Scope 3 – 1,009,033.18 tCO_2e. 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 2025 strengthened implementation. That year, green finance disbursement reached BDT 9,889.90million, and total sustainable finance stood at BDT 1,45,219.71million, focused on sectors like LED lighting, recycling, green bricks, and eco-friendly industries. In 2025, the Bank significantly exceeded its targets for environmental and social investing. It achieved a 43.57% allocation of term investments to green finance (against a 5% target) and directed 30.74% of total investments toward sustainable finance (against a 20% target).

AIBPLC also participates in Bangladesh Bank refinance schemes, including the Refinance Scheme for Green Products/ Projects /Initiatives, Technology Upgradation Fund, and Green Transformation Fund (GTF), earning recognition as one of the most sustainable banks in 2022. Under GTF, outstanding of refinance obtained from BB is BDT 869.3 million with profit rate of 5% at client level.

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 and direct CSR activities in some special environment friendly projects such as Climate resilience and disaster management, in green clean transportation project, govt. approved eco-tourism projects, sandwich panel, natural eco-system protection and restoration. The reduced portion of profit from subsidized financing will be treated as a CSR contribution.

AIBPLC spent BDT 75.59 million out of total approved budget of BDT 100.00 million in 2025. In Education sector, the bank has spent BDT 24.0 million to 321 underprivileged undergraduate students through its own Education Scholarship Program, helping them pursue higher studies. Additionally, it allocated BDT 3.14 million to Healthcare, BDT 48.3 million to Disaste Relief, BDT 0.15 million to Climate Riskinitiatives under Environment Protection significantly benefiting the society.

In 2025 our total expenditure in CSR is BDT 75.59 million which is Shown sector wise in the table below:

(Amount in Million BDT)

Sl No.	Particulars	2024	2025
1	Health	143.81	3.14
2	Education	60.58	24.00
3	Disaster Management	89.10	48.30
4	Cultural Activities	0.00	0.00
5	Environmental Protection	5.71	0.15
Total		**299.20**	**75.59**

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 up to 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 Madrasha: 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 Madrasha (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 stablished 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 stablish 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.

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 the banking sector in Bangladesh. The bank has already invested a total taka 504571.80 million in investment sector out of which taka 154517.20 million has been invested in the CMSME sector and participated in most of refinance and pre-finance schemes announced by Bangladesh Bank.

In 2026 AIB PLC CMSME moto is "quality growth with centralized strength and Branch execution". Our aim is to minimize investment risk through small scale investment 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. We have already created a separate SME Business Division to accelerate our CMSME Business. At the same time, we have introduced several shariah based CMSME investment product which will definitely assist to contribute higher in GDP. Another thing to note is that which investment product is more attractive to the customer and should be presented to investment client s in easier way. Government and Bangladesh Bank have provided refinancing facility at only 5% profit rate to women entrepreneur sector and 2% more cash incentive 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.

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 & Service.

Figure in Million

Description	2025	2024
Total CMSME Portfolio	154,517.20	159,854.65
% of CMSME Portfolio to Total Portfolio	30.62%	33.06%
Target of CMSME Investment	145,000.00	115,000.00
% of Achievement	106.56%	139.00%

Investment on Women Entrepreneurs

Women entrepreneurs are playing an increasingly important role in the economic development of Bangladesh. They contribute to employment generation, poverty reduction, and family income enhancement across urban and rural areas. The Government of Bangladesh has introduced various policies and incentives to promote women's participation in business. Financial institutions, under the guidance of Bangladesh Bank, provide dedicated loan facilities and refinance schemes for women entrepreneurs.

The SME Foundation actively supports women through training, market linkage, and capacity development programs. Women entrepreneurs are significantly contributing to sectors such as handicrafts, agro-processing, retail, and light manufacturing. Their involvement strengthens the CMSME sector and promotes inclusive economic growth. Access to digital platforms has further enabled women to expand their businesses nationwide. Despite progress, challenges such as limited access to finance, training, and market opportunities still exist. However, with continued institutional support and policy focus, women entrepreneurs are expected to play a stronger role in Bangladesh's sustainable economic growth.

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.

Investment Data Summary for Women Entrepreneurs:

Description	Figure In Million
Total SME Portfolio in women Entrepreneurs	6654.60

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 5Millionat 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) 2024-25

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 2024-25

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. 'GhorePhera' 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 200Million. 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 66.0Million was accumulated from where 9.70Million 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:

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

Performance of FID in the year of 2025:

Particulars	Target	Achievement	(In %)
10/50/100 Taka Refinancing Investment Scheme	100.00	96.10	96.10%
School Banking A/C (number)	15000	11997	79.98%
Financial Literacy Programs (FLP)	128	122	95.31%

Agent Banking

The year 2025 marked a strategic milestone for Al-Arafah Islami Bank PLC (AIBPLC) with the transfer of Agent Banking Division profits to 140 designated Link Branches. This policy is not merely a financial adjustment but a long-term structural integration intended to remain permanent. By aligning the financial interests of Link Branches with Agent Outlets, the management envisions a robust growth trajectory starting in 2026, focusing on core deposit mobilization, rural investment expansion, and a zero-tolerance approach toward fraud.

Responsibilities of the Head Office (Strategic Oversight)

In accordance with Bangladesh Bank's "Agent Banking Operational Guidelines" and AIBPLC's internal policies, the Head Office serves as the central regulatory body. Its core duties include:

- Policy Formulation & Shariah Compliance: Ensuring all agent banking products and processes strictly adhere to Islamic Shariah principles and central bank directives.

- Technological Infrastructure: Maintaining a secure, real-time transaction environment and implementing Advanced AML/CFT monitoring tools to detect suspicious activities centrally.

- Monitoring & Evaluation: Analyzing the performance data of the 140 link branches and providing strategic direction to bridge performance gaps.

- Capacity Building: Designing comprehensive training modules for Outlet Managers and Link Branch Focal Persons to enhance professionalism and ethical standards.

Responsibilities of the Link Branch (Operational Supervision)

The transfer of profit transforms the Link Branch from a passive observer into an active stakeholder. Their duties are now intensified:

- Core Deposit Mobilization: Actively guiding agents to collect low-cost deposits (CASA), which will be reflected in the Link Branch's own performance KPIs.

- Rural & CMSME Investment Management: Identifying and supervising potential investments in Agriculture and Small Enterprises at the grassroots level, ensuring proper utilization and timely recovery.

- Physical Verification & Audit: Conducting mandatory monthly visits to outlets to verify cash balances, registers, and customer KYC documents, as per Bangladesh Bank's "Internal Control and Compliance (hr)" standards.

- Fraud Prevention: Serving as the first line of defense against financial irregularities by maintaining a close professional rapport with agents.

Strategic Expectations for 2026 and Beyond

The authority anticipates several transformative outcomes from this integrated model:

- Exponential Growth in Core Deposits: Since Link Branches now have a direct financial incentive, they will provide better support to agents, leading to a significant rise in stable, long-term deposits.

- Enhanced Financial Inclusion: By focusing on Agricultural and Micro-investments, the bank will play a pivotal role in the rural economy, fulfilling the Financial Inclusion goals of the Government.

- Eradication of Malpractice: Dual-layer monitoring (Link Branch + Head Office) ensures that any attempts at fraud or forgery are detected and neutralized instantly.

- Empowered Outlet Managers: With the direct mentorship of Link Branches, Outlet Managers will become more effective, professional, and aligned with the bank's corporate culture.

- Superior Customer Experience: Proximity to the Link Branch ensures that customer grievances are resolved swiftly, fostering trust in the AIBPLC brand.

Retail Banking

In 2025, the Retail Banking Division of Al-Arafah Islami Bank PLC entered a phase of strategic consolidation and calibrated expansion, building upon the strong foundation established in the previous year. Our focus remained firmly anchored on sustainable profitability, disciplined deposit mobilization, customer-centric innovation, and Shariah-aligned financial inclusion.

The year was characterized by a deliberate shift toward strengthening our core deposit base, refining customer segmentation strategies, and accelerating digital integration across retail touchpoints. Through data-driven decision-making and enhanced field execution, the Division reinforced its operational resilience while maintaining steady growth momentum across key retail verticals.

Guided by the principles of Islamic banking and a commitment to responsible finance, we continued to deliver value-driven solutions that meet the evolving needs of our customers. Through innovative product development, targeted business campaigns, and enhanced customer engagement initiatives, the Division further strengthened its position as a trusted provider of Shariah-compliant retail financial services.

Card:

- The Division introduced three new retail deposit products—Mudaraba Savings Plus Deposit, Al-Wadiah Current Plus Account, and Mudaraba YouthSaver Account—a suite of innovative banking solutions designed to address the evolving needs of diverse customer segments. These products offer compelling value propositions, enhanced flexibility, and digital convenience, enabling the Bank to strengthen CASA growth while deepening customer engagement among high-value customers, youth, professionals, and the broader retail banking market.

- Retail investment outstanding grew by 18% year-on-year, reflecting the Division's sustained efforts to expand access to Islamic financial services across diverse retail segments. This growth was supported by innovative propositions offerings and responsive, relationship-driven service delivery.

- The Division successfully onboarded new payroll clients and expanded its payroll customer base, contributing to strengthened customer loyalty, increased cross-sell conversion, and more stable recurring deposit inflows through the AIBPLC Payroll Privilege Services (APPS) proposition. These efforts further reinforced our position as a preferred banking partner for various organizations and their employees.

- The Division launched Retail Business Hub in Chattogram, establishing a purpose-built center of excellence that promotes collaboration, performance accountability, and a business-oriented service culture. Building on its early success, plans are underway to establish additional hubs in strategic locations, creating a dedicated retail sales infrastructure to deepen customer relationships, enhance service quality, and accelerate business growth.

- A targeted campaign was executed to re-engage less-active and low-value account holders. The initiative successfully revitalized customer relationships, generated meaningful deposit inflows, and reinforced the Division's core deposit base, demonstrating the significant untapped potential within the existing customer portfolio.

- Regular branch visits and comprehensive training programmes were conducted across the network throughout the year. These initiatives reinforced product knowledge, strengthened Shariah banking awareness, improved frontline execution quality, and ensured alignment between branch-level activities and the Division's overall retail business objectives.

- Dedicated retail campaigns were executed across social media platforms and the official AIBPLC website, significantly enhancing the Division's digital visibility. These efforts generated higher levels of customer engagement and directly supported business acquisition initiatives across key product categories.

- The Division continued to leverage customer data analytics and segmentation frameworks to better understand customer behavior, identify growth opportunities, and deliver more personalized product propositions. These initiatives supported informed decision-making and improved customer experience across the retail banking portfolio.

Card Business Highlights

While the Retail Banking Division continued to drive deposit and investment growth, the Card Business Unit served as a high-efficiency revenue engine and a key contributor to customer engagement. During the year, the Bank successfully strengthened its card portfolio through focused business development initiatives, enhanced customer value propositions, and expanded market presence. Features like "Pre-approved Cards" and "Card-to-Card" transfers became the preferred choice for all professionals seeking Shariah-compliant flexibility. We have issued contactless cards, supported by a nationwide "Tap & Go" campaign.

The Bank continued to promote its Shariah-compliant card offerings, including debit and credit card products, while expanding customer adoption through targeted campaigns and strategic partnerships. A dedicated card sales team was established to accelerate card acquisition and portfolio growth. Furthermore, several strategic alliance partners were onboarded, enabling the Bank to offer attractive discounts, privileges, and lifestyle benefits to cardholders across a broad merchant network.

The continued expansion of contactless payment solutions and digital card services further enhanced customer convenience and supported the Bank's broader digital transformation agenda.

Wholesale Banking

The Wholesale Banking Division of Al-Arafah Islami Bank PLC (AIBPLC) previously known as Corporate Marketing Division & RMG is undergoing a strategic transformation through the centralization of its investment facilities to enhance efficiency, strengthen governance, and deliver superior client service. Under this restructured model, AIBPLC will operate through a well-defined corporate network comprising four clusters in Dhaka and one cluster in Chattogram, each supported by multiple Relationship Units. In addition, a dedicated Cash Management Unit and Transaction Banking Unit will work in close coordination with the asset-focused Relationship Units to provide comprehensive, end-to-end financial solutions.

As part of the centralization initiative of Al-Arafah Islami Bank PLC, the Corporate Business operations of 13 Dhaka-based branches—including 11 dedicated corporate branches—will be brought under a phased centralization framework. These branches collectively manage approximately 180 corporate groups with total sanctioned credit facilities amounting to BDT 35,592 crore approx.

The centralization process will begin with a pilot phase covering the Head Office Corporate Branch and Dilkusha Branch. Following successful implementation, other designated branches will be integrated sequentially. In subsequent phases, corporate clients from AD, SME, and Retail branches will also be gradually incorporated into the centralized structure to ensure a unified and efficient corporate banking platform.

This centralized structure enables AIBPLC to offer 360-degree Shariah-compliant banking services, including project finance, working capital finance, trade finance, work order finance, bridge financing, structured finance, offshore financing, and integrated cash and liquidity management solutions. The strengthened presence in Chattogram through a centralized cluster further enhances the Bank's ability to effectively serve corporate and institutional clients across the region with improved turnaround time, standardized processes, and stronger risk oversight.

While traditionally strong in industries such as RMG, steel, pharmaceuticals, textiles, and ship breaking & trading, AIBPLC has significantly diversified its portfolio into high-growth and emerging sectors including packaging, food processing, power and renewable energy, construction, glassware, edible oil refining, healthcare, plastic and polymer, telecommunications, lithium batteries, leather and footwear, and agri-business. This diversified industry footprint enhances portfolio resilience and supports sustainable long-term growth.

The Relationship Units will serve as the foundation of the Corporate & Institutional Banking Division, focusing on building and maintaining sustainable, profitable client relationships. By closely engaging with clients and understanding their business cycles, the Corporate Team will deliver tailored financing packages comprising various combinations of trade finance, project finance, working capital facilities, and structured Islamic financing solutions. The centralized framework ensures clear accountability, uniform credit standards, enhanced monitoring, and improved coordination among business, risk, and operations functions.

Driven by strong corporate governance, a skilled and dedicated team, advanced IT infrastructure, and innovative digital banking solutions, AIBPLC has demonstrated resilience even amid global economic uncertainties. The centralization initiative positions the Bank to further strengthen its credit discipline, operational efficiency, and client service excellence, reinforcing its commitment to supporting the sustainable growth of Bangladesh's economy while maintaining exceptional creditworthiness and long-term partnerships with its corporate and institutional clients.

Cash Management Division

Driving Liquidity and Digital Transformation

The Cash Management Team serves as the strategic backbone of the Bank's liquidity management, establishing a vital link between high-level treasury objectives and day-to-day operational cash flows. By moving beyond traditional account-based services, the team has positioned the Bank directly within the operational heart of our clients' businesses through integrated receivables and payables solutions.

The Cash Management Division plays a critical role in strengthening low-cost deposit mobilization while enhancing non-funded income streams. Its strategic objectives include:

- Corporate Fund Flow Management
- Collection & Distribution Solutions
- Digital & API Banking Solutions
- Government & Institutional Partnerships
- Low-Cost Deposit Mobilization

Cash Management Products:

Al-Arafah Islami Bank PLC offers a wide array of corporate account schemes in order to provide distinctive services to its client base as per their requirements.

- Short Notice Deposit Account (SND)
- Corporate Current Account
- Fixed/Term Deposit Account
- Export Retention Quota (ERQ)
- Proposed Account
- Corporate FC Account

Cash Management Services:

Al-Arafah Islami Bank PLC offers a wide range of cash management services to meet the specific requirements of the clients. These services areflexible and customizable as per the requirements of the different clients. Within a very short span of time, we have been able to establish our foothold very sharply by providing different types of collection solutions to the different types of organizations such as Government organizations, autonomous bodies, large local conglomerates, developments organizations, MNCs etc.

Key AIBPLC Cash Management Services includes:

- Deposit Facility
- Nationwide Collection Service (NCS)
- Secured Cash Service (SCS)
- Payment Transfer Solution (PTS)
- Cash Pick up and Drop service
- Transactional Services
- Internet Banking
- Mobile Financial Services

2025 Performance Highlights

Since its inception in August 2025, the team has demonstrated rapid momentum in both market penetration and operational efficiency:

- Deposit Mobilization: Successfully collected Tk 149 crore in deposits from a diverse mix of new and existing corporate clients.
- Strategic Partnerships: Secured formal Cash Management Agreements with 5 major domestic and multinational corporate institutions by year-end.
- Operational Efficiency: Expanded digital collection channels, significantly reducing the Bank's "cost to serve" by automating previously manual processes.

Strategic Outlook for 2026:

Looking ahead, the Cash Management Team is set to aggressively scale its footprint. The primary objective for 2026 is to optimize the Bank's funding mix by focusing on high-velocity, low-cost liquidity.

Key Target: The team aims to expand the portfolio by an additional Tk 505 crore through targeted low-value deposit mobilization from large-scale corporate institutions.

By further integrating our digital ecosystem with corporate ERPs and payment gateways, we remain committed to delivering seamless financial supply chain management while reinforcing the Bank's liquidity position.

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. ARDPactivities are being conducted at a total 298 work stations, including 25 sub branches and 98 agent outlets through 175 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–ArafahIslamiBank PLC.

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Sl	Particular	2022 (YTD)	2023 (YTD)	2024 (YTD)	2025 (YTD)
1	Designated Branch	127	145	166	175
2	Total Employee wit HO	377	407	441	397
3	Beneficiary Member	75337	76116	83455	83487
4	Client	63227	60061	58057	58579
5	Number of A/C	272621	302220	381750	406992
6	Deposit/Savings	220.85	336.57	550.64	733.33
7	Investment	257.85	381.88	436.99	506.37
8	Profit (Excluding provision)	6.17	4.54	22.02	15.14

Figure in crore

SL		Particular	December' 2023	December' 2024	November' 2025	December' 2025	Inc/(Dec) (Dec'25-Nov'25)	YTD Inc/(Dec) (Dec'25-Dec'24)	Growth over Dec'24
	Area Coverage								
1	a	Designated Branch	145	166	175	175	0	9	5.42%
	b	No of Sub-Branch	20	25	25	25	0	0	0.00%
	c	District	57	63	65	65	0	2	3.17%
	d	Village	2,500	2,789	2,778	2,769	-9	-20	-0.72%
	e	Centre/Smity (Consist of 8 groups)	3,733	3,984	4,130	4,102	-28	118	2.96%
	f	Group (Consist of 5 Members)	15,223	16,691	16,603	16,685	83	-6	-0.03%
	g	**Total Member**	**76,116**	**83,455**	**83,013**	**83,427**	**414**	**7,339**	**9.64%**
	h	% of Women Member	80%	73%	74%	74%	0%	1.00%	1.37%
	i	% Of Non Muslim Member	5%	8%	9%	9%	0%	1.00%	12.50%
	Clients								
2	a	Society Based Clients	54,586	48,884	48,102	48,576	474	-308	-0.63%
	b	SMIS-SAIS-Re-finance Client	5,475	9,173	9,788	10,003	215	830	9.05%
	c	**Total Client**	**60,061**	**58,057**	**57,890**	**58,579**	**689**	**522**	**0.90%**
	d	% of Client on Member	79%	70%	70%	70%	0%	0.65%	0.93%
	Number of Accounts								
3	a	CASA	245,309	292,894	318,721	316,117	-2,604	23,223	7.93%
	b	SSP	56,911	88,856	90,838	90,875	37	2,019	2.27%
	c	**Total Account**	**302,220**	**381,750**	**409,559**	**406,992**	**-2,567**	**25,242**	**6.61%**
	Saving/Deposit								
4	a	CASA	88.66	113.64	135.21	141.88	6.67	28.24	24.85%
	b	SSP	200.46	395.87	543.56	551.91	8.35	156.04	39.42%
	c	Welfare Fund (Central)	28.3	31.56	34.38	35.23	0.85	3.67	11.62%
	d	Borrowing from BB	19.15	9.57	4.32	4.31	-0.01	-5.26	-55.01%
	e	**Total savings**	**336.57**	**550.64**	**717.47**	**733.33**	**15.86**	**182.68**	**33.18%**
	Cumulative Disbursement'24								
5	a	Society Based	310.98	272.61	247.01	276.17	29.16	276.17	1.31%
	b	SMIS-SAIS-Refinance	132.03	139.86	143.41	166.79	23.38	166.79	19.25%
	c	**Total Disbursement**	**443.01**	**412.47**	**390.42**	**442.96**	**52.54**	**442.96**	**7.39%**
	d	Number of Disbursement		41882	32042	45575	45575	45575	8.82%
	Investment Outstanding								
6	a	Society Based	200.87	215.74	247.09	248.76	1.67	33.02	15.31%
	b	SMIS-SAIS-Refinance	181.01	221.25	239.92	257.62	17.70	36.37	16.44%
	c	**Total Outstanding**	**381.88**	**436.99**	**487.01**	**506.38**	**19.37**	**69.39**	**15.88%**
	Overdue								
7	a	Society Based	29.43	38.22	44.92	41.30	-3.62	3.08	8.07%
	b	SMIS-SAIS-Refinance	0.34	3.92	9.76	9.47	-0.29	5.55	141.68%
	c	**Total Overdue**	**29.77**	**42.14**	**54.68**	**50.78**	**-3.90**	**8.64**	**20.50%**
	d	Installment Overdue (Not expired)	-	17.03	21.82	19.14	-2.68	2.11	12.39%
	e	% of Overdue on outstanding	7.80%	9.64%	11.23%	10.03%	-1.20%	0.38%	3.98%

Figure in crore

SL		Particular	December' 2023	December' 2024	November' 2025	December' 2025	Inc/(Dec) (Dec'25-Nov'25)	YTD Inc/(Dec) (Dec'25-Dec'24)	Growth over Dec'24
		Classified							
	a	SS	5.82	10.29	4.18	3.85	-0.33	-6.44	-62.57%
	b	DF	1.50	2.66	7.72	6.55	-1.16	3.89	146.28%
8	c	BL	0.62	1.27	20.21	20.10	-0.11	18.83	1487.34%
	d	**Total Classified**	**7.94**	**14.21**	**32.10**	**30.50**	**-1.60**	**16.29**	**114.57%**
	e	% of Classified on outstanding	2.08%	3.25%	6.59%	6.02%	-0.57%	0.03	85.17%
	f	% of Recovery	97.92%	96.75%	93.41%	93.98%	0.57%	-2.77%	-2.86%
		Profit/Loss							
	a	Investment Income, AIBG, Fees, etc.	43.49	71.65	82.46	90.96	8.50	19.31	26.94%
	b	Expenditure (profit paid, salary, Bills, etc.)	38.95	47.72	59.23	64.54	5.31	16.82	35.24%
	c	**Operating Income**	**4.54**	**23.93**	**23.23**	**26.42**	**3.19**	**2.49**	**10.40%**
		Provision		1.91	9.56	11.28	1.72	9.37	490.58%
9		**Profit**	**43.49**	**22.02**	**13.67**	**15.14**	**1.47**	**-6.88**	**-31.25%**
		% of Operating Expenses		66.60%	71.83%	70.95%	-0.87%	4.35%	6.53%
		Cost of Fund							
	d	Average Income Rate		13.52%	12.57%	13.27%	0.70%	-0.25%	-1.85%
		Cost of Fund		4.23%	5.66%	6.06%	0.40%	1.83%	43.26%
		Spread / Net Margin Calculation		9.29%	6.91%	7.21%	0.30%	-2.08%	-22.39%
		Operating expenses					0.00%	0.00%	0.00%
	e						0.00	0.00	0.00%
		Agent-Outlet							
	a	No of Agent Outlet	105	90	93	93	0	3	3.33%
	b	Member	17507	18816	18129	18183	54	-633	-3.36%
10	c	Client	13213	13255	13172	13268	96	13	0.10%
	d	Deposit	16.57	59.78	88.44	94.45	6.01	34.67	58.00%
	e	Outstanding	61.10	74.25	83.16	85.61	2.45	11.36	15.30%
	f	Overdue	5.06	7.75	11.04	10.04		2.29	29.55%
		Employee Position							
	a	Total Field Employee (At ARDP Ho- 22)	382	414	379	382	3	-32	-7.73%
	b	Member per employee Standard- 400	199	202	219	218	-1	17	8.34%
	c	Client per employee Standard- 320	157	140	153	153	1	13	9.35%
	d	Investment per employee Standard- 3.00 crore	1.00	1.06	1.28	1.326	0.04	0.27	25.59%
11	e	Deposit per employee	0.88	1.33	1.89	1.920	0.03	0.59	44.33%
	f	Classified per employee	0.021	0.034	0.085	0.080	-0.005	0.046	132.55%
	g	Total income per employee including ARDP HO	0.11	0.16	0.202	0.225	0.024	0.064	39.51%
	h	Expenditure per employee including ARDP HO	0.10	0.11	0.145	0.188	0.043	0.080	74.61%
	i	Net profit per employee including ARDP HO	0.01	0.05	0.057	0.037	-0.019	-0.012	-24.44%

Figure in crore

SL		Particular	December' 2023	December' 2024	November' 2025	December' 2025	Inc/(Dec) (Dec'25-Nov'25)	YTD Inc/(Dec) (Dec'25-Dec'24)	Growth over Dec'24
12	**Welfare**								
	a	Welfare Balance (Branch)	6.69	6.92	0.00	0.00	0.00	-6.92	
	b	Welfare Balance (Central)	21.61	24.64	34.05	34.05	0.00	9.41	38.20%
	c	**Total Welfare Balance (Central+Branch)**	**28.30**	**31.56**	**34.05**	**35.23**	**1.18**	**3.67**	**11.62%**
	d	Amount Spent (Dead Settlement) This year	0.390	0.795	0.744	1.108	0.364	0.313	39.30%
	e	Amount Spent (Dead Settlement) Cumulative	2.980	3.770	4.514	4.878	0.364	1.108	29.39%
	f	**Profit obtained from WF Fund Cumulative**	**8.90**	**9.69**	**11.28**	**12.09**	**0.81**	**2.40**	**24.77%**
13	**Portflio**								
	a	PAR (Portfolio At Risk) Standard-5% & Maximum 10%	7.80%	9.64%	11.23%	10.03%	-1.20%	0.38%	3.98%
	b	LAR (Loanee At Risk) {-day clients numer-STD}	13.71%	23.64%	4.17%	3.65%	-0.52%	-19.99%	-84.54%
	c	CRR (Cumulative Recovery Ratio) Standard 95%	92.20%	90.36%	88.77%	89.97%	1.20%	-0.38%	-0.43%

Brand Communication and Marketing Division

Al-Arafah Islami Bank has successfully enhanced consumer awareness through a strategically integrated branding and corporate communication framework that combines mass media, digital marketing, public relations, stakeholder engagement, and brand experience initiatives. Recognizing that brand awareness is a fundamental driver of customer trust, brand recall, and market differentiation, the Bank continuously invests in consistent and impactful communication to strengthen its corporate identity and reinforce its position as a leading Shariah-based financial institution in Bangladesh.

During the year, AIB PLC executed a comprehensive branding strategy designed to increase visibility, improve customer engagement, and promote its diversified portfolio of Shariah-compliant products and services, including SME, CMSME, retail banking, investment, and financial inclusion solutions. Bank organized more than 64 major corporate and business events, generating approximately 480 news coverages across 23 national television channels, significantly amplifying brand exposure and strengthening public recognition. To maximize seasonal audience engagement, branding activities were further intensified during the holy month of Ramadan through 23 dedicated television programmes broadcast on 17 leading satellite channels, enabling the Bank to connect with a broad nationwide audience during one of the country's highest media consumption periods.

Strategic media relations continued to play a pivotal role in reinforcing the Bank's corporate reputation. Throughout the year, AIB PLC disseminated 3,346 press releases through 81 leading newspapers and media outlets, ensuring extensive coverage of corporate milestones, product launches, business achievements, and CSR initiatives. Complementing these efforts, the Bank published more than 650 advertisements across 149 newspapers, magazines, and other publications, substantially enhancing brand visibility among diverse customer segments. Additionally, over 14 exclusive interviews featuring senior management were published in prominent media outlets, further strengthening the Bank's thought leadership, institutional credibility, and reputation for ethical and innovative Islamic banking.

The Bank's digital branding strategy also delivered significant results, reflecting the growing importance of digital engagement in building brand equity. Between January and December 2025, AIB PLC's official Facebook page expanded to 739,742 followers, recording a net growth of 25,152 new followers. During the year, 756 posts generated 384,331 engagements, 23.1 million video and content views, and a total reach of 10.25 million users. The platform also recorded 30,244 post link clicks, 3,555 customer responses, and an outstanding 35.4% engagement rate, demonstrating strong audience interaction, content relevance, and increasing brand affinity.

The Bank's presence across other digital platforms further strengthened its integrated brand ecosystem. The official YouTube channel attracted 3,251 subscribers, published 108 videos, accumulated 1,126,540 views, generated 1,142 audience reactions, and achieved 598.3 hours of watch time, indicating sustained interest in the Bank's digital content. On Instagram, AIB PLC recorded 1,748 followers, 586 new followers, 23,436 views, 6,785 reach, and 443 content reactions, while LinkedIn expanded to 9,912 followers, adding 1,720 new followers and generating 109,250 content views, 13,125 reactions, and 7,977 link clicks, reinforcing the Bank's visibility among professionals, corporate clients, and institutional stakeholders.

These measurable branding outcomes demonstrate the effectiveness of AIB PLC's integrated marketing communication strategy in strengthening brand awareness, enhancing customer engagement, and reinforcing corporate reputation. The successful integration of television, print, digital media, public relations, and stakeholder communications has enabled the Bank to achieve sustained visibility across multiple customer touchpoints while strengthening brand recall and public trust. Collectively, these initiatives have enhanced the Bank's brand equity, supported customer acquisition and retention, strengthened stakeholder confidence, and further established AIB PLC as one of Bangladesh's most trusted and progressive Islamic banking brands. The continued growth across both traditional and digital communication channels provides strong evidence that the Bank's branding initiatives have successfully increased consumer awareness while creating long-term value for customers, shareholders, and other stakeholders.

Information & Communication Technology

In 2025, the ICT Division of Al-Arafah Islami Bank PLC 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 the completion of major infrastructure modernization initiatives, significant enhancements to digital channels, and continued investment in building a secure, resilient, and future-ready banking ecosystem.

Key Achievements & Initiatives

1. Core Banking System (CBS) Modernization

Al-Arafah Islami Bank PLC reached a defining milestone in 2025 by completing a comprehensive modernization of its Core Banking System — the engine that powers every transaction, account, and service the Bank delivers to its customers. This transformation was undertaken with one clear purpose: to serve customers better, faster, and more reliably than ever before.

As a direct result of this modernization, customers now experience significantly faster account opening and transaction processing, reduced waiting times at branches, and smoother access to banking services across all channels. The upgraded system ensures greater reliability during peak hours, minimizing service disruptions that customers may have previously encountered. It also lays the foundation for a wider range of digital products and Shariah-compliant financial solutions to be introduced in the coming period — enabling the Bank to respond to customer needs more swiftly and innovatively.

The same modernized infrastructure has been replicated at the Bank's Disaster Recovery site, ensuring that customers continue to enjoy uninterrupted banking services even in the event of any unforeseen disruption.

2. Internet Banking Enhancement

The Bank significantly expanded its Internet Banking platform in 2025, bringing a range of new services directly to customers' fingertips — reducing the need for branch visits and making everyday banking simpler and more accessible.

- Customers can now register and activate their Internet Banking account entirely online, no branch visit required.
- Mobile and data recharge services are now available through Internet Banking, adding everyday convenience for customers.
- Customers can open Islamic Term Deposit (ITD) and MTDR accounts digitally through the iBanking platform — saving time and enabling self-service banking.
- The Rapid Account opening process has been simplified, allowing new customers to get started with the Bank faster than ever before.

3. Islamic Wallet Enhancement

The Bank's Islamic Wallet continued to evolve as a comprehensive Shariah-compliant digital payment and lifestyle platform, offering customers an ever-growing range of services that align with their faith and daily needs.

- Al-Arafah Islami Bank PLC became the first bank in Bangladesh to offer both Static and Dynamic Bangla QR payments, making cashless payments easier and more widely accepted for customers.
- Customers can now transfer funds seamlessly to other

banks, mobile financial services, and payment platforms — all from within the Islamic Wallet.

• Deen, an Islamic content platform, is now integrated within the wallet — offering customers access to faith-enriching content alongside their banking services.

• The Digital Dan Box allows customers to make charitable donations digitally through the app — reflecting the Bank's commitment to community and Islamic values.

• Customers can now recharge their Rapid Pass and MRT cards directly through the Islamic Wallet, making daily commuting more convenient.

4. Infrastructure Enhancement

Behind every smooth banking experience is a strong and reliable infrastructure. In 2025, the Bank made significant investments in modernizing its infrastructure — improvements that directly translate into more stable, faster, and more secure services for customers across all channels.

• Upgraded the Bank's core infrastructure to deliver greater speed, reliability, and stability for all banking services.

• Enhanced connectivity and storage between systems to ensure seamless and uninterrupted service across branches and digital platforms.

• Strengthened network and data security to better protect customer data and transactions.

• Expanded the infrastructure setup at the Disaster Recovery site, further safeguarding continuity of customer services during any disruption.

5. Disaster Recovery (DR) Site Modernization

To further strengthen service continuity and protect customer interests, the Bank commenced relocating its Disaster Recovery site to a state-of-the-art facility at Kaliakoir Hi-Tech Park. This investment ensures that in any unlikely event of a disruption, the Bank can quickly restore full operations — keeping customers' accounts, transactions, and digital services running without significant interruption.

Looking Ahead — 2026 Priorities

The Bank remains committed to placing customers at the heart of every technology initiative. In 2026, the ICT Division will focus on:

• Completing infrastructure modernization to ensure faster, more reliable, and always-available banking services for all customers.

• Strengthening data protection and cybersecurity to safeguard customer information and build trust.

• Internet Banking: Refreshed user interface for a simpler experience; fund transfers to Nagad, Upay, and TAP; interoperable MFS and PSP transfers; more utility and lifestyle payment options; Branch QR for cash withdrawal; and e-Investment application through iBanking.

• Islamic Wallet: Refreshed user interface; Education Management System for institutional tuition fee payments; Digital Term Deposit (ITD and MTDR) opening through the wallet; more utility and lifestyle payment options; and e-Investment application through the wallet.

• Introducing AI-driven tools to enhance service quality, detect fraud more effectively, and offer customers more personalized banking experiences.

• Ensuring full readiness of the new Disaster Recovery site to guarantee uninterrupted services for all customers.

Asset Quality

Overdue investments stood at Tk. 19676.20 millions as on 31st December 2025 as against Tk. 21343.10 million as of December, 2024. Total overdue decreased by Tk. 1666.90 million during the year 2025 bringing the same to 3.90% of our total investment as against 4.45% 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. 21587.70 million from Tk. 61902.90 million to Tk. 8349.60 million (Term investments by Tk. 38748.60 million plus Continuous and Demand investments by Tk. 44742 million) which was 16.55% of total Investment. Recovery against rescheduled investment during the year 2025 was Tk. 3907.50 million.

Classified investments increased by Tk. 14466.67 million in 2025 from Tk. 74055.36 million to Tk. 88522.03 million representing 17.16% of total investment as against 15.14% in the previous year. During the year 2025, recovery & regularization against classified investment stood at Tk. 32355.67 million while recovery against written off investments stood at Tk. 191.12 million recording a total recovery of Tk. 36454.29 million which includes a recovery Tk. 3907.50 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 portfolio 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 decisionmaking 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'sinternal 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. AIBLformed AllRisk 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. CCClooks after the money laundering and terrorist financing activities, STR (Suspicious Transaction Report), CTR (Cash Transaction Report), KYC (Know Your Customer) and TP (Transaction Profile) related compliances. The committee also supervises and monitors the entire transactional activities of the Bank including money laundering aspects involved with foreign exchange transactions.

6. Information & Communication Technology Risk Management Committee:

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

1. Credit/Investment Risk:

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

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

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

1.1 Credit Concentration Risk

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

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

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

Internal Investment Risk Rating System (IIRRS)

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

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

2. Market Risk:

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

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

2.1 Interest/Profit Rate Risk

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

3. Operational risk

Operational risk is the risk that is not inherent in financial, systematic or market wide risk. Itis 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 continuesurveillance, 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.AIBLinvolves 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 environmentalrisk. This risk is managed by InvestmentRisk 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 supportsBIU/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/ decisionstaken 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), andStress 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 watch lists
- 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.

Emphasis of Matter

The external auditors completed the audit of Bank's financial statements for the year ended December 31, 2025.

The external auditors would like to draw attention of the users of this report to the following facts:

1. Note 15: Other Liabilities – The required provisions against investments, off balance sheet items, other assets, non-banking assets, placement with other banks and gratuity have been determined as per Bangladesh Bank letter BSD-12/57/2026-396 dated 28.04.2026 based on the tripartite meeting among Bangladesh Bank, external auditors and the Bank, held on 21.04.2026. The details are as under:

A) The required provision against investments and off balance sheet items is BDT 6,983.89 crore, while the Bank maintained BDT 1,985.31 crore, resulting in a shortfall of BDT 4,998.58 crore, against an NPI ratio of 17.16% as per the above mentioned Bangladesh Bank letter and dividend is not distributable this year.

Classified investment of the bank has been increased by

BDT 1,971.53 crore during 2025 considering the write-off during the year BDT 524.87 crore but no provision against classified investment has been accounted for this year due to insufficient profit.

The Bank applied investment rescheduling under Policy Support for more than 16% of the total investment. The rescheduling of classified investments, including extended grace periods, delays cash recoveries and may exert pressure on the Bank's liquidity position. Although compliant with regulatory guidelines, such rescheduling introduces heightened uncertainty over recoverability and may not fully reflect the underlying credit risk.

B) The required provisions against i) Others Assets is BDT 154.52 crore, while the Bank reported BDT 55.50 crore, ii) Non-Banking Assets is BDT 3.01 crore, while the Bank did not keep any provision, iii) Placement with Other Banks under Liquidity Stress is BDT 206.19, while the Bank did not keep any provision and iv) Gratuity is BDT 428.39, while the Gratuity Asset Fund is BDT 342 crore resulting provision shortfall of these accounts BDT 394.61 crore.

Bangladesh Bank has allowed deferral recognition of resulted entire shortfall of provision BDT 5,393.19 crore vide Bangladesh Bank letter BSD-12/57/2026-396 dated 28.04.2026 and the financial statements have been prepared accordingly by the Bank.

While the preparation of the financial statements is in accordance with regulatory guidance, it has the effect of increasing reported profit for the year and may not reflect the underlying credit risk or the Bank's expected loss position in future. The financial statements of the bank exhibited financial performance with a net profit after tax of BDT 86.51 crore. Had the bank made full provision, the total loss after tax would have amounted to BDT 5,306.68 crore, with a negative effect on CRAR.

2. The bank has recognized profit from profit rent suspense account without repayment for BDT 20 crore non complying with Bangladesh Bank Guidelines. Also, the bank did not maintain adequate provision against Income Tax for BDT 21.4 crore. As a result, net profit after tax has been overstated by BDT 41.4 crore.

3. Note 18: Capital Adequacy Ratio - The bank reports a CRAR of 10.72% (Core: 7.12%, Supplementary: 3.60%), which is already below the regulatory requirement of 12.5% reflecting a shortfall of 1.78% or BDT 689.45 crore. However, factoring in the BDT 5,393.19 crore provision shortfall causes the CRAR to turn negative, indicating a critically depleted capital position.

4. As per the audited financial statements of AIB Capital Market Services Limited, the market value of investment made by the subsidiary has declined by BDT 142.85 crore against which provision of only BDT 50.38 crore was accounted for. As a result, there is a shortfall of provision for BDT 92.47 crore, of which the portion of the bank is BDT 55.94 crore, being the shareholder of 60.5% of the share capital. The subsidiary did not account for the required provision as per the BSEC letter no. BSEC/SMMID/NE/AP/2025/108/635 dated 16.11.2025 issued by of Bangladesh Securities and Exchange Commission (BSEC) that allows them to defer such provision till 31.12.2031

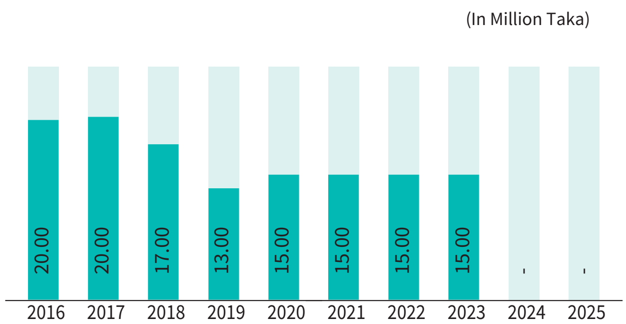
Dividend

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
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
2025	0.00

Dividend (%)



Credit Rating

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

Long Term	:	AA-(pronounced Double AMinus)
Short Term	:	ST-3
Based on	:	Audited Financial Statement 2024
Date of Rating	:	July 14, 2025
Validity	:	July 13, 2026
Outlook	:	Stable

Year-wise Comparative Rating Position:

Date of Rating	Long Term	Short Term	Outlook
14 July 2025	AA-	ST-3	Stable
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

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-3 (Good Grade):Good certainty of timely payment. Liquidity factors andcompany fundamentals are sound. Although ongoing funding needs may enlarge total financing requirement, access to capital market is good. Risk factors are 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.We have 5593 staff in the Bank of whom 591 are executives 4202 are officers and 800 other staff a as on 31st December 2025.

Sl No	Designation	Category Number
1	Executives	591
2	Officers	4202
3	Others	800
	Total	5593

We nominated 200 employees in outside training course viz. BIBM, BBTA, BAB etc. in 2025 and they have completed the course successfully.

Human Capital Development by AIBTI of Al-Arafah Islami Bank

Since its inception in 1996, the Al-Arafah Islami Bank Training Institute (AIBTI) has consistently evolved, cementing its position as a premier institution dedicated to pedagogical excellence and professional development. In the contemporary knowledge economy, highly skilled human resources constitute an organization's ultimate competitive advantage. Strategic institutional growth and the optimization of both cognitive (soft) and technical (hard) competencies are fundamentally dependent on continuous, high-impact training.

AIBTI's core mandate focuses on equipping Al-Arafah Islami Bank PLC professionals with a comprehensive understanding of operational workflows, governance frameworks, institutional policies, and regulatory mandates. As the global financial ecosystem undergoes rapid paradigm shifts driven by modern complexities—such as Fintech, Regtech, and decentralized finance—targeted, specialized training is imperative to successfully transition the Bank's workforce into high-yield human capital.

Training initiatives at AIBTI are meticulously curated, relying on data-driven Training Need Assessments (TNAs) executed by a dedicated cadre of internal faculty members. Despite operational constraints, AIBTI remains steadfast in its pursuit of institutional excellence, continuously elevating workforce competency through a robust curriculum of specialized training courses, strategic seminars, andcollaborative workshops addressing contemporary financial and macroeconomic issues.

Navigating Structural Reforms and Socio-Economic Shifts

The financial sector of Bangladesh is currently navigating structural reforms alongside an evolving socio-economic landscape. In alignment with these dynamics, AIBTI has proactively restructured its methodologies and strategic frameworks to enhance its manpower development services. By fostering an environment of innovative thinking and modern banking insights, AIBTI ensures that AIBPLC officials are thoroughly equipped to champion institutional reform and drive capacity building across all operational tiers.

Training in Risk Management and Compliance

Effective risk management is one of the major strengths of AIBPLC. The bank regularly trains it's employees on operational activities and on Risk Based Supervision(RBS) structure of Bangladesh Bank e.g. Investment Risk, Internal Control and Compliance, ICT & Cyber Security & Digital Banking Risk, ALM Risk, Foreign Exchange & Foreign Trade Risk, Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) Risk, Comprehensive Risk, Stress Testing, Market Risk, Regulatory Compliance, Basel Accord/Basel III Framework Requirements,

Training Programs and Capacity Building Initiatives of the Year 2025

Amidst enduring operational challenges due to banking turmoil on political volatility, AIBTI executed a comprehensive balance of theoretical and hands-on interventions/case study based training programs, course, workshops, EDP, Lead Bank training programs & professional development programs for employees at different levels. Besides conducted comprehensive EDP under SICIP, Ministry of Finance & Bangladesh Bank in 2025.

During 2025, AIBTI successfully delivered 127 training initiatives—comprising core Training Courses, Workshops, Outreach Programs, Specialized Modules, and Faculty Development Programs—benefiting a total of 8,573 participants. These programs seamlessly integrated hybrid delivery models, balancing virtual learning with strictly regulated, health-compliant on-site sessions.

- **Training Courses (TC):** AIBTI deployed 20 classroom-based courses designed to deepen technical proficiency in Shariah compliance, core banking operations, structured finance, rural/microfinance models, and elevated customer relationship management.

- **Strategic Workshops (TW):** A total of 63 specialized workshops were executed to address critical regulatory and operational challenges. Key focus areas included evolving paradigms in International Trade and Finance, the integration of Fintech applications, the National Integrity Strategy (NIS), documentation risk mitigation, investment property valuation metrics, FATCA compliance, and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) frameworks. Additionally, internal colloquiums were held to deliberate on contemporary Islamic Shariah jurisprudential developments.

- **Specialized Training Courses (STC):** 04 (four) high-level, specialized courses were custom-designed and delivered to senior executives and management officials to align leadership vision with modern banking complications.

- **Outreach Training Programs (OTP):** To decentralize knowledge distribution, AIBTI conducted 40 regional and zonal outreach programs. These initiatives successfully engaged promising young officers, fostering critical competencies in Islamic economics, time and stress management, non-performing investment (NPI) recovery strategies, Environmental Risk Rating (ERR) methodologies, and localized Islamic Financial Literacy campaigns.

- **Conducted 2 Regulatory Comprehensive Training courses** each one month long on Entrepreneurship Development Programs (EDP) to generate Entrepreneurs for the economic development of the Country. In association with Bangladesh Bank, AIBPLC signed agreement in 2025 under the Skills for Industry Competitiveness and Innovation Program (SICIP) of

Finance Division, Ministry of Finance funded by Asian Development Bank (ADB). Through this initiative, entrepreneurship development training programs are being conducted across different regions of Bangladesh from 2025 to 2027. This reflects the bank's contribution to national capacity building and economic development.

Future Trainings Roadmap

Training Need Assessment (TNA) conducted in November-December, 2026 by AIBTI in cooperation with Human Resources Division and designed/developed an structured training programs roadmap for 2026 addressing identified skill gaps and need based trainings including digital transformation and heightened regulatory focus. As per newly designed Academic Calendar 2026, training courses, workshops, seminars, EDP, specialized developed programs and Foreign Training Program relevant to the Bank's strategic priorities and Risk Based Training Program under RBS circulars & other relevant guidelines of Bangladesh Bank trainings to be conducted throughout the year including weekly holidays for the greater interest of the Bank. In such way progress of training programs will be ensured in the coming days.

Appointment of Statutory Auditor

In the 31st Annual General Meeting of the Bank M/S K M Alam & Co.Chartered Accountants was appointed External Auditors of the Bank for a term till conclusion of the 31st Annual General Meeting.

Corporate Governess Auditor

M/S Ahsan Manzur & Co. Chartered Accountants was appointed to provide Corporate Governance Certificate for 2025 and they will retire in this AGM, New appointment will be made in the AGM for 2026 in this regard.

Board Meeting

During the year 2025, 36 regular Board Meeting had been held. Besides, 13 meetings of Executive Committee, 16 meetings of Audit Committee and 12 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 2025. 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 2026. 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: 29 July 2026