Information Memorandum

Private placement of Unsecured, Non-Convertible, Redeemable, Floating Rate AIBPLC 5th Subordinated Bond of 5,000,000,000 (Five Thousand Million Taka)

Issuer: Al-Arafah Islami Bank PLC.

Trustee to the Issue: DBH Finance PLC.

Type of Security: Unsecured, Non-Convertible, Redeemable, Floating Rate Subordinated Bond
Total Issue Amount: up to BDT 5,000,000,000
No. of Bonds to be issued: 10,000 (Ten Thousand)
Face Value Per Bond: BDT 500,000 (Five Hundred Thousand Taka)

Credit Rating status of the Bond: LT: A (Indicative)
Validity Date: 28 July 2027

Joint Arrangers:

Issue Manager:

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

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Head Office,Dhaka-1000

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Nasimul Baten
Managing Director & CEO
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Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

NOTICE & DISCLAIMER

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

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

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

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

Investors are advised to consult with their own advisors as to all legal, accounting, regulatory, tax, financial and related matters, concerning an investment in the Bonds.

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

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SECTION 1: REPORT TO THE ELIGIBLE INVESTOR

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

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

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

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

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

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

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

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

i. the Bonds are a suitable investment for you and your investment in the Bonds does not and will not, when consummated, violate any investment or other guidelines, policies or restrictions (corporate or otherwise), or any law, rule, regulation or order applicable to you; and

ii. you have obtained all approvals and consents (whether internal or external) and have made all notifications necessary for you to invest in the Bonds as contemplated; and you can bear the economic risk of the investment and are able to sustain a complete loss in connection with your investment.

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

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

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

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SECTION 2: RISK FACTORS AND MANAGEMENT PERCEPTION ABOUT RISK

An investment in a capital market involves a high degree of risk. The Bank operates in an industry involving both external and internal risk factors having direct as well as indirect effects on the investments made by the investors. Potential investors of AIBPLC 5th Subordinated Bond are strongly encouraged to carefully evaluate all the information in this Information Memorandum, especially the risk factors both internal and external on their own merit and not by referent to any other debt securities whether of a comparable nature or otherwise before making any investment decision.

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

(a) Profit / Interest Rate Risks:

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

Management perception:

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

(b) Foreign Exchange Rate Risks:

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

Management perception:

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

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includes foreign exchange risk. Treasury continuously monitors price movements of foreign exchange and uses various hedging techniques to manage its open position in such a way that minimizes risk and maximizes return.

(c) Non-repayment Risks:

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

Management perception:

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

(d) Prepayment, Call or Refunding Risks:

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

Management perception:

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

(e) Security Risks:

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

Management perception:

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

(f) Liquidity Risk:

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

Management perception:

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

(g) Management Risks:

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

Management Perception:

AIB is one of the leading Islamic banking institutions in Bangladesh with a track record of consistent performance achieved through effective leadership and corporate governance. AIB has a sound

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management system that is not only efficient but also dynamic in taking appropriate decision to make the organization more effective, vibrant and result oriented. Therefore, with the strong leaderships and structured corporate set-up the management risk is not a matter of concern at all for the steady and sustainable growth of AIB.

(h) Operational Risks:

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

Management Perception:

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

(i) Business Risks:

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

Management perception:

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

(j) Industry risks:

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

Management perception:

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

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(k) Market & Technology Related Risks:

(i) Market Risk:

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

Management Perception:

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

(ii) Technology Related Risks:

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

Management Perception:

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

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

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

Management Perception:

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

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

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

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

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Management Perception:

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

(n) Portfolio Management Risk:

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

Management Perception:

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

(o) Change in Fiscal Policy:

The Bank's lending activities generate significant depreciation allowances that provide the Bank with substantial tax benefits on an ongoing basis. In addition, the Bank's lessees currently enjoy favorable tax treatment due to entitlement of depreciation. Any change of current tax may make lease financing less attractive and would have a material impact on the Bank's business, financial condition and/or results of operations.

Management Perception:

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

(p) Credit Risk:

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

Management Perception:

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

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

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(q) Asset Quality Risk:

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

Management Perception:

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

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SECTION 3: DETAILED DESCRIPTION AND INFORMATION

Detailed description and information as per Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021; Schedule- A (Part I) is given below:

1.	**Particulars of the Issuer:**	
a)	Name of the Issuer:	Al-Arafah Islami Bank PLC.
b)	Legal Status:	Public limited company
c)	Details of Contact Information:	**Registered Address:** Al-Arafah Tower, 63, Purana Paltan, Dhaka- 1000 **Contact Person:** **Mr. Sayed Abul Hashem FCA, FCMA** Chief Financial Officer PABX: +880 2 44850005-20 Ext-109 Tel: +880 2 44850046 E-mail: hashemcfo@aibl.com.bd
d)	Date of Incorporation:	18 June 1995
e)	Date of Commencement of Business:	27 September 1995
f)	Authorized Capital:	BDT 15,000.00 million (as of 31 December 2025)
g)	Paid up Capital:	BDT 11,516.92 million (as of 31 December 2025)
h)	Total Equity:	BDT 26,055.11 million (as of 31 December 2025)
i)	Total Liabilities:	BDT 619,201.63 million (as of 31 December 2025)
j)	Total Financial Obligations:	N/A
k)	Total Assets:	BDT 645,256.74 million (as of 31 December 2025)
l)	**Total Tangible Assets (Fixed assets including land, building, furniture and equipment):**	BDT 11,918.15 million (as of 31 December 2025)
m)	Net worth:	BDT 26,055.11 million (as of 31 December 2025)
n)	Others:	N/A
2.	**Particulars of Issue Manager:**	
a)	Name of the Issue Manager:	UCB Investment Limited
b)	Legal Status of the Issue Manager:	Private Limited Company
c)	Details of contact information:	**Registered Office:** Bulus Center (17th Floor) Plot: CWS (A)-1, Road: 34, Gulshan Avenue, Dhaka 1212. **Contact Person:** **Mr. Anisul Haque** VP & Senior Manager, Corporate Advisory Contact: +88-02-55668070, ext: 800042 Email: anisul.haque@ucbil.com.bd

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d)	Name of the issue managed by the issue manager:	1. Meghna Insurance Company Limited (IPO) 2. Sonali Paper & Board Mills Limited (Rights Issue) 3. Sinobangla Industries Limited (Rights Issue) 4. NRB Bank Limited (IPO) 5. Aamra Networks Limited (Rights Issue) 6. United Commercial Bank PLC (Rights Issue) 7. AIBL Mudaraba Perpetual Bond (Public Offer) 8. Dhaka Bank Perpetual Bond (Public Offer) 9. IBBL 2nd Perpetual Mudaraba Bond (Public Offer) 10. Pubali Bank Perpetual Bond (Public Offer) 11. Premier Bank Perpetual Bond (Public Offer) 12. SJIBL Mudaraba Perpetual Bond (Public Offer) 13. Southeast Bank 1st Perpetual Bond (Public Offer) 14. UCB 2nd Perpetual Bond (Public Offer)
a)	Others:	N/A
3.	**Particulars of the Issue:**	
a)	Name of the Issue:	AIBPLC 5th Subordinated Bond
b)	Type of instruments to be issued:	Unsecured, Non-Convertible, Redeemable, Floating Rate Subordinated Bond
c)	Purpose of the Issue:	To raise Tier-2 Capital through issuance of AIBPLC 5th Subordinated Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The funds being raised by the Bank through the mentioned Issue are not meant for financing any particular project. The Bank shall utilize the proceeds of the Issue for its regular business activities. The Bank shall not utilize proceeds of the Issue for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the Bangladesh Bank and Bangladesh Security Exchange and Commission where applicable
d)	Number of securities and total size of the issue to be offered:	No. of Bonds to be issued: 10,000 (Ten Thousand) Issue Size: up to BDT 5,000,000,000 (Taka Five Thousand Million)
e)	Face Value and Issue Price of securities:	BDT 500,000/- (Taka five hundred thousand) only per bond at par
f)	Profit Rate	Reference Rate + Profit Margin
g)	Benchmark /Reference Rate	Latest average of the highest 6-months' MTDR rate of all full-fledged Islami shariah banks (excluding all the foreign banks and Z category Banks) as published by Bangladesh Bank on the Quotation Day. (*subject to market condition and regulatory approvals*)
h)	Profit Margin	3.00% p.a. (*subject to market condition and regulatory approvals*)
i)	Profit Payment Frequency:	Semi-annual profit payment starting at the end of 6 months from the date of issue • Profits will be paid to the bondholders **semi-annually**. However, the first profit payment period will be from the issue date/subscription closing date up to the ensuing either 30 June or 31 December of the respective year whichever is earlier from issue date/subscription closing date • Thereafter, profit payment will be made semi-annually in June and December (i.e. profit Period will be from **01 January to 30 June** and **01 July to 31 December**). However, for the purposes of listing the Bonds, the Profit Payment Dates shall be subject to redetermination based on the Alignment Date; provided that, last Redemption Date shall be the Maturity Date.
j)	Tenor	7 years from the date of issuance

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	4. SJIBL 3rd Mudaraba Subordinated Bond 5. PBL 3rd Non-Convertible Subordinated Bond 6. Trust Bank Ltd VI Subordinated Bond 7. SIBL 4th Mudaraba Subordinated Bond 8. Dhaka Bank 4th Subordinated Bond 9. Jamuna Bank Subordinated Bond V 10. Runner Auto Sustainability Bond 11. Sajida 2nd Zero Coupon Bond 12. CDIP 1st Zero Coupon Bond 13. Pubali Bank 4th Subordinated Bond 14. ACI Sukuk 1 15. IBBPLC 5th Mudaraba Subordinated Bond 16. Standard Bank 4th Subordinated Bond 17. EXIM 6th Subordinated Bond 18. AIBPLC 5th Subordinated Bond 19. Dutch-Bangla Bank 5th Subordinated Bond
e) Others	N/A
5. Particulars of Credit Rating Company:	
a) Name of the Credit Rating Company:	Credit Rating Information and Services Limited (CRISL)
b) Credit rating status of the issuer:	Long Term: A+ Short Term: ST-3 Outlook: Stable Valid till: 28 July, 2027
c) Credit rating status of the issue:	Long Term: A (Indicative) Valid till: 28 July, 2027
d) Latest default rate of the Credit Rating Company:	2.28%
e) Average time to default of the rated Category:	3 Years
f) Rating Trigger	In case a downgrade of credit rating of the Bond below the rating trigger (i.e. 'BBB' or equivalent rating in the long term and "ST-3" or equivalent rating in the short term) under surveillance rating, Risk Premium (additional rate) should be added with the reference coupon/profit rate as per following table: **Issue Rating** — **Risk Premium to be Added** BB — 0.25% B — 0.50% C — 0.75% D — 1.00%
g) Date of audited accounts, which is included in the IM:	31 December 2025
6. Particulars of Originators (if Any):	Not Applicable
7. Particulars of other contractual parties:	**Joint Arrangers:** UCB Investment Limited and Prime Bank Investment Limited **Legal Counsel:** Lex Juris

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SECTION 4: USE OF PROCEEDS

Purpose of Issuance of AIBPLC 5th Subordinated Bond:

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Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
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Head Office,Dhaka-1000

SECTION 4: USE OF PROCEEDS

Purpose of Issuance of AIBPLC 5th Subordinated Bond:

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

Plan Regarding Use of Proceeds from AIBPLC 5th Subordinated Bond:

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

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SECTION 5: FEATURES OF AIBPLC 5TH SUBORDINATED BOND

AIBPLC 5th Subordinated Bond is a non-convertible and unsecured debt instrument. The major features of the AIBPLC 5th Subordinated Bond are presented below:

5.1 Basic Features of the Instrument

Table 1: *Basic Features of AIBPLC 5th Subordinated Bond*

Name of the Issue	AIBPLC 5th Subordinated Bond
Type of the Issue	Unsecured, Non-Convertible, Redeemable, Floating Rate Subordinated Bond
Issuer	Al-Arafah Islami Bank PLC.
Purpose	To raise Tier-2 Capital through issuance of AIBPLC 5th Subordinated Bond to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III). The funds being raised by the Bank through the mentioned Issue are not meant for financing any particular project. The Bank shall utilize the proceeds of the Issue for its regular business activities. The Bank shall not utilize proceeds of the Issue for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the Bangladesh Bank and Bangladesh Security Exchange and Commission where applicable
Joint Arrangers	UCB Investment Limited and Prime Bank Investment Limited
Issue Manager	UCB Investment Limited
Trustee	DBH Finance PLC.
Common Legal Counsel	Lex Juris
Credit Rating Agency	Credit Rating Information and Services Limited (CRISL)
Issue Size	Up to BDT 5,000,000,000 (Five Thousand Million Taka)
Nature of Instrument	Unsecured
Tenure	7 years from the date of issuance
Face Value	BDT 500,000 (Five Hundred Thousand Taka) Per Bond
Minimum Subscription	BDT 500,000 (Five Hundred Thousand Taka) and in its multiples
Total Bonds to be issued	10,000 (Ten Thousand) no.s
Investors	Institutional investors, high net-worth individual investors and as per the Regulatory approval
Mode of Placement	Private Placement on a best effort & Joint Effort basis
Rate of Return	Profit Rate
Profit Rate	Reference Rate + Profit Margin
Reference Rate	Latest average of the highest 6-months' MTDR rate of all full-fledged Islami shariah banks (excluding all the foreign banks and Z category Banks) as published by Bangladesh Bank on the Quotation Day. (**subject to market condition and regulatory approvals*)
Quotation Days	Five (05) business days before the first day of any period for which Profit is to be paid
Profit Margin	3.00% p.a. (**subject to market condition and regulatory approvals*)

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Profit Payment Frequency	Semi-annual profit payment starting at the end of 6 months from the date of issue • Profit will be paid to the bondholders semi-annually. However, the first profit payment period will be from the issue date/subscription closing date up to the ensuing either 30 June or 31 December of the respective year whichever is earlier from issue date/subscription closing date • Thereafter, profit payment will be made semi-annually on June and December (i.e. profit Period will be from **01 January to 30 June** and **01 July to 31 December)** However, for the purposes of listing the Bonds, the Profit Payment Dates shall be subject to redetermination based on the Alignment Date; provided that, last Redemption Date shall be the Maturity Date.
Alignment Date	To be mutually decided by the Issuer and the Trustee, and duly notified to the Bondholders, for the purpose of ensuring uniformity and aligning of the future Profit Payment Date(s) and the Redemption Date(s) for the respective Bondholder(s) throughout the remaining tenor of the Bonds.
Repayment Schedule	Face Value (principal) redemptions will be in 5 (five) annual tranches commencing at the end of 36th month from the date of drawdown in the following manner: **Month** / **Redemption** 36th / 20.0% 48th / 20.0% 60th / 20.0% 72nd / 20.0% 84th / 20.0% However, for the purposes of listing the Bonds, the Profit Payment Dates shall be subject to redetermination based on the Alignment Date; provided that, last Redemption Date shall be the Maturity Date.
Call Refunding, Conversion Features	The Bond is non-convertible and not callable in nature
Tax Feature	According to the laws of Bangladesh
Late Payment	The Issuer shall pay a late payment penalty of 2% p.a. (two per cent) higher than the Profit Rate and be payable on the amount not paid on the due date up till the date of actual payment
Description of Collateral Security and Type of Charges to be Created Against the Issue	Unsecured
Listing	As per the consent letter of the BSEC
Transferability/Liquidity	Freely transferable in accordance with the provisions of the Trust Deed
Credit Enhancement	Not Applicable
Cost related to the issue	The approximate cost related to the issuance is BDT 34,824,500/-
Rating Trigger, if any	"BBB" in long term and ST-3 in short time (**subject to regulatory approval*)
Others, if any	**Risk Premium:** In case of a downgrade of credit rating under surveillance rating, Risk Premium to be added as under:

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	Issue Rating	**Risk Premium to be added**
	BB	0.25%
	B	0.50%
	C	0.75%
	D	1.00%
	(**subject to regulatory approval*)	
Governing Law	The Bonds are governed by and shall be construed in accordance with the existing laws of Bangladesh. Any dispute arising thereof shall be subject to the jurisdiction of courts of Bangladesh.	

5.2 Rate of Return, Yield to Maturity, Coupon/Discount Rate

Yield to Maturity: Reference Rate + Profit Margin

5.3 Transferability/Liquidity

Freely transferable in accordance with the provisions of the Trust Deed

5.4 Prepayment, Call, Refunding, Conversion Feature

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

5.5 Tax Features

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

5.6 Late Redemption:

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

5.7 Credit Enhancement:

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

5.8 Enforcement of Charges over securities

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

5.9 Repayment Schedule:

To be redeemed at par in 5 equal annual instalments starting from end of 3rd year from the issue date/deemed date of allotment and each 12 months from thereafter as per following table:

No. of Instalment	Instalment due (In Months)	End of the Year	Repayment
1	36th months	3rd year	20% of Investment
2	48th months	4th year	20% of Investment
3	60th months	5th year	20% of Investment
4	72nd months	6th year	20% of Investment
5	84th months	7th year	20% of Investment
Total			**100% Principal at Par**

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5.10 Cost Related to the Issue:

The approximate cost for issuing the bond is BDT 34,813,520/-

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

AIBPLC 5th Subordinated Bond is superior to the claims of investors in equity shares and Subordinated to the claims of the depositors and the other creditors as Tier 2 Capital (as defined in the Basel III Guidelines) of the Bank. It is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.

SECTION 7: RIGHTS AND OBLIGATIONS OF THE ISSUER

Rights and Obligations of the Issuer have been incorporated from the Trust Deed executed between the Issuer (Al-Arafah Islami Bank PLC.) and the Trustee (DBH Finance PLC.)

Covenant to Repay

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

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

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

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

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

Following an Event of Default

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

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Tanzim Alamgir
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Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

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

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

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

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

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

Covenants by the Issuer

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

Books of account

At all times keep and procure that all its Subsidiaries keep such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer;

Event of Default

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

Corporate Governance

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

Information

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

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Execution of further Documents

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

Notices to Bondholders

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

Notification of non-payment

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

Notification of late payment

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

Notification of redemption or repayment

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

Authorized Signatories

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

Payments

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

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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

SECTION 8: RIGHTS AND OBLIGATION OF THE TRUSTEE

Rights and Obligations of the Trustee have been incorporated from the Trust Deed executed between the Issuer (Al-Arafah Islami Bank PLC.) and the Trustee (DBH Finance PLC).

Trustee's Rights

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

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

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

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

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

Events of Default: save as otherwise provided by applicable law, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and under this Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable; and

Right to Deduct or Withhold: notwithstanding anything contained in this Trust Deed, to the extent required by any applicable law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whenever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be

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Al-Arafah Islami Bank PLC
Head Office, Dhaka.

entitled under this Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising there from or any action of the Trustee in connection with the trusts of this Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall be entitled to make such deduction or withholding or, as the case may be, to retain out of sums received by it an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee upon the trusts of this Trust Deed.

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

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

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

Professional charges: any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of this Trust Deed and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with this Trust Deed, in each case as agreed pursuant to the Fee Letter (including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person);

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DBH Finance PLC.

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

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Trustee may enter into financial transactions with the Issuer: no Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with

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Al-Arafah Islami Bank PLC
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the Issuer or any Subsidiary, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer or any Subsidiary or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders or the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, for any profit, fees, commissions, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

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

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

Trustee's powers and duties

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

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

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

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

Grievances of the Bondholders: Upon receipt of a complaint from the Bondholders Trustee shall take necessary steps for redress of grievances of the Bondholders within one month of the date of receipt of the complaints and he shall keep the BSEC and the Issuer informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;

Trustee's determination The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of this Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders;

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DBH Finance PLC.

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

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Trustee's discretion: the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, on reasonable ground have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof (save as otherwise provided by applicable law) but whenever the Trustee is under the provisions

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of this Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing;

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

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

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

Agents: Subject to the provisions of the Trust Act 1882 and Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021, the Trustee may, in the conduct of the trusts of this Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) with the consent of Issuer and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person;

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

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

Exercise of Discretion

Notwithstanding anything in this Trust Deed to the contrary, the Trustee shall not be obliged to exercise or consider exercising any discretion or consider making or make any determination (including, without limitation, any determination as to whether any fact or circumstance or activity or thing is material or substantial or complies with some such similar quantitative standard) or to consider taking or take any action whatsoever in connection with or under or pursuant to the Bonds unless directed to do so by the holders of not less than 662/3percent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of Bondholders (subject in all cases to the Trustee having been indemnified or provided with security to its satisfaction and otherwise being satisfied that it is lawful for it to so exercise discretion, make a determination or otherwise take any action). Such direction shall specify the way in which the Trustee shall exercise such discretion or, as the case may be, make the determination or take the action to be taken by the Trustee.

The Trustee will be responsible for any loss, expense, damage, claim, cost, charge or liability which may be suffered as a result of any exercise or non-exercise of a discretion or the making or failure to make any

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determination or the taking or failure to take any action by the Trustee, acting on the directions of the Bondholders as aforesaid or pending the provision of such a direction.

SECTION 9: RIGHTS AND OBLIGATION OF THE ISSUE MANAGER

The Issue Manager shall perform the following functions in relation to the private placement of the Bond:

I) Regulatory compliance: The Issue Manager shall be responsible for (a) Filing of the application to BSEC; (b) Preparation of the draft Information Memorandum; (c) Filing of the draft Information Memorandum with BSEC; (d) Incorporation of the modifications suggested by BSEC; and (e) Preparation of all necessary papers, deeds, agreements, declarations and certificates for submission to BSEC for making the private placement effective, including the due diligence certificate to be furnished by the Issue Manager in the Information Memorandum as per Annexure-III to the Rules.

II) Issue arrangements: The Issue Manager shall be responsible for (a) Filing of the application, together with the draft Information Memorandum and all other required documents, with BSEC, with prior information to the Issuer; and (b) Preparation and submission of documentation for listing (as applicable).

Notwithstanding sub-clauses I and II above, if any service is required, but not listed hereinabove, for the private placement to be made effective, the Issue Manager shall perform the same.

Due Diligence Certificate by the Issue Manager

Due Diligence Certificate of the Issue Manager is annexed to this Information Memorandum. Please check **Annexure – III**.

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

Rights and Obligations of the Issuer have been incorporated from the Trust Deed executed between the Issuer (Al-Arafah Islami Bank PLC.) and the Trustee (DBH Finance PLC.)

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

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

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

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

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

With the objective of achieving success here & hereafter by pursuing the way directed by Allah and the path shown by His Rasul (SM), Al Arafah Islami Bank PLC. was established (registered) as a private limited company on 18 June 1995. The inaugural ceremony took place on 27 September 1995. The authorized capital of the bank is BDT 15,000.00 million and the paid-up capital is BDT 11,516.92 million as on 31 December 2025. Renowned Islamic Scholars and pious businessmen of the country are the sponsors of the Bank. 100% of paid-up capital is owned by indigenous shareholders.

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Head Office, Dhaka.

The Bank is committed to contributing significantly to the national economy. It has made a positive contribution towards the socio-economic development of the country with 215 branches of which 25 is AD throughout the country.

Vision:

To be a pioneer in Islamic Banking in Bangladesh and contribute significantly to the growth of the national economy.

Mission:

- Achieving the satisfaction of Almighty Allah both here and hereafter.
- Proliferation of Shariah Based Banking Practices.
- Rendering quality financial services by leveraging latest technology.
- Fast and efficient customer service.
- Maintaining a high standard of business ethics.
- Balanced growth.
- Steady and competitive return on shareholders' equity.
- Innovative banking at a competitive price.
- Attract and retain quality human resources.
- Extending competitive compensation packages to the employees.
- Firm commitment to the growth of national economy.
- Involving more in Micro and SME financing.

Commitments:

- Ours is a customer focused modern Islamic Banking sound and steady growth in both mobilizing deposit and making quality Investment to keep our position as a leading Islami bank in Bangladesh.
- To deliver financial services with the touch of our heart to retail, small and medium scale enterprises, as well as corporate clients through our branches across the country.
- Our business initiatives are designed to match the changing trade & industrial needs of the clients.

(a) Capital Structure

Table 2: *Sources of Issuer's Capital Structure*

(amount in BDT Mn)

Liabilities	**31-Dec-25**	**% of Total Asset**
Placement from Banks & Other Financial Institutions	**59,239.87**	9.18%
Deposits and other Accounts		
Mudaraba Savings Deposits	83,895.75	13.00%
Mudaraba Term Deposits	240,980.72	37.35%
Other Mudaraba Deposits	96,283.81	14.92%
Al-wadeeah Current Accounts and Other Accounts etc.	59,828.63	9.27%
Bills Payable	4,980.62	0.77%
	485,969.52	75.31%
Other Liabilities	62,594.24	9.70%
Deferred tax Liabilities	0.00	0.00%
	11,398.00	1.77%
Total Liabilities	**619,201.63**	95.96%
Capital/Shareholders Equity		
Paid-up Capital	11,516.92	1.78%
Statutory Reserve	11,516.92	1.78%
	1,084.17	0.17%

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	0.00	0.00%
Retained Earnings	252.84	0.04%
Total Equity attributable to equity holders of the bank	**24,370.85**	3.78%
Non-Controlling Interest	1,684.26	0.26%
Total Equity	**26,055.11**	4.04%
Total Liability and Shareholders' equity	**645,256.74**	100.00%

Minimum Capital Requirement Capital Adequacy Ratio (Solo):

Table 3: *Description of Issuer's Total Capital*

Amount in BDT Mn

Minimum Capital Requirement Capital Adequacy Ratio	**31-Dec-2025**	**31-Dec-2024**
1.Tier-I (Core Capital)		
Paid-up Capital	11,516.92	11,516.92
Statutory Reserve	11,516.92	11,238.49
General Reserve	0.00	0.00
Retained Earnings	98.19	11.50
Less : Regulatory Adjustment (Goodwill and all other Intangible Assets)	-618.20	-446.76
	22,513.82	22,320.15
2.Additional Tier-I Capital	5,000.00	5,000.00
Total Tier-1 Capital	**27,513.82**	**27,320.15**
3.Tier- II (Supplementary Capital)		
General Provision	7,523.78	4,874.60
Assets Revaluation Reserves	0.00	0.00
AIBL Mudaraba Bond	6,398.00	9,000.00
As per Basel iii excess amount over maximum limit of T-2	0.00	-428.09
	13,921.78	**13,446.51**
3.Tier- III		
A. Total Eligible Capital (1+2+3)	**41,435.61**	**40,766.65**
B. Total Risk weighted Assets (a+b+c)	**386,640.51**	**336,162.64**
a. Credit Risk	**356,211.51**	**307,448.44**
i. Balance sheet Exposure	338,589.38	288,278.11
ii. Off-balance sheet Exposure	17,622.12	19,170.33
b. Market Risk (From WS-3)	3,748.41	1,749.36
c. Operational Risk (From WS-4)	**26,680.59**	**26,964.85**
C. Capital Adequacy Ratio (CAR) (A / B)	**10.72%**	**12.13%**
D. Core Capital to RWA	7.12%	8.13%
E. Supplementary Capital to RWA	3.60%	4.00%
F. Minimum Capital Requirement (MCR) 10.00% of RWA	38,664.05	33,616.26
G. Capital surplus on risk weighted assets based (A-F)	**2,771.56**	**7,150.39**
H. Required Capital with Conservation Buffer @ 12.50% on RWA	48,330.06	42,020.33
I. Excess/(Deficit) Over Capital with Conservation Buffer (A-H)	**-6,894.46**	**-1,253.68**

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
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Head Office, Dhaka.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Shareholding Structure:

Table 4: *Shareholding Structure of the Issuer*

Shareholding position:	December 2025		December 2024	
Particulars	**No. of Shares**	**Amount in BDT Mn**	**No. of Shares**	**Amount in BDT**
Sponsors/Directors	173,994,649	1,739.95	173,994,649	1,739.95
Institution	298,751,650	2,987.52	297,454,991	2,974.55
General Public	678,945,414	6,789.45	680,242,073	6,802.42
Total	**1,151,691,713**	**11,516.92**	**1,151,691,713**	**11,516.92**

(b) Business

"Al-Arafah Islami Bank was established in 1995 under the Companies Act, 1994 as a Banking Company with Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all types of commercial banking services under the regulation of Bank Companies Act, 1991 (as amended 2018). The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the percepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers. The Bank went for public issue of share in the year 1998 and its shares are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Presently the bank has 215 Branches and 2 (two) Subsidiary Companies.

The principal activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade finance and other related custody and clearing services to the customers following the provisions of Bank Companies Act, 1991 (as amended 2018), Bangladesh Bank's directives and the principles of Islamic Shariah."

Subsidiaries of the Bank:

Al-Arafah Islami Bank PLC has two subsidiary companies. The financial statements of these subsidiary companies are included in the consolidated financial statements according to IFRS-10.

AIB Capital Market Services Limited:

Al-Arafah Islami Bank PLC. owned 60.50% shares of AIBL Capital Market Services Ltd., a subsidiary company of Al-Arafah Islami Bank. AIBL Capital Market Services Ltd. incorporated in Bangladesh on 20 September 2010 as a Public Company. The principal activity of subsidiary company is to provide quality services to the prospective institutional and individual investors in the capital market. The main activities and functions of the company include;

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

AIB Capital Management Limited:

Al-Arafah Islami Bank PLC. owned 98% shares of AIBL Capital Management Limited, a subsidiary company of Al-Arafah Islami Bank PLC. AIBL Capital Management Limited has been incorporated under the Companies Act XVIII) of 1994 as a Private Limited Company by share on 25th October 2011. The company

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was entitled to commence the business also from 25th October 2011 with a view to running and managing the operations of Merchant Banking Services with an authorized Capital of BDT 2 billion and paid-up capital of BDT 500 million. It aims to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking Services with a high level of professional expertise and integrity.

(c) Management and Board of Directors

Board of Directors:

Sl.	Name of the Board Member	Designation
1.	Badiur Rahman	Chairman, Board of Directors
2.	Alhajj Liakat Ali Chowdhury	Vice Chairman, Board of Directors
3.	Alhajj Khalilur Rahman	Director
4.	Alhajj Salim Rahman	Chairman, Board Executive Committee
5.	Janab Mohammed Abu Eusuf	Chairman, Board Audit Committee
6.	Alhajj Nazmul Ahsan Khaled	Director
7.	Hafez Alhajj Md. Enayet Ullah	Director
8.	Alhaz Ahamedul Hoque	Director
9.	Alhajj Mohammad Abdus Salam	Director
10.	Alhajj Mohammed Emadur Rahman	Director
11.	Alhajj Md. Rafiqul Islam	Director
12.	Alhajj Anwar Hossain	Director
13.	Janab Engr. Kh. Mesbah Uddin Ahmed	Director
14.	Janab Mahbub Ahmed	Nominee Director
15.	Janab Khwaja Shahriar	Independent Director
16.	Janab Md. Shahin Ul Islam	Independent Director
17.	Janab Md. Abdul Wadud	Independent Director
18.	Janab Mohammad Asraful Hassan, FCA	Independent Director
19.	Mohd. Rafat Ullah Khan	Managing Director

Profile of the Directors:

Badiur Rahman
Chairman, Board of Directors

Badiur Rahman is the Chairman of the Board of Directors of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and has been serving in the capacity of Chairman of the Bank.

Alhajj Liakat Ali Chowdhury
Vice Chairman, Board of Directors

Alhajj Liakat Ali Chowdhury is the Vice Chairman of the Board of Directors of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Executive Committee.

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Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Alhajj Khalilur Rahman
Director

Alhajj Khalilur Rahman is the Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and also serves as a member of the Bank's Board Audit Committee and Risk Management Committee.

Alhajj Salim Rahman
Director

Alhajj Salim Rahman is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as the Chairman of the Bank's Executive Committee.

Janab Mahbub Ahmed
Nominee Director

Janab Mahbub Ahmed is a Nominee Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as the Chairman of the Bank's Risk Management Committee.

Professor Dr. Mohammad Abu Eusuf
Independent Director

Professor Dr. Mohammad Abu Eusuf is an economist by training with extensive experience in research, development policy and project management. He was awarded a PhD in Development Policy and Management from the University of Manchester as a Commonwealth Scholar and completed his MA in Development Studies from the Institute of Social Studies (ISS), Netherlands. He has worked with various national and international organizations, including UNDP, World Bank, EU, ODI, the University of Manchester, The Asia Foundation and the Bangladesh Planning Commission. He currently serves as an Independent Director of Al-Arafah Islami Bank PLC.

Alhajj Nazmul Ahsan Khaled
Director

Alhajj Nazmul Ahsan Khaled is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Board of Directors.

Hafez Alhajj Md. Enayet Ullah
Director

Hafez Alhajj Md. Enayet Ullah is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Executive Committee.

Alhaz Ahamedul Hoque
Director

Alhaz Ahamedul Hoque is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Risk Management Committee.

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Alhajj Mohammad Abdus Salam
Director

Alhajj Mohammad Abdus Salam is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Board Audit Committee and Risk Management Committee.

Janab Engr. Kh. Mesbah Uddin Ahmed
Director

Janab Engr. Kh. Mesbah Uddin Ahmed is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Executive Committee.

Alhajj Mohammed Emadur Rahman
Director

Alhajj Mohammed Emadur Rahman is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Executive Committee.

Alhajj Md. Rafiqul Islam
Director

Alhajj Md. Rafiqul Islam is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Executive Committee.

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Alhajj Anwar Hossain
Director

Alhajj Anwar Hossain is a Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Risk Management Committee.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Janab Khwaja Shahriar
Independent Director

Janab Khwaja Shahriar is an Independent Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Executive Committee.

Janab Md. Shahin Ul Islam
Independent Director

Janab Md. Shahin Ul Islam is an Independent Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves on the Board of Directors of the Bank.

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Mohd. Rafat Ullah Khan
Managing Director
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Head Office, Dhaka.

Janab Md. Abdul Wadud
Independent Director

Janab Md. Abdul Wadud is an Independent Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves on the Board of Directors of the Bank.

Janab Mohammad Asraful Hassan, FCA
Independent Director

Janab Mohammad Asraful Hassan, FCA is an Independent Director of Al-Arafah Islami Bank PLC. He is a Bangladeshi national and serves as a member of the Bank's Board Audit Committee.

Mohd. Rafat Ullah Khan
Managing Director

Mohd. Rafat Ullah Khan has more than 30 years of experience and expertise in the banking industry. Prior to joining the bank, he served as deputy managing director (DMD), CRO and CAMLCO at NCC Bank PLC. He held leading positions at BRAC Bank, Dutch Bangla Bank and Prime Bank. He encompasses a diversified career in different sectors of banking such as credit risk management, corporate banking, product development and process & policy making in both Islamic and conventional banking. He pursued his post-graduation in Statistics from University of Dhaka. Besides, he also obtained an MBA degree from a reputed private university.

Management Profile

AIBPLC's Top Management consists of the following officials:

Executive Committee:

Sl No.	Name	Designation
1.	Alhajj Salim Rahman	Chairman
2.	Hafez Alhajj Md. Enayet Ullah	Member
3.	Alhajj Liakat Ali Chowdhury	Member
4.	Janab Engr. Kh. Mesbah Uddin Ahmed	Member
5.	Alhajj Mohammed Emadur Rahman	Member
6.	Alhajj Md. Rafiqul Islam	Member
7.	Janab Khwaja Shahriar	Member

Board Audit Committee:

Sl No.	Name	Designation
1.	Janab Mohammed Abu Eusuf	Chairman
2.	Alhajj Khalilur Rahman	Member
3.	Alhajj Mohammad Abdus Salam	Member
4.	Janab Mahbub Ahmed	Member
5.	Janab Mohammad Asraful Hassan, FCA	Member

Risk Management Committee:

Sl No.	Name	Designation
1.	Janab Mahbub Ahmed	Chairman
2.	Alhajj Khalilur Rahman	Member

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3.	Alhajj Anwar Hossain	Member
4.	Alhaz Ahamedul Hoque	Member
5.	Alhajj Mohammad Abdus Salam	Member

AIBPLC Management:

Sl No	Name of the Board Member	Designation
1.	Mohd. Rafat Ullah Khan	Managing Director
2.	Md. Fazlur Rahman Chowdhury	Deputy Managing Director
3.	Md. Asaduzzaman Bhuiyan	Deputy Managing Director
4.	Md. Aminul Islam Bhuiyan	Deputy Managing Director
5.	S.M. Abu Jafar	Deputy Managing Director
6.	Sayed Abul Hashem FCA, FCMA	Deputy Managing Director
7.	Mohammad Moniruzzaman, FCA	Company Secretary

Shariah Supervisory Committee:

Sl No.	Name	Designation
1.	Prof. Dr. Abu Noman Md. Rafiqur Rahman	Chairman
2.	Mufti Dr. Md. Anwar Hosain Molla	Member
3.	Dr. Md. Ruhul Amin Rabbani	Member
4.	Dr. Hafiz Muztaba Riza Ahmed	Member
5.	Mufti Abul Kashem Mohammad Fazlul Hoque	Member
6.	Md. Kabir Ahmed	Secretary (Acting)

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

Encumbered Assets:

As of 31 December 2025, there is no encumbered assets of Al-Arafah Islami Bank PLC.

Unencumbered Assets:

As of 31 December 2025, total unencumbered assets of Al-Arafah Islami Bank PLC. are BDT 645,256.74million.

(e) Description of Assets and Liabilities (Consolidated)

Description of Assets:

	Amount in BDT million	
Particulars	**31-Dec-25**	**31-Dec-24**
PROPERTY AND ASSETS:		
Cash in hand		
Cash in hand (including foreign currencies)	5,592.49	5,807.43
Balance with Bangladesh Bank and its Agents Banks	23,090.24	28,483.47
(including foreign currencies)	28,682.73	34,290.90
Balance with other Banks and Financial Institutions		
In Bangladesh	1,205.95	770.65
Outside Bangladesh	1,078.19	945.45
	2,284.14	**1,716.10**
Placement with Banks & Other Financial Institutions	**6,600.00**	**6,950.00**
Investment in Share & Securities	**79,561.06**	**68,401.06**

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Government	58,946.35	44,322.66
Others	20,614.72	24,078.40
Investments		
General Investments etc.	454,931.71	442,038.16
Bills purchased and discounted	42,890.09	40,000.57
	497,821.80	**482,038.73**
Fixed assets less Accumulated Depreciation	**5,931.38**	**5,575.43**
Other Assets	**24,337.94**	**19,553.41**
Non-Banking Assets	**37.68**	**37.68**
Total Assets	**645,256.74**	**618,563.31**

Description of Liabilities:

LIABILITIES AND CAPITAL	**Amount in BDT million**	
Liabilities	**31-Dec-25**	**31-Dec-24**
Placement from Banks & Other Financial Institutions	**59,239.87**	**64,471.89**
Deposits and other Accounts		
Mudaraba Savings Deposits	83,895.75	73,317.46
Mudaraba Term Deposits	240,980.72	233,494.54
Other Mudaraba Deposits	96,283.81	75,420.27
Al-wadeeah Current Accounts and Other Accounts etc.	59,828.63	68,351.85
Bills Payable	4,980.62	4,061.10
	485,969.52	**454,645.21**
Other Liabilities	62,594.24	59,713.04
Deferred tax Liabilities	0.00	37.09
AIBL Mudaraba Bond	11,398.00	14,000.00
Total Liabilities	619,201.63	592,867.22
Capital/Shareholders Equity		
Paid-up Capital	11,516.92	11,516.92
Statutory Reserve	11,516.92	11,238.49
Asset revaluation Reserve	1,084.17	1,084.17
Foreign Currency Translation Reserve	0.00	2.08
Retained Earnings	252.84	170.78
Total Equity attributable to equity holders of the bank	**24,370.85**	**24,012.44**
Non-Controlling Interest	1,684.26	1,683.64
Total Equity	**26,055.11**	**25,696.09**
Total Liability and Shareholders' equity	**645,256.74**	**618,563.31**

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DBH Finance PLC.

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Managing Director & CEO
DBH Finance PLC.

(f) Description of Previously Issued Debt Securities:

Year of Issue	Types of Issue	Redemption	Issue Size	Subscribers	Amount Invested (in BDT Crore)	Outstanding Amount as of 30.06.2026	Remarks
2015	1st Mudaraba Subordinated Bond	Redeemed in 5 equal annual Instalments starting from end of 3rd year and each 12 months	BDT 300 Cr.	Rupali Bank Limited	100	Redeemed	N/A
				Agrani Bank Limited	30		
				Mercantile Bank Limited	25		
				Trust Bank Limited (Islami Banking)	20		
				Trust Bank Limited	40		
				United Finance Limited	20		
				EXIM Bank Limited	50		
				Pragati Life Insurance Limited	15		

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2018	2nd Mudaraba Subordinated Bond	Redeemed in 5 equal annual Instalments starting from end of 3rd year and each 12 months	BDT 500 Cr.	EXIM Bank Limited	100	Redeemed	N/A
				Mutual Trust Bank Limited	10		
				Quality feed Limited	10		
				Quality feed employee's Provident Fund	2		
				Dutch Bangla Bank Limited	50		
				Agrani Bank Limited	100		
				Sonali Bank Limited	50		
				Prime Bank Limited	100		
				Prime Bank Investment Limited	3		
				Rupali Bank Limited	75		
2020	3rd Mudaraba Subordinated Bond	Redeemed in 5 equal annual Installments starting from end of 3rd year and each 12 months	BDT 500 Cr.	Agrani Bank Limited	200	BDT 200 Crore	N/A
				Shahjalal Islami Bank Limited	100		
				Dutch Bangla Bank Limited	100		
				Exim Bank Limited	50		
				Trust Bank Limited	25		
				Pubali Bank Limited	20		
				Northern Islami Insurance Limited	5		
2021	AIB Mudaraba Perpetual Bond	N/A	BDT 500 Cr.	Social Islami Bank Limited	100	BDT 500 Crore	N/A
				Trust Bank Limited	100		
				EXIM Bank Limited	98		
				First Security Islami Bank Limited	100		
				Shahjalal Islami Bank Limited	45		
				Quality Feeds Limited	7		
				Public Issue	50		

Description of Equity Securities:

Year	Share issue description	Number of new shares	Increase in paid-up Capital (Tk.)	Total paid up capital (Tk.)	Fund Utilized For
1995	Initial Capital	10,120,000	10,120,000	10,120,000	Preliminary Expenses, Placement of fund with Banks & Financial Institution.
1996	No dividend	-	-	10,120,000	Preliminary Expenses, Placement of fund with Banks & Financial Institution
1997	25% Bonus Issue	-	-	10,120,000	Distribution of accumulated profit to shareholder
1998	25% Bonus Issue for 1997	2,530,000	2,530,000	126,500,000	Distribution of accumulated profit to shareholder
	Right share issued 1:1	12,650,000	12,650,000	253,000,000	To maintain its further growth and strengthen the capital base
1999	12% Cash Dividend	-	-	253,000,000	Distribution of accumulated profit to shareholder
2000	12% Cash Dividend	-	-	253,000,000	Distribution of accumulated profit to shareholder
2001	7.5% Cash dividend	-	-	253,000,000	Distribution of accumulated profit to shareholder
2002	12% Cash dividend	-	-	253,000,000	Distribution of accumulated profit to shareholder
2003	Right share issued 1:1	25,300,000	25,300,000	506,000,000	To maintain its further growth and strengthen the capital base
	16% Bonus issue	-	-	506,000,000	Distribution of accumulated profit to shareholder
2004	16% Bonus issue for 2003	80,960,000	80,960,000	586,960,000	Distribution of accumulated profit to shareholder

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2005	15.5% Bonus issue for 2004	9,097,900	90,979,000	677,939,000	Distribution of accumulated profit to shareholder
2006	26% Bonus issue for 2005	17,626,500	176,265,000	854,204,000	Distribution of accumulated profit to shareholder
2007	35% Bonus issue for 2006	29,897,140	298,971,400	1,153,175,400	Distribution of accumulated profit to shareholder
2008	20% Bonus issue for 2007	23,063,500	230,635,000	1,383,810,400	Distribution of accumulated profit to shareholder
2009	30% Bonus issue for 2008	41,514,320	415,143,200	1,798,953,600	Distribution of accumulated profit to shareholder
2010	30% Bonus issue for 2009	53,968,608	539,686,080	2,338,639,680	Distribution of accumulated profit to shareholder
	1:1 Right share	233,863,968	2,338,639,680	4,677,279,360	Distribution of accumulated profit to shareholder
2011	26% Bonus issue for 2010	121,609,263	1,216,092,630	5,893,371,990	Distribution of accumulated profit to shareholder
2012	21% Bonus issue for 2011	123,760,811	1,237,608,110	7,130,980,100	Distribution of accumulated profit to shareholder
2013	17% Bonus issue for 2012	121,226,662	1,212,266,620	8,343,246,720	Distribution of accumulated profit to shareholder
2014	13.5% Bonus issue for 2013	112,633,832	1,126,338,320	9,469,585,040	Distribution of accumulated profit to shareholder
2015	10% Cash dividend		-	9,469,585,040	Distribution of accumulated profit to shareholder
2016	5% Bonus issue for 2015	47,347,925	473,479,250	9,943,064,290	Distribution of accumulated profit to shareholder
2017	20% Cash dividend for 2016	-	-	9,943,064,290	Distribution of accumulated profit to shareholder
2018	5% Bonus issue for 2017	49,715,321	497,153,210	10,440,217,500	Distribution of accumulated profit to shareholder
2019	15% Cash Dividend	-	-	10,440,217,500	Distribution of accumulated profit to shareholder
	2% Bonus issue for 2018	20,880,435	208,804,350	10,649,021,850	Distribution of accumulated profit to shareholder
2020	13% Cash dividend in 2019	-	-	10,649,021,850	Distribution of accumulated profit to shareholder
2021	15% Cash Dividend in 2020	-	-	10,649,021,850	Distribution of accumulated profit to shareholder
2022	15% Cash Dividend in 2021	-	-	10,649,021,850	Distribution of accumulated profit to shareholder
2023	12% Cash Dividend 2022	-	-	10,649,021,850	Distribution of accumulated profit to shareholder

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	3% Bonus issue for 2022	31,947,066	319,470,660	10,968,492,510	Distribution of accumulated profit to shareholder
Sep-2024	10% Cash Dividend 2023	-	-	10,968,492,510	Distribution of accumulated profit to shareholder
	5% Bonus issue for 2023	54,842,462	548,424,62	11,516,917,130	Distribution of accumulated profit to shareholder
2024	No Dividend	-	-	-	-
2025	No Dividend	-	-	-	-
Total		**1,151,691,713**	**11,516,917,130**	**11,516,917,130**	**Distribution of accumulated profit to shareholder**

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Tanzim Alamgir
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UCB Investment Limited

Nasimul Baten
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DBH Finance PLC.

Mohd. Rafat Ullah Khan
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SECTION 12: AUDITORS' REPORT ALONG WITH AUDITED FINANCIAL STATEMENTS OF AIBPLC

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

Al-Arafah Islami Bank PLC
Audit Report and Audited Financial Statements
As at and for the year ended 31 December 2025

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DBH Finance PLC.

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UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
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Head Office, Dhaka.

K M Alam & Co.
Chartered Accountants
Since 1967
Proud Member of AlliottGlobalAlliance
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Independent Auditors' Report to the Shareholders of Al Arafah Islami bank PLC.
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Al Arafah Islami Bank PLC and its subsidiaries (the Group) as well as the separate financial statements of Al Arafah Islami Bank PLC (the Bank), which comprise the consolidated and separate balance sheets as at 31 December 2025, and consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2025, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Rules and Regulation issued by Bangladesh Bank and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Bangladesh. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We 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.

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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

Our opinion is not modified in respect of above matters.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

Description of key audit matters	Our response to key audit matters
1. Investment and measurement of provision for Investment	
The process for estimating the provision for investment portfolios associated with credit risk is significant and complex. For the individual analysis for large exposure, provision calculation considers the estimates future business performance and the market value of collateral provided for credit transactions. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates of complex design and implementation. At year end the Bank reported total gross investments of BDT 50,121.97 crore (2024: BDT 48,484.44 crore) and provision for investments including off balance sheet items of BDT 1985.31 crore (2024: BDT 2,255.63 crore). We have focused on the following significant judgements and estimates which could give rise to material management bias: • Completeness and timing recognition of loss events in accordance with criteria set out in BRPD Circular No. 15, dated- 27 November 2024, BRPD Circular No. 05, dated- 25 June 2025, BRPD Circular No. 06, dated- 25 June 2025, BRPD Circular Letter No. 33, dated- 03 August 2022, BRPD Circular No. 16, dated- 18 August 2022 • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows. Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.	We tested the design and operating effectiveness of key controls focusing on the following: • Credit appraisal, investment Disbursement procedures, monitoring and provisioning process; • Completeness of appropriate documentation before disbursement of investments as well as recording of investment balance; • Alternate procedures applied by management to assess new investment/renewal of existing • investments where latest audited financial statements of the borrower is not available; • Identification of loss events, including early warning and default warning indicators; • Review of quarterly Classification of Investments; Our substantive procedures in relation to the provision for investments portfolio comprised the following: • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. • Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.
See note # 9 and 15.2 to the financial statements.	

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Description of key audit matters	Our response to key audit matters
2. Investment income recognition	
Recognition and measurement of investment income involve a complex IT environment as well as require critical estimates and judgment. Since investment income from investments is one of the key performance indicators of the Bank, there is an inherent risk of fraud and error in recognition of investment income. The Bank has reported investment income of BDT 4,140.25 crore which is 1.51% lower than the previous year up to December (2024: BDT 4203.82 crore). Net Investment Income dropped significantly during the year under audit, mainly driven by increase in profit paid on deposits & borrowings and lower recovery from investments. Net Profit Margin (NIM) has declined to 1.97% in the current year from 2.2% in the previous year indicating a downward trend in core earnings efficiency. Accordingly, this has been considered as key audit matter.	We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of income on investment. For selected customers and investment files on a sample basis we have also performed substantive test of details including recalculation and cut-of testing to check the accuracy of investment income. We performed several analytical and substantive procedures to check whether the calculations relating to the investment income, profit paid on deposits and borrowings etc. and the EPS are accurate or not. View of the Shariah Supervision Committee has been obtained on the profit recognition procedure complying with Shariah Law. Finally, we also conducted substantive analytical procedures to assess reasonableness of income recognised during the year with reference to the product-wise outstanding investment balances. However, due to the current uncertainty in the overall economic situation, conflict, volatility in fuel and commodity prices, strengthening of the USD, etc., there is an inherent risk that the actual recovery of accrued investment income—especially from those clients receiving deferral facilities—could differ materially from the actual situation in the future and a portion of the investment income accrued during the year ending December 31, 2025.
See note 23 to the financial statements.	
Description of key audit matters	**Our response to key audit matters**
3. Valuation of bonds, sukuk and other investments	
The Bank has made significant investments in fixed term financial instruments such Bangladesh Government Islamic Investment Bond and Sukuk, Mudaraba Perpetual Bond and Sukuk Al Istisna as well as Mudaraba Sub-Ordinated Bond. Bond, classification and measurement of these require judgment and complex estimates. In the absence of a quoted price in an active market, these Bonds are valued at cost.	We assessed the processes and controls put in place by the Bank to identify and confirm the existence of these Bond & Sukuks. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally, we assessed the appropriateness and presentation of disclosures against relevant

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	accounting standards and Bangladesh Bank guidelines.
See note 8 to the financial statements.	

Description of key audit matters	Our response to key audit matters
4. Carrying value of investments in subsidiaries by the Bank	
The Bank holds equity investments in its subsidiaries, AIB Capital Market Services Limited (CMSL) and AIB Capital Management Limited (CML), with a carrying value of BDT 291 crore as of 31 December 2025 (2024: BDT 291 crore). In our audit of the standalone financial statements for the year ended 31 December 2025, we identified that the Bank did not recognize an impairment loss for its investments in these subsidiaries. The failure to recognize the impairment resulted in an overstated carrying value of the investments, which could affect the financial position and profit before tax of the Bank.	We reviewed Management's impairment assessment process, focusing on the analysis of the recoverable values and the continued appropriateness of the value-in-use model used. We gathered information from external market sources and third-party references to challenge and validate the assumptions used. Furthermore, we noted that, in accordance with the deferral of the Bangladesh Securities and Exchange Commission (BSEC), the Bank's subsidiary, CMSL has not made provisions for the client margin investments, as per the BSEC letter no. BSEC/SMMID/NE/AP/2025/108/635 dated 16.11.2025 that allows them to defer such provision till 31.12.2031, subsequently requiring additional provisions.
See note 8.b to the financial statements.	

Description of key audit matters	Our response to key audit matters
5. Legal and regulatory matters	
We focused on this area because the Bank and its subsidiaries (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties, and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions that have been established and other contingent liabilities.	We obtained an understanding, evaluated the design, and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.

Description of key audit matters	Our response to key audit matters
6. IT systems and controls	
Our audit focused on IT systems and controls due to their complexity, high transaction volume, and reliance on automated processes. Key areas included user access, developer access, and system changes. The Bank lacks a fixed asset register. Moreover, the IT system cannot fully implement complex Bangladesh	We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes in management and aspects of IT operational controls). This included testing that requests for

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Bank circulars for investment classification, requiring manual adjustments, leading to inaccurate Classification of investment information being recorded and reported.	access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights and reviewed requests for changes to systems for appropriate approval and authorization. We reviewed the reconciliation process between Classification of Investments summaries and underlying schedules and evaluated the Bank's manual adjustments. Additionally, we tested the implementation of Bangladesh Bank's guidance for investment classification in the IT system. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. Our findings on the IT system have been communicated to those charged with governance.

Other Matters

As per BSEC directive no. BSEC/CMRRCD/2009-193/217/Admin/90 dated 21 May 2019, all sponsors and directors, other than independent directors, of a listed company are required to jointly hold a minimum of 30% of the paid-up capital, whereas the bank has 15.11% shares of sponsors and directors, which falls short of the regulatory requirement.

Other information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with Rules and Regulation issued by Bangladesh Bank and IFRS

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

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or conditions that may cast significant doubt on the Group's and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;

(iii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

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(iv) the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns;

(v) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank. Previous year's balances have been restated in applicable cases due to the consolidation of the OBU financial statement this year;

(vi) adequate provisions have not been made for advance and other assets which are in our opinion, doubtful of recovery. Please refer to our report no 1 under Emphasis of Matter section of this report;

(vii) based on our checking of sample, no advance or Investment in excess of the amount determined by Bangladesh Bank from time to time has been sanctioned or allowed except for the fact that the Bank exceeded the single borrower exposure limits of BDT 621.53 crore for funded exposure (15% of capital of BDT 4,143.56 crore) for multiple clients. In addition, it was also noticed that investment was sanctioned to bank's subsidiary AIBL Capital Market Service Limited exceeding 10% of tier 1 capital of the bank which is non compliant with BRPD Circular No. 3 of 2025;

(viii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls:

(a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;

(b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities *(other than matters disclosed in these financial statements)*;

(ix) financial statements for the year ended 31 December 2025 of subsidiary companies of the Bank namely AIBL Capital Market Services Limited and AIBL Capital Management Limited have been audited by K M Alam & Co., Chartered Accountants and Anil, Salam, Idris & Co., Chartered Accountants respectively. The auditors of both subsidiaries emphasised the matter of deferral in recognition of provision against the unrealized loss on the company's investment as per BSEC approval based on specific action plan. The consolidated financial statements accurately reflect these accounts, with an opportunity for further development scope identified in the non-controlling interest calculation process. The Bank has pledged its placement with Union Bank PLC. in mode of MTDR for BDT 100 crore against loan facilities of its subsidiary AIBL Capital Market Services Ltd. as security;

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(x) the information and explanations required by us have been received and found satisfactory;

(xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 12,000 person hours;

(xii) We have reviewed the operational expenses and procurement process of fixed assets;

(xiii) Capital to Risk-weighted Asset Ratio (CRAR) could not be maintained as required by Bangladesh Bank. Details of which is mentioned in Sl. No. 3 of Emphasis of Matter section of this report. Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as required by Bangladesh Bank has been maintained adequately as at 31 December 2025;

(xiv) As part of our going concern assessment, we reviewed maturity mismatch between assets and liabilities which may adversely affect the Bank's subsequent liquidity position and noticed that the Structural Liquidity Profile (SLP) statement, Net Stable Funding Ratio (NSFR), Liquidity Coverage Ratio (LCR) suffer from inaccurate aging/maturity calculations. Assets, liabilities as well as off balance sheet exposures are not being classified according to their actual maturity buckets, rendering the maturity gap analysis unreliable. This failure to reflect the true liquidity position prevents the bank from proactively managing its future cash flow obligations; and

(xv) Non-banking assets have been accounted in conformity with Bangladesh Bank guidelines except for the fact mentioned in the that the allowed time line for recovery of the non-banking assets has been elapsed in all cases long ago.

For and on behalf of

K M Alam & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-023

Kazi Ahmmed Monowar FCA
Engagement Partner
ICAB Enrolment Number: 822
DVC: 2604300822AS929914
Place: Dhaka
Date: 30 April 2026

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Al-Arafah Islami Bank PLC
Consolidated Balance Sheet
As at December 31, 2025

Particulars	Notes	31.12.2025 Taka	31.12.2024 Taka
PROPERTY AND ASSETS:			
Cash in hand			
Cash in hand (including foreign currencies)	5.A	5,592,493,767	5,807,425,610
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	5.(b+c)	23,090,240,119	28,483,472,625
		28,682,733,886	**34,290,898,235**
Balance with other Banks and Financial Institutions	6.A		
In Bangladesh	6.a	1,205,953,984	770,652,712
Outside Bangladesh	6.b	1,078,187,856	945,448,370
		2,284,141,840	**1,716,101,082**
Placement with Banks & Other Financial Institutions	7.A	**6,600,000,000**	**6,950,000,000**
Investment in Share & Securities	8.A	**79,561,064,572**	**68,401,058,267**
Government	8.a	58,946,345,000	44,322,655,000
Others	8.A.i	20,614,719,572	24,078,403,267
Investments	9.A		
General Investments etc.		454,931,705,522	442,038,158,369
Bills purchased and discounted		42,890,090,882	40,000,571,999
		497,821,796,404	**482,038,730,368**
Fixed assets less Accumulated Depreciation	10.A	**5,931,380,327**	**5,575,430,442**
Other Assets	11.A	**24,337,939,523**	**19,553,406,833**
Non-Banking Assets	12	**37,683,927**	**37,683,927**
Total Assets		**645,256,740,479**	**618,563,309,153**
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	13.A	**59,239,874,243**	**64,471,886,287**
Deposits and other Accounts	14.A		
Mudaraba Savings Deposits		83,895,753,704	73,317,455,413
Mudaraba Term Deposits	14.A.ii.	240,980,715,391	233,494,543,146
Other Mudaraba Deposits		96,283,805,292	75,420,266,080
Al-wadeeah Current Accounts and Other Accounts etc.		59,828,628,206	68,351,849,494
Bills Payable		4,980,615,632	4,061,095,218
		485,969,518,225	**454,645,209,351**
Other Liabilities	15.A	**62,594,235,740**	**59,713,040,303**
Deferred tax Liabilities	16.A	-	**37,087,625**
AIBL Mudaraba Bond	17	**11,398,000,000**	**14,000,000,000**
Total Liabilities		**619,201,628,208**	**592,867,223,565**
Capital/Share holders Equity			
Paid -up Capital	18	11,516,917,130	11,516,917,130
Statutory Reserve	19	11,516,917,130	11,238,492,510
Asset revaluation Reserve	20.a	1,084,174,318	1,084,174,318
Foreign Currency Translation Reserve	20.b	-	2,080,247
Retained Earnings	21.A	252,842,871	170,780,664
Total Equity attributable to equity holders of the bank		**24,370,851,450**	**24,012,444,869**
Non-Controlling Interest	18.A	1,684,260,819	1,683,640,721
Total Equity		**26,055,112,269**	**25,696,085,590**
Total Liability and Share holders equity		**645,256,740,479**	**618,563,309,153**
Net assets value per share (NAV)	42	**21.16**	**20.85**

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Consolidated Balance Sheet
As at December 31, 2025

Particulars	Notes	31.12.2025 Taka	31.12.2024 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		47,729,656,103	65,507,108,327
Letters of Guarantee	22	19,320,242,578	16,501,446,000
Letters of Credit		58,954,383,314	57,081,681,230
Bills for Collection		39,668,557,000	43,012,066,290
Other Contingent Liabilities		-	-
Total		**165,672,838,995**	**182,102,301,846**
Other Commitments :			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
Total Off Balance sheet items including Contingent liabilities		**165,672,838,995**	**182,102,301,846**

Accompanying notes form an integral part of these financial statements.

Managing Director | Director | Director | Chairman

Signed in terms of our report of even date

K.M. Alam & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-023

Kazi Ahmmed Monowar FCA
Engagement Partner
ICAB Enrolment number- 822

DVC : 2604300822AS929914

Place: Dhaka, Bangladesh
Date : 30-April-2026

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

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Head Office, Dhaka.

Al-Arafah Islami Bank PLC.

Consolidated Profit or Loss Accounts

For the period ended December 31, 2025

Particulars	Notes	2025 Taka	2024 Taka
Investment Income	23.A	41,617,998,752	42,274,753,602
Profit paid on deposits & Borrowing	24.A	(35,504,556,311)	(29,718,594,015)
Net Investment Income		**6,113,442,441**	**12,556,159,587**
Income from Investment in Shares /Securities	25.A	3,876,454,755	2,723,807,235
Commission, Exchange and Brokerage	26.A	4,197,186,472	4,384,685,469
Other Operating Income	27.A	1,011,928,376	1,083,146,243
		9,085,569,603	**8,191,638,947**
Total operating income		**15,199,012,044**	**20,747,798,534**
Salaries and allowances & contribution to P.F	28.A	7,274,453,104	7,936,443,024
Directors fees & expenses	29.A	8,480,132	11,505,382
Shariah Supervisory Committee's fees & expenses	30	253,639	526,355
Rent, taxes, insurance and lighting etc.	31.A	524,567,158	506,972,644
Postage, telegram, telephone and stamp etc.	32.A	140,250,535	148,226,738
Legal charges		50,239,903	25,258,289
Auditors' fee		6,147,066	2,093,000
Salary & Allowances to the Managing Director		21,424,646	25,332,000
Depreciation and repairs to the bank's properties	33.A	1,071,351,694	1,075,102,497
Stationery, Printing and Advertisement etc.	34.A	292,663,583	286,309,786
Other expenses	35.A	2,318,193,010	2,204,858,234
Total operating expenses		**11,708,024,470**	**12,222,627,949**
Profit/(Loss) before Tax & provision		**3,490,987,574**	**8,525,170,586**
Provision against Investments & Contingent Liabilities	36.A	2,234,000,000	3,734,066,075
Provision for diminution in value of investment		176,586,529	176,394,157
Other Provision		8,500,000	505,963,773
Total provision		**2,419,086,529**	**4,416,424,005**
Profit/(Loss) before Tax		**1,071,901,045**	**4,108,746,580**
Current tax	15.1.A	291,007,138	3,347,237,541
Deferred tax		(73,461,155)	(3,162,568)
Provision for Taxation		**217,545,983**	**3,344,074,973**
Net Profit/(Loss) after tax		**854,355,062**	**764,671,607**
Net Profit attributable to:			
Equity holders of the bank		853,734,963	754,956,374
Non-controlling Interest		620,099	9,715,234
Profit for the year		**854,355,062**	**764,671,608**
Appropriation			
Statutory Reserve		278,424,620	270,000,000
General Reserve (1 % start-Up fund)		-	7,442,421
Profit paid on aibl mudaraba perpetual bond		500,000,000	464,000,000
Non-Controlling Interest		620,099	9,715,234
		779,044,719	**751,157,655**
Transfer to Retained Earnings		**75,310,343**	**13,513,952**
Earning per Ordinary Share (EPS)	41.A	**0.74**	**0.66**

Accompanying notes form an integral part of these financial statements.

Managing Director | Director | Director | Chairman

Signed in terms of our report of even date.

K.M. Alam & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-023
Kazi Ahmmed Monowar FCA
Engagement Partner
ICAB Enrolment number- 822

DVC: 2604300822AS929914

Place: Dhaka, Bangladesh
Date : 30-April-2026

13

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
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Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Consolidated Cash Flow Statement
For the period ended December 31, 2025

Particulars	Notes	2025 Taka	2024 Taka
Cash flows from operating activities:			
Investment income receipt in Cash		45,192,100,299	46,147,621,262
Profit paid on deposits and borrowing		(34,925,000,321)	(28,484,443,271)
Dividend received		33,432,081	68,489,460
Fees & Commission received in cash		4,197,186,472	4,384,685,469
Recoveries from written off investments		191,155,746	320,676,379
Cash payments to employees		(7,295,877,750)	(7,971,399,703)
Cash payments to suppliers		(292,663,583)	(286,309,786)
Received from other operating activities (Item-wise)		1,011,928,376	1,083,146,243
Paid for other operating activities (item-wise)	37.A	(3,590,109,440)	(2,348,862,219)
Advance income tax paid		(2,642,343,645)	(3,405,692,920)
Operating profit before changes in operating assets and liabilities		**1,879,808,233**	**9,507,910,914**
Changing in Operating assets & liabilities			
(Increase)/Decrease of trading securities		545,783,695	(360,523,876)
(Increase)/Decrease/(Decrease) of placement to other banks		350,000,000	1,300,000,000
(Increase)/Decrease of Investment and advances to customers (other than Banks)		(8,546,878,889)	(27,696,650,813)
(Increase)/Decrease of other assets (item-wise)	38.A	(8,002,737,495)	3,522,330,724
Increase/ (Decrease) of placement from other banks and financial institution		(5,232,012,043)	6,517,116,124
Increase/(Decrease) of Deposits from customers (other than Banks)		30,752,245,008	33,071,167,990
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	39.A	1,690,834,655	(9,610,117,497)
Cash receipt from operating activities		**11,557,234,932**	**6,743,322,651**
A. Net Cash from operating activities		**13,437,043,165**	**16,251,233,565**
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(1,250,392,059)	(1,469,950,321)
Sales proceeds of Fixed assets		995,550	5,080,532
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		**(1,249,396,509)**	**(1,464,869,789)**
Cash flows from financing activities			
Increase in Exchange Equalization Account		(2,080,247)	2,080,247
Issue of AIBL Subordinate Bond / Perpetual Bond		(2,602,000,000)	(2,000,000,000)
Increase in Share Capital		-	548,424,620
Dividend paid		-	(1,096,849,251)
C. Net cash flows from financing activities		**(2,604,080,247)**	**(2,546,344,384)**
D. Net increase in cash and cash equivalent (A+B+C)		**9,583,566,409**	**12,240,019,393**
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent D+E		**9,583,566,409**	**12,240,019,393**
G. Cash & Cash Equivalents at the beginning of the year		**80,329,654,317**	**68,089,634,924**
H. Cash & Cash Equivalents period ended	40.A	**89,913,220,726**	**80,329,654,317**
Net Operating Cash Flow per Share (NOCFPS)	43	**11.67**	**21.28**

Managing Director | Director | Director | Chairman

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Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
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Mohd. Rafat Ullah Khan
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Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Consolidated Statement of Changes in Equity
For the period ended December 31, 2025

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2025	11,516,917,130	11,238,492,510	170,780,665	1,084,174,318	2,080,247	24,012,444,870	1,683,640,721	25,696,085,591
Changes in accounting policy	-	-	-	-	-	-		-
Offload share	-	-	-	-	-	-	-	-
Restated Adjustment		-	-	-	-	-	-	-
Restated balance	**11,516,917,130**	**11,238,492,510**	**170,780,665**	**1,084,174,318**	**2,080,247**	**24,012,444,870**	**1,683,640,721**	**25,696,085,591**
AIT adjustment for CML (2012-2017)	-	-	7,506,946	-	-	7,506,946	-	7,506,946
Prior Year Adjustment for Suspense Account (CML)	-	-	(1,371,629)	-	-	(1,371,629)	-	(1,371,629)
Prior Year Adjustment (CMSL)			616,546			616,546	-	616,546
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	(2,080,247)	(2,080,247)	-	(2,080,247)
Share premium	-	-	-	-	-	-	-	-
Net profit for the year	-	-	853,734,963	-	-	853,734,963	620,099	854,355,062
Cash Dividend	-	-	-	-	-	-		-
Bonus Share	-	-	-	-	-	-	-	-
Asset revalution Reserve	-	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-	-
Profit paid on aiB mudaraba perpetual bond			(500,000,000)		-	(500,000,000)	-	(500,000,000)
Transfer to 1 % strat-Up fund	-	-	-	-	-	-	-	-
Appropriations during the year	-	278,424,620	(278,424,620)	-	-	-	-	-
Balance as at December 31, 2025	**11,516,917,130**	**11,516,917,130**	**252,842,871**	**1,084,174,318**	**-**	**24,370,851,450**	**1,684,260,819**	**26,055,112,269**
Balance as at December 31, 2024	**11,516,917,130**	**11,238,492,510**	**170,780,665**	**1,084,174,318**	**2,080,247**	**24,012,444,870**	**1,683,640,721**	**25,696,085,591**

Director

Director

Chairman

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC.
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
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Mohd. Rafat Ullah Khan
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Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Draft Information Memorandum of AIBPLC 5th Subordinated Bond of BDT 5,000 Million

SECTION 13: COMPARATIVE FINANCIAL STATEMENTS OF AIBPLC

Consolidated Balance Sheet of Al-Arafah Islami Bank PLC.

(amount in BDT Mn)

PROPERTY AND ASSETS	31-Dec-25	31-Dec-24	31-Dec-23
Cash in hand			
Cash in hand (including foreign currencies)	5,592.49	5,807.43	5,024.42
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	23,090.24	28,483.47	21,693.21
	28,682.73	**34,290.90**	**26,717.63**
Balance with other Banks and Financial Institutions			
In Bangladesh	1,205.95	770.65	340.85
Outside Bangladesh	1,078.19	945.45	7,120.87
	2,284.14	**1,716.10**	**7,461.72**
Placement with Banks & Other Financial Institutions	**6,600.00**	**6,950.00**	**8,250.00**
Investment in Share & Securities	79,561.06	68,401.05	47,316.26
Government	58,946.35	44,322.66	33,910.28
Others	20,614.72	24,078.40	13,405.98
Investments			
General Investments etc.	454,931.71	442,038.15	421,320.30
Bills purchased and discounted	42,890.09	40,000.57	25,801.16
	497,821.80	**482,038.73**	**447,121.50**
Fixed assets less Accumulated Depreciation	5,931.38	5,575.43	5,010.42
Other Assets	24,337.94	19,553.41	31,380.47
Non-Banking Assets	37.68	37.68	50.88
Total Assets	**645,256.74**	**618,563.31**	**573,308.80**
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	**59,239.87**	**64,471.89**	**61,352.67**
Deposits and other Accounts			
Mudaraba Savings Deposits	83,895.75	73,317.46	64,023.41
Mudaraba Term Deposits	240,980.72	233,494.54	209,448.40
Other Mudaraba Deposits	96,283.81	75,420.27	61,872.44
Al-wadeeah Current Accounts and Other Accounts etc.	59,828.63	68,351.85	79,747.95
Bills Payable	4,980.62	4,061.10	4,303.07
	485,969.52	**454,645.21**	**419,395.30**
Other Liabilities	62,594.24	59,713.04	50,023.05
Deferred Tax Liabilities	0.00	37.09	40.24
AIB Mudaraba Bond	11,398.00	14,000.00	16,000.00
Total Liabilities	**619,201.63**	**592,867.22**	**546,811.20**
Capital/Shareholders Equity			
Paid-up Capital	11,516.92	11,516.92	10,968.49
Statutory Reserve	11,516.92	11,238.49	10,968.49
Asset revaluation Reserve	1,084.17	1,084.17	1,084.17
Foreign Currency Translation Reserve	0.00	2.08	
Retained Earnings	252.84	170.78	1,802.54
Total Equity attributable to equity holders of the bank	**24,370.85**	**24,012.44**	**24,823.70**
Non-Controlling Interest	1,684.26	1,683.64	1,673.93
Total Equity	**26,055.11**	**25,696.09**	**26,497.63**
Total Liability and Shareholders' equity	**645,256.74**	**618,563.31**	**573,308.81**

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
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Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Consolidated Profit & Loss Accounts of Al-Arafah Islami Bank PLC.

Al-Arafah Islami Bank PLC.
Consolidated Profit or Loss Accounts

(amount in BDT million)

Particulars	31-Dec-25	31-Dec-24	31-Dec-23
Investment Income	41,618.00	42,274.75	31,299.69
Profit paid on deposits & Borrowing	-35,504.56	-29,718.59	-21,201.23
Net Investment Income	**6,113.44**	**12,556.16**	**10,098.46**
Income from Investment in Shares /Securities	3,876.45	2,723.81	2,009.88
Commission, Exchange and Brokerage	4,197.19	4,384.69	4,612.48
Other Operating Income	1,011.93	1,083.15	1,176.57
	9,085.57	**8,191.64**	**7,798.92**
Total operating income	**15,199.01**	**20,747.80**	**17,897.39**
Salaries and allowances & contribution to P. F	7,274.45	7,936.44	6,674.45
Directors' fees & expenses	8.48	11.51	9.57
Shariah Supervisory Committee's fees & expenses	0.25	0.53	0.49
Rent, taxes, insurance and lighting etc.	524.57	506.97	560.89
Postage, telegram, telephone and stamp etc.	140.25	148.23	82.33
Legal charges	50.24	25.26	21.7
Auditors' fee	6.15	2.09	1.88
Salary & Allowances to the Managing Director	21.42	25.33	23.74
Depreciation and repairs to the bank's properties	1,071.35	1,075.10	996.35
Stationery, printing & advertisement etc.	292.66	286.31	235.08
Other expenses	2,318.19	2,204.86	1,056.51
Total operating expenses	**11,708.02**	**12,222.63**	**9,662.99**
Profit/(Loss) before Tax & Provision	**3,490.99**	**8,525.17**	**8,234.39**
Provision against Investments & Contingent Liabilities	2,234.00	3,734.07	2,762.58
Provision for diminution in value of investment	176.59	176.39	-9.84
Other Provision	8.50	505.96	-
Total provision	**2,419.09**	**4,416.42**	**2,752.74**
Profit/(Loss) before Tax	**1,071.90**	**4,108.75**	**5,481.65**
Current tax	291.01	3,347.24	3,129.35
Deferred tax	-73.46	-3.16	-4.18
Provision for Taxation	**217.55**	**3,344.08**	**3,125.17**
Net Profit/(Loss) after tax	**854.36**	**764.66**	**2,356.49**
Net Profit attributable to:			-
Equity holders of the bank	853.73	754.95	2,351.02
Non-controlling Interest	0.62	9.72	5.46
Profit for the year	**854.36**	**764.66**	**2,356.49**
Appropriation			-
Statutory Reserve	278.42	270	319.47
General Reserve (1 % start-Up fund)	0.00	7.44	23.48
Profit paid on AIB Mudaraba perpetual bond	500.00	464	411
Non-Controlling Interest	0.62	9.72	5.46
	779.04	**751.16**	**759.41**
Transfer to Retained Earnings	**75.31**	**13.51**	**1,597.08**
Earnings per Ordinary Share (EPS)	**0.74**	**0.66**	**2.14**

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC.
Head Office,Dhaka-1000

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Consolidated Cash Flow Statement of Al-Arafah Islami Bank PLC.

Al-Arafah Islami Bank PLC.			
Consolidated Cash Flow Statement			
			(amount in BDT million)
Particulars	**31-Dec-25**	**31-Dec-24**	**31-Dec-23**
Cash flows from operating activities			
Investment income receipt in Cash	45,192.10	46,147.62	33,827.98
Profit paid on deposits and borrowing	-34,925.00	-28,484.44	-20,647.56
Dividend received	33.43	68.49	34.67
Fees & Commission received in cash	4,197.19	4,384.69	4,612.48
Recoveries from written off investments	191.16	320.68	360.67
Cash payments to employees	-7,295.88	-7,971.40	-6,698.19
Cash payments to suppliers	-292.66	-286.31	-235.08
Received from other operating activities (item-wise)	1,011.93	1,083.15	1,176.57
Paid for other operating activities (item-wise)	-3,590.11	-2,348.86	-1,855.95
Advance income tax paid	-2,642.34	-3,405.69	-2,939.27
Operating profit before changes in operating assets and liabilities	**1,879.81**	**9,507.91**	**7,636.32**
Changing in Operating assets & liabilities			
Increase/Decrease) of trading securities	545.78	-360.52	-3,869.33
Increase/Decrease) of placement to other banks	350.00	1,300.00	-271.08
Increase/(Decrease) of Investment and advances to customers (other than Banks)	-8,546.88	-27,696.65	-36,144.90
Increase/Decrease of other assets (item-wise)	-8,002.74	3,522.33	6,581.23
Increase/ (Decrease of placement from other banks and financial institution	-5,232.01	6,517.12	7,229.43
Increase/(Decrease) in Deposits from customers (other than Banks)	30,752.25	33,071.17	24,795.74
Increase/(Decrease) of other liabilities account of customers	0.00	-	-
Increase/Decrease) of Trading liabilities (item-wise)	1,690.83	-9,610.12	-5,407.93
Cash receipt from operating activities	**11,557.23**	**6,743.32**	**-7,086.85**
A. Net Cash from operating activities	**13,437.04**	**16,251.23**	**549.47**
Cash flows from investing activities:			
Proceeds from sale of securities	-	-	-
Payments for purchases of securities	-	-	-
Purchase of property, plant and equipment	-1,250.39	-1,469.95	-793.65
Sales proceeds of Fixed assets	0.95	5.08	-
Purchase-sale of subsidiary	0.00	-	-
B. Net cash flows from investing activities	**-1,249.40**	**-1,464.87**	**-793.65**
Cash flows from financing activities			
Increase in Exchange Equalization Account	-2.08	2.08	-0.8
Issue of AIBL Subordinate Bond / Perpetual Bond	-2,602.00	-2,000.00	-10
Increase in Share Capital	-	548.42	319.47
Dividend paid	-	-1,096.85	-1,316.12
C. Net cash flows from financing activities	**-2,604.08**	**-2,546.34**	**-1,007.44**
		-	
D. Net increase in cash and cash equivalent (A+B+C)	**9,583.57**	**12,240.02**	**-1,251.63**
E. Effects of exchange rate changes on cash and cash-equivalents	-	-	-
F. Net increase in cash and cash equivalent D+E	**9,583.57**	**12,240.02**	**-1,251.63**
G. Cash & Cash Equivalents at the beginning of the year	**80,329.65**	**68,089.63**	**69,341.35**
H. Cash & Cash Equivalents period ended	**89,913.22**	**80,329.65**	**68,089.73**

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SECTION 14: COMPARATIVE FINANCIAL RATIOS OF AL-ARAFAH ISLAMI BANK PLC.

Sl No.	Particulars	31-Dec-25	31-Dec-24	31-Dec-23
1	Current ratio	0.91	0.85	1.11
2	Quick ratio	0.91	0.85	1.11
3	Break-Even Point (including financial costs) in Crore	4,721.26	4,203.70	3,086.42
4	Debt to Equity Ratio (prior to and after issue of debt securities)	2377%	2307%	2064%
5	Debt to total assets ratio	95.96%	95.85%	95.38%
6	Accounts receivable turnover ratio	N/A	N/A	N/A
7	Gross Margin ratio	22.97%	16.86%	21.06%
8	Operating Income ratio	22.97%	16.86%	21.06%
9	Net Income ratio	5.62%	3.82%	13.17%
10	Return on assets (ROA)	0.13%	0.12%	0.41%
11	Return on equity (ROE)	3.28%	2.98%	8.89%
12	Earnings per share (EPS)	0.74	0.66	2.14
13	Net asset value (NAV) per share	21.16	20.85	21.55
14	Net operating cash flow to Net income	1572.8%	3205.7%	19.4%
15	Total debt to tangible asset ratio	10439%	10634%	10913%
16	NPL	17.16%	15.14%	6.76%
17	Capital Adequacy Ratio	10.72%	12.13%	13.51%

SECTION 15: CREDIT RATING REPORT OF THE ISSUE

Credit Rating of the Issue (Bond):

Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
29 July 2026	28 July 2027	-	A+	ST-3	CRISL	Stable

Credit Rating Report of the Issuer:

Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
29 July, 2026	28 July, 2027	-	A (Indicative)	-	CRISL	-

Credit Rating Report for AIBPLC 5th Subordinated Bond, issued by Credit Rating Information and Services Limited (CRISL) is annexed to this Information Memorandum. Please check **Annexure – 2**.

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SECTION 16: LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC

Source of Information: http://crislbd.com/page/default-statistics
http://crislbd.com/page/transition-matrix-sme
http://crislbd.com/page/transition-matrix-corporate

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

	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
Se/ Me1	0.00%	0.00%	0.00%
Se/ Me2	0.00%	0.00%	0.00%
Se/ Me3	1.22%	0.00%	0.00%
Se/ Me4	3.39%	0.14%	0.18%
Investment Grade (Se/ME1-Se/Me4)	2.85%	0.11%	0.14%
Se/Me-5	59.49%	2.39%	2.48%
Se/Me-6	76.92%	0.00%	0.00%
Se/Me-7	100.00%	0.00%	0.00%
Se/Me-8	0.00%	0.00%	0.00%
Se/Me 9	0.00%	0.00%	0.00%

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

	CDR3
Se/ Me1	0.00%
Se/ Me2	0.00%
Se/ Me3	1.22%
Se/ Me4	3.71%
Investment Grade (Se/ME1-Se/Me4)	3.09%
Se/Me-5	61.44%
Se/Me-6	76.92%
Se/Me-7	100.00%
Se/Me-8	0.00%
Se/Me 9	0.00%

Calculation of Weighted Average MDR (wMDR) for 2014, 2015, 2016

	wMDR for year 1	wMDR for Year 2	wMDR for Year 3
AAA	0.00%	0.00%	0.00%
AA	0.00%	0.00%	0.00%
A	0.35%	0.23%	0.12%
BBB	0.80%	0.88%	0.57%
Investment Grade (AAA-BBB)	0.55%	0.56%	0.34%
BB	2.99%	4.69%	1.59%
B	0.00%	0.00%	0.00%
CCC	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%
C	0.00%	0.00%	100.00%

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Calculation of 3-years Cumulative Default Rate (CDR3) for 2014, 2015, 2016

	CDR3
AAA	0.00%
AA	0.00%
A	0.69%
BBB	2.23%
Investment Grade (AAA-BBB)	1.44%
BB	9.01%
B	0.00%
CCC	0.00%
CC	0.00%
C	100.00%

CRISL SME Rating Transition Matrix (2016-2022)

	SME-1	SME-2	SME-3	SME-4	SME-5	SME-6	SME-7	SME-8	SME-9	SME-10
SME-1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-2	0.00%	83.33%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-3	0.00%	2.85%	93.49%	2.94%	0.45%	0.27%	0.00%	0.00%	0.00%	0.00%
SME-4	0.00%	1.29%	38.69%	59.52%	0.35%	0.05%	0.00%	0.00%	0.00%	0.10%
SME-5	0.00%	0.00%	25.00%	0.00%	75.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-6	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
SME-8	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-9	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SME-10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CRISL Corporate Rating Transition Matrix (2016-2022)

	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
AAA	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA	2.33%	91.86%	4.65%	1.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A	0.00%	14.07%	79.94%	4.49%	1.50%	0.00%	0.00%	0.00%	0.00%	0.00%
BBB	0.00%	0.00%	17.49%	79.85%	2.28%	0.38%	0.00%	0.00%	0.00%	0.00%
BB	0.00%	0.00%	0.00%	19.05%	76.19%	0.00%	4.76%	0.00%	0.00%	0.00%
B	0.00%	0.00%	0.00%	0.00%	0.00%	80.00%	20.00%	0.00%	0.00%	0.00%
CCC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CC	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
C	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

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SECTION 17: DESCRIPTION OF TRUSTEE

Overview of the Trustee:

DBH Finance PLC. formerly known as Delta Brac Housing Finance Corporation Ltd. is the pioneer, largest, and specialist Housing Finance Institution in the private sector of the country. After commencing operation in 1996 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. At the same time, the company has been playing an active role in promoting the real estate sector to the large cross-sections of prospective clients who had but yet unfulfilled dream of owning a home.

Among all Banks and Financial Institutions of Bangladesh, only DBH has been rated the highest 'AAA' credit rating for 19th consecutive years. The level of credit rating provides a very important indication of the financial safety, security and strength of the Bank or Financial Institution concerned and is particularly relevant to its depositors and other investors such as shareholders and lenders.

- Authorized Capital: BDT 4,000 million (as of 31 December 2025)
- Paid up Capital: BDT 2,028.68 million (as of 31 December 2025)
- Net Worth: BDT 10,051.65 million (as of 31 December 2025)

Vision:

To be the leading financial institution in the country with satisfied customers and employees and to generate value for our shareholders while contributing to the wellbeing of society.

Mission:

To strengthen the society of the country by continually expanding home ownership

Strategic Objective:

- Focus on building deep and long-standing relationships with our clients, customers as real-estate developers, and constantly look to improve the quality of our products services.
- Focus on developing our human resource talents.
- Ensure balanced growth with a disciplined approach to the management of risks and costs
- Ensure adequate capital and liquidity to sustain our business over the long term

Board of Directors

SL.	Name	Designation
1	Mr.Syed Moinuddin Ahmed	Chairman
2	Mr. Imran Rahman	Vice Chairman & Independent Director
3	Mr. Khandkar Manwarul Islam	Director
4	Mr. Mohammad Anisur Rahman	Director
5	Ms. Nausheen Rahman	Independent Director
6	Ms. Nasimul Baten	Managing Director & CEO

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Financial Highlights of Trustee

All figures in BDT million except (%)

Business Performance	2020	2021	2022	2023	2024	Trend Analysis	Growth of 2024 over 2023	5 Year CAGR (%)
Loan Approvals	7,527	10,896	10,493	9,412	10,938		16.21%	9.79%
Loan Disbursement	7,028	10,803	11,029	9,653	11,054		14.51%	11.99%
Cumulative Disbursement	120,414	131,217	142,246	151,899	162,953		7.28%	7.86%
Cumulative Sanction	122,241	133,137	143,630	153,042	155,066		1.32%	6.13%
Financial Position	**2020**	**2021**	**2022**	**2023**	**2024**	**Trend Analysis**	**Growth of 2024 over 2023**	**5 Year CAGR (%)**
Total Assets	58,607	60,279	61,738	67,537	67,188		-0.52%	3.47%
Total Liabilities	52,176	53,034	53,751	58,859	57,790		-1.82%	2.59%
Home Loan Portfolio	42,432	43,367	44,004	43,152	43,747		1.38%	0.77%
Property Plant and Equipment	290	263	254	276	265		-4.20%	-2.23%
Current Assets	22,593	25,120	23,884	29,998	26,080		-13.06%	3.65%
Current Liabilities *	12,655	12,832	16,170	16,346	13,308		-18.59%	1.26%
Net current assets	9,938	12,288	7,714	13,652	12,772		-6%	6.47%
Non Current Assets	36,014	35,158	37,853	37,539	41,108		10%	3.36%
Long Term Liabilities	39,520	40,202	37,581	42,513	44,482		5%	3.00%
Term Deposits	43,827	43,978	40,061	46,656	45,775		-2%	1.09%
Total Investment Portfolio	57,578	59,235	58,071	66,282	65,976		-0.5%	3.46%
Operational Performance	**2020**	**2021**	**2022**	**2023**	**2024**	**Trend Analysis**	**Growth of 2024 over 2023**	**5 Year CAGR (%)**
Operating Revenue	6,108	5,373	5,180	6,299	8,349		32.55%	8.13%
Operating Expenses	523	565	610	638	729		14.21%	8.64%
Financial Expenses	3,960	2,890	3,045	4,130	5,796		40.34%	9.99%
Net Profit Before Tax	1,498	1,721	1,580	1,561	1,711		9.59%	3.38%
Net Profit After Tax	891	1,044	1,017	984	1,009		2.45%	3.15%
EBITDA	5,646	4,874	4,640	5,735	7,684		33.98%	8.01%

Shareholding Structure of Trustee

(as on 31 December 2025)

Particulars	Shareholders	No. of Shares	Percentage (%)
Sponsors/ Directors	5	104,114,210	51.32
General Public	8021	33,115,688	16.32
Financial Institutions & Other Companies	224	59,069,116	29.12
Foreign Investors	6	6,568,960	3.24
Total	**8256**	**202,867,974**	**100.00**

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Status of the of the issue(s) where DBH Finance is performing as Trustee (Debt Securities)

Sl.	Bond Name	Issuer	Size (Cr)	Tenure (Years)	Principal Redemption/Repayment Amount (Cr)	Outstanding Principal Amount (Cr) (as of 31st May 2026)	Remarks
1	UCBL 5th Subordinated Bond	United Commercial Bank PLC	1,000	7	30.00	844.45	Trustee Certificate Issue on July 26 2022

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2	5th PBL Subordinated Bond	The Premier Bank PLC	600	7	80.16	410.52	Trustee Certificate Issue on Sep 22, 2022
3	IBBL 4th Mudaraba Sub Bond	Islami Bank Bangladesh PLC	800	7	60.00	740.00	Trustee Certificate Issue on Dec 28, 2022
4	PBL 3rd Non-Convertible Sub Bond	Pubali Bank PLC	700	7	72.00	628.00	Trustee Certificate Issue on Dec 28, 2022
5	SJIBL 3rd Mudaraba Sub Bond	Shahjalal Islami Bank PLC	500	7	-	500.00	Trustee Certificate Issue on Jan 18, 2023
6	Trust Bank Ltd VI Sub Bond	Trust Bank PLC	400	7	40.00	350.00	Trustee Certificate Issue on Dec 28, 2022
7	SIBL 4th Mudaraba Sub Bond	Social Islami Bank PLC	600	7	-	600.00	Trustee Certificate Issue on Dec 29, 2022
8	Runner Auto Sustainability Bond	Runner Automobiles PLC	267.50	7	26.75	240.75	Trustee Certificate Issue on Jul 16, 2023
9	Dhaka Bank 4th Sub Bond	Dhaka Bank PLC	400	7	-	400.00	Trustee Certificate Issue on Nov 14, 2023
10	Sajida 2nd Zero Coupon Bond	Sajida Foundation	198	3	64.09	133.01	Trustee Certificate Issue on Dec 26, 2023
11	CDIP 1st Zero Coupon Bond	Centre for Development Innovations & Practice	171	3	50.10	120.00	Trustee Certificate Issue on Mar 10, 2024
12	Pubali Bank 4th Sub Bond	Pubali Bank PLC	400	7	-	400.00	Trustee Certificate Issue on Apr 04, 2024
13	IBBPLC Fifth Mudaraba Sub Bond	Islami Bank Bangladesh PLC	500	7	-	440.00	Trustee Certificate Issue on Nov 28, 2024
14	Standard Bank 4th Sub Bond	Standard Bank PLC	350	7	-	350.00	Trustee Certificate Issue on Nov 28, 2024
15	EXIM 6th Sub Bond	EXIM Bank PLC	250	7	-	250.00	Trustee Certificate Issue on Nov 28, 2024
16	Dutch-Bangla Bank 5th Sub Bond	Dutch-Bangla Bank PLC	1,200	7	-	1,200.00	Trustee Certificate Issue on Dec 2, 2024
17	AIBPLC 5th Sub Bond	Al-Arafah Islami Bank PLC	5,000	7	N/A	N/A	Trustee Certificate

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							Issue on Mar 25, 2025
18	Jamuna Bank Subordinated Bond V	Jamuna Bank PLC	800	7	-	481.15	Trustee Certificate Issue on Aug 31, 2025
19	UCB 6th Subordinated Bond	United Commercial Bank PLC	800	7	-	100.00	Trustee Certificate Issue on Sep 22, 2025
20	Pubali Bank 5th Subordinated Bond	Pubali Bank PLC	500	7	-	500.00	Trustee Certificate Issue on Sep 22, 2025
21	Trust Bank Subordinated Bond VIII	Trust Bank PLC	500	7	-	456.00	Trustee Certificate Issue on Sep 22, 2025
22	Meghna Bank 2nd Subordinated Bond	Meghna Bank PLC	400	7	N/A	N/A	Trustee Certificate Issue on Sep 28, 2025
23	Mercantile Bank 3rd Subordinated Bond	Mercantile Bank PLC	500	7	N/A	N/A	Trustee Certificate Issue on Sep 28, 2025
24	Southeast Bank Subordinated Bond (6th Issue)	Southeast Bank PLC	800	7	N/A	N/A	Trustee Certificate Issue on Sep 29, 2025
25	4th Subordinated Bond of EBL	Eastern Bank PLC	800	7	-	800.00	Trustee Certificate Issue on Dec 22, 2025
26	Sajida Orange Zero-Coupon bond	Sajida Foundation	158.5	3	-	-	Trustee Certificate Issue on Mar 31, 2026
Total			**14,095**				

Status of the of the issue(s) where DBH Finance is performing as Trustee (Alternative Investment Funds)

Sl.	Fund Name	Issuer	Size (Cr)	Tenure (Years)	Capital Fund (Cr)	Remarks
1	IDLC Venture Capital Fund I	IDLC Finance PLC	45	7	29.16	Trustee Certificate Issue on Aug 1, 2022
2	UCB Private Equity Fund I	United Commercial Bank PLC	150	7	6.00	Trustee Certificate Issue on Jan 16, 2023
3	UCB Venture Capital Fund I	United Commercial Bank PLC	150	7	13.50	Trustee Certificate Issue on Jan 16, 2023

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Head Office, Dhaka.

Due Diligence Certificate by the Trustee

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

SECTION 18: MODUS OPERANDI OF THE ISSUE

Modus Operandi of the Issue has been incorporated from the Trust Deed executed between the Issuer (Al-Arafah Islami Bank PLC.) and the Trustee (DBH Finance PLC.)

Application Procedure

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

The Issuance of Bond

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

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

Allotment

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

Refund

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

Transfer

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

Repayment and Redemption features of the Bond

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

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Details of conversion or exchange option

Not Applicable.

SECTION 19: DETAILS OF FEES STRUCTURE AND EXPENSES

Particulars	Basis of Calculation	Amount in BDT	
A. Bangladesh Securities & Exchange Commission (BSEC) Fees:			**5,010,000**
Application Fee	One time, fixed	10,000	10,000
Consent Fee	0.10% on the issue size	5,000,000	5,000,000
B. CDBL Fees and Expenses:			**1,434,500**
Security Fee	Fixed (Refundable)	500,000	500,000
Documentation Fee	Fixed	2,500	2,500
Annual Fee (7 years)	BDT 5,000 up to BDT 5 Crore Issue Size	-	140,000
	BDT 10,000 up to BDT 20 Crore Issue Size	-	
	BDT 20,000 above BDT 20 Crore Issue Size	20,000	
Distribution Fee	0.00015 of the issue size	750,000	750,000
Connection Fee (7 years)	Tk. 500 Per Month	42,000	42,000
D. Fees related to the Issue			**28,380,000**
Fund Arrangement Fee	0.35% of the issue size	17,500,000	17,500,000
VAT on Fund Arrangement Fee	15% of the Fund Arrangement Fee	2,625,000	2,625,000
Issue Management fee	0.01% of the issue size	5,00,000	5,00,000
VAT on Issue Management Fee	15% of the Issue Management Fee	75,000	75,000
Trustee Fee	Over the period (For 7 Years)	400,000	2,800,000
VAT on Trustee Fee	15% of the Trustee Fee	60,000	420,000
Trustee Regulatory Fee	Application Fee: 50,000, Registration Fee: 100,000, Annual Fee: 50,000 for 7 years	500,000	500,000
Trust Deed Registration Cost	Approximate, at actual, one time, initial	1,500,000	1,500,000
Credit Rating Fee	Over the Period (For 7 Years)	150,000	1,050,000
VAT on Credit Rating Fee	15% on Credit Rating Fee	15,000	105,000
Lawyer Fee	Over the Period	275,000	275,000
VAT on Lawyer Fee	15% on Lawyer Fee	30,000	30,000
Miscellaneous	Certificates and others if applicable	1,000,000	1,000,000
Grand Total			**34,824,500**

NB:

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

Nasimul Baten
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DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
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Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

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

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

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

Annexure- I

Declaration about the responsibility of the directors, including the CEO of the issuer or originator in respect of the information memorandum

[Rule 4(2)(a)]

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

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

On behalf of the Board of Directors

Sd/-
Managing Director

Place: Dhaka
Date:

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCM
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Annexure-II

Due diligence certificate of the Trustee

DBH Finance PLC.

To

The Bangladesh Securities and Exchange Commission

Sub: Issuance of 10,000 numbers of Floating Rate Unsecured Non-Convertible 5th Subordinated Bond of BDT 5,00,000 each by Al-Arafah Islami Bank PLC.

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

1. We, while act as trustee to the above-mentioned issue on behalf of the investors, have examined the draft Information Memorandum, legal and other documents and materials as relevant to our decision; and

2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

(a) all information and documents as are relevant to the issue have been received and examined by us and the draft IM, draft deed of trust and draft subscription agreement forwarded to the Commission has been approved by us;

(b) we have also examined all documents of the assets to be charged with the trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM – N/A

(c) while examining the above documents, we find that all the requirements of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;

(d) we shall act as trustee to the issue as mentioned above as per provisions of the deed of trust to be executed with the issuer or the originator, as applicable and shall assume the duties and responsibilities as described in the deed of trust and in the IM;

(e) we shall also abide by the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and

(f) the above declarations are unequivocal and irrevocable.

For Trustee

Sd/-

Managing Director

Date:

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Annexure-III

Due diligence certificate of the Issue Manager

UCB Investment Limited.

To

The Bangladesh Securities and Exchange Commission

Sub: Issuance of 10,000 numbers of Floating Rate Unsecured Non-Convertible 5th Subordinated Bond of BDT 5,00,000 each by Al-Arafah Islami Bank PLC.

Dear Sir,

We, the issue manager to the above-mentioned forthcoming issue, state and confirm as follows:

1. We have examined all the documents submitted with the application for the above-mentioned issue, visited the premises of the issuer or originator and interviewed the chairperson, directors and key management personnel of the issuer or originator in connection with the finalization of the information memorandum pertaining to the said issue;
2. On the basis of such examination and the discussions with the directors, officers and auditors of the issuer or originator, other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer or originator.

WE CONFIRM THAT:

(a) The information memorandum filed with the Commission is in conformity with the documents, materials and papers relevant to the issue;
(b) All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the government have been duly complied with;
(c) The disclosures made in information memorandum are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Trust Act, 1882, the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 and other applicable laws;
(d) Besides ourselves, all the intermediaries named in the information memorandum are registered with the Commission and till date such registrations are valid;
(e) The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer or originator and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;
(f) Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purposes disclosed in the use of proceeds section of the information memorandum;
(g) All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investor to make a well-informed decision;
(h) We also declare that we have managed the issue of securities of the following issuers including originators in the last 05 (five) years:

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Serial No.	Name of the Issue	Month/Year	Issue Price	Dividend Payment History	Category, if listed
1	Meghna Insurance Company Limited	2022	10	10%C, 2025	A
2	Sonali Paper & Board Mills Limited	2022	10	40%C, 2025	A
3	Sinobangla Industries Limited	2023	10	10%C, 2025	A
4	NRB Bank Limited	2023	10	10%C, 2023	Z
5	Aamra Networks Limited	2024	30	10%C, 2024	Z
6	United Commercial Bank PLC	2026	10	5%C & 5%B, 2023	Z

Sd/-

Managing Director & CEO
UCB Investment Limited
Place:

Date:

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
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Mohammad Moniruzzaman, FCA
VP & Company Secretary
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Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

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

a) Declaration about the responsibility of the directors, including the CEO of the issuer or originator in respect of the information memorandum of Bangladesh Securities and Exchange Commission (Debt Securities) Rule 2021. Kindly Check **Annexure-I**

b) Due Diligence Certificate of the Trustee [Rule 3(1)(m), 4(1)(c) and 4(2) (a)], is attached with this information memorandum. Kindly check **Annexure – II**

c) Due Diligence Certificate of the Issuer Manager is attached with this information memorandum. Kindly check **Annexure – III**

d) Due Diligence Certificate of the Underwriter is Not Applicable for the AIBPLC 5th Subordinated Bond.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
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Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Annexure – 1

(Credit Rating of the Issue)

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
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Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Annexure – 2

(Auditor's Report along with Audited Financial Statements)

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA. FCM.
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Annexure – I

(Declaration about the responsibility of the directors, including the CEO of the issuer or originator in respect of the information memorandum)

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
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Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Annexure – II

(Due Diligence Certificate of the Trustee)

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC.
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Annexure – III

(Due Diligence Certificate of the Issue Manager)

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC.
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Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Audit Report and Audited Financial Statements
As at and for the year ended 31 December 2025

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Independent Auditors' Report to the Shareholders of Al Arafah Islami bank PLC.
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Al Arafah Islami Bank PLC and its subsidiaries (the Group) as well as the separate financial statements of Al Arafah Islami Bank PLC (the Bank), which comprise the consolidated and separate balance sheets as at 31 December 2025, and consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2025, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Rules and Regulation issued by Bangladesh Bank and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Bangladesh. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Emphasis of Matter

We 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.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Syed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

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

Our opinion is not modified in respect of above matters.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC.
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

Description of key audit matters	Our response to key audit matters
1. Investment and measurement of provision for Investment	
The process for estimating the provision for investment portfolios associated with credit risk is significant and complex. For the individual analysis for large exposure, provision calculation considers the estimates future business performance and the market value of collateral provided for credit transactions. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates of complex design and implementation. At year end the Bank reported total gross investments of BDT 50,121.97 crore (2024: BDT 48,484.44 crore) and provision for investments including off balance sheet items of BDT 1985.31 crore (2024: BDT 2,255.63 crore). We have focused on the following significant judgements and estimates which could give rise to material management bias: • Completeness and timing recognition of loss events in accordance with criteria set out in BRPD Circular No. 15, dated- 27 November 2024, BRPD Circular No. 05, dated- 25 June 2025, BRPD Circular No. 06, dated- 25 June 2025, BRPD Circular Letter No. 33, dated- 03 August 2022, BRPD Circular No. 16, dated- 18 August 2022 • For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows. Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates. **See note # 9 and 16.2 to the financial statements.**	We tested the design and operating effectiveness of key controls focusing on the following: • Credit appraisal, investment Disbursement procedures, monitoring and provisioning process; • Completeness of appropriate documentation before disbursement of investments as well as recording of investment balance; • Alternate procedures applied by management to assess' new investment/renewal of existing • investments where latest audited financial statements of the borrower is not available; • Identification of loss events, including early warning and default warning indicators; • Review of quarterly Classification of Investments; Our substantive procedures in relation to the provision for investments portfolio comprised the following: • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. • Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.

Tanzim Alamgir
Managing Director & CEO
IDLC Investment Limited

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC.
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VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Description of key audit matters	Our response to key audit matters
2. Investment income recognition	
Recognition and measurement of investment income involve a complex IT environment as well as require critical estimates and judgment. Since investment income from investments is one of the key performance indicators of the Bank, there is an inherent risk of fraud and error in recognition of investment income. The Bank has reported investment income of BDT 4,140.25 crore which is 1.51% lower than the previous year up to December (2024: BDT 4203.82 crore). Net Investment Income dropped significantly during the year under audit, mainly driven by increase in profit paid on deposits & borrowings and lower recovery from investments. Net Profit Margin (NIM) has declined to 1.97% in the current year from 2.2% in the previous year indicating a downward trend in core earnings efficiency. Accordingly, this has been considered as key audit matter.	We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of income on investment. For selected customers and investment files on a sample basis we have also performed substantive test of details including recalculation and cut-of testing to check the accuracy of investment income. We performed several analytical and substantive procedures to check whether the calculations relating to the investment income, profit paid on deposits and borrowings etc. and the EPS are accurate or not. View of the Shariah Supervision Committee has been obtained on the profit recognition procedure complying with Shariah Law. Finally, we also conducted substantive analytical procedures to assess reasonableness of income recognised during the year with reference to the product-wise outstanding investment balances. However, due to the current uncertainty in the overall economic situation, conflict, volatility in fuel and commodity prices, strengthening of the USD, etc., there is an inherent risk that the actual recovery of accrued investment income—especially from those clients receiving deferral facilities—could differ materially from the actual situation in the future and a portion of the investment income accrued during the year ending December 31, 2025.
See note 23 to the financial statements.	
Description of key audit matters	**Our response to key audit matters**
3. Valuation of bonds, sukuk and other investments	
The Bank has made significant investments in fixed term financial instruments such Bangladesh Government Islamic Investment Bond and Sukuk, Mudaraba Perpetual Bond and Sukuk Al Istisna as well as Mudaraba Sub-Ordinated Bond. Bond, classification and measurement of these require judgment and complex estimates. In the absence of a quoted price in an active market, these Bonds are valued at cost.	We assessed the processes and controls put in place by the Bank to identify and confirm the existence of these Bond & Sukuks. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally, we assessed the appropriateness and presentation of disclosures against relevant

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	accounting standards and Bangladesh Bank guidelines.
See note 8 to the financial statements.	

Description of key audit matters	Our response to key audit matters
4. Carrying value of investments in subsidiaries by the Bank	
The Bank holds equity investments in its subsidiaries, AIB Capital Market Services Limited (CMSL) and AIB Capital Management Limited (CML), with a carrying value of BDT 291 crore as of 31 December 2025 (2024: BDT 291 crore). In our audit of the standalone financial statements for the year ended 31 December 2025, we identified that the Bank did not recognize an impairment loss for its investments in these subsidiaries. The failure to recognize the impairment resulted in an overstated carrying value of the investments, which could affect the financial position and profit before tax of the Bank.	We reviewed Management's impairment assessment process, focusing on the analysis of the recoverable values and the continued appropriateness of the value-in-use model used. We gathered information from external market sources and third-party references to challenge and validate the assumptions used. Furthermore, we noted that, in accordance with the deferral of the Bangladesh Securities and Exchange Commission (BSEC), the Bank's subsidiary, CMSL has not made provisions for the client margin investments, as per the BSEC letter no. BSEC/SMMID/NE/AP/2025/108/635 dated 16.11.2025 that allows them to defer such provision till 31.12.2031, subsequently requiring additional provisions.
See note 8.b to the financial statements.	

Description of key audit matters	Our response to key audit matters
5. Legal and regulatory matters	
We focused on this area because the Bank and its subsidiaries (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties, and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions that have been established and other contingent liabilities.	We obtained an understanding, evaluated the design, and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.

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Description of key audit matters	Our response to key audit matters
6. IT systems and controls	
Our audit focused on IT systems and controls due to their complexity, high transaction volume, and reliance on automated processes. Key areas included user access, developer access, and system changes. The Bank lacks a fixed asset register. Moreover, the IT system cannot fully implement complex Bangladesh	We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes in management and aspects of IT operational controls). This included testing that requests for

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Bank circulars for investment classification, requiring manual adjustments, leading to inaccurate Classification of investment information being recorded and reported.	access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights and reviewed requests for changes to systems for appropriate approval and authorization. We reviewed the reconciliation process between Classification of Investments summaries and underlying schedules and evaluated the Bank's manual adjustments. Additionally, we tested the implementation of Bangladesh Bank's guidance for investment classification in the IT system. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. Our findings on the IT system have been communicated to those charged with governance.

Other Matters

As per BSEC directive no. BSEC/CMRRCD/2009-193/217/Admin/90 dated 21 May 2019, all sponsors and directors, other than independent directors, of a listed company are required to jointly hold a minimum of 30% of the paid-up capital, whereas the bank has 15.11% shares of sponsors and directors, which falls short of the regulatory requirement.

Other Information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with Rules and Regulation issued by Bangladesh Bank and IFRS

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

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or conditions that may cast significant doubt on the Group's and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;

(iii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

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(iv) the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns;

(v) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank. Previous year's balances have been restated in applicable cases due to the consolidation of the OBU financial statement this year;

(vi) adequate provisions have not been made for advance and other assets which are in our opinion, doubtful of recovery. Please refer to our report no 1 under Emphasis of Matter section of this report;

(vii) based on our checking of sample, no advance or Investment in excess of the amount determined by Bangladesh Bank from time to time has been sanctioned or allowed except for the fact that the Bank exceeded the single borrower exposure limits of BDT 621.53 crore for funded exposure (15% of capital of BDT 4,143.56 crore) for multiple clients. In addition, it was also noticed that investment was sanctioned to bank's subsidiary AIBL Capital Market Service Limited exceeding 10% of tier 1 capital of the bank which is non compliant with BRPD Circular No. 3 of 2025;

(viii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls:

(a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;

(b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities *(other than matters disclosed in these financial statements)*;

(ix) financial statements for the year ended 31 December 2025 of subsidiary companies of the Bank namely AIBL Capital Market Services Limited and AIBL Capital Management Limited have been audited by K M Alam & Co., Chartered Accountants and Anil, Salam, Idris & Co., Chartered Accountants respectively. The auditors of both subsidiaries emphasised the matter of deferral in recognition of provision against the unrealized loss on the company's investment as per BSEC approval based on specific action plan. The consolidated financial statements accurately reflect these accounts, with an opportunity for further development scope identified in the non-controlling interest calculation process. The Bank has pledged its placement with Union Bank PLC. in mode of MTDR for BDT 100 crore against loan facilities of its subsidiary AIBL Capital Market Services Ltd. as security;

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(x) the information and explanations required by us have been received and found satisfactory;

(xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 12,000 person hours;

(xii) We have reviewed the operational expenses and procurement process of fixed assets;

(xiii) Capital to Risk-weighted Asset Ratio (CRAR) could not be maintained as required by Bangladesh Bank. Details of which is mentioned in Sl. No. 3 of Emphasis of Matter section of this report. Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as required by Bangladesh Bank has been maintained adequately as at 31 December 2025;

(xiv) As part of our going concern assessment, we reviewed maturity mismatch between assets and liabilities which may adversely affect the Bank's subsequent liquidity position and noticed that the Structural Liquidity Profile (SLP) statement, Net Stable Funding Ratio (NSFR), Liquidity Coverage Ratio (LCR) suffer from inaccurate aging/maturity calculations. Assets, liabilities as well as off balance sheet exposures are not being classified according to their actual maturity buckets, rendering the maturity gap analysis unreliable. This failure to reflect the true liquidity position prevents the bank from proactively managing its future cash flow obligations; and

(xv) Non-banking assets have been accounted in conformity with Bangladesh Bank guidelines except for the fact mentioned in the that the allowed time line for recovery of the non-banking assets has been elapsed in all cases long ago.

For and on behalf of

K M Alam & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-023

Kazi Ahmmed Monowar FCA
Engagement Partner
ICAB Enrolment Number: 822
DVC: 2604300822AS929914
Place: Dhaka
Date: 30 April 2026

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Managing Director & CEO
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Tanzim Alamgir
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Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Consolidated Balance Sheet
As at December 31, 2025

Particulars	Notes	31.12.2025 Taka	31.12.2024 Taka
PROPERTY AND ASSETS:			
Cash in hand			
Cash in hand (including foreign currencies)	5.A	5,592,493,767	5,807,425,610
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	5.(b+c)	23,090,240,119	28,483,472,625
		28,682,733,886	**34,290,898,235**
Balance with other Banks and Financial Institutions	6.A		
In Bangladesh	6.a	1,205,953,984	770,652,712
Outside Bangladesh	6.b	1,078,187,856	945,448,370
		2,284,141,840	**1,716,101,082**
Placement with Banks & Other Financial Institutions	7.A	6,600,000,000	6,950,000,000
Investment in Share & Securities	8.A	79,561,064,572	68,401,058,267
Government	8.a	58,946,345,000	44,322,655,000
Others	8.A.i	20,614,719,572	24,078,403,267
Investments	9.A		
General Investments etc.		454,931,705,522	442,038,158,369
Bills purchased and discounted		42,890,090,882	40,000,571,999
		497,821,796,404	**482,038,730,368**
Fixed assets less Accumulated Depreciation	10.A	5,931,380,327	5,575,430,442
Other Assets	11.A	24,337,939,523	19,553,406,833
Non-Banking Assets	12	37,683,927	37,683,927
Total Assets		645,256,740,479	618,563,309,153
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	13.A	59,239,874,243	64,471,886,287
Deposits and other Accounts	14.A		
Mudaraba Savings Deposits		83,895,753,704	73,317,455,413
Mudaraba Term Deposits	14.A.ii.	240,980,715,391	233,494,543,146
Other Mudaraba Deposits		96,283,805,292	75,420,266,080
Al-wadeeah Current Accounts and Other Accounts etc.		59,828,628,206	68,351,849,494
Bills Payable		4,980,615,632	4,061,095,218
		485,969,518,225	**454,645,209,351**
Other Liabilities	15.A	62,594,235,740	59,713,040,303
Deferred tax Liabilities	16.A	-	37,087,625
AIBL Mudaraba Bond	17	11,398,000,000	14,000,000,000
Total Liabilities		619,201,628,208	592,867,223,565
Capital/Share holders Equity			
Paid -up Capital	18	11,516,917,130	11,516,917,130
Statutory Reserve	19	11,516,917,130	11,238,492,510
Asset revaluation Reserve	20.a	1,084,174,318	1,084,174,318
Foreign Currency Translation Reserve	20.b	-	2,080,247
Retained Earnings	21.A	252,842,871	170,780,664
Total Equity attributable to equity holders of the bank		**24,370,851,450**	**24,012,444,869**
Non-Controlling Interest	18.A	1,684,260,819	1,683,640,721
Total Equity		26,055,112,269	25,696,085,590
Total Liability and Share holders equity		645,256,740,479	618,563,309,153
Net assets value per share (NAV)	42	21.16	20.85

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Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Al-Arafah Islami Bank PLC
Consolidated Balance Sheet
As at December 31, 2025

Particulars	Notes	31.12.2025 Taka	31.12.2024 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		47,729,656,103	65,507,108,327
Letters of Guarantee	22	19,320,242,578	16,501,446,000
Letters of Credit		58,954,383,314	57,081,681,230
Bills for Collection		39,668,557,000	43,012,066,290
Other Contingent Liabilities		-	-
Total		**165,672,838,995**	**182,102,301,846**
Other Commitments :			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
Total Off Balance sheet items including Contingent liabilities		**165,672,838,995**	**182,102,301,846**

Accompanying notes form an integral part of these financial statements.

Managing Director **Director** **Director** **Chairman**

Signed in terms of our report of even date

K.M. Alam & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-023

Kazi Ahmmed Monowar FCA
Engagement Partner
ICAB Enrolment number- 822

DVC : 2604300822AS929914

Place: Dhaka, Bangladesh
Date : 30-April-2026

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Al-Arafah Islami Bank PLC.

Consolidated Profit or Loss Accounts

For the period ended December 31, 2025

Particulars	Notes	2025 Taka	2024 Taka
Investment Income	23.A	41,617,998,752	42,274,753,602
Profit paid on deposits & Borrowing	24.A	(35,504,556,311)	(29,718,594,015)
Net Investment Income		**6,113,442,441**	**12,556,159,587**
Income from Investment in Shares /Securities	25.A	3,876,454,755	2,723,807,235
Commission, Exchange and Brokerage	26.A	4,197,186,472	4,384,685,469
Other Operating Income	27.A	1,011,928,376	1,083,146,243
		9,085,569,603	**8,191,638,947**
Total operating income		**15,199,012,044**	**20,747,798,534**
Salaries and allowances & contribution to P.F	28.A	7,274,453,104	7,936,443,024
Directors fees & expenses	29.A	8,480,132	11,505,382
Shariah Supervisory Committee's fees & expenses	30	253,639	526,355
Rent, taxes, insurance and lighting etc.	31.A	524,567,158	506,972,644
Postage, telegram, telephone and stamp etc.	32.A	140,250,535	148,226,738
Legal charges		50,239,903	25,258,289
Auditors' fee		6,147,066	2,093,000
Salary & Allowances to the Managing Director		21,424,646	25,332,000
Depreciation and repairs to the bank's properties	33.A	1,071,351,694	1,075,102,497
Stationery, Printing and Advertisement etc.	34.A	292,663,583	286,309,786
Other expenses	35.A	2,318,193,010	2,204,858,234
Total operating expenses		**11,708,024,470**	**12,222,627,949**
Profit/(Loss) before Tax & provision		**3,490,987,574**	**8,525,170,586**
Provision against Investments & Contingent Liabilities	36.A	2,234,000,000	3,734,066,075
Provision for diminution in value of investment		176,586,529	176,394,157
Other Provision		8,500,000	505,963,773
Total provision		**2,419,086,529**	**4,416,424,005**
Profit/(Loss) before Tax		**1,071,901,045**	**4,108,746,580**
Current tax	15.1.A	291,007,138	3,347,237,841
Deferred tax		(73,461,155)	(3,162,868)
Provision for Taxation		**217,545,983**	**3,344,074,973**
Net Profit/(Loss) after tax		**854,355,062**	**764,671,607**
Net Profit attributable to:			
Equity holders of the bank		853,734,963	754,956,374
Non-controlling Interest		620,099	9,715,234
Profit for the year		**854,355,062**	**764,671,608**
Appropriation			
Statutory Reserve		278,424,620	270,000,000
General Reserve (1 % start-Up fund)		-	7,442,421
Profit paid on aibl mudaraba perpetual bond		500,000,000	464,000,000
Non-Controlling Interest		620,099	9,715,234
		779,044,719	**751,157,655**
Transfer to Retained Earnings		**75,310,343**	**13,513,952**
Earning per Ordinary Share (EPS)	41.A	**0.74**	**0.66**

Accompanying notes form an integral part of these financial statements.

Managing Director | Director | Director | Chairman

Signed in terms of our report of even date.

K.M. Alam & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-023
Kazi Ahmmed Monowar FCA
Engagement Partner
ICAB Enrolment number- 822

DVC : 2604300822AS929914

Place: Dhaka, Bangladesh
Date : 25 February 2026

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Mohammad Monirruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Consolidated Cash Flow Statement
For the period ended December 31, 2025

Particulars	Notes	2025 Taka	2024 Taka
Cash flows from operating activities:			
Investment income receipt in Cash		45,192,100,299	46,147,621,262
Profit paid on deposits and borrowing		(34,925,000,321)	(28,484,443,271)
Dividend received		33,432,081	68,489,460
Fees & Commission received in cash		4,197,186,472	4,384,685,469
Recoveries from written off investments		191,155,746	320,676,379
Cash payments to employees		(7,295,877,750)	(7,971,399,703)
Cash payments to suppliers		(292,663,583)	(286,309,786)
Received from other operating activities (Item-wise)		1,011,928,376	1,083,146,243
Paid for other operating activities (item-wise)	37.A	(3,590,109,440)	(2,348,862,219)
Advance income tax paid		(2,642,343,645)	(3,405,692,920)
Operating profit before changes in operating assets and liabilities		**1,879,808,233**	**9,507,910,914**
Changing in Operating assets & liabilities			
(Increase)/Decrease of trading securities		545,783,695	(360,523,876)
(Increase)/Decrease/(Decrease) of placement to other banks		350,000,000	1,300,000,000
(Increase)/Decrease of Investment and advances to customers (other than Banks)		(8,546,878,889)	(27,696,650,813)
(Increase)/Decrease of other assets (item-wise)	38.A	(8,002,737,495)	3,522,330,724
Increase/ (Decrease) of placement from other banks and financial institution		(5,232,012,043)	6,517,116,124
Increase/(Decrease) of Deposits from customers (other than Banks)		30,752,245,008	33,071,167,990
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	39.A	1,690,834,655	(9,610,117,497)
Cash receipt from operating activities		**11,557,234,932**	**6,743,322,651**
A. Net Cash from operating activities		**13,437,043,165**	**16,251,233,565**
Cash flows from investing activities:			
Proceeds from sale of securities		-	-
Payments for purchases of securities		-	-
Purchase of property, plant and equipment		(1,250,392,059)	(1,469,950,321)
Sales proceeds of Fixed assets		995,550	5,080,532
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		**(1,249,396,509)**	**(1,464,869,789)**
Cash flows from financing activities			
Increase in Exchange Equalization Account		(2,080,247)	2,080,247
Issue of AIBL Subordinate Bond / Perpetual Bond		(2,602,000,000)	(2,000,000,000)
Increase in Share Capital		-	548,424,620
Dividend paid		-	(1,096,849,251)
C. Net cash flows from financing activities		**(2,604,080,247)**	**(2,546,344,384)**
D. Net increase in cash and cash equivalent (A+B+C)		**9,583,566,409**	**12,240,019,393**
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent D+E		**9,583,566,409**	**12,240,019,393**
G. Cash & Cash Equivalents at the beginning of the year		**80,329,654,317**	**68,089,634,924**
H. Cash & Cash Equivalents period ended	40.A	**89,913,220,726**	**80,329,654,317**
Net Operating Cash Flow per Share (NOCFPS)	43	11.67	21.28

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Managing Director

Director

Director

Chairman

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office Dhaka-1000

Mohammad Moniruzzaman, FCA
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Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Consolidated Statement of Changes in Equity
For the period ended December 31, 2025

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2025	11,516,917,130	11,238,492,510	170,780,665	1,084,174,318	2,080,247	24,012,444,870	1,683,640,721	25,696,085,591
Changes in accounting policy	-		-	-	-	-		-
Offload share	-	-	-	-	-	-	-	-
Restated Adjustment		-	-		-	-	-	-
Restated balance	11,516,917,130	11,238,492,510	170,780,665	1,084,174,318	2,080,247	24,012,444,870	1,683,640,721	25,696,085,591
AIT adjustment for CML (2012-2017)	-	-	7,506,946	-	-	7,506,946	-	7,506,946
Prior Year Adjustment for Suspense Account (CML)	-	-	(1,371,629)	-	-	(1,371,629)	-	(1,371,629)
Prior Year Adjustment (CMSL)			616,546			616,546	-	616,546
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	(2,080,247)	(2,080,247)	-	(2,080,247)
Share premium	-	-	-	-	-	-	-	-
Net profit for the year	-	-	853,734,963	-	-	853,734,963	620,099	854,355,062
Cash Dividend	-	-	-	-	-	-		-
Bonus Share	-	-	-	-	-	-	-	-
Asset revalution Reserve	-	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-	-
Profit paid on aibl mudaraba perpetual bond			(500,000,000)		-	(500,000,000)	-	(500,000,000)
Transfer to 1 % strat-Up fund	-	-	-	-	-	-	-	-
Appropriations during the year	-	278,424,620	(278,424,620)	-	-	-	-	-
Balance as at December 31, 2025	11,516,917,130	11,516,917,130	252,842,871	1,084,174,318	-	24,370,851,450	1,684,260,819	26,055,112,269
Balance as at December 31, 2024	11,516,917,130	11,238,492,510	170,780,665	1,084,174,318	2,080,247	24,012,444,870	1,683,640,721	25,696,085,591

Mohd. Rafat Ullah Khan
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Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Managing Director

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Director

Director

Chairman

K. M. ALAM & CO. Dhaka Chartered Accountants

Al-Arafah Islami Bank PLC

Consolidated Statement of Liquidity

(Maturity Analysis of Assets and Liabilities)

For the year ended December 31, 2025

SL No	Particulars	Less than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
1	2	3	4	5	6	7	8
1	**Assets :**						
	Cash in hand (including balance with Bangladesh Bank and its agent banks)	5,592,493,767	-	-	-	23,090,240,119	28,682,733,886
	Balance with other Bank and Financial Institution	1,535,244,918	499,626,192	-	-	249,270,730	2,284,141,840
	Placement with Banks & Other Financial Institutions	500,000,000	4,600,000,000	500,000,000	-	1,000,000,000	6,600,000,000
	Investments (in Shares & Securities)	-	-	22,965,715,000	24,955,600,000	31,639,749,572	79,561,064,572
	Investments	79,249,016,155	149,810,705,776	149,666,960,410	86,487,165,825	32,607,948,239	497,821,796,404
	Fixed Assets including premises (Land & Building)	-	-	-	-	5,931,380,327	5,931,380,327
	Other Assets	60,100,000	-	308,879,000	29,832,663	23,901,833,872	24,300,645,535
	Deferred tax Liabilities/ (Assets)	-	-	-	-	36,389,814	36,389,814
	Non Banking Assets	-	-	-	-	37,683,927	37,683,927
	Total Assets	**86,936,854,840**	**154,910,331,968**	**173,441,554,410**	**111,472,598,488**	**118,494,496,599**	**645,255,836,305**
2	**Liabilities :**						
	Placement from Banks & Other Financial institutions	2,997,600,000	24,498,800,000	29,890,479,419	1,852,994,824	-	59,239,874,243
	Deposits and Other Accounts	88,838,353,838	148,197,825,877	142,646,391,262	83,513,237,699	22,773,709,549	485,969,518,225
	Provision and Other Liabilities	3,206,758,000	12,868,861,621	-	-	46,518,489,118	62,594,108,739
	Deferred tax Liabilities/ (Assets)	-	-	-	-	-	-
	AIBL Mudaraba Subordinated Bond	-	-	-	-	11,398,000,000	11,398,000,000
	Total Liabilities	**95,042,711,838**	**185,565,487,498**	**172,536,870,681**	**85,366,232,524**	**80,690,198,667**	**619,201,501,208**
	Net Liquidity Gap	(8,105,856,998)	(30,655,155,530)	904,683,729	26,106,365,965	37,804,297,932	26,054,335,097

The Liquidity statement is prepared on contractual basis and which usually renewable. As a result it may not be actually alarming situation due to mismatch of assets & liability.

Managing Director

Director

Director

Chairman

Nasimul Baten
Managing Director & CEO
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Head Office, Dhaka.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

K.M. ALAM & CO. Dhaka Chartered Accountants

Al-Arafah Islami Bank PLC
Balance Sheet
As at December 31, 2025

PARTICULARS	Notes	31.12.2025 Taka	31.12.2024 Taka
PROPERTY AND ASSETS:			
Cash in hand	5		
Cash in hand (including foreign currencies)	5.a	5,592,493,767	5,804,554,951
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		23,090,240,119	28,483,472,625
		28,682,733,886	**34,288,027,576**
Balance with other Banks and Financial Institutions	6		
In Bangladesh		1,205,570,626	770,652,712
Outside Bangladesh		1,078,187,856	945,448,370
		2,283,758,482	**1,716,101,082**
Placement with Banks & Other Financial Institutions	7	6,600,000,000	6,950,000,000
Investment in Share & Securities	8		
Government	8.a	58,946,345,000	44,322,655,000
Others	8.b	12,184,486,285	12,608,907,981
		71,130,831,285	**56,931,562,981**
Investments	9		
General investments etc.		460,717,549,635	444,843,791,174
Bills purchased and discounted		40,502,146,769	40,000,571,999
		501,219,696,404	**484,844,363,173**
Fixed assets less Accumulated Depreciation	10	5,930,656,786	5,574,059,500
Other Assets	11	24,603,892,769	22,965,901,136
Non-Banking Assets	12	37,683,927	37,683,927
Total Assets		640,489,253,539	613,307,699,376
LIABILITIES AND CAPITAL			
Liabilities:			
Placement from Banks & Other Financial institutions	13	57,386,879,419	62,585,347,478
Deposits and other Accounts	14		
Mudaraba Savings Deposits		83,895,753,704	73,317,455,413
Mudaraba Term Deposits		240,988,615,391	233,703,804,152
Other Mudaraba Deposits	14.ii	96,573,785,272	75,420,266,080
Al-wadeeah Current Accounts and Other Accounts etc.	14.iii	59,828,628,206	68,351,849,494
Bills Payable		4,980,615,632	4,061,095,218
		486,267,398,205	454,854,470,357
Other Liabilities	15	61,220,775,105	57,977,628,430
Deferred tax Liabilities	16	-	37,087,626
AIBL Mudaraba Bond	17	11,398,000,000	14,000,000,000
Total Liabilities		616,273,052,729	589,454,533,890
Capital/Share Holders Equity			
Paid up Capital	18	11,516,917,130	11,516,917,130
Statutory Reserve	19	11,516,917,130	11,238,492,510
Asset revaluation Reserve	20.a	1,084,174,318	1,084,174,318
Foreign Currency Translation Reserve	20.b	-	2,080,247
Retained Earnings	21	98,192,233	11,501,281
Total Share holders equity		24,216,200,810	23,853,165,486
Total Liability and Share holders equity		640,489,253,539	613,307,699,376
Net assets value per share (NAV)	42	21.03	20.71

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
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Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Balance Sheet
As at December 31, 2025

	Notes	31.12.2025 Taka	31.12.2024 Taka
OFF BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptance and endorsement		47,729,656,103	65,507,108,327
Letters of Guarantee	22	19,320,242,578	16,501,446,000
Letters of Credit		58,954,383,314	57,081,681,230
Bills for Collection		39,668,557,000	43,012,066,290
Other Contingent Liabilities		-	-
Total		165,672,838,995	182,102,301,846
Other Commitments :			
Documentary Credits and other short term trade related transactions		-	-
Forward Assets Purchased and forward Deposit placed		-	-
Undraw note issuance and Revolving underwriting Facilities		-	-
Undraw Formal standing Facilities, Credit lines and others commitments		-	-
Total Off Balance sheet items including Contingent		165,672,838,995	182,102,301,846

Accompanying notes form an integral part of these financial statements.

Managing Director | Director | Director | Chairman

Signed in terms of our report of even date.

K.M. Alam & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-023
Kazi Ahmmed Monowar FCA
Engagement Partner
ICAB Enrolment number- 822

DVC : 2604300822AS929014

Place: Dhaka, Bangladesh
Date : 30-April-2026

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

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Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Al-Arafah Islami Bank PLC
Profit or Loss Accounts
For the year ended December 31, 2025

Particulars	Notes	2025 Taka	2024 Taka
Investment Income	23	41,402,521,711	42,038,251,080
Profit paid on Deposits & Placements from Other Banks	24	(35,335,070,113)	(29,573,862,026)
Net Investment Income		**6,067,451,598**	**12,464,389,054**
Income from Investment in Shares /Securities	25	3,875,571,760	2,718,977,082
Commission, Exchange and Brokerage	26	4,118,482,325	4,263,791,337
Other Operating Income	27	1,003,107,009	1,125,118,846
		8,997,161,094	**8,107,887,265**
Total operating income		**15,064,612,692**	**20,572,276,319**
Salaries and allowances & contribution to P.F	28	7,190,577,956	7,855,533,266
Directors fees & expenses	29	5,729,459	11,505,382
Shariah Supervisory Committee's fees & expenses	30	253,639	526,355
Rent, taxes, insurance and lighting etc.	31	503,445,493	486,888,090
Postage, telegram, telephone and stamp etc.	32	140,108,238	148,083,756
Legal charges		50,028,124	25,099,962
Auditors' fee		6,072,066	2,035,500
Salary & Allowances to the Managing Director		21,424,646	25,332,000
Depreciation and repairs to the Bank's properties	33	1,067,688,679	1,071,217,692
Stationery, Printing and Advertisement etc.	34	291,326,195	284,982,064
Other expenses	35	2,287,217,251	2,166,788,698
Total operating expenses		**11,563,871,746**	**12,077,992,765**
Profit/(Loss) before Tax & provision		**3,500,740,946**	**8,494,283,554**
Provision against Investments & Contingent Liabilities	36	2,234,000,000	3,734,066,075
Provision for diminution in value of investment		176,586,529	176,394,157
Other Provision		8,500,000	505,963,773
Total provision		**2,419,086,529**	**4,416,424,005**
Profit/(Loss) before Tax		**1,081,654,417**	**4,077,859,549**
Current tax	15.1	290,000,000	3,336,767,557
Deferred tax	16	(73,461,155)	(3,150,137)
Provision for Taxation		**216,538,845**	**3,333,617,420**
Net Profit/(Loss) after tax		**865,115,572**	**744,242,129**
Appropriation			
Statutory Reserve		278,424,620	270,000,000
Profit paid on aibl mudaraba perpetual bond		500,000,000	464,000,000
General Reserve (1 % Start-Up Fund)		-	7,442,421
		778,424,620	**741,442,421**
Retained Earnings		**86,690,952**	**2,799,707**
Earning per Ordinary share (EPS)	41	0.75	0.65

Accompanying notes form an integral part of these financial statements.

Managing Director | Director | Director | Chairman

Signed in terms of our report of even date.

K.M. Alam & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-023
Kazi Ahmmed Monowar FCA
Engagement Partner
ICAB Enrolment number- 822

DVC : 2604300822AS929914

Place: Dhaka, Bangladesh
Date : 30-April-2026

Nasimul Baten
Managing Director & CEO
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Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Al-Arafah Islami Bank PLC
Cash Flow Statement
For the year ended December 31, 2025

Particulars	Notes	2025 Taka	2024 Taka
Cash flows from operating activities			
Investment income receipt in Cash		44,975,740,263	43,993,584,401
Profit paid on deposits and borrowings		(34,755,514,123)	(28,243,949,416)
Dividend recieved		27,138,296	45,216,830
Fees & Commission received in cash		4,118,482,325	4,263,791,337
Recoveries from write off investments		191,155,746	320,676,379
Cash payments to employees		(7,212,002,602)	(7,890,489,945)
Cash payments to suppliers		(291,326,195)	(284,982,064)
Received from other operating activities (item-wise)		1,003,107,009	1,125,118,846
Paid for other operating activities (item-wise)	37	(3,535,044,046)	(2,290,349,320)
Advance income tax paid		(2,628,321,160)	(3,380,294,798)
Operating profit before changes in operating assets and liabilities		**1,893,415,511**	**7,658,322,250**
Changing in Operating assets & liabilities			
(Increase)/Decrease of trading securities		424,421,697	(397,108,230)
(Increase)/Decrease/(Decrease) of placement to other banks		350,000,000	1,300,000,000
(Increase)/Decrease of Investment and advances to customers (other than Banks)		(9,139,146,084)	(35,311,586,348)
(Increase)/Decrease of other assets (item-wise)	38	(7,752,988,669)	4,303,486,334
Increase/ (Decrease) of placement from other banks and financial institution		(5,198,468,058)	6,539,510,086
Increase/(Decrease) of Deposits from customers (other than Banks)		30,833,543,060	33,029,972,589
Increase/(Decrease) of Other liabilities account of customers		-	-
Increase/(Decrease) of Trading liabilities (item-wise)	39	2,027,268,921	(870,441,059)
Cash receipt from operating activities		**11,544,630,866**	**8,593,833,371**
A. Net Cash from operating activities		**13,438,046,378**	**16,252,155,621**
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,248,907,971)	(1,468,474,082)
Sales proceeds of Fixed assets		995,550	5,080,532
Purchase-sale of subsidiary		-	-
B. Net cash flows from investing activities		**(1,247,912,421)**	**(1,463,393,550)**
Cash flows from financing activities			
Increase/(Decrease) in Exchange Equalization Account		(2,080,247)	2,080,247
Issue of AIBL Subordinate Bond / Perpetual Bond		(2,602,000,000)	(2,000,000,000)
Increase in Share Capital		-	548,424,620
Dividend paid		-	(1,096,849,251)
C. Net cash flows from financing activities		**(2,604,080,247)**	**(2,546,344,384)**
D. Net increase in cash and cash equivalent (A+B+C)		**9,586,053,710**	**12,242,417,688**
E. Effects of exchange rate changes on cash and cash-equivalents		-	-
F. Net increase in cash and cash equivalent (D+E)		**9,586,053,710**	**12,242,417,688**
G. Cash & Cash Equivalents at the beginning of the year		**80,326,783,658**	**68,084,365,970**
H. Cash & Cash Equivalents at the end of the year	40	**89,912,837,368**	**80,326,783,658**
Net Operating Cash Flow per Share (NOCFPS)	43	**11.07**	**21.29**

Nasimul Baten
Managing Director & CEO
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Managing Director

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Managing Director & CEO
UCB Investment Limited

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC.
Head Office Dhaka-1000

Al-Arafah Islami Bank PLC
Statement of Changes Equity
For the year ended December 31, 2025

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Total Taka
Balance at 1st January, 2025	11,516,917,130	11,238,492,510	11,501,282	1,084,174,318	2,080,247	23,853,165,488
Changes in accounting policy	-	-		-	-	-
Issue of the share capital	-	-	-	-	-	-
Restated balance	**11,516,917,130**	**11,238,492,510**	**11,501,282**	**1,084,174,318**	**2,080,247**	**23,853,165,488**
Tax adjustment previous year	-	-		-	-	-
Surplus/deficit on account of revaluaton of investments	-	-	-	-	-	-
Currency translation differences recognized in the income/(Loss)	-	-	-	-	(2,080,247)	(2,080,247)
Net gain and losses not recognised in Income Statement	-	-	-	-	-	-
Net profit for the year	-	-	865,115,572	-	-	865,115,572
Cash Dividend	-	-	-	-	-	-
Bonus Share	-	-	-	-	-	-
Asset revalution Reserve		-	-	-	-	-
Profit paid on aibl mudaraba perpetual bond	-	-	(500,000,000)	-	-	(500,000,000)
Transfer to 1 % strat-Up fund	-	-	-	-	-	-
Appropriations during the year	-	278,424,620	(278,424,620)	-	-	-
Total shareholders' equity as on December 31,2025	**11,516,917,130**	**11,516,917,130**	**98,192,233**	**1,084,174,318**	**-**	**24,216,200,810**
Total shareholders' equity as on December 31,2024	**11,516,917,130**	**11,238,492,510**	**11,501,282**	**1,084,174,318**	**2,080,247**	**23,853,165,488**

Mohammad Monirzzaman, FCS
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Managing Director

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Director

Director

Chairman

Al-Arafah Islami Bank PLC

Statement of Liquidity

(Maturity Analysis of Assets and Liabilities)

For the year ended December 31, 2025

Sl. No.	Particulars	Less then 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	More then 5 Years	Total
1	2	3	4	5	6	7	8
1	**Assets :**						
	Cash in hand (including balance with Bangladesh Bank and its agent banks)	5,592,493,767	-	-	-	23,090,240,119	28,682,733,886
	Balance with other Bank and Financial Institution	1,580,244,918	499,990,450	-	-	203,523,114	2,283,758,482
	Placement with Banks & Other Financial Institutions	500,000,000	4,600,000,000	500,000,000	-	1,000,000,000	6,600,000,000
	Investments (in Shares & Securities)	-	-	21,965,715,000	22,955,600,000	26,209,516,285	71,130,831,285
	Investments	79,249,016,155	149,810,705,776	153,064,860,410	86,487,165,825	32,607,948,239	501,219,696,404
	Fixed Assets including premises (Land & Building)	-	-	-	-	5,930,613,360	5,930,613,360
	Other Assets	60,100,000	-	308,879,000	29,832,663	24,168,707,576	24,567,519,239
	Deferred tax Liabilities/ (Assets)	-	-	-	-	36,389,814	36,389,814
	Non Banking Assets	-	-	-	-	37,683,927	37,683,927
	Total Assets	**86,981,854,840**	**154,910,696,226**	**175,839,454,410**	**109,472,598,488**	**113,284,622,434**	**640,489,226,398**
2	**Liabilities :**						
	Placement from Banks & Other Financial Institutions	2,997,600,000	24,498,800,000	29,890,479,419	-	-	57,386,879,419
	Deposits and Other Accounts	88,838,353,838	148,197,825,877	142,944,051,242	83,513,237,699	22,496,029,549	485,989,498,205
	Provision and Other Liabilities	3,206,758,000	12,868,861,621	-	-	45,423,012,058	61,498,631,679
	Deferred tax Liabilities/ (Assets)	-	-	-	-	-	-
	AIBL Mudaraba Subordinated Bond	-	-	-	-	11,398,000,000	11,398,000,000
	Total Liabilities	**95,042,711,838**	**185,565,487,498**	**172,834,530,661**	**83,513,237,699**	**79,317,041,607**	**616,273,009,303**
	Net Liquidity GAP	**(8,060,856,998)**	**(30,654,791,272)**	**3,004,923,749**	**25,959,360,789**	**33,967,580,827**	**24,216,217,095**

The Liquidity statement is prepared on contractual basis and which usually renewable. As a result it may not be actually alarming situation due to mismatch of assets & liability.

Managing Director | Director | Director | Chairman

Al-Arafah Islami Bank PLC

Notes to the Financial Statements

As at and for the year ended December 31, 2025

1. The Bank and its activities

1.1

Al-Arafah Islami Bank was established in 1995 under the Companies Act, 1994 as a Banking Company with Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all types of commercial banking services under the regulation of Bank Companies Act, 1991 (as amended up to date) . The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the percepts of Islam. The Shariah Supervisory Committee consists of prominent Islamic Scholars and reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Presently the bank has 226 Branches and 2 (two) Subsidiary Companies.

The principal activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade finance and other related custody and clearing services to the customers following the provisions of Bank Companies Act, 1991 (as amended 2018), Bangladesh Bank's directives and the principles of Islamic Shariah.

1.2 Subsidiaries of the Bank

Al-Arafah Islami Bank PLC has two subsidiary companies. The financial statements of these subsidiary companies are included in the consolidated financial statements according to IFRS-10.

1.2.1 AIB PLC Capital Market Services Limited

Al-Arafah Islami Bank PLC. owned 60.50% shares of AIB PLC Capital Market Services Ltd. a subsidiary company of Al-Arafah Islami Bank. AIB PLC Capital Market Services Ltd. was incorporated in Bangladesh on 20 September, 2010 as a Public Company. The principal activities of subsidiary company is to provide quality services to the prospective institutional and individual investors in the capital market. The main activities and functions of the company include;

i. Share trading in Dhaka Stock Market and Chittagong Stock Market.
ii. Provide Margin facilities to the clients.
iii. Full service depository participant of Central Depository of Bangladesh Ltd.

Copy of the audited financial statement is attached Appendix A

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

1.2.2 AIB PLC Capital Management Limited

Al-Arafah Islami Bank PLC. owned 98% shares of AIB PLC Capital Management Limited, a subsidiary company of Al-Arafah Islami Bank Limited. AIB PLC Capital Management Limited was incorporated under the Companies Act (Act XVIII) of 1994 as a Private Limited Company by shares on 25th October, 2011. The company was entitled to commence the business also from 25th October, 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BDT 2 billion and paid up capital of BDT 500 million. It aims to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking Services with a high level of professional expertise and integrity.

Copy of the audited financial statement is attached in Appendix B

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC.
Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

2. Basis of preparation and significant accounting policies

2.1 Preparation of financial statements

The consolidated financial statements of the group and the financial statements of the bank have been prepared on a going concern basis under the historical cost convention and on International Financial Reporting Standard and International Accounting Standard consistently with those of previous years. Although the operations of the Bank are in strict compliance with the rules of Islamic Shariah, the financial statements have been prepared in accordance with the Bank Companies Act 1991 (as amended up to date), in particular Banking Regulation and Policy Department (BRPD) Circular No.15 (09 November, 2009) other Bangladesh Bank circulars, the Companies Act 1994, the Securities and Exchange Rules 2020, Dhaka and Chittagong Stock Exchange Listing Regulations, other laws and rules applicable in International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). where relevant to the Bank to the extent that these do not contradict with the applicable statutory provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

2.1.1 Going Concern Disclosure

The bank decided to address the non-performing investments for sustainability, which is high compared to the previous year. For addressing high non-performing investments, the required provision is high, as well as the Bank's Capital to Risk Weighted Asset Ratio (CRAR) stood at 10.72% against the regulatory requirement of 12.50%.

In spite of some constraints, the Bank management has prioritized maintaining adequate provisions to enhance the institution's financial stability. Significant efforts have already been made in this regard. For the remaining portion of the provision, the bank has obtained deferral approval through letter no. BSD-12/57/2026-396, dated: 28/04/2026. Furthermore, the bank has developed a plan to establish a specialized recovery department staffed with sufficient personnel to focus on recovering non-performing investments

The bank has adequate resources to continue its operation for the foreseeable future. The current investment facilities and adequate resources of the bank provide sufficient funds to meet the present requirements of its existing businesses and operations to continue.

2.2 Statement of compliance with applicable laws, regulations and standards

Although the operations of the Bank are in strict compliance with the rules of Islamic Shariah, the financial statements have been prepared in accordance with the Bank Companies Act 1991 (as amended 2018), in particular Banking Regulation and Policy Department (BRPD) Circular No.15 (09 November, 2009) other Bangladesh Bank circulars, the Companies Act 1994, the Securities and Exchange Rules 2020, Dhaka and Chittagong Stock Exchange Listing Regulations, other laws and rules applicable in International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) where relevant to the Bank to the extent that these do not contradict with the applicable statutory provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) was formed in 2017 and has adopted International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as the applicable Financial Reporting Standards for public interest entities such as banks with effect from 2 November 2020. The consolidated and separate financial statements of the Group and the bank have been prepared in accordance with the IFRS adopted by FRC and in addition to this, the bank also complied with the requirements of the following laws and regulations from various government bodies:

i) The Banking Companies Act, 1991 (as amended up to date);

ii) The Companies Act, 1994;

iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;

iv) Bangladesh Securities and Exchange Ordinance,1969; Bangladesh Securities and Exchange Rules 2020; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and amendments thereon;

v) The Income Tax Act, 2023;

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Deputy Managing Director & CFO
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Head Office,Dhaka-1000

Mohammad Moniruzzaman, FCA
VP & Company Secretary
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Head Office, Dhaka.

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

vi) The Value Added Tax and Supplementary Duty Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;

vii) Dhaka Stock Exchange PLC. (DSE), Chittagong Stock Exchange PLC. (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations;

viii) Financial Reporting Act, 2015 and

ix) Other applicable laws and regulations.

In case any requirement of the Banking Companies Act, 1991 (as amended up to date) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs as adopted, the requirements of the Banking Companies Act, 1991 (as amended up to date) and provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank have departed from those which are the requirements of IFRSs and IASs in order to comply with the rules and regulations of Bangladesh Bank are disclosed below:

i) Presentation of Financial Statements

IFRS/IAS: As per IAS 1: *Presentation of Financial Statements*, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

Bangladesh Bank: A format of financial statements (i.e., balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) is prescribed in the "First Schedule" of Section 38 of the Banking Companies Act, 1991 (as amended up to date) and BRPD circular no. 15 dated 09 November 2009 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Name of the Financial Statements

IFRS/IAS: As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes comprising a summary of significant accounting policies and other explanatory information.

Bangladesh Bank: The forms of financial statements and directives for preparation thereof of the Islamic banking companies in Bangladesh are guided by BRPD circular no. 15 dated 09 November 2009 Bangladesh Bank. BRPD circular no. 15 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

iii) Investments in Shares and Securities

IFRS/IAS: As per requirements of IFRS 9: *Financial Instruments*, classification and measurement of investments in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics.

Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investments; otherwise, investments are recognized at cost.

Nasim Ahmed
Managing Director & CEO
DBH Finance PLC.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
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Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

iv) Revaluation Gains/Losses on Government Securities

IFRS/IAS: As per requirement of IFRS 9, where securities will fall under the category of fair value through profit or loss and other comprehensive income any change in fair value of the asset is recognized through profit or loss and other comprehensive income. Held for Trading (HFT), any change in the fair value of held for trading assets is recognized through profit or loss and other comprehensive income. Securities designated as amortized cost are measured at effective interest rate method and interest income is recognized through the profit or loss and other comprehensive income.

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

v) Provision on Investments and Off-balance Sheet Items

IFRS/IAS: As per IFRS 9, an entity shall recognize an impairment allowance on investments (loans) based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for investments (loans) at an amount equal to the lifetime expected credit losses if the credit risk on these investments has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those investments (loans) for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 months' expected credit losses that may result from default events on investments that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular no. 14 (23 September 2012), BRPD Circular No.-15 (23 September 2012), BRPD Circular No.-03 (21 April 2019), BRPD Circular No.-17 (28 September 2020), BRPD Circular Letter No.-56 (10 December 2020), BRPD Circulars No.-3 (31 January 2021), BRPD Circulars No.-5 (24 March 2021), BRPD Circular Letter No.-51 (29 December 2021), BRPD Circular Letter No.-53 (30 December 2021), BRPD Circular No.-16 (18 July 2022), BRPD Circular Letter No.-33 (03 August 2022), BRPD Circular No.-51 (18 December 2022), BRPD Circular No.-14 (22 June 2022), BRPD Circular Letter No.-03 (02 February 2023), BRPD Circular No.-11 (20 June 2023), BRPD Circular No.-09 (08 April 2024), BRPD Circular No.-16 (21 July 2020), BRPD Circular No.-01 (20 February 2018), BRPD Circular No.-12 (20 August 2017), BRPD Circular Letter No.-52 (20 Oct 2020), a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment.

Also, provision for sub-standard loans, doubtful loans and bad & losses has to be provided at 20%, 50% and 100% respectively except (a) short-term agricultural and micro-credits where 5% for sub-standard and doubtful loans and 100% for bad & loss loans; and (b) cottage micro and small credits where 5% for sub-standard, 20% for doubtful and 100% for bad & loss loans depending on the duration of overdue. Again, as per BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 13 dated 18 October 2018, a general provision at 0.50% to 1% is required to be provided for all off-balance sheet exposures except LC issued against Fast Track Electricity Project & Bills for Collection according to BRPD circular letter no. 01 dated 03 January 2018 & BRPD circular no. 07 dated 21 June 2018 respectively. Such provision policies are not specifically in line with those prescribed by IFRS 9.

vi) Recognition of Investment Income in Suspense

IFRS/IAS: Investments (loans) to customers are generally classified at amortized cost as per IFRS 9 and interest income is recognized by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortized cost of the investment (loan).

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Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Tanzim Alamgir
Managing Director &
UCB Investment Limited

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment (loan) is classified, investment income on such investment is not allowed to be recognized as income, rather the corresponding amount needs to be credited to an investment income in suspense account, which is presented as liability in the balance sheet.

vii) Other Comprehensive Income

IFRS/IAS: As per IAS 1, Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

Bangladesh Bank: Bangladesh Bank issued templates for financial statements which will strictly be followed by all Banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

viii) Financial Instruments - Presentation and Disclosure

In several cases, Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 cannot be made in the financial statements.

ix) Financial Guarantees

IFRS/IAS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognized less, income recognized in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

x) Cash and Cash Equivalents

IFRS/IAS: Cash and cash equivalent items should be reported as cash items as per IAS 7: *Statement of Cash Flows*.

Bangladesh Bank: Some cash and cash equivalent items such as 'Placement with other banks', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Placement with other banks is presented on the balance sheet, and treasury bills, prize bonds are shown in investments.

Nasimul Bari
Managing Director & CEO
DBH Finance PLC.

xi) Non-Banking Assets

IFRS/IAS: No indication of non-banking assets is found in any IFRSs.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, there must exist a face item named Non- Banking Asset.

xii) Cash Flow Statement

IFRS/IAS: The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

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Mohd. Rafat Ullah Khan
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Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 and BRPD circular no. 15 dated 09 November 2009, cash flow is the mixture of direct and indirect methods.

Investment in Bangladesh govt. Islamic investment bonds have been reported under cash and cash equivalent in The Cash Flow Statement though such investments do not qualify cash and cash equivalent as per definition of IAS-7.

xiii) Balance with Bangladesh Bank (Cash Reserve Requirement)

IFRS/IAS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xiv) Presentation of Intangible Asset

IFRS/IAS: An intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38: *Intangible Assets*.

Bangladesh Bank: There is no regulation for intangible assets in BRPD circular no. 15 dated 09 November 2009.

xv) Off-balance Sheet Items

IFRS/IAS: There is no concept of off-balance sheet items in any IFRS; hence, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, off-balance sheet items (e.g., letter of credit, letter of guarantee, etc.) must be disclosed separately on the face of the balance sheet.

xvi) Disclosure of Appropriation of Profit

IFRS/IAS: There is no requirement to show appropriation of profit in the face of statement of profit or loss and other comprehensive income.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, an appropriation of profit should be disclosed in the face of profit and loss account.

xvii) Investments Net off Provision

IFRS/IAS: Investments/loans and advances should be presented net off provision.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, provisions on investments/loans and advances are presented separately as liability and cannot be net off against investments/loans and advances.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

xviii) Recovery of Written off Investments/Loans

IFRS/IAS: As per IAS 1, an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by any IFRSs. Again, recovery of written off investments/loans should be recognized in statement of profit or loss and other comprehensive income as per IFRS 15: *Revenue from Contracts with Customers*.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, recoveries of amount previously written off should be adjusted with the specific provision for investments/loans and advances.

xix) Revenue

As per IFRS 15, revenue should be recognized on accrual basis, but due to the unique nature of Islamic Banks, income from investment under Murabaha, Bi-Muazzal, HPSM, Ijarah, Bi-Salam, Quard, IDBP and FDBP modes is accounted for on realization basis as per AAOIFI and Bangladesh Bank guidelines.

Mohd. Rafat Ullah Khan
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Head Office, Dhaka.

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
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Head Office,Dhaka-1000

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Mohammad Monir[illegible], FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

xx) Recognition of Investment in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IFRS 9 and interest income is recognized through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognized in statement of profit or loss and other comprehensive income account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD Circular No. 14 dated 23 September, 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

xxi) Balance with Bangladesh Bank: (Cash Reserve Requirement)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

Departure from BSEC Directive to comply with the rules and regulations of Bangladesh Bank:

As per BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021, unclaimed dividend is required to be presented as a separate line item in the statement of financial position but the financial statements of the Bank are prepared as per the "First Schedule" and Section 38 of the Banking Companies Act, 1991 (as amended up to date) and BRPD Circular No. 15 dated 09 November 2009.

2.3 Basis of Consolidation

A separate set of records for consolidating the Statements of Affairs and Income & Expenditure Statements of the branches are maintained at the Head Office of the Bank in Dhaka from which the financial statements are drawn up.

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity, so as to obtain economic benefits from its activities.

The consolidated financial statements incorporate the financial statements of Al-Arafah Islami Bank PLC and the financial statements of subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the bank is eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there are no evidence of impairment.

2.4 Liquidity Statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis:

i) Balance with other banks and financial institutions, placement with other banks, etc. are on the basis of their maturity term;

ii) Investments are on the basis of their respective maturity;

iii) Fixed assets are on the basis of their useful lives;

iv) Other assets are on the basis of their realization / amortization;

v) Borrowing from other Banks, financial institutions and agents, etc. are as per their maturity / repayment terms;

vi) Provisions and other liabilities are on the basis of their repayment / adjustments schedule.

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2.5 Use of estimation and judgment

The preparation of financial statements requires the bank to make certain estimates and to form judgments about the application of accounting policies which may affect the reported amount of assets, liabilities, income and expenses. The most significant areas of estimates and judgments have been made on provision for Investments.

2.6 **Reporting period**

The financial statements cover particular calendar year from January 01, 2025 to December 31, 2025.

2.7 **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.8 **Assets and basis of their valuation**

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

2.8.1 **Investments**

Investments are stated in the Balance Sheet net of profit receivable/mark-up profit.

Investment write-off

Investment are normally written off when there is no realistic prospect of recovery of these amounts in accordance with BRPD Circular No.2 (13 January, 2003). A separate Investment Administration and Recovery Department (IARD) has been set up at the Head Office, which monitors investment written off and legal action through the Money Court. These write-offs do not undermine or affect the amount claimed against the borrower by the bank.

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

2.8.2 **Investment in subsidiaries**

The bank has made investment in subsidiary company named AIB PLC Capital Market Service Ltd Tk. 242.00 crore holding 60.50% shares. The rest of 39.50% shares are held by others and another subsidiary Company named AIB PLC Capital Management Limited Tk 49.00 crore holding 98% shares.

2.8.3 **Fixed assets Accounting & Depreciation and Intangible Assets Accounting & Amortization Policy.**

Board of Directors of Al- Arafah Islami Bank PLC in its 226th meeting held on 11 July, 2012 approved "Fixed Assets accounting & depreciation and Intangible Assets accounting & amortization Policy" which has been effected from January 2012.

i) All fixed assets except land are stated at cost less accumulated depreciation and accumulated impairment loss as per IAS-16 " Property, Plant and Equipment". Acquisition cost of an asset comprises the purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

ii) Land was recognized at cost at the time of acquisition and subsequently measured at revalued amounts which was the market value at the time of revaluation done on 31st January 2020 by a independent professional valuer on 31st December 2020, any surplus on revaluation was shown as equity component until the disposal/de-recognition of asset. The property is located within:

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Mohammad Morifuzzaman, FCA
VP & Company Secretary
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Head Office, Dhaka.

Nasimul Baten
Managing Director & CEO
BH Finance PLC.

a) Holding No 63, Purana Paltan Dist. : Dhaka, P. S Motijheel, Sub-registry office : Sutrapur, Dhaka collectorate Touzi # 141-B-1, Mouza : Sabek Shahar Dhaka, Sheet # 22, Ward # 03, Sabek Khatian # 6947, 6947 [KA], 6947[Jha], Sabek Dag # 97, 100,101,102 and 110, SA Mouza : Ramna, Sheet # 10, SA Khatian # 362, SA Dag # 1979,1980,1981,2025,1997,1998 and 1979/2039, RS Mouza : Motijheel, RS Khatian # 420, RS Dag # 1314 and 1322, D.P Khatian # 619, D.P Dag # 812 and 804.Mutation Khatian 362/3 and Dag # 1979 and 1980. The area of land measuring about 27.10 Decimal.

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

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

Depreciation of an item of fixed assets and amortization on intangible assets is charged on the basis of estimated useful lives as mentioned in revised fixed asset policy of the bank on monthly basis following straight-line method. The depreciation/amortization method used should reflect the pattern in which the asset's economic benefits are consumed by the enterprise. The depreciation charge for each period should be recognized as an expense unless it is included in the carrying amount of another asset.

iii) Depreciation/amortization rates used for each type of fixed assets are as follows (per annum):

Name of Assets	Rate of Depreciation/ amortization	Estimated useful Lives
Furniture and Fixture (Wood)	10%	10 years
Furniture and Fixture (Steel)	10%	10 years
Computer	20%	5 years
Computer Accessories	20%	5 years
Motor Car	20%	5 years
Mechanical Appliances	20%	5 years
Books	10%	10 years
Online Hardware	20%	5 years
Land	Nil	Nil
Building	2.50%	40 years
Interior Decoration	10%	10 years
Online Software	20%	5 years

iv) Depreciation is charged on the addition of fixed assets and intangible assets are amortized from the date of use.

v) Maintenance and repair costs are charged to profit and loss account as and when incurred.

vi) **Presentation of intangible asset**

IFRS: An intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no regulation for intangible assets in BRPD Circular No. 15.

28.4 IFRS 16: Leases

AL-Arafah Islami Bank Limited applied IFRS 16: Leases for the first time with the date of initial application of 1 January 2020, using modified retrospective approach where the Bank measured the lease liability at the present value of the remaining lease payments and recognized a right-of-use asset at the date of the initial application on a lease by lease basis.

According to IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

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An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Upon lease commencement, the Bank recognizes a right-of-use asset and a lease liability. The right-of• use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Bank. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, the Bank measures the right-of-use asset using a cost model. Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit and loss account on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets have been included in fixed assets including premises.

2.8.5 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank.

2.8.6 Reconciliation of inter bank/branch books of accounts

Books of accounts in regard to Inter-branches are reconciled and there are no material differences, which may affect the financial statements significantly. Unrecognized entries in case of inter-branch transactions as on the reporting date are not mentionable due to the time gap before finalizing the same.

2.9 Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.10 Statutory reserve

Bank Companies Act, 1991 requires the Bank to transfer 20% of its current year's profit before tax to reserve until such reserve along with share premium equals to its paid up capital.

2.11 Revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the surplus amount should be credited directly to equity under the heading of revaluation surplus/reserve as per IAS-16: "Property, Plant and Equipment". The bank first revalued its land in December 2004, December 2012 and again in December 2020 which is absolutely owned by the bank and the surplus amount transferred to revaluation reserve. (Annexure-A)

2.12 Non-controlling interest

Non-controlling interest is that portion of the profit or loss and net assets of the subsidiaries (AIB PLC Capital Market Services Limited and AIB PLC Capital Management Limited and) attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent (Al-Arafah Islami Bank PLC).

2.13 Basis for valuation of liabilities and provisions

2.13.1 Provisions on Investment

As per As per BRPD circular no. 14 (23 September 2012), BRPD Circular No.-15 (23 September 2012), BRPD Circular No.-03 (21 April 2019), BRPD Circular No.-17 (28 September 2020), BRPD Circular Letter No.-56 (10 December 2020), BRPD Circulars No.-3 (31 January 2021), BRPD Circulars No.-5 (24 March 2021), BRPD Circular Letter No.-51 (29 December 2021), BRPD Circular Letter No.-53 (30 December 2021), BRPD Circular Letter No.-16 (18 July 2022), BRPD Circular Letter No.-33 (03 August 2022), BRPD Circular No.-51 (18 December 2022), BRPD Circular No.-14 (22 June 2022), BRPD Circular Letter No.-03 (02 February 2023), BRPD Circular No.-11 (20 June 2023), BRPD Circular No.-09 (08 April 2024), BRPD Circular No.-16 (21 July 2020), BRPD Circular No.-01 (20 February 2018), BRPD Circular No.-12 (20 August 2017), BRPD Circular Letter No.-52 (20 Oct 2020), a general provision at 0.5% to 2% under different categories of unclassified investments (good/standard investments) has to be maintained regardless of objective evidence of impairment. The provision rates are given below:

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Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	0.50%
General provision on unclassified loans / investments for housing finance and on loans for professionals	2%
General provision on unclassified BHS/MHS/SDS	2%
General provision on unclassified consumer financing other than housing finance and loans for professionals	0.5% to 5%
General provision on special mention account	0.5% to 5%
Specific provision on substandard loans and advances / investments	20%
Specific provision on doubtful loans and advances / investments	50%
Specific provision on bad / loss loans and advances / investments	100%
General provision for COVID 19	1.5% & 2%
Start-up Fund on Net Profit	1%

2.13.2 Provision for off balance sheet exposures

BRPD circular no.10 (18 September, 2007) requires a general provision for off balance sheet exposure is to be calculated at 1% (2007:0.50%) on all off balance sheet exposures as defined in BRPD Circular No.10 (24 November, 2002). Accordingly we have recognized a provision of 1% on the following off balance sheet items:

1. Letter of Guarantee
2. Letter of Credit
3. Acceptance and endorsements
4. Other Contingent Liabilities

iv) Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD Circular No. 14 dated September 23, 2012, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

vii) Provision for other assets

BRPD Circular No. 14 (25 June, 2001) requires a provision of 100% on other assets which are outstanding for one year and above.

viii) Provision on balance with other banks and financial institutions (Nostro Accounts)

Provision for unsettled transaction on nostro accounts made are reviewed at each balance sheet date by management and certified by our external auditor in accordance with Bangladesh Bank Foreign Exchange Policy Department (FEPD) Circular Letter No. 677 (13 September, 2005)

vii) **Provision for taxation**

Current tax

Provision for current income tax has been made @37.50% for Income from Business, @20% for Cash Dividend & @15% for Capital Gain on share as prescribed in the Finance Act 2023 and Income Tax Act, 2023 of the profit made by the bank considering taxable add-back of income and disallowance of expenditure in compliance with IAS-12 " Income Taxes". Tax return for the income year 2023 (Assessment year 2024-2025 has been filed but assessment is to be done by the tax authority.

Deferred tax

The bank recognized deferred tax in accordance with the provision of IAS-12. Deferred tax arises from temporary difference deductible or taxable for the events or transaction recognized in the financial statements and temporary difference is the difference between the tax base of an assets or liabilities and its carrying amount/reported amount in the financial statement.

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Deferred tax assets or liability is the amount of income tax payable or recoverable in future period(s) recognized in the current period. The deferred tax assets/expenses does not create a legal liability/recoverability to and from the income tax authority. The detail calculation of differed tax for the year ended 31 December 2025, has given below:

Particulars	As Per Books of Account			As Per Tax			Deferred Tax
Iteams giving rise temporary Diference	Carring Amount	Assets not Depreciable	Net Carring Amount	Tax Base	Temporary Difference Taxable /(Deductible)	Tax Rate	Liability / (Assets)
1. Fixed Assets	5,930,656,786	2,854,059,214	3,076,597,572	3,173,593,651	(96,996,079)	37.50%	(36,373,530)
2. Specific Provision for bad and debt not allowed for Tax Credit				-	-	37.50%	-
Net deferred tax liability (asset)							(36,373,530)

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Deferred tax Liability Expenses

Balance as on 1st January 2025	37,087,625
Provision required as on December 31, 2025	(73,461,155)
Balance as on December 31, 2025	(36,373,530)
Deferred tax Income	(73,461,155)
Deferred tax Assets (Income)	-
Provision required as on December 31, 2025	(73,461,155)

ix) Provision for gratuity

Gratuity Fund benefits are given to the staff of the bank in accordance with the approved Gratuity Fund rules. National Board of Revenue approved the gratuity fund as a recognized gratuity fund on October 10, 2010. The fund is operated by a Board of Trustees consisting of 06 (six) members of the bank. The employees who serve at least 07 (seven) years in AIB PLC are normally entitled to get gratuity equivalent to one month's basic salary of the employees for their completed years of services in the Bank. So that actuarial valuation is not considered essential.

x) Retirement benefit and staff welfare schemes

The Bank operates a Contributory Provident Fund, Social Security Fund and Benevolent Fund. These funds are managed by separate Board of Trustees.

xi) Other provision and accrued expenses

In compliance with IAS-37, provision and accrued expenses are recognized in the financial statements when the bank has legal or constructive obligation as a result of past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

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2.14 Revenue recognition

2.14.1 Profit on Investment

a) Income from investments has been accounted for on accrual basis except investment under Musharaka. Income in case of Musharaka is accounted for on realization basis.

b) Profit/rent/compensation accrued on classified investment are suspended and accounted for as per Circulars issued by the Bangladesh Bank. Moreover, incomes which are irregular (doubtful) as per Shariah are also not included in the distributable income of the Bank. Bank charges compensation on unclassified overdue Bai-Murabaha and Bai-Muazzal investment. Such compensation is not permissible by Shariah to take into regular income of the bank. Therefore, the amount of compensation treated as a component of provision against bad & doubtful investment. Interest received due to legal obligation is also not taken into regular income of the bank.

c) Profit on investment is calculated on daily product basis and charged on yearly basis.

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2.14.2 Fees and commission income

Fees and commission income are recognized when earned. Commission charged on customer on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.14.3 Dividend Income

Dividend Income from investment is recognized at the time when it is declared, ascertained, and right to receive the payment is established.

2.15 Management and other expenses

Expenses incurred by the bank are recognized on actual and accrual basis.

2.16 Sharing of investment income

The investment income (except exchange and commission income) is shared between depositors and the bank at the ratio of 70 : 30.

2.17 Foreign currency transactions

i) The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates prevailed on the dates of such transactions.

ii) The assets and liabilities denominated in foreign currencies as at 31 December, 2025 are translated into Taka currencies at the prevailing selling and buying rates of the concerned foreign currencies.

iii) Gains and losses of translation are dealt with through exchange account.

2.18 Basic Earning per share

This has been calculated by dividing the basic earning attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the year as per IAS-33. Diluted earning per share is required to be calculated for the year when there is scope for dilution during the period under review.

2.19 Related Party transactions

Related party transaction is a transfer of resources, services, or obligation between related parties regardless of whether price is charged as per IAS 24. (Annexure-C)

2.20 Events after reporting period

All the material events after the reporting period have been considered; appropriate adjustments and disclosures have been made in the financial statements.

2.21 Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

2.21.1 Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD Circular No. 14 dated September 23, 2012, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

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2.21.2 Approval of the financial statements

Financial Statements were approved by the Board of Directors on 457th meeting held on 30 April 2026 has approved the audited financial statements for the year ended 31 December 2025.The Board has not recommended any dividend for the year ended 31 December 2025 as per Bangladesh Bank letter no. BSD-12/57/2026-396, dated: 28/04/2026.

2.22 General

i) The financial statements have been prepared in accordance with the formats prescribed under the Banking Companies Act, 1991 (as amended 2018 & up to date) and in compliance with the rules of Islamic Law (Shariah) related to the banking business activities.

ii) The figures appearing in these accounts have been rounded off to the nearest taka.

iii) Wherever necessary previous years' figures have been rearranged to conform to the current years' presentation.

3.A Risk Management

The risk of Al-Arafah Islami Bank PLC is defined as the possibility of losses, financial or otherwise. The risk management of the Bank covers 7 (seven) Core Risk Areas of banking i.e. Credit risk management, foreign exchange risk management, Assets Liability Management, prevention of money laundering and establishment of internal control and compliance and information & communication technology. The prime objective of the risk management is that the bank takes well calculative business risks while safeguarding the bank's capital, its financial resources and profitability from various risks. In this context, the bank took steps to implement the guidelines of Bangladesh Bank as under :

i) Credit Risk Management

Credit risk is one of the major risks faced by the bank. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the bank. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Therefore, bank's credit risk management activities have been designed to address all these issues. The bank has an investment (Credit) risk management committee at head office. The committee reviews the investment risk issues on monthly basis. The bank has segregated the investment approval, investment administration, investment recovery and legal authority. The bank has segregated duties of the officers/executives involved in credit related activities. A separate business development (marketing) department has been established at head office, which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. In the branches of the bank separate officials are engaged as relationship manager, documentation officer, verification officer, disbursement officer and recovery officer. Their jobs have been allocated and responsibilities have been defined.

Investment (Credit) Risk Grading Manual

The bank has implemented the Investment (Credit) Risk Grading Manual (IRGM) since April 1, 2006 which was made mandatory by Bangladesh Bank vide BRPD Circular No. 18 of December 11, 2005. Investment Officials of the bank have been trained on IRGM. Investment Risk Grading is incorporated in the investment presentation form for all the cases.

ii) Foreign Exchange Risk Management

Foreign exchange risk is defined as the potential change in earnings arising due to change in market prices. As per foreign exchange risk management guideline, bank has established a separate treasury department at head office. Under the treasury department, foreign exchange front office, foreign exchange back office and local money market have been physically demarcated. Duties and responsibilities of them have also been defined.

All foreign exchange transactions are revalued at mark to market rate as determined by Bangladesh Bank at the month end. All Nostro accounts are reconciled on monthly basis and outstanding entry beyond 30 (thirty) days is reviewed by the management for its settlement. Regulatory reports are submitted on time to Bangladesh Bank.

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iii) **Assets Liability Management**

The Asset Liability Committee (ALCO) monitors balance sheet risk and liquidity risks of the bank. The balance sheet risk is defined as potential change in earnings due to change in rate of profit, foreign exchange rates which are not of trading nature. ALCO reviews liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The primary objective of ALCO is to monitor and avert significant volatility in net profit income, investment value and exchange earnings.

iv) **Internal control and compliance**

Effective internal controls are the foundation of safe and sound banking. A properly designed and consistently enforced system of operational and financial internal control help the bank management to safeguard the bank's resources, produce reliable financial and managerial report, and comply with laws and regulations.

AIB PLC has taken all-out efforts to mitigate all sorts of risk in line with the guidelines issued by Bangladesh Bank. To this effect, the bank has formed an Internal Control & Compliance (ICC) division headed by a Senior Vice President. The ICC division has been segregated to three departments which are audit & inspection department, audit monitoring department and regulatory compliance department. AIB PLC internal control contains self-monitoring mechanisms and to ensure effective control DCFCL, Investment documentation checklist and quarterly operation report have been developed and implemented. Internal audit and internal control teams carry out regular audit and surprise/special inspection of the branches to mitigate operational risk and restrain the possibility of circumvention or overriding the control procedure.

ICC division submits parallel comprehensive internal audit report to the managing director and to the audit committee. Within 02 (two) months after receiving the audit report, audit monitoring department completes the compliance report and submits the report to the audit committee for their review. The committee reviews the system of internal control and the audit process for compliance with rules, regulation and code of conduct, financial reporting process, and also suggests actions to remedy the lapses/irregularities. By this time the ICC division has introduced concurrent audit, surprise inspection, auto information system, Quarterly Audited System, and mandatory leave policy to boost up the functions of internal control and compliance.

v) **Prevention of money laundering**

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risk the bank has a Central Compliance Unit (CCU) at head office. The unit reviews the anti money laundering activities of the bank on regular basis.

The bank has a designated Chief Anti Money Laundering Compliance Officers (CAMLCO) at head office and Branch Anti Money Laundering Compliance Officers (BAMLCO) at branches. The compliance officers review the Suspicious Transaction Report (STR) and records them properly. Manuals have been established for the prevention of money laundering and transaction profile has been introduced. Officers and executives of all categories receive regular training for developing awareness and skill for identifying suspicious activities. The bank submits the STR, CTR and other periodical reports to Bangladesh Bank on time. No suspicious money laundering issue has been occurred during the year under audit.

vi) **Guideline on information & Communication Technolog**

Technology is the process by which humans modify nature to meet their needs and wants. The term Information Technology (IT) means computers, auxiliary equipment, software, hardware and similar procedures, services and related resources. Information Technology (IT) developed in a rapidly changing global environment, and challenges us to courageous initiatives to address a host of vital skilled human resources. To overcome the challenges the bank has a IT policy.

The IT policy of the bank includes the purchase policy, hardware policy, software development policy, banking application usage policy, security policy, disaster recovery policy etc. The bank is now implementing its on line banking project complying the IT policy.

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Head Office, Dhaka.

Mohd. Rafat Ullah Khan
Managing Director
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

a) **Internal Audit**

As per Internal Control & Compliance (ICC) Risk Management Guideline of Bangladesh Bank, a 'Risk Based Audit Plan'' is to prepared for each calendar year for smooth conducting of Audit & Inspection of all the branches and departments & divisions of Head Office of the bank. Besides the Yearly Auditing, Internal Audit Department Conducts Special Audit, Quarterly Foreign Exchange & Investment Audit, Surprise Audit etc.

-To prevent incidence of errors and their recurrences, more emphasis are given on spot rectification of irregularities/lapses while auditing/inspecting of the branches.

-For Audit purpose, branches have been segregated into 05 risk categories (Extremely High, Very High, High Medium & low risk).

-The regular Audit & Inspection Teams also conduct Core Risks System Audit during their regular Audit & Inspections.

During the year 1st January to 31 December, 2025 Audit and Inspection department of ICCD, detected some incidents/irregularities as fraud-forgeries relating to cash misappropriation and investment disbursement in 02 branches of the Bank, which were not material in terms of Bank's overall financial transactions. In order to not jeopardize the bank's interest, all such irregularities were regularized/mitigated by recovery of the defalcated money through strong monitoring and close supervision by the ICC Division. Furthermore, administrative actions were also taken against the delinquent officers/persons involved. Compliances of these issues were duly reported to the Board Audit Committee and Bangladesh Bank in time as per regulatory guidelines.

3.B Risk Based Capital (Basel III)

To comply with the international best practices and to make the bank's capital more risk sensitive as well as to build the banking industry more shock absorbent and stable, Bangladesh Bank aimed to implement Basel-II reporting from 2010 and Basel-III reporting from 2015. As per the directive of Bangladesh Bank, all scheduled banks in Bangladesh are now required to report risk based capital adequacy for banks under Basel-III along with the existing capital adequacy rules and reporting under Basel-I and Basel-II during the parallel run i.e. 2009 and 2010 respectively. All scheduled banks are also required to disclose capital adequacy in both quantitative and qualitative terms. The first disclosure as per guidelines was made as on the effective date viz. January 01, 2015.

3.C Compliance status on Bangladesh Accounting Standards (IAS) and Bangladesh Financial Reporting Standards (IFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). While preparing the financial statements, the bank applied most of IAS and IFRS as adopted by ICAB. Details are given below:

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Statement of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Separate Financial Statements	27	Applied
Investments in Associates & Joint Ventures	28	N/A

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DBH Finance PLC.

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Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Mohammad Monirruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Financial Instruments: Presentation	32	Applied
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A

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

4 Audit Committee:

An Audit Committee was constituted by the Board of Directors of the bank in its 95th meeting held on 24th March, 2003 as per BRPD Circular No. 12 dated 23th December, 2002 and subsequently reconstituted by the Board of Directors in its 404th Meeting held on 15 September, 2024 as per BRPD Circular No. 11 Dated 27.10.2013 as under:

SL	Name	Status with Committee	Educational Qualification
1	Janab Mohammad Asraful Hassan, FCA	Chairman	BBA (Hons), MBA in Accounting and Information Systems, University of Dhaka. FCA in ICAB.
2	Janab Prof. Dr. Mohammed Abu Eusuf	Member	BSS (Hons), MSS in Economics, Jahangir Nagar University. MA, Netherlands. PhD, UK.

During the year 2025 the audit committee of the bank conducted 9 (Nine) meetings in which among others, the following issues were discussed:-

i) Reviewing the inspection report of different branches of AIB PLC conducted by the bank internal inspection team from time to time and status of compliance thereof.

ii) Reviewing the comprehensive inspection report of different branches of AIB PLC conducted by Bangladesh Bank and status of compliance thereof.

iii) Reviewing the financial statements of the bank for the year ended 31 December, 2025.

5.a Workers' Profit Participation Fund (WPPF)

As per Bangladesh Labor Act, 2006 as amended in 2013 all companies fall within the scope of WPPF (which includes Bank) are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. The Bank obtained opinion from its legal advisor regarding this issue which stated that the Bank is not required to make provision for WPPF as the provision of Bangladesh Labor Act 2006 as amended contradicts with that of the Bank Company Act 1991(as amended up to date). As such consistent with widely accepted industry practice as well lawyer opinion the Bank did not make any provision during the year for WPPF.

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Notes to the Financial Statements for the year ended 31st December 2025

Note	Particulars	2025 Taka	2024 Taka
5.	**Cash**		
a)	**Cash in hand**		
	In local currency	5,562,522,951	5,776,417,551
	In Foreign currency (Note 5.a.i)	29,970,816	28,137,400
		5,592,493,767	**5,804,554,951**
a.i)	**In Foreign currency:**		

Currency Name	Amount in FC	Ex. Rate	Amount in BDT.	Amount in BDT.
US Dollar	245,010.00	122.3249	29,970,816	27,968,420
REYAL			-	168,980
			29,970,816	**28,137,400**

b)	**Balance with Bangladesh Bank**		
	In local currency	21,137,994,738	25,287,205,494
	In Foreign currency	718,132,616	1,784,167,390
		21,856,127,354	**27,071,372,884**
c)	**Balance with Sonali Bank PLC.**		
	In local currency	1,234,112,765	1,412,099,741
	In Foreign currency	-	-
		1,234,112,765	**1,412,099,741**
	Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	**23,090,240,119**	**28,483,472,625**

d) **Cash Reserve Requirements (CRR) and Statutory Liquidity Requirements (SLR):**

Cash Reserve Requirements (CRR) and Statutory Liquidity Requirements (SLR) have been calculated and maintained in accordance with Section 25 & 33 of Bank Companies Act 1991 as amended, the Instruction of Bangladesh Bank Order 1972, Article 36, clause (1) & as per Bangladesh Bank Circular No: MPD/03 Dated: 09.04.2020

e) **Cash Reserve Requirements (CRR):**

The Cash Reserve Requirement (CRR) of the Bank was 4.00% of average total demand and time liabilities on bi-weekly basis with a provision of minimum 3.00% on daily basis as per Bangladesh Bank MPD Circular No. 01 dated 04 March 2025. The cash reserve maintained by the Bank was in excess of the statutory requirement throughout the year.

Required Reserve (DBO 4.00 % of Average Demand and Time Liabilities)	19,119,192,000	17,798,936,000
Actual reserve held with Bangladesh Bank	21,466,614,000	24,273,402,000
Surplus/(Deficit)	**2,347,422,000**	**6,474,466,000**
Statutory Liquidity Requirements (SLR)		
Required Reserve(DBO 5.50 % of Average Demand and Time Liabilities)	26,300,531,000	24,519,999,000
Actual reserve held	29,934,847,000	27,226,150,000
Surplus/(Deficit)	**3,634,316,000**	**2,706,151,000**

5.A	**Consolidated Cash in hand:**		
	Al-Arafah Islami Bank PLC.	5,592,493,767	5,804,554,951
	AIBL Capital Market Services Ltd.	-	-
	AIBL Capital Management Ltd.	-	2,870,659
		5,592,493,767	**5,807,425,610**
6.	**Balance with other Banks and Financial Institutions**		
a)	In Bangladesh:		
	Islami Bank Bangladesh PLC.	1,677,160	2,356,615
	Dutch Bangla Bank PLC.	2,113,788	124,938
	National Bank PLC.	44,745	65,435
	Agrani Bank PLC.	26,890,927	36,548,110
	Dhaka Bank PLC.	1,641,532	10,653,027
	Prime Bank PLC.	396,169	361,169
	Social Islami Bank PLC.	4,423	162,619
	Shahjalal Islami Bank PLC.	10,146,797	9,847,598
	EXIM Bank PLC.	1,057	10,429
	ICB Islamic Bank PLC.	161,877,924	161,928,154
	Jamuna Bank PLC.	3,071,211	7,952,980
	The City Bank PLC.	4,787,822	16,677,540
	Southeast Bank PLC.	746,169	2,635,091
	[illegible] Bank PLC.	91,116	18,720,786
	[illegible]ercantile Bank PLC.	19,817,945	1,220,902
	Bank Alfalah PLC.	1,725	886,846
	Standard Bank PLC	970,138,536	-
	Rajshahi Krishi Unnayan Bank	2,121,582	500,500,475
		1,205,570,626	**770,652,712**

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Note	Particulars	2025 Taka	2024 Taka

b. **Outside Bangladesh (NOSTRO A/C)**

Name of bank	Currency Name	Amount in Foreign Currency	Conversion rate per unit F.C	Amount In BDT.	Amount In BDT.
Habib Bank American Bank, New York	USD	200,622	122.2954	24,535,208	(34,435,603)
ICICI Bank Limited, Hongkong	USD	164,413	122.2954	20,106,906	75,292,216
Mashreque Bank PSC, New York	USD	1,289,589	122.2954	157,710,853	56,735,908
Citibank N.A., New York, USA	USD	391,808	122.2954	47,916,290	(20,198,671)
Standard Chartered Bank Ltd. New York	USD	1,249,529	122.2954	152,811,644	(11,397,429)
Commerzbank AG, Frankfurt EURO	EURO	1,188,305	143.9661	171,075,589	8,382,550
Sonali Bank Ltd. London, USD	USD	178,679	122.2954	21,851,632	11,154,382
Zhejiang Chouzhou Comm. Bank, USD	USD	171,515	122.2954	20,975,498	2,398,020
Ab Bank Ltd. Mumbai	USD	70,671	122.2954	8,642,715	1,455,911
Axis Bank Ltd. Kolkata	ACUD	-	0.0000	-	30,156,545
Bank Of Bhutan, Bhutan	USD	28,238	122.2954	3,453,351	14,758,250
ICICI Bank Limited, Mumbai	USD	173,363	122.2954	21,201,473	5,000,032
Sonali Bank Ltd. Kolkata	USD	52,103	122.2954	6,371,905	37,534,402
Standard Chartered Bank Ltd. Karachi	USD	132,757	122.2954	16,235,614	9,398,928
Standard Chartered Bank Ltd. Mumbai	USD	62,040	122.2954	7,587,207	29,723,303
Habib Metropolitan Bank Ltd. Karachi	USD	129,946	122.2954	15,891,826	15,319,948
Kumari Bank Ltd. Nepal	USD	100,132	122.2954	12,245,683	5,761,200
Punjab National Bank, Kolkata	USD	116,866	122.2954	14,292,185	12,457,918
Punjab National Bank	ACUD	7,812	143.9661	1,124,699	-
Al Raji Banking & Inv Corp, KSA	SAR	113,297	32.6052	3,694,073	21,584,709
Emirates NBD, Riyadh, KSA	SAR	590,435	32.6052	19,251,239	6,090,652
Riyad Bank, KSA	SAR	155,622	32.6052	5,074,086	14,410,759
Standard Chartered Bank Ltd. Japan	JPY	663,154	0.7825	518,918	734,819
Standard Chartered Bank Ltd. London	GBP	133,457	165.1110	22,035,263	41,360,770
Commerzbank AG, Frankfurt GBP	GBP	45,488	165.1110	7,510,582	21,848,567
Commerzbank AG, Frankfurt USD	USD	1,108,155	122.2954	135,522,233	13,106,350
Standard Chartered Bank Ltd. Frankfurt	EURO	145,437	143.9661	20,937,944	320,762,944
Intesa Sanpaolo SPA, Italy	EURO	415,028	143.9661	59,750,019	52,185,895
Punjab National Bank, Kolkata, Acue	ACUE	-	0.0000	-	977,312
Shanghai Pudong Development Bank, China	CNY	278,080	17.4638	4,856,339	101,280,394
Habib Bank AG, Zurich	CHF	-	0.0000	-	10,045,974
Abu Dhabi Commercial Bank PJSC, UAE	AED	328,231	33.2949	10,928,429	41,643,046
Zhejiang Chouzhou Comm. Bank, CNY	CNY	207,609	17.4638	3,625,649	13,885,843
Standard Chartered Bank Ltd. Singapore	SGD	14,050	95.0827	1,335,949	9,215,296
Standard Chartered Bank Ltd. Singapore	AUD	239,753	82.0113	19,662,445	-
Standard Chartered Bank Ltd. Singapore	CAD	250,916	89.3189	22,411,513	-
Axis Bank Ltd. Mumbai	USD	16,265	122.2954	1,989,163	-
Mashreque Bank PSC, Mumbai	USD	123,093	122.2954	15,053,732	26,817,232
Sub-Total: (Previous year's figure restated)				**1,078,187,856**	**945,448,370**
Grand-Total (A+B):				**2,283,758,482**	**1,716,101,082**

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

a) **In Bangladesh:**

Al-Arafah Islami Bank Ltd. [Note-6.a]	1,205,570,626	770,652,712
AIBL Capital Market Services Ltd.	285,611,688	209,261,006
AIBL Capital Management Ltd.	4,751,650	-
	1,495,933,964	979,913,718
Less: Inter-Company Adjustment	(289,979,980)	(209,261,006)
	1,205,953,984	**770,652,712**
b. **Outside Bangladesh (AIB PLC)**	1,078,187,856	945,448,370
Total: (Previous year's figure restated)	**2,284,141,840**	**1,716,101,082**

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

Payable on Demand		
Up to 1 (one) month	1,535,244,918	1,082,700,680
Over 1 (one) Month but not more than 3 (three) Months	499,626,192	546,802,164
Over 3 (three) Months but not more than 1 (one) year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	249,270,730	86,598,918
	2,284,141,840	**1,716,101,082**

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Notes to the Financial Statements for the year ended 31st December 2025

Note	Particulars	2025 Taka	2024 Taka
7.	**Placement with Banks & Other Financial institutions**		
	Islami Bank Bangladesh PLC.	-	2,000,000,000
	First Security Islami Bank PLC.	1,000,000,000	1,000,000,000
	Global Islami Bank PLC.	450,000,000	450,000,000
	Islamic Finance and Investment PLC.	500,000,000	550,000,000
	Union Bank PLC.	2,500,000,000	2,500,000,000
	Mercantile Bank PLC.	200,000,000	-
	NCC Bank PLC.	1,500,000,000	-
	Social Islami Bank PLC.	450,000,000	450,000,000
		6,600,000,000	**6,950,000,000**
	Note: Placement with Union Bank in mode of MTDR for BDT 100 crore is kept as lien with the same Bank against investment facilities of our subsidiary AIBL Capital Market Services Ltd.		
7.A	Al-Arafah Islami Bank Ltd.	6,600,000,000	6,950,000,000
	AIBL Capital Market Services Ltd.	-	-
		6,600,000,000	**6,950,000,000**
8.	**Investment in Shares & Securities**		
	Bangladesh Govt. Islamic Bond (BGIIB) (8.a)	23,000,000,000	19,500,000,000
	Bangladesh Government Investment Sukuk (BGIS) (8.a)	28,096,470,000	16,472,780,000
	Investment In Islamic Refinance Fund (8.a)	-	500,000,000
	Bangladesh Govt. Shariah (AIB PLC) special bond power 10 yrs	230,414,000	230,414,000
	Bangladesh Govt. Shariah (AIB PLC) special bond fertilizer 10 yrs	7,619,461,000	7,619,461,000
	Investment in Share and Securities (8.b)	12,184,486,285	12,608,907,981
		71,130,831,285	**56,931,562,981**
	Investments in Share & Securities		
8.a	**Government Securities**	**58,946,345,000**	**44,322,655,000**
	Bangladesh Govt. Islamic Bond (BGIIB) (8.a)	23,000,000,000	19,500,000,000
	Bangladesh Government Investment Sukuk (BGIS) (8.a)	28,096,470,000	16,472,780,000
	Bangladesh Govt. Shariah (AIB PLC) special bond power 10 yrs	230,414,000	230,414,000
	Bangladesh Govt. Shariah (AIB PLC) special bond fertilizer 10 yrs	7,619,461,000	7,619,461,000
	Investment In Islamic Refinance Fund (8.a)	-	500,000,000
8.b	**Investment In shares (Quoted and Unquoted)**		
	Quoted: Private (8.b)	1,418,594,729	1,443,016,425
	Unquoted: Private (8.b)	10,765,891,556	11,165,891,556
		12,184,486,285	**12,608,907,981**
8.b.1	**Cost price of share as on 31 December 2025 as follows**		
	A. Quoted shares in (Schedule of Shares and Securities are given Annexure B)		
	DAFODILCOM	398,980,623	398,980,623
	PADMAOIL	395,722	395,722
	JAMUNAOIL	230,796,024	230,796,024
	PRIMELIFE	114,905,548	114,905,548
	BBSCABLES	7,740,115	7,740,115
	SINOBANGLA	7,445,152	31,866,848
	PREMIERCEM	32,357,061	32,357,061
	UNIONINS	1,485,527	1,485,527
	BEXIMCO	15,099,579	15,099,579
	BSC	4,274,995	4,274,995
	EHL	6,014,454	6,014,454
	ITC	4,305,621	4,305,621
	TITASGAS	77,147,434	77,147,434
	UNIQUEHRL	46,874,069	46,874,069
	SPCL	35,433,157	35,433,157
	ACIFORMULA	2,828,826	2,828,826
	ACMELAB	4,351,600	4,351,600
	BSCCL	12,078,337	12,078,337
	LHBL	5,487,803	5,487,803
	NAHEEACP	1,451,039	1,451,039
	RUNNERAUTO	2,296,135	2,296,135
	IBNSINA	8,305,539	8,305,539
	LINDBD	18,286,086	18,286,086
	KDSALTD	28,667,990	28,667,990
	DELTALIFE	12,465,436	12,465,436
	[illegible]ARGALV	11,985,211	11,985,211
	CONFCEM	2,977,804	2,977,804

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Note	Particulars	2025 Taka	2024 Taka
	NAVANAPHA	4,495,615	4,495,615
	RENATA	826,361	826,361
	CONTININS	1,561,770	1,561,770
	AAMRANET	4,982,862	4,982,862
	NHFIL	12,803,440	12,803,440
	RAKCERAMIC	6,234,602	6,234,602
	MEGHNACEM	9,204,502	9,204,502
	POWERGRID	12,210,798	12,210,798
	BEXGSUKUK	101,837,894	101,837,894
	AIBL 1st Islamic Mutual Fund	170,000,000	170,000,000
		1,418,594,729	1,443,016,425
	B. Unquoted shares in		
	Swift Share	23,268,161	23,268,161
	Central Depository Bangladesh Limited	3,138,890	3,138,890
	Investment in Union Bank Mudaraba Sub-Ordinated Bond	200,000,000	200,000,000
	Investment in SIBL Perpetual Bond	1,000,000,000	1,000,000,000
	Investment in IBBL Second Mudaraba Perpetual Bond	2,000,000,000	2,000,000,000
	Investment in SIBL 4th Sub-Ordinated Bond	2,000,000,000	2,000,000,000
	Investment in IBBL 4th Sub-Ordinated Bond	1,600,000,000	2,000,000,000
	Investment for Subsidiary Companies	2,910,000,000	2,910,000,000
	Investment in SBL Perpetual Bond	1,000,000,000	1,000,000,000
	Investment in Millennium Information Solution Limited	29,484,505	29,484,505
		10,765,891,556	11,165,891,556
	Total: (A+B)	12,184,486,285	12,608,907,981
8.A	**Consolidated Investment in Shares & Securities**		
	Al-Arafah Islami Bank PLC.	71,130,831,285	56,931,562,981
	AIBL Capital Market Services Ltd. 8.A.i	10,825,353,920	10,957,943,438
	AIBL Capital Management Ltd. 8.A.i	522,779,368	511,551,848
		82,478,964,572	68,401,058,267
	Less: Intercompany Adjustment	2,917,900,000	-
	Total: (Previous year's figure restated)	79,561,064,572	68,401,058,267
8.A.i	**Investment in Shares & Others**		
	Al-Arafah Islami Bank PLC	12,184,486,285	12,608,907,981
	AIBL Capital Market Services Ltd.	10,825,353,920	10,957,943,438
	AIBL Capital Management Ltd.	522,779,368	511,551,848
		23,532,619,572	24,078,403,267
	Less: Intercompany Adjustment	2,917,900,000	-
		20,614,719,572	24,078,403,267
8.A.ii	**Maturity grouping of investments**		
	Payable on Demand	-	-
	Not more than 3 months	-	-
	Over 3 (three) months but not more than 1 (one) year	22,965,715,000	1,498,900,000
	Over 1 year but not more than 5 years	24,955,600,000	10,311,900,250
	More than 5 years	31,639,749,572	56,590,258,017
		79,561,064,572	68,401,058,267
9.	**Investments**		
a)	**General Investment**		
i.	**In Bangladesh:**		
	Murabaha Investment	124,710,498,837	116,692,052,505
	Bai-Muajjal Investment	177,875,495,537	175,268,099,245
	Hire Purchase Investment	159,672,314,656	155,714,991,984
	Quard	3,918,373,100	2,809,917,300
	Other Investment	6,265,476,032	6,200,685,070
	Investment through OBU	629,967,789	745,111,003
		473,072,125,991	457,430,857,110
ii.	**Out side Bangladesh:**	-	-
		473,072,125,991	457,430,857,110
	Less: Unearned profit on Investment	12,354,576,355	12,587,065,936
		460,717,549,635	444,843,791,174
b)	**Bill Purchased & Discounted**		
	Payable in Bangladesh	30,099,880,366	30,489,709,398
	Payable out side Bangladesh	2,024,057,079	1,800,628,651
	Investment through OBU	10,766,153,437	7,710,233,951
		42,890,090,882	40,000,571,999
	Less: Balance with OBU	(2,387,944,113)	-
		40,502,146,769	40,000,571,999
	Total: (Previous Year's Figure Restated)	501,219,696,404	484,844,363,173

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Note	Particulars	2025 Taka	2024 Taka

c) **Maturity grouping of Investment Including bills purchased and discounted**

Up to 1 (one) month	79,249,016,155	77,749,288,353
Over 1 (one) month but not more than 3 (three) months	149,810,705,776	142,676,500,000
Over 3 (three) months but not more than 1 (one) year	153,064,860,410	150,994,944,955
Over 1 (one) year but not more than 5 years	86,487,165,825	82,368,520,000
Over 5 years	32,607,948,239	31,055,109,866
	501,219,696,404	**484,844,363,174**

d) **An analysis to disclose following Significant concentration:**

i. Investment to Directors and others	-	-
ii. Investment to Managing Director and Chief Executive		-
iii. Investment to customer (No. of clients with amount of outstanding and classified loan to whom loans and Investment sanctioned more than 10% of total capital of the Bank	220,752,400,000	212,257,200,000
iv. Investments to customers for more than 10% of Bank's Total Capital		
Number of clients	43	38
Amount of outstanding Investment	220,752,400,000	212,257,200,000
Amount of Classified Investment	88,522,035,000	74,055,365,000

	Name of Clients	Funded	Non-Funded	2025	2024
1	City Group	660.38	62.96	723.34	1,056.01
2	Thermax Group	443.25	63.05	506.30	470.06
3	Majumder Traders	291.37	16.39	307.76	-
4	Abul Khair Steel Industries Ltd.	354.53	380.54	735.07	740.00
5	AIBL Capital Market Services Ltd.	413.67	40.00	453.67	439.57
6	Noapara Traders	60.49	510.07	570.56	348.67
7	Techno Electricals ltd	306.04	222.83	528.87	492.61
8	Badsha Group	193.95	267.91	461.86	532.90
9	Masihata Sweaters Ltd.	684.22	166.82	851.04	806.13
10	Tafrid Cotton Mills Ltd.	395.86	4.16	400.02	-
11	Sheikh Brother & its Sister Concern	306.93	311.03	617.96	855.55
12	NICE Denim Mills Ltd.	285.53	335.22	620.75	782.60
13	Momtex	516.62	13.94	530.56	510.98
14	Kabir Steel Re-rolling Mills	602.26	-	602.26	827.70
15	IBN Sina	83.56	170.05	253.61	520.62
16	Aman Group	433.84	246.52	680.36	681.12
17	Nitol Motors Ltd.	287.60	-	287.60	-
18	Creative paper Mills	315.95	48.60	364.55	479.00
19	Biswas Poultry & Fish Feeds Ltd.	611.87	112.60	724.47	202.93
20	PRAN-RFL Group	122.02	143.40	265.42	-
21	M S Dyeing, Printing & Finishing Ltd.	536.71	284.40	821.11	950.65
22	Mahmud Fabrics And Finishing Ltd.	886.68	-	886.68	911.38
23	S Suhi industrial Park Ltd	922.35	19.39	941.74	931.28
24	H.R. Re-Rolling Mills	324.48	145.57	470.05	434.65
25	Healthcare pharmaceuticals Ltd.	434.34	27.94	462.28	546.00
26	Nassa Taipei Denim & Textile Ltd	644.55	0.07	644.62	567.97
27	Bashundhara Group	770.57	-	770.57	680.60
28	Formula One	206.03	66.01	272.04	280.01
29	Esquire Knit Composite & Esquire Dyeing Industries Ltd.	352.54	255.79	608.33	505.98
30	GMS Trims Ltd., GMS Composite Knitting Ltd	210.31	134.22	344.53	496.24
31	Unique Hotel & Resorts Ltd.	330.18	-	330.18	-
32	N. Mohammad Group	256.60	107.51	364.11	344.75
33	Mondal Group	238.66	206.23	444.89	494.86
34	Fakir Knit Wear Ltd.	189.08	154.28	343.36	394.43
35	H.R. Textile Mills Ltd.	295.55	167.43	462.98	501.31
36	Crown Cement, GPH Ispat & Molla Salt	298.81	54.00	352.81	471.68
37	[illegible] Intimates Ltd.	282.43	52.92	335.35	369.80
38	[illegible] Group	416.64	47.15	463.79	427.62
39	Ibrahim Knit Garments Pvt. Ltd.	263.83	152.12	415.95	381.14
40	Woodland Plywood and Particle Board Mills Ltd., H & S Glassware L	512.03	47.47	559.50	407.23
41	Premier Steel Re-Rolling Mills Pvt. Ltd.	587.83	2.00	589.83	550.00
42	Bonafide Composite Textile Mills Ltd.	214.49	97.57	312.06	348.82
43	Interoff Apparels Ltd	228.01	47.88	275.89	286.20
				22,078.34	21,225.72

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Managing Director & CEO
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Note	Particulars	2025 Taka	2024 Taka
v)	**Industry/Sector wise Investments**		
	Agriculture	8,225,034,043	8,097,815,971
	Manufacturing Industries [Note: V-1]	261,027,770,947	253,919,923,504
	Agro Based Industries	47,215,643,028	44,093,822,533
	Service Industries	67,904,943,621	66,745,701,327
	Trading	88,161,861,737	88,240,333,760
	Financial Companies	7,997,085,311	8,961,698,249
	Individuals	15,717,090,338	14,111,213,580
	Others	4,970,267,380	4,805,575,233
		501,219,696,404	**488,976,084,156**
	Less: Unearned profit on Investment	12,354,576,355	12,587,065,936
		488,865,120,049	**476,389,018,219**
v.1	**Clarification of Manufacturing Industries:**		
	RMG	82,713,531,777	83,786,439,321
	Textiles	32,664,961,875	33,720,983,616
	Spinning Mills	27,566,185,821	32,044,024,639
	Pharmaceutical Industries	15,640,481,595	14,714,493,985
	Chemical Fertilizer etc.	1,885,720,339	1,929,752,857
	Cement	973,563,834	171,883,083
	Ceramic	2,455,721,221	2,452,521,063
	Ship Building Industry & Ship Breaking	3,059,625,946	2,667,056,037
	Steel & Engineering Industry	41,099,936,087	33,174,607,773
	Assembling Industry	8,282,724,247	7,001,829,929
	Jute	4,422,078,741	4,298,118,432
	Rubber & Plastic	6,638,848,147	7,328,766,465
	Paper & Paper Products	5,704,594,957	5,694,487,692
	Packaging Industries	3,935,610,332	3,684,236,478
	Wood Products	4,735,837,870	4,639,828,461
	Bricks & Sand	2,926,589,121	3,169,869,696
	Glass & Glassware	3,683,668,217	1,969,780,191
	Leather	3,792,079,457	3,384,161,872
	Electrical & Electronic Goods MFG	4,950,736,650	4,221,170,383
	Battery Manufacturing	2,008,383,213	2,027,873,203
	Other Manufacturing	1,886,891,499	1,838,038,330
		261,027,770,947	**253,919,923,504**
vi)	**Geographical Location -wise Investment**		

	Urban:	Rural:		
Dhaka	369,573,495,769	17,371,870,931	386,945,366,700	380,269,641,801
Chittagong	52,893,111,340	11,918,993,409	64,812,104,749	57,263,933,000
Sylhet	2,930,880,502	510,631,110	3,441,511,611	3,161,432,000
Rajshahi	9,202,357,970	3,672,857,388	12,875,215,358	12,108,262,354
Mymensingh	2,384,421,893	264,892,508	2,649,314,401	2,535,590,000
Khulna	18,661,334,605	3,600,173,753	22,261,508,358	22,520,108,000
Rangpur	6,363,550,331	1,384,075,867	7,747,626,198	7,187,786,000
Barisal	3,208,710,338	624,737,932	3,833,448,270	3,929,331,000
			504,566,095,646	**488,976,084,155**
	Less: Unearned profit on Investment		12,354,576,355	12,587,065,936
			492,211,519,290	**476,389,018,219**
c)	**Classification of Investment including bills purchased and discounted:**			
	Unclassified		**416,044,061,000**	**414,920,719,155**
	Standard including (Staff investment)		372,428,100,000	405,222,057,155
	Special Mention Accounts (SMA)		43,615,961,000	9,698,662,000
	Classified		**88,522,035,000**	**74,055,365,000**
	Sub Standard		6,933,504,000	14,054,663,000
	Doubtful		9,904,858,000	5,532,428,000
	Bad / Loss		71,683,673,000	54,468,274,000
			504,566,096,000	**488,976,084,155**
	Less: Unearned profit on Investment		12,354,576,355	12,587,065,936
			492,211,519,645	**476,389,018,219**

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Note	Particulars	2025 Taka	2024 Taka
f)	**Required Provision on Investment & Off-balance sheet exposures**		
	Unclassified		
	General provision on unclassified Investment	3,340,627,000	2,841,954,000
	General provision on small enterprise Investment	153,242,000	327,643,000
	General provision on Housing financing Investment	51,016,000	22,103,000
	General provision on consumer financing Investment	84,589,000	99,335,000
	General provision on Micro Investment	39,764,000	79,761,000
	General provision on special mention Investment	2,165,774,000	103,624,000
	General provision on BHS/MHS/SDS	-	1,280,000
		5,835,012,000	**3,475,700,000**
	Classified		
	Specific provision on substandard Investment	966,871,000	742,000,000
	Specific provision on doubtful Investment	2,916,207,000	379,000,000
	Specific provision on bad/loss Investment	58,860,500,000	55,950,763,000
	Unclassified	**62,743,578,000**	**57,071,763,000**
	General provision on Off-balance sheet	1,260,300,000	1,398,900,000
		69,838,890,000	**61,946,363,000**
g)	**Provision made on Investment & Off-balance sheet exposures**		
	Unclassified		
	General provision on unclassified Investment	3,353,915,000	2,841,954,000
	General provision on small enterprise Investment	153,242,000	327,643,000
	General provision on Housing financing Investment	51,016,000	22,103,000
	General provision on consumer financing Investment	84,589,000	99,335,000
	General provision on Micro Investment	39,764,000	79,761,000
	General provision on special mention Investment	2,165,774,000	103,624,000
	General provision on BHS/MHS/SDS	-	1,280,000
		5,848,300,000	**3,475,700,000**
	Classified		
	Specific provision on substandard Investment	966,871,000	742,000,000
	Specific provision on doubtful Investment	2,916,207,000	379,000,000
	Specific provision on bad/loss Investment	8,861,432,257	16,560,700,000
		12,744,510,257	**17,681,700,000**
	General provision on Off-balance sheet	1,260,300,000	1,398,900,000
	Total Provision Maintained	**19,853,110,257**	**22,556,300,000**
	Total required Provision as per BSD-12 (BB) & External Auditor	**69,838,890,000**	**61,946,363,000**
	Provision Excess/(Shortfall)	**(49,985,779,743)**	**(39,390,063,000)**

Bank Supervision Department (BSD)-12 as well as External Auditors of the Bank have calculated Tk. 6,983.89 Crore as total required provision against Investment of the Banks. Among which Tk. 1,985.31 crore is kept as provision on Investment. Rest of the Provision Tk. 4,998.58 (6,983.89-1,985.31) crore will be kept later as per approval of the Bank Supervision Department (BSD)-12 through ref: BSD-12/57/2026-396, dated: 28/04/2026. Although, the Bank has to be maintained Taka 5,393.19 crore as deferrel provision including Other Assets, Non-Banking Assets, Gartility and Placements with Other Banks.

h)	**Particulars of Investments**		
i)	Investments considered good in respect of which the bank is fully secured	301,598,297,294	312,815,435,911
ii)	Investments considered good in respect of which the Bank holds debtors' personal security	184,446,076,827	184,554,428,523
iii)	Investments considered good and secured by personal security of one or more persons in addition to personal security of debtors	-	-
iv)	Investment adversely classified; provision not maintained there against;	49,985,779,743	39,390,063,000
v)	Investment due by directors or officers of the Banking company or any of these either separately or jointly with any other persons;	-	-
vi)	Investment due from companies or firms in which the directors of the banking company have interests as directors, partners or managing or in the case of private companies as members;	27,462,950	27,462,950
vii)	Maximum total amount of Investments including temporary Investments made at any time during the year to directors or managers or officers of the banking companies or any of them either agents severally or jointly with any other persons;	-	-
viii)	Maximum total amount of Investment including temporary Investment granted during the year to the companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in the case of private companies as members;	-	-
ix)	Due from banking companies;	-	-
x)	Amount of Classified Investment on which profit has not been charge, are mentioned as follows;		
	a) An amount of Bad Investment on which profit has not been charged	71,683,673,000	54,468,274,000
	i) Decrease/Increase in provision (Specific)	(4,937,189,743)	3,548,682,000
	ii) Amount of Investment written off;	13,289,517,000	8,231,970,000
	iii) Amount realized against Investment previously written off;	191,155,746	320,676,379
	b) Amount of provision kept against Investment classified as "bad/loss" on the date of preparing the balance sheet ;	8,861,432,257	16,560,700,000
	c) Profit creditable to the profit suspense/Compensation A/c;		

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Note	Particulars	2025 Taka	2024 Taka
	xi) i) Cumulative amount of the written of Investment;	15,658,961,000	10,410,294,000
	ii) Amount written off during the current year;	5,248,667,000	649,142,000
	iii) The amount of written off Investment for which lawsuit has been field;	13,289,517,000	8,231,970,000
9.A.	**Investments**		
	Al-Arafah Islami Bank PLC.	501,219,696,404	484,844,363,173
	AIBL Capital Market Services Ltd.	-	570,952,323
	AIBL Capital Management Ltd.	-	21,314,870
		501,219,696,404	**485,436,630,366**
	Less : Inter company Adjustment	3,397,900,000	3,397,899,998
	Total: (Previous year's figure restated)	**497,821,796,404**	**482,038,730,368**
9.A.i	**Maturity grouping of Investment Including bills purchased and discounted**		
	Payable on Demand	-	-
	Up to 1 (one) month	79,249,016,155	77,749,288,353
	Over 1 (one) month but not more than 3 (three) months	149,810,705,776	142,676,500,000
	Over 3 (three) months but not more than 1 (one) year	149,666,960,410	147,597,044,957
	Over 1 year but not more than 5 years	86,487,165,825	82,368,520,000
	Over 5 years	32,607,948,239	31,647,377,058
		497,821,796,404	**482,038,730,368**
10.	**Fixed Assets**		
	Tangible Assets		
	Land	1,519,150,690	1,519,150,690
	Building	1,221,316,331	1,221,316,331
	Furniture (Wood)	1,675,598,609	1,606,561,168
	Furniture (Steel)	255,135,843	247,152,732
	Computer	441,309,525	426,203,225
	Computer (Accessories)	195,545,675	188,279,465
	Motor Car	248,274,621	238,304,298
	Machine equipment & appliance	1,714,044,580	1,666,132,655
	Online Hardware (IT)	1,425,328,063	1,264,533,065
	Interior Decoration	192,032,737	182,116,168
	Right of use Assets as per IFRS-16*	3,020,563,720	2,402,163,720
	Books & Library	9,846,414	9,664,835
		11,918,146,806	**10,971,578,352**
	Intangible Assets		
	Online Software (IT)	1,341,571,396	1,044,949,003
	Total	**13,259,718,203**	**12,016,527,355**
	Less: Accumulated Depreciation & Amortization	7,329,061,417	6,442,467,855
		5,930,656,786	**5,574,059,500**
	Schedule of Fixed Assets are given in Annexure - A.		
10.A.	**Consolidated Fixed Assets (Written Down Value):**		
	Al-Arafah Islami Bank PLC.	5,930,656,786	5,574,059,500
	AIBL Capital Market Services Ltd.	700,384	1,153,847
	AIBL Capital Management Ltd.	23,157	217,096
		5,931,380,327	**5,575,430,442**
11.	**Other Assets**		
	Acquiring settlement	4,832,614,254	569,903,792
	Cash Incentive from B. Bank (F. Remittance)	800,074,301	280,000,000
	Suspense Account	10,828,275	32,279,819
	Stock of stationary	256,430,600	285,233,815
	Stamp in hand	14,842,138	13,669,687
	Security Deposit	5,167,181	5,179,947
	Advance Rent	289,601,426	399,612,039
	Parking for RTGS outgoing	1,102,984	92,845,710
	P.R (BB) against stimulus fund	46,488,083	3,894,128
	Advance Income Tax & TDS [Note 11.2	13,561,018,885	17,364,969,955
	Protested bill	509,594,594	43,613,309
	Prepaid expenses	23,743,399	14,693,564
	Balance with CMSL for portfolio account	1,008,878,185	980,523,543
	Parking for overdue claims (IBW)	-	4,461,181
	Accrued Income	2,949,825,633	2,647,472,425

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Note	Particulars	2025 Taka	2024 Taka
	SCB MC settlement a/c (local)	13,412,581	35,005,477
	Remittance adjustment A/c	80,001,000	-
	Clearing adjustment	111,468,820	141,576,453
	Dividend receivable	23,961,631	27,031,317
	Revaluation adjustment A/c	8,190	-
	Other Assets from OBU (Accrued Income)	27,832,309	23,934,974
	Due from off-shore Banking Unit	11,149,890,631	8,261,642,760
	Deferred Tax Asset	36,373,530	-
	Islamic Wallet Pre fund	500,000	-
	IW Cash in & Cash Out Pre fund & RTGS Settlement Account	124,771	-
		35,753,783,400	**31,227,543,896**
	Less: Balance with OBU for elimination investment with OBU	11,149,890,631	8,261,642,760
	Total: (Previous year's figure restated):	**24,603,892,769**	**22,965,901,136**
11.1	**Classification of other Assets under the following categories**		
i)	Investment in shares of subsidiary companies;		
	In Bangladesh		
ii)	Stationery, Stamps, Printing materials etc.	271,272,738	298,903,502
iii)	Advance rent and advertisement;	289,601,426	399,612,039
iv)	Profit accrued on Investment but not collected, commission & brokerage	2,949,825,633	2,647,472,425
v)	Security deposit	5,167,181	5,179,947
vi)	Preliminary, formation and organization expenses, renovation	23,743,399	14,693,564
vii)	Acquiring Settlement	4,832,614,254	569,903,792
viii)	Suspense account	10,828,275	32,279,819
ix)	Cash incentive from B. Bank (F. Remittance)	800,074,301	280,000,000
x)	Protested Bills	509,594,594	43,613,309
xi)	P.R. (BB) against stimulus fund	46,488,083	3,894,128
xii)	Membership Cost	-	4,461,181
xiii)	IW Cash-in & Cash-out Prefund (DFS)	124,771	100,000
xiv)	Parking for RTGS outgoing USD	1,102,984	-
xv)	Others *	25,949,139,923	18,641,852,456
		35,689,577,562	**22,941,966,162**
xvi)	**Others**		
	Parking for RTGS outgoing USD	800,686	(57,755,290)
	Clearing adjustment A/c	111,468,820	141,576,453
	Advance Income Tax & TDS	13,561,018,885	17,364,969,955
	SCB MC settlement A/c (local)	13,412,581	35,005,477
	Balance with CMSL for portfolio account	1,008,878,185	980,523,543
	Dividend receivable	23,961,631	-
	Revaluation adjustment a/c	8,190	-
	Due from off-shore Banking unit	11,149,890,631	-
	Islamic Wallet Pre fund	500,000	500,000
	Remittance adjustment a/c	80,001,000	150,001,000
		25,949,940,609	**18,641,852,456**
11.2	**Advance Income Tax & TDS**		
	Beginning of the year	17,364,969,954	15,948,992,836
	Advance tax paid during the year	2,226,368,159	3,070,178,452
	Tax deducted at Source during the year	401,953,001	310,116,346
	Settlement for previous year (2018-2020)	(6,432,272,230)	(1,964,317,679)
	Advance income tax at the end of the year	**13,561,018,884**	**17,364,969,954**
11.A.	**Consolidated Other Assets**		
	Al-Arafah Islami Bank PLC.	24,603,892,769	22,965,901,136
	AIBL Capital Market Services Ltd.	725,549,874	447,120,746
	AIBL Capital Management Ltd.	14,537,390	30,908,494
		25,343,980,033	**23,443,930,376**
	Inter-Company Adjustment	(1,006,040,865)	(3,890,523,543)
		24,337,939,523	**19,553,406,833**
12.	**Non-Banking Assets**		

Nasimul Baten
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DBH Finance PLC.

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Managing Director
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Head Office, Dhaka

Sayed Abul Hashem FCA, FCMA
Deputy Managing Director & CFO
Al-Arafah Islami Bank PLC
Head Office,Dhaka-1000

Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Mohammad Moniruzzaman, FCA
VP & Company Secretary
Al-Arafah Islami Bank PLC
Head Office, Dhaka.

Notes to the Financial Statements for the year ended 31st December 2025

Note	Particulars	2025 Taka	2024 Taka
13.	**Placement from Banks & Other Financial Institutions**		
	Bangladesh Government Islamic Investment Bond (BGIIB) from BB (Note 13.i)	10,000,000,000	19,500,000,000
	FC Refinance from Bangladesh Bank (Note 13.ii)	47,386,879,419	43,085,347,478
	Fund from Treasury Division, AIBL -OBU	11,149,890,631	8,261,642,760
		68,536,770,050	**70,846,990,238**
	Less: Fund from Treasury Division, AIBL- OBU	11,149,890,631	8,261,642,760
		57,386,879,419	**62,585,347,478**

13.i The Bank has taken finance from Islami Investment Bond (Islami Bond) at banks' own mudaraba savings rate (i.e.. as on 31st December 2025 MTDR provisional rate) for 180 days tenure which introduced by the Government for islami banks and financial institutes in December 2004 through Bangladesh Bank. The borrowing has been secured by MTDR, Accepted bills and Demand Promissory Note.

Name of the Bank In Bangladesh	Mature Date	Nature	Amount	Amount
Placement from Bangladesh Bank	07.02.2026	D.P Note	1,000,000,000	2,500,000,000
Placement from Bangladesh Bank	09.02.2026	D.P Note	3,000,000,000	2,000,000,000
Placement from Bangladesh Bank	11.02.2026	D.P Note	1,000,000,000	500,000,000
Placement from Bangladesh Bank	16.02.2026	D.P Note	2,500,000,000	1,000,000,000
Placement from Bangladesh Bank	10.03.2026	D.P Note	1,000,000,000	500,000,000
Placement from Bangladesh Bank	29.03.2026	D.P Note	1,500,000,000	1,000,000,000
Placement from Bangladesh Bank		D.P Note		3,500,000,000
Placement from Bangladesh Bank		D.P Note		1,000,000,000
Placement from Bangladesh Bank		D.P Note		500,000,000
Placement from Bangladesh Bank		D.P Note		2,500,000,000
Placement from Bangladesh Bank		D.P Note		500,000,000
Placement from Bangladesh Bank		D.P Note		1,500,000,000
Placement from Bangladesh Bank		D.P Note		1,000,000,000
Placement from Bangladesh Bank		D.P Note		500,000,000
Placement from Bangladesh Bank		D.P Note		1,000,000,000
Total =			**10,000,000,000**	**19,500,000,000**

13.ii	**F.C. REFINANCE FROM BANGLADESH BANK**	**47,386,879,419**	**43,085,347,478**
	F.C. Refinance from Bangladesh Bank	7,951,149,047	12,386,260,684
	Refinance From B. Bank, Stimulus Fund (QSF)	0.1	0.1
	Refinance From B. Bank, Stimulus Fund (Agri)	264,010,624	898,000,678
	Refinance From B. Bank Refinance Scheme (CMSME)	-	1,038,811,520
	Refinance From B. Bank Refinance (Working Capital)	1	1
	Refinance From B. Bank Bai-Istishna Refinance (Bb Pre-shipment)	-	374,200,000
	Refinance From BB, CMSME (Term) RF	2,572,493,925	3,361,760,586
	Refinance From Bb, Women Entrepreneur Re-Finance (CMSME)	132,656,248	261,913,952
	Refinance From BB, 10/50/1000 Taka Refinance (Fid)	132,752,082	196,343,124
	Refinance From Bb, Ghore Fera Re-Finance (Fid)	38,378,995	73,450,000
	Refinance From B. Bank Sukuk Fund (IBLF)	26,600,000,000	15,640,000,000
	Refinance From B. Bank, Agriculture Crops Refinance 1000 Crore	4,414,000	12,770,000
	Mudaraba Short Term Fc Refinance	971,850,000	14,000,000
	Refinance From B. Bank SLS Fund (Power)	230,414,000	230,414,000
	Refinance From B. Bank SLS Fund (Fertilizer)	7,619,461,000	7,619,461,000
	Refinancing (GTF Fund)	869,299,497	977,961,933
	Total:	**57,386,879,419**	**62,585,347,478**

Nasimul Baten
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DBH Finance PLC.

13.A	**Consolidated Placement from Banks & Other financial Institutions**		
	Al-Arafah Islami Bank PLC.	57,386,879,419	62,585,347,478
	AIBL Capital Market Services Ltd.	5,250,894,824	5,284,438,807
		62,637,774,243	**67,869,786,285**
	Less: Intercompany Adjustment	**3,397,900,000**	**3,397,899,998**
		59,239,874,243	**64,471,886,287**

Tanzim Alamgir
Managing Director & CEO
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Mohd. Rafat Ullah Khan
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14.	**Deposit and Other Accounts**		
	Mudaraba Savings Deposits	83,895,753,704	73,317,455,413
	Mudaraba Term Deposits [Note :14.i]	240,988,615,391	233,703,804,152
	Other Mudaraba Deposits [Note :14.ii]	96,573,785,272	75,420,266,080
	Al-wadeeah Current Accounts and Other Accounts etc.[Note: 14.iii]	59,828,628,206	68,351,849,494
	Bills Payable	4,980,615,632	4,061,095,218
	Total: (Previous year's figure restated):	**486,267,398,205**	**454,854,470,357**

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Head Office, Dhaka.

Note	Particulars	2025 Taka	2024 Taka
14.i.	**Mudaraba Term Deposits**		
	Al-Arafah Islami Bank PLC	240,776,983,635	233,573,147,313
	MTDR- OBU	211,631,756	130,656,839
		240,988,615,391	**233,703,804,152**
14.ii.	**Other Mudaraba Deposits**		
	Mudaraba Short Term Deposit	29,247,595,460	27,019,769,877
	Installment Term Deposit (ITD)	25,311,673,318	23,811,611,870
	Savings Inv. Deposit (SID)	2,297,973	2,524,272
	P/P Term Deposit (PTD)	26,681,043,075	11,492,734,105
	Monthly Hajj Deposit (MHD)	195,166,296	212,913,083
	Term Hajj Deposit (THD)	2,301,891	2,729,665
	Marriage Savings & Investment Scheme	557,258	820,165
	Special Pension Dep. Scheme	15,227,726	9,608,156
	Mudaraba Term Cash Waqf Deposit	91,515,744	89,782,734
	Mudaraba Aman Deposit Scheme	36,647,074	44,873,152
	Mudaraba Ahsan Deposit Scheme	1,899,477,663	2,020,657,926
	Ahsan Plus Deposit Scheme	2,046,541,939	1,996,264,679
	Somriddhi Deposit Scheme	7,521,064,880	5,956,389,098
	Pension Dep. Scheme (PDS)	3,056,961,225	2,347,587,325
	Triple Benefit Dep. Scheme (TBDS)	-	411,999,973
	Excellent Benefit Triple Deposit	51,392,473	-
	Den Mohor Dep. Scheme (DMS)	6,743,298	-
	Education Savings Scheme (ESS)	2,230,554	-
	Installment Term Deposit (ITD-ARDP)	387,029,698	-
	Mudaraba Advantage Deposit SCHEME	18,317,727	-
		96,573,785,272	**75,420,266,080**
14.iii	**Al-wadeeah Current Accounts and Other Accounts etc.**		
	Al-Wadeah Current Deposits	23,315,595,097	25,401,321,523
	Unclaimed Dividend	209,192,068	227,222,450
	Sundry Deposit	23,526,935,877	24,335,361,810
	Profit Payable For All Deposit Ac	7,192,637,219	6,613,081,229
	Cover Fund Against MDBFC Under OBU	2,387,944,113	-
	Al-Wadeah Current Account- OBU	16,593,058	7,108,994
	FDD / FTT Payable- IBW	10,168,811	-
	F.C Held against EDF	-	636,577,260
	F.C Deposit Account	5,557,506,075	11,131,176,227
	Sub total	**62,216,572,319**	**68,351,849,494**
	Less: Balance with OBU	**2,387,944,113**	-
	Total	**59,828,628,206**	**68,351,849,494**
14.A.	**Consolidated Deposit and other Accounts**		
	Mudaraba Savings Deposits	83,895,753,704	73,317,455,413
	Mudaraba Term Deposits [Note :14.A.ii]	240,980,715,391	233,494,543,146
	Other Mudaraba Deposits-Note :14.A.iii	96,283,805,292	75,420,266,080
	Al-wadeah Current Accounts and Others Accounts etc.	59,828,628,206	68,351,849,494
	Bills Payable	4,980,615,632	4,061,095,218
		485,969,518,225	454,645,209,351
14.A.i	**Maturity-wise Classification of Deposits**		
	i. Repayable on Demand	5,301,333,668	4,937,000,000
	With a residual maturity of	-	-
	ii. Repayable within 1 (one) month	90,103,018,227	83,910,696,601
	iii. Over 1 (one) month but within 6 (six) months	183,280,344,811	170,684,420,000
	iv. Over 6 (six) months within 1 (one) year	120,035,438,814	113,722,150,000
	v. Over 1 (one) year within 5 (five) years	83,505,830,508	77,766,900,000
	vi. Over 5 (five) years within 10 (ten) years	3,742,464,925	3,485,264,367
	vii. Unclaimed Deposits 10 (ten) years and above	1,087,272	1,012,550
		485,969,518,225	454,507,443,518
14.A.ii	Mudaraba Term Deposits	240,988,615,391	233,703,804,152
	Inter-Company Adjustment	(7,900,000)	(209,261,006)
		240,980,715,391	233,494,543,146
14.A.ii	Other Mudaraba Deposits	96,573,785,272	75,420,266,080
	Inter-Company Adjustment	(289,979,980)	-
		96,283,805,292	75,420,266,080

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Note	Particulars	2025 Taka	2024 Taka
15.	**Other Liabilities**		
	Provision for unclassified investment	5,848,300,000	3,475,700,000
	Provision for classified investment	12,744,510,257	17,681,700,000
	Provision for off balance sheet item	1,260,300,000	1,398,900,000
	Provision for Outstanding expense	178,565,449	175,376,858
	Provision for Excise Duty	223,600,000	-
	Provision for Taxation	12,426,035,841	18,556,739,460
	Provision for Others	554,971,309	546,471,309
	Bank charge Payable (Penalty)	-	75,765,922
	Provision for diminution in value of investment	415,186,859	238,600,330
	Dividend payable	5.50	1
	Adjustment A/c credit balance	940,072	4,603,949
	Clearing adjustment	28,061	(4,979,155)
	Interest income	11,560	21,494
	CIB collection charge	50,203,811	41,737,576
	Risk fund for SHBIS	15,086,130	13,704,323
	Parking account	3,190,084	660,650,957
	FC held against BB L/C	94,973	94,973
	CMSD clearing adjustment a/c	2,200	-
	Credit card payment (local)	1,896,801	30,068,219
	Supervision fees (SME)	448,092	433,648
	BB borrowing Settlements	107,260,275	303,532,920
	Electronic Govt. Procurement	1,021,879	907,967
	Settlement NPSB (Issuing)	3,541,058,530	647,215,973
	Profit rent suspense	3,344,892,606	1,428,660,368
	Compensation Receivable	19,296,220,372	11,827,543,643
	Mastercard Settlement Account	3,728,614	6,857,138
	1 % start-Up fund	96,916,482	96,916,482
	Lease Liabilities as per IFRS-16 Leases *	792,771,795	690,532,737
	ATM & POS Settlement (Me-Debit ISS)	85,831,853	-
	Credit Report Payment	6,194,314	-
	Unearned Service Charge	1,671,145	-
	EFT Return (F/R)	5,615,990	-
	Parking For RTGS Incoming USD	37,275,942	-
	Employees' Cash Waqf Deposit Fund	3,897,400	-
	Other Liabilities- OBU	45,838,090	79,871,336
	Settlement Account for Inter-Branch	86,486,795	-
	Provision For IBLF (BB) Borrowing	39,710,959	-
	Others	1,010,569	-
	Total: (Previous year's figure restated):	**61,220,775,105**	**57,977,628,430**

* As per note-2.8.4, in accordance with IFRS-16, the Bank has Recognized the lease Liabilities

15.1	**Provision for Income Tax**		
	Current tax		
	Provision held at the beginning of the year	18,556,739,460	17,184,289,582
	Adjustment during the year	11,568,611	205,278,646
	Provision made during the year	290,000,000	3,131,488,911
	Settlement for previous year (2018-2020)	(6,432,272,230)	(1,964,317,679)
	Provision held at the end of the year	**12,426,035,841**	**18,556,739,460**
15.1.a	**Provision for Current Tax made during the year**		
	Income Tax on Business income	-	3,120,614,523
	Capital Gain	591,449	1,831,023
	Minimum Tax u/s 163	-	-
	Cash Dividend	5,427,659	9,043,366
	Extra tax provision maintained during the year	283,980,892	-
		290,000,000	**3,131,488,911**
A.	**Computation of Taxable Profit**		
	Profit before tax	1,081,654,417	4,077,859,549
	Add: Inadmissible expenditure	3,754,515,314	5,621,915,750
	Less: Item of income for separate Consideration	(31,081,291)	(57,423,648)
	Less: Further allowable Expenditure	(5,551,896,198)	(1,320,712,924)
	Allowable deduction	14,916,155	-

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Note	Particulars		2025 Taka	2024 Taka
	Estimated Business income other than 82(C)		(731,891,603)	8,321,638,727
	Add: Gain on sales of DSE,CSE License		-	-
	Add: Capital Gain		3,942,995	12,206,818
	Add: Cash dividend		27,138,296	45,216,830
	Add: Income u/s 82(c) [CMSD Commission]		-	-
	Total Taxable Income		(700,810,312)	8,379,062,375
15.2	**Provision on Investment & Others**			
	Provision against Classified Investments (Specific) [15.2.a.i]		12,744,510,257	17,681,700,000
	Provision against Unclassified Investments (general) [15.2.a.ii]		5,848,300,000	3,475,700,000
	Provision against Off-balance Sheet exposures [15..a.iii]		1,260,300,000	1,398,900,000
	Provision for diminution in value of investments		415,186,859	238,600,330
	Total Provision Held (a)		20,268,297,116	22,794,900,330
a)	**The movement in Specific provision on classified Investment :**			
i)	Provision held at the beginning of the year		17,681,700,000	14,133,018,000
	Fully provision debt written off		(5,128,345,489)	(469,145,454)
	Recoveries of amount previously written off		191,155,746	320,676,379
	Specific provision for the year		-	3,547,038,075
	Provision transferred from covid-19		-	150,113,000
	Provision held at the end of the year		12,744,510,257	17,681,700,000
ii)a.	**The movement in general provision on unclassified Investment :**			
	Provision held at the beginning of the year		3,475,700,000	3,483,952,000
	Provision during the year:		-	(8,252,000)
	From Current Year	2,234,000,000	-	-
	From Off-Balance Sheet	138,600,000	2,372,600,000	-
	Provision transferred from classified investment		-	-
	Provision held at the end of the year		5,848,300,000	3,475,700,000
iii)	**The movement in provision against Off-balance sheet exposures**			
	Provision held at the beginning of the year		1,398,900,000	1,203,620,000
	Provision during the year		(138,600,000)	195,280,000
	Provision held at the end of the year		1,260,300,000	1,398,900,000
	Total Provision Maintained on Investments & OBS		19,853,110,257	22,556,300,000
b)	**Provision for Others**			
	Provision held at the beginning of the year		546,471,309	40,507,536
	Provision during the year		8,500,000	505,963,773
			554,971,309	546,471,309
	Less, Adjustment during the year		-	-
	Provision held at the end of the year		554,971,309	546,471,309
15.3	**Provision for diminution in value of investment in share**			
	Provision held at the beginning of the year		238,600,330	62,206,173
	Provision during the year		176,586,529	176,394,157
			415,186,859	238,600,330
15.4	**General provision -COVID-19:**			
	Provision transfer to classified Investment		-	150,113,000.00
	Less: Provision transferred to classified investment		-	(150,113,000)
	Provision held at the end of the year		-	-
15.5	**General Reserve (1 % Start-Up Fund)**		-	89,474,060
	Provision during the year		-	7,442,421
	Provision held at the end of the year		-	96,916,481
15.A	**Consolidated Other Liabilities**			
	Al-Arafah Islami Bank PLC.		61,220,775,105	57,977,628,430
	AIBL Capital Market Services Ltd.		2,347,257,488	2,665,773,036
	AIBL Capital Management Ltd.		32,243,662	50,162,380
			63,600,276,255	60,693,563,846
	Less: Inter-Company Adjustment		(1,006,040,865)	(980,523,543)
			62,594,238,740	59,713,040,303

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Note	Particulars	2025 Taka	2024 Taka
15.A.1	**Consolidated Current tax**		
	Al-Arafah Islami Bank PLC.	290,000,000	3,336,767,557
	AIBL Capital Market Services Ltd.	844,911	9,408,901
	AIBL Capital Management Ltd.	162,227	1,061,083
		291,007,138	3,347,237,541
15.3.A	**Provision for diminution in value of investment**		
	Provision held at the beginning of the year	238,600,330	238,600,330
	Provision during the year	176,586,529	-
		415,186,859	238,600,330
	Deferred tax Liabilities:		
	Opening balance	-	40,237,761
	Add: Addition for the year	-	(3,150,135)
	Deferred tax Liabilities on revaluation Reserve		
	Total Deferred tax Assets	-	37,087,625
16.	**Deferred Tax Assets**		
	Opening balance	(37,087,625)	40,237,761
	Add: Addition for the year	73,461,155	(3,150,135)
	Total Deferred Tax Assets	36,373,530	37,087,626
17.	**AIBL Mudaraba Bond**		
	AIBL Mudaraba Bond	6,398,000,000	9,000,000,000
	Perpetual bond	5,000,000,000	5,000,000,000
		11,398,000,000	14,000,000,000
18. a)	**Authorized Capital**		
	The Authorized Capital of the Bank is 1,500,000,000 Ordinary Share of Tk. 10 each.	15,000,000,000	15,000,000,000
b)	Issued, Subscribed and Fully Paid - up Capital		
	Issued for Cash	11,516,917,130	2,819,339,680
	Issued for other than Cash (Bonus Share)	-	8,697,577,450
		11,516,917,130	11,516,917,130

c) **Issued and paid up Capital of the Bank is 1,151,691,713 nos. of shares of Tk. 10 each as follows**

Description	2025 No. of Shares	2024 No. of Shares	2025 Total Taka	2024 Total Taka
Sponsors / Promoters	173,994,649	173,994,649	1,739,946,490	1,739,946,490
Institution	298,751,650	297,454,991	2,987,516,500	2,974,549,910
General Public	678,945,414	680,242,073	6,789,454,140	6,802,420,730
Total	**1,151,691,713**	**1,151,691,713**	**11,516,917,130**	**11,516,917,130**

d) **Break-up of Shares Classification of shareholders by holding as on 31-12-2025**

Range of Holding			Number of Shareholders	No. of Shares	No. of Shares
Less	than	50,000	14729	40,768,267	42,698,480
50,001	to	100,000	145	10,072,989	10,245,911
100,001	to	200,000	100	13,838,133	15,063,069
200,001	to	300,000	27	6,623,029	7,284,103
300,001	to	400,000	35	12,246,236	13,274,722
400,001	to	500,000	16	7,414,440	7,479,312
500,001	to	1,000,000	30	21,311,867	23,094,398
1,000,001	to	10,000,000	69	208,102,086	183,142,141
10,000,001	to	20,000,000	32	831,314,666	849,409,577
	Total		15183	1,151,691,713	1,151,691,713

e) **Minimum Capital Requirement Capital Adequacy Ratio**

1 **Tier-1 (Core Capital)**		
Paid-up Capital	11,516,917,130	11,516,917,130
Statutory Reserve	11,516,917,130	11,238,492,510
Retained Earnings	98,192,233	11,501,282
Less : Regulatory Adjustment (Goodwill and all other Intangible Assets)	(618,205,942)	(446,763,939)
	22,513,820,551	22,320,146,983
2 **Additional Tier-1 Capital**	5,000,000,000	5,000,000,000
Total Tier-1 Capital	27,513,820,551	27,320,146,983
3.Tier- II (Supplementary Capital)		
General Provision	7,523,786,859	4,874,600,000
AIBL Mudaraba Bond	6,398,000,000	9,000,000,000
As per Basel iii excess amount over maximum limit of T-2	-	(428,094,341)
Maximum Limit of tier-2 Capital (considering para 3.2 (v) including foot note no. of Guidelines)	13,921,786,859	13,446,505,659

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Tanzim Alamgir
Managing Director & CEO
UCB Investment Limited

Mohammad Monirzzaman, FCA
VP & Company Secretary
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Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Note	Particulars	2025 Taka	2024 Taka
3	**Tier- III**		
	A. Total Eligible Capital (1+2)	**41,435,607,410**	**40,766,652,642**
	B. Total Risk weighted Assets (a+b+c)	**386,640,514,003**	**336,162,641,471**
	a. Credit Risk	**356,211,509,462**	**307,448,436,262**
	i. Balance sheet Exposure	338,589,382,162	288,278,106,262
	ii. Off-balance sheet Exposure	17,622,127,300	19,170,330,000
	b. Market Risk (From WS-3)	3,748,411,473	1,749,358,203
	c. Operational Risk (From WS-4)	26,680,593,068	26,964,847,006
	C. Capital Adequacy Ratio (CAR) (A / B)	**10.72%**	**12.13%**
	D. Core Capital to RWA	7.12%	8.13%
	E. Supplementary Capital to RWA	3.60%	4.00%
	F. Minimum Capital Requirement (MCR) 10.00% of RWA	38,664,051,400	33,616,264,147
	G. Capital surplus on risk weighted assets based (A-F)	**2,771,556,010**	**7,150,388,495**
	H. Required Capital with Conservation Buffer @ 12.50% on RWA	48,330,064,250	42,020,330,184
	I. Excess Over Capital with Conservation Buffer (A-H)	(6,894,456,840)	(1,253,677,542)
18.A	**Non-Controlling Interest**		
	Opening balance	1,683,640,721	1,673,925,487
	Add: Non-Controlling Interest in Profit for the year	620,099	9,715,234
		1,684,260,820	**1,683,640,721**
19.	**Statutory Reserve**		
	Opening balance beginning of the year	11,238,492,510	10,968,492,510
	Add. Reserve @ 20% (on pre-tax profit)	278,424,620	270,000,000
	Balance at the end of the year.	**11,516,917,130**	**11,238,492,510**
	At least 20% of net profit before tax is to be transferred to statutory reserve account each year until the cumulative balance equal to the amount of paid up capital account as per Section 24 of the Bank Company Act 1991 as amended. Thus, the Bank kept 100% of its Paid up capital as Statutory Reserve this year.		
20.	**Revaluation Reserve**		
	Asset revaluation Reserve	1,084,174,318	1,084,174,318
	Less. Deferred tax liability on revaluation Reserve	-	-
	Add. Asset revaluation Reserve	-	-
20.a	**Total Asset revaluation Reserve**	**1,084,174,318**	**1,084,174,318**
20.b	**FC Revaluation Reserve**	-	2,080,247
		1,084,174,318	**1,086,254,565**
21.	**Retained Earnings**		
	Opening balance beginning of the year	11,501,281	1,653,975,457
	Less : Tax adjustment previous year	-	(10)
	Less : Cash Dividend	-	(1,096,849,251)
	Less : Bonus Share	-	(548,424,620)
	Add: Net Profit / (loss) after tax during the year	865,115,572	744,242,129
		876,616,853	**752,943,703**
	Less : transfer to Statutory Reserve	(278,424,620)	270,000,000
	Less : transfer to 1 % start-Up fund	-	7,442,421
	Less : Profit paid on aibl mudaraba perpetual bond	(500,000,000)	464,000,000
		98,192,233	**11,501,281**
21.A	**Consolidated Retained Earnings**		
	Opening balance beginning of the year	170,780,665	1,802,540,583
	Add: Net profit after tax during the year	853,734,963	754,956,375
	Add : AIT adjustment for CML (2012-2017)	7,506,946	-
	Add: Prior Year Adjustment (CMSL)	616,546	-
	Less: Prior Year Adjustment for Suspense Account (CML)	(1,371,629)	-
	Less: Stock dividend to equity holders of the bank		(548,424,620)
	Less: Cash dividend to equity holders of the bank	-	(1,096,849,251)
	Less: Transfer to statutory reserve	(278,424,620)	(270,000,000)
	Less : transfer to 1 % start-Up fund	-	(7,442,421)
	Less : Profit paid on aibl mudaraba perpetual bond	(500,000,000)	(464,000,000)
		252,843,871	170,780,665

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Notes to the Financial Statements for the year ended 31st December 2025

Note	Particulars	2025 Taka	2024 Taka
22.	**Letter of Guarantee**		
a)	Claim against the bank which is not acknowledged as debt		
b)	Money for which is the bank is contingently liable in respect of guarantees given favoring		
	i. Directors	-	-
	ii. Government	-	-
	iii. Bank and other financial institution	-	-
	iv. Others	19,320,242,578	16,501,446,000
		19,320,242,578	**16,501,446,000**
23.	**Investment Income**		
i.	**Income from General Investments**		
	Murabaha	1,075,465,128	1,036,899,518
	Bai-Muazzal	14,218,351,854	14,232,641,087
	Hire-Purchase	14,194,684,857	14,643,412,964
	Others mode income	11,302,412,230	11,093,035,781
		40,790,914,069	**41,005,989,350**
ii.	Profit received from other Islamic Bank	611,607,643	1,032,261,730
	Total (i + ii)	**41,402,521,711**	**42,038,251,080**
23.A	**Consolidated Investment Income**		
	Al-Arafah Islami Bank PLC	41,402,521,711	42,038,251,080
	AIBL Capital Market Services Ltd.	264,272,489	283,167,289
	AIBL Capital Management Ltd.	1,379,402	1,216,166
		41,668,173,602	**42,322,634,535**
	Less : Inter company Adjustment	50,174,850	47,880,933
		41,617,998,752	**42,274,753,602**
24.	**Profit paid on Deposits & Placements from Other Banks**		
	Mudaraba Savings Deposit	1,299,391,009	1,712,512,980
	Mudaraba Short Term Deposit	1,353,528,833	1,630,030,860
	Mudaraba Term Deposit	24,073,470,414	19,553,410,107
	Mudaraba Special Deposit	5,546,916,424	2,981,706,709
	AIBL Mudaraba Subordinate debt.	854,521,866	979,190,684
	Mudaraba BD. Govt. Islamic Bond fund	2,132,990,724	2,622,141,671
	Profit Expenses of Lease Liabilities (as Per IFRS 16 Leases)	74,250,843	94,869,015
	Total: (Previous year's figure restated):	**35,335,070,113**	**29,573,862,026**
24.A.	**Consolidated Profit paid on Deposits & Placements from Other Banks**		
	Al-Arafah Islami Bank PLC.	35,335,070,113	29,573,862,026
	AIBL Capital Market Services Ltd.	219,661,048	192,612,922
		35,554,731,161	**29,766,474,948**
	Less : Inter company Adjustment	50,174,850	47,880,933
		35,504,556,311	**29,718,594,015**
25.	**Income from Investment in Share /Securities**		
	Dividend income (cash)	27,138,296	45,216,830
	Gain on sale of Shares/Securities	3,942,995	12,206,818
	Profit received from other Islamic Bond	3,844,490,469	2,661,553,434
		3,875,571,760	**2,718,977,082**
25.A.	**Income from Investment in Share /Securities**		
	Al-Arafah Islami Bank PLC.	3,875,571,760	2,718,977,082
	AIBL Capital Market Services Ltd.	-	-
	AIBL Capital Management Ltd.	882,995	4,830,153
		3,876,454,755	**2,723,807,235**
	Less : Inter company Adjustment	-	-
		3,876,454,755	**2,723,807,235**
26.	**Commission, Exchange & Brokerage Income**		
	Commission	2,473,097,620	2,546,519,187
	Exchange	1,645,384,705	1,717,272,150
	Brokerage commission	-	-
		4,118,482,325	**4,263,791,337**

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Notes to the Financial Statements for the year ended 31st December 2025

Note	Particulars	2025 Taka	2024 Taka
26.A	**Consolidated Commission, Exchange & Brokerage Income**		
	Al-Arafah Islami Bank PLC.	4,118,482,325	4,263,791,337
	AIBL Capital Market Services Ltd.	77,254,614	116,308,725
	AIBL Capital Management Ltd.	1,449,533	4,585,407
		4,197,186,472	4,384,685,469
	Less : Inter company Adjustment	-	-
		4,197,186,472	4,384,685,469
27.	**Other Operating Income**		
	Processing fee on investment	105,587,471	108,992,296
	Supervision fee	68,140,417	214,755,207
	Service charge	56,899	4,576
	Capital gain or loss from fixed asset	995,550	4,729,694
	Passbook sales (GSIS)	107,390	123,466
	Account maintenance fee	193,239,339	186,668,295
	Transfer / redemption fee	394	80,000
	SMS Banking fees	244,258,389	241,525,992
	legal expenses recovered	1,077,633	39,861,892
	Printing & Stationary	1,800,074	1,720,662
	P & T charge recovered	37,959,238	1,435,569
	Application form sales (SEIS)	-	200
	Card Income	284,657,529	271,605,204
	Misc. Income	65,256,688	53,615,800
		1,003,107,609	1,125,118,846
27.A.	**Other Operating Income**		
	Al-Arafah Islami Bank PLC.	1,003,107,009	1,125,118,846
	AIBL Capital Market Services Ltd.	8,551,449	(41,972,603)
	AIBL Capital Management Ltd.	269,918	-
		1,011,928,376	1,083,146,243
	Less : Inter company Adjustment	-	-
		1,011,928,376	1,083,146,243
28.	**Salaries, Allowances & Contribution to P.F**		
	Basic Pay	2,644,092,279	2,920,095,838
	House Rent Expenses	1,637,187,281	1,647,792,779
	House Maintenance	-	94,920
	Medical Expenses	839,730,823	836,283,338
	Bonus (28.i)	553,687,033	1,117,469,399
	Bank's Contribution to P.F	238,979,714	236,234,358
	Utility	1,372,276	2,426,878
	Conveyance Expenses	136,490,805	145,368,322
	LFA Allowance	120,146,426	114,394,663
	Lunch and Entertainment Allowance	850,091	1,025,217
	Leave Encashment Expenses	188,495,968	191,370,529
	Car Allowances	408,938,311	271,972,334
	Sales Commission	606,950	1,004,700
	Gratuity Expenses	420,000,000	370,000,000
	Total: (Previous year's figure restated):	7,190,577,956	7,855,533,266
28.i	**Bonus**		
	Incentive Bonus	-	586,152,785
	Bangla New Year	50,703,240	48,155,956
	Eid-ul-Fitre Bonus	251,475,939	241,931,232
	Eid-ul-Adha Bonus	251,507,854	241,229,426
		553,687,033	1,117,469,399
28.A.	**Salaries, Allowances & Contribution to P.F**		
	Al-Arafah Islami Bank PLC.	7,190,577,956	7,855,533,266
	AIBL Capital Market Services Ltd.	71,968,622	71,355,193
	AIBL Capital Management Ltd.	11,906,526	9,554,565
		7,274,453,104	7,936,443,024
29.	**Director Fees & Expenses**		
	i. Directors fees for attending Board/executive Committee/other committee meeting	2,962,600	4,293,200
	ii. TA/DA/ Hotel fare & Foreign Directors	2,766,859	7,212,182
		5,729,459	11,505,382

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Note	Particulars	2025 Taka	2024 Taka
29.A.	**Consolidated Director Fees & Expenses**		
	Al-Arafah Islami Bank PLC.	5,729,459	11,505,382
	AIBL Capital Market Services Ltd.	2,620,833	-
	AIBL Capital Management Ltd.	129,840	-
		8,480,132	11,505,382
30.	**Shariah Supervisory Committee's Fees & Expenses**		
i.	Shariah fees for attending meeting	253,639	526,355
		253,639	526,355
31.	**Rent, Taxes, Insurance & Lighting**		
	Rent Office	598,065,018	
	Transfer to depreciation and profit expense	590,411,785	
	Lighting & Electricity	7,653,233	16,870,915
	Insurance	161,535,663	166,821,606
		334,256,598	303,195,569
		503,445,493	486,888,090
31.A.	**Consolidated Rent, Taxes, Insurance & Electricity Bill**		
	Al-Arafah Islami Bank PLC.	503,445,493	486,888,090
	AIBL Capital Market Services Ltd.	18,878,685	17,978,657
	AIBL Capital Management Ltd.	2,242,980	2,105,897
		524,567,158	506,972,644
32.	**Postage, Telegram, Telephone & Stamp**		
	Air condition charge	1,340,488	-
	Postage	41,050,282	43,804,025
	Telephone (Office)	3,193,770	3,698,598
	Telephone (Mobile)	19,011,031	16,254,922
	SWIFT Charge	35,464,780	31,299,603
	Internet Charges	1,486,538	1,152,291
	Online Charge	38,561,349	51,874,317
		140,108,238	148,083,756
32.A.	**Consolidated Postage, Telegram, Telephone & Stamp**		
	Al-Arafah Islami Bank PLC.	140,108,238	148,083,756
	AIBL Capital Market Services Ltd.	79,518	86,670
	AIBL Capital Management Ltd.	62,779	56,312
		140,250,535	148,226,738
33.	**Depreciation Repairs to the Bank's property**		
	Repairs to the Bank's property		
	R.R. Furniture & Fixture (Wood)	3,980,183	4,125,473
	R.R. Furniture & Fixture (Steel)	3,718,844	4,824,205
	R.R. Computer	1,231,875	3,274,414
	Maintenance of Motor Car and other Vehicle	1,474,382	806,374
	R.R. Machine equipment & appliances	58,061,268	31,695,531
	Maintenance of Land & Building	30,635	243,274
	Maintenance of Rented Premises	3,398,879	-
	R.R. Computer Accessories	4,157,352	1,771,870
	R.R. Others	603,006	9,230,266
	Software Maintenance Fee	94,368,982	101,261,362
	Hardware Maintenance Fee	4,352,586	12,926,770
		175,377,992	170,159,539
	Depreciation to the Bank's property		
	Depr. Furniture (Wood)	137,218,737	130,190,234
	Depr. Furniture (Steel)	18,030,788	17,161,607
	Depr. Computer	39,218,699	39,984,356
	Depr. Motor Car	13,532,515	11,564,865
	Depr. Machine equip & Appliance	101,106,666	92,130,131
	Depr. Books & Library	176,857	72,834
	Depr. Land & Building	35,032,707	30,667,308
	Depr. Online Hardware	100,370,848	83,854,889
	Depr. Online Software	161,553,921	103,572,088
	Depr. Computer Accessories	15,698,164	16,216,768
	Right of use (ROU) Assets*	267,146,438	371633838
	Depr. Interior Decoration	3,224,348	4,009,235
		892,310,687	901,058,153
	Total Depreciation & Repairs to the Bank's property	1,067,688,679	1,071,217,692

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Notes to the Financial Statements for the year ended 31st December 2025

Note	Particulars	2025 Taka	2024 Taka
33.A	**Depreciation Repairs to the Bank's property**		
	Al-Arafah Islami Bank Plc.	1,067,688,679	1,071,217,692
	AIBL Capital Market Services Ltd.	3,469,076	3,641,090
	AIBL Capital Management Ltd.	193,939	243,715
		1,071,351,694	1,075,102,497
34.	**Stationary, Printing & Advertisement**		
	Printing & Stationery	104,394,487	67,451,380
	Paper & Table Stationery	34,434,220	67,935,051
	Advertisement & Publicity Expenses	152,497,488	149,595,633
		291,326,195	284,982,064
34.A.	**Consolidated Stationary, Printing & Advertisement**		
	Al-Arafah Islami Bank Plc.	291,326,195	284,982,064
	AIBL Capital Market Services Ltd.	1,295,079	1,296,366
	AIBL Capital Management Ltd.	42,309	31,356
		292,663,583	286,309,786
35.	**Other expenses**		
	Local conveyance expenses	23,404,914	23,959,904
	Petroleum oil lubricant motors	20,569,315	49,100,640
	CNG motor car	1,077,377	1,608,136
	Entertainment expenses	31,883,706	44,354,946
	Travelling expenses	38,323,179	44,990,528
	Bank charge	230,255,624	289,309,526
	Wages	351,681,266	83,814,920
	Security guard service	-	252,411,982
	Subscription	17,802,934	19,615,772
	Liveries & Uniforms	800,250	821,980
	Petroleum oil & Lubricants	18,084,567	-
	Donations	84,250	584,665
	Wasa charge	10,142,242	9,711,400
	Gas charge	2,784,894	2,435,486
	Excise duty	224,360,700	1,739,500
	News paper journal & periodical	6,274,246	5,749,551
	Upkeep branches premises	7,440,893	7,140,555
	Washing charge	5,627,980	4,987,853
	Hill track allowance	2,993,312	2,937,115
	Computer Accessories	6,702,299	8,457,991
	Photocopy Machine Accessories	3,803,149	3,758,753
	Business development	47,740,378	78,046,560
	Closing expenses	21,073,030	18,143,750
	Holding tax of own premises	1,619,181	1,615,097
	Capital loss from sale of fixed assets	66,277	3,947,917
	Overtime expense	1,804,666	2,722,917
	Registration expenses	30,828,208	56,669,677
	Remittance expense	21,169,564	21,987,185
	AGM/EGM	46,000	934,954
	Crocarige	821,936	1,069,530
	Credit rating charge	1,253,750	838,800
	Tax token expenditure	516,358	693,039
	Misc. Expenses	6,215,842	5,830,945
	Data info service charge	7,383,322	9,490,889
	Training expenses	21,996,861	21,399,245
	Card expense	289,747,722	242,130,359
	IT Allowance	7,909,245	7,793,505
	Saturday working allowance (Overtime)	3,953,100	2,859,670
	Charge expenses	4,342,000	4,251,790
	Car Expenses	6,259,769	9,624,679
	Risk expenses	18,244,347	9,861,492
	Staff welfare	86,537,727	66,956,640
	Profit paid to Agent Float Sharing	660,460,703	711,113,283
	Account Opening Commission Through Agent Banking	13,139,500	11,381,512
	Exchange Loss	5,939,055	-
	Electronics & fittings item	9,164,237	9,913,675
	Honorarium	14,887,375	10,020,388
	Total (Previous year's figure restated)	2,287,317,281	2,166,788,698

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Note	Particulars	2025 Taka	2024 Taka
35.A.	**Consolidated Other expenses**		
	Al-Arafah Islami Bank Plc.	2,287,217,251	2,166,788,698
	AIBL Capital Market Services Ltd.	28,821,510	36,160,000
	AIBL Capital Management Ltd.	2,154,249	1,909,536
		2,318,193,010	**2,204,858,234**
36.	**Provision against Investments & Off-Balance sheet exposures**		
	On Classified Investunent as per Bangladesh Bank Circular	-	3,547,038,075
	On Un-classified Investment as per Bangladesh Bank Circular	2,234,000,000	(8,252,000)
	On Off-balance sheet as per Bangladesh Bank Circular	-	195,280,000
		2,234,000,000	**3,734,066,075**
36.A.	**Provision against Investments & Off-Balance sheet exposures**		
	Al-Arafah Islami Bank Plc.	2,234,000,000	3,734,066,075
	AIBL Capital Market Services Ltd.	-	-
	AIBL Capital Management Ltd.	-	-
		2,234,000,000	**3,734,066,075**
37.	**Paid for other operating activities**		
	Directors fees & expenses	5,729,459	11,505,382
	Shariah Supervisory Committee's fees & expenses	253,639	526,355
	Rent, taxes, insurance and lighting etc.	503,445,493	486,888,090
	Postage, telegram, telephone and stamp etc.	140,108,238	148,083,756
	Legal charges	50,028,124	25,099,962
	Auditors' fee	6,072,066	2,035,500
	Repairs to the bank's properties	175,377,992	170,159,539
	Rent Adjustment against IFRS 16	590,411,785	-
	Other expenses	2,063,617,251	1,446,050,736
		(3,535,044,046)	**(2,290,349,320)**
37.A.	**Paid for other operating Activities**		
	Al-Arafah Islami Bank Plc.	(3,535,044,046)	(2,290,349,320)
	AIBL Capital Market Services Ltd.	(50,400,546)	(56,489,551)
	AIBL Capital Management Ltd.	(4,664,848)	(2,023,348)
		(3,590,109,440)	**(2,348,862,219)**
38.	**Increase/Decrease of other assets (item-wise)**		
	Acquiring settlement	(4,262,710,462)	(1,723,030,462)
	Cash incentive from B. Bank (F. Remittance)	(520,074,301)	(520,000,000)
	Suspense account	-	(7,162,257)
	Adjustment a/c debit balance	-	(7,647,738)
	Stock of stationary	28,803,215	152,959,821
	Stamp in hand	(1,172,451)	978,010
	security deposit	12,766	-
	Advance rent	110,010,613	23,372,822
	Parking for RTGS outgoing USD	91,742,726	460,951,203
	P.R (BB) against stimulus fund	(42,593,955)	3,827,564
	Advance Income Tax & TDS [Note 11.2]	(2,628,321,160)	(1,964,317,679)
	Protested bill	(465,981,285)	19,435,155
	Prepaid expenses	(9,049,835)	11,943,983
	Balance with CMSL for portfolio account	(28,354,642)	(490,169,924)
	Parking for overdue claims (IBW)	4,461,181	2,068,251
	SCB MC settlement a/c (local)	21,592,897	(3,304,189)
	Remittance adjustment a/c	(80,001,000)	(150,000,099)
	Clearing adjustment	30,107,633	(128,149,347)
	Dividend receivable	3,069,686	14,759,763
	Islamic Wallet Pre fund	(500,000)	-
	IW Cash in & Cash Out Pre fund & RTGS Settlement Account	(124,771)	-
	Other Assets-OBU	(3,897,334)	
	Revaluation adjustment a/c	(8,190)	(1,211)
		(7,752,988,669)	**(4,303,486,334)**

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Tanzim Alamgir
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Mohammad Moniruzzaman, FCA
VP & Company Secretary
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Head Office, Dhaka.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Notes to the Financial Statements for the year ended 31st December 2025

Note	Particulars	2025 Taka	2024 Taka
38.A	**Increase/Decrease of other assets (item-wise)**		
	Al-Arafah Islami Bank PLC.	(7,752,988,669)	4,303,486,334
	AIBL Capital Market Services Ltd.	(266,119,930)	-
	AIBL Capital Management Ltd.	16,371,104	-
	Inter company Adjustment	-	(781,155,610)
		(8,002,737,495)	3,522,330,724
39.	**Increase/Decrease of Trading liabilities (item-wise)**		
	Hajj foundation	-	62,206,173
	Provident fund	-	(1,500)
	Adjustment a/c credit balance	(3,663,876)	1,636,376
	Clearing adjustment	5,007,216	(2,017,007,549)
	CIB collection charge	8,466,235	6,213,176
	Risk fund for SHBIS	1,381,797	1,937,407
	Parking account	(657,460,872)	660,650,957
	Credit card payment (local)	(28,171,417)	323,229
	Supervision fees (SME)	14,444	(73,652)
	BB borrowing Settlements	(196,272,646)	116,267,793
	Electronic govt procurement	113,912	(89,017)
	Settlement NPSB (Issuing)	2,893,842,558	647,215,973
	Compensation receivable	-	56,519,683
	Parking For RTGS Incoming USD	37,275,942	-
	Employees' Cash Waqf Deposit Fund	3,897,400	-
	Other Liabilities-OBU	(34,033,246)	-
	Mastercard Settlement Account	(3,128,524)	(406,240,108)
		2,027,268,921	(870,441,059)
39.A	**Increase/Decrease of Trading liabilities (item-wise)**		
	Al-Arafah Islami Bank PLC.	2,027,268,921	(870,441,059)
	AIBL Capital Market Services Ltd.	(318,515,548)	-
	AIBL Capital Management Ltd.	(17,918,718)	-
	Inter company Adjustment	-	(8,739,676,438)
		1,690,834,655	(9,610,117,497)
40.	**Cash and Cash Equivalent at the end of the year**		
	Cash in hand	5,592,493,767	5,804,554,951
	Balance with Bangladesh Bank & Sonali Bank PLC.	23,090,240,119	28,483,472,625
	Balance with Other Banks	2,283,758,482	9,977,743,842
	Bangladesh Government Islamic Investment Bond	58,946,345,000	44,322,655,000
		89,912,837,368	88,588,426,418
40.A	**Consolidated Cash and Cash Equivalent at the end of the year**		
	Al-Arafah Islami Bank Plc.	89,912,837,368	88,588,426,418
	AIBL Capital Market Services Ltd.	383,358	-
	AIBL Capital Management Ltd.	-	2,870,659
		89,913,220,726	88,591,297,077
41.	**Calculation of Earning Per Share (EPS)**		
	The earning per share of the bank has been calculated in accordance with BAS-33 under basic Earning per share method as follows:		
	Basic earning (Net profit after tax) for the year	865,115,572	744,242,128
	Number of ordinary shares outstanding as of the reporting date	1,151,691,713	1,151,691,713
	Earning per Share	0.75	0.65
41.A	**Consolidated Earnings Per Share (CEPS)**		
	Net profit after tax	853,734,963	754,956,375
	Number of ordinary shares outstanding as of the reporting date	1,151,691,713	1,151,691,713
	Consolidated earnings per share as per share (Previous year's figure restated)	0.74	0.66
42.	**Net Asset Value**		
	Net Assets Value (Consolidated)	24,370,851,449	24,012,444,870
	Net Assets Value (Bank's)	24,216,200,811	23,853,165,487
	No. of Outstanding Share	1,151,691,713	1,151,691,713
	Net Asset Value (NAV) per Share (Consolidated)	21.16	20.85
	Net Asset Value (NAV) per Share (Bank's)	21.03	20.71
43.	**Net Operating Cash Flows per share (NOCFPS);**		
	Net cash flows from operating activities (Consolidated)	13,437,043,165	24,512,876,325
	Net cash flows from operating activities (Banks)	13,438,046,378	24,513,798,381
	No. of outstanding share	1,151,691,713	1,151,691,713
	Net Operating Cash Flow per share (NOCFPS) (Consolidated)	11.67	21.28
	Net Operating Cash Flow per share (NOCFPS) (Bank's)	11.67	21.11

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Al-Arafah Islami Bank PLC

Schedule of Consolidated Fixed Assets

As at December 31, 2025

Annexure - A

SL. No.	Particulars	Cost / Revaluation					Depreciation/Amortization				
		Balance at 1st January 2025	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31-Dec 2025	Balance at 1st January 2025	Charge for the year	Transfer/ Disposal during the year	Balance at 31-Dec 2025	Written Down Value as on 31-12-2025
A. Fixed Assets											
1	Land	389,802,443	-	-	-	389,802,443	-	-	-	-	389,802,443
2	Building	1,221,316,331	-	-	-	1,221,316,331	278,658,314	35,032,707	-	313,691,021	907,625,309
3	Furniture & Fixture (Wood)	1,609,910,726	-	69,718,656	681,215	1,678,948,167	829,128,119	137,218,737	681,215	965,665,641	713,282,526
4	Furniture & Fixture (Steel)	247,851,279	-	8,048,540	65,430	255,834,389	145,849,974	18,100,643	65,430	163,885,187	91,949,202
5	Computer	433,079,963	-	16,113,310	-	449,193,273	327,429,089	40,298,695	-	367,727,784	81,465,488
6	Computer Accessories	190,440,044	-	7,266,210		197,706,254	148,880,525	15,722,962	-	164,603,487	33,102,767
7	Motor Car	256,367,237	-	9,970,323	-	266,337,560	215,661,745	13,532,515	-	229,194,260	37,143,299
8	Machine Equipment & Appliance	1,679,058,607	-	53,137,302	4,954,100	1,727,241,809	1,379,187,666	101,215,632	4,954,100	1,475,449,198	251,792,611
9	Books & Library	9,664,835	-	194,319	12,740	9,846,414	9,224,801	176,857	12,740	9,388,918	457,496
10	Online Hardware	1,267,479,949	-	160,798,636	3,639	1,428,274,946	967,979,546	100,370,848	3,639	1,068,346,756	359,928,190
11	Interior Decoration	201,292,774	-	9,916,569		211,209,343	188,674,163	3,999,173	-	192,673,336	18,536,007
12	Right of use Assets (ROU)	2,402,163,720		618,400,000		3,020,563,720	1,418,508,758	267,146,438		1,685,655,196	1,334,908,524
Sub-Total		**9,908,427,906**	-	**953,563,865**	**5,717,124**	**10,856,274,647**	**5,909,182,702**	**732,815,207**	**5,717,124**	**6,636,280,785**	**4,219,993,863**
B. Intangible Assets											
13	Online Software	1,047,847,071	-	296,828,194	-	1,344,675,265	601,010,080	161,626,971	-	762,637,051	582,038,214
Sub-Total		**1,047,847,071**	-	**296,828,194**	-	**1,344,675,265**	**601,010,080**	**161,626,971**	-	**762,637,051**	**582,038,214**
C. Revaluation of Property, Plant & Equipment											
14	Land	1,129,348,248	-	-	-	1,129,348,248	-	-	-	-	1,129,348,248
	Sub-Total	**1,129,348,248**	-	-	-	**1,129,348,248**	-	-	-	-	**1,129,348,248**
December 31. 2025		**12,085,623,226**	-	**1,250,392,059**	**5,717,124**	**13,330,298,162**	**6,510,192,783**	**894,442,177**	**5,717,124**	**7,398,917,835**	**5,931,380,327**
December 31. 2024		**10,613,498,542**	-	**1,472,772,837**	**89,744,023**	**12,016,527,356**	**5,626,854,968**	**901,058,154**	**85,445,266**	**6,442,467,855**	**5,574,059,500**

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Al-Arafah Islami Bank PLC

Schedule of Fixed Assets

As at December 31, 2025

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Annexure - A

SL. No.	Particulars	Cost / Revaluation					Depreciation/Amortization				
		Balance at 1st January 2025	Revaluation	Addition during the year	Transfer/ Disposal during the year	Balance at 31-Dec 2025	Balance at 1st January 2025	Charge for the year	Transfer/ Disposal during the year	Balance at 31-Dec 2025	Written Down Value as on 31-12-2025
A. Fixed Assets:											
1	Land	389,802,443	-	-	-	389,802,443	-	-	-	-	389,802,443
2	Building	1,221,316,331	-	-	-	1,221,316,331	278,658,314	35,032,707	-	313,691,021	907,625,309
3	Furniture & Fixture (Wood)	1,606,561,168	-	69,718,656	681,215	1,675,598,609	825,778,562	137,218,737	681,215	962,316,084	713,282,525
4	Furniture & Fixture (Steel)	247,152,732	-	8,048,541	65,430	255,135,843	145,323,627	18,030,788	65,430	163,288,985	91,846,858
5	Computer	426,203,225	-	15,106,300	-	441,309,525	320,769,446	39,218,699	-	359,988,145	81,321,379
6	Computer Accessories	188,279,465	-	7,266,210		195,545,675	146,744,745	15,698,164	-	162,442,909	33,102,766
7	Motor Car	238,304,298	-	9,970,323	-	248,274,621	197,598,807	13,532,515	-	211,131,322	37,143,298
8	Machine Equipment & Appliance	1,666,132,655	-	52,866,025	4,954,100	1,714,044,580	1,366,370,682	101,106,666	4,954,100	1,462,523,248	251,521,332
9	Books & Library	9,664,835	-	194,319	12,740	9,846,414	9,224,801	176,857	12,740	9,388,918	457,496
10	Online Hardware	1,264,533,065	-	160,798,637	3,639	1,425,328,063	965,032,663	100,370,848	3,639	1,065,399,873	359,928,190
11	Interior Decoration	182,116,168	-	9,916,569		192,032,737	170,272,383	3,224,348	-	173,496,731	18,536,006
12	Right of use Assets (ROU)	2,402,163,720		618,400,000		3,020,563,720	1,418,508,758	267,146,438		1,685,655,196	1,334,908,524
Sub-Total:		**9,842,230,103**	**-**	**952,285,580**	**5,717,124**	**10,788,798,559**	**5,844,282,790**	**730,756,767**	**5,717,124**	**6,569,322,433**	**4,219,476,127**
B. Intangible Assets:											
13	Online Software	1,044,949,003	-	296,622,394	-	1,341,571,397	598,185,064	161,553,921	-	759,738,985	581,832,412
Sub-Total:		**1,044,949,003**	**-**	**296,622,394**	**-**	**1,341,571,397**	**598,185,064**	**161,553,921**	**-**	**759,738,985**	**581,832,412**
C. Revaluation of Property, Plant & Equipment											
14	Land	1,129,348,248	-	-	-	1,129,348,248	-	-	-	-	1,129,348,248
	Sub-Total	**1,129,348,248**	**-**	**-**	**-**	**1,129,348,248**	**-**	**-**	**-**	**-**	**1,129,348,248**
December 31, 2025		**12,016,527,355**	**-**	**1,248,907,974**	**5,717,124**	**13,259,718,206**	**6,442,467,855**	**892,310,687**	**5,717,124**	**7,329,061,417**	**5,930,656,786**
December 31, 2024		**10,633,498,542**	**-**	**1,472,772,837**	**89,744,023**	**12,016,527,356**	**5,626,854,968**	**901,058,154**	**85,445,266**	**6,442,467,855**	**5,574,059,500**

M. ALAM & CO. Dhaka Chartered Accountants

*Related party disclosures

As per IAS-24 "Related Party Disclosures", a related party is a person or entity that is related to the entity (i.e. AIBPLC) that is preparing its financial statements. Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged as per IAS-24.

Related Parties include the Bank's Directors, key management personnel, associates, companies under common directorship etc. as per IAS-24 "Related Party Disclosures". All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible.

***Lending policy for transactions with Bank related person/related parties**

Transactions with Bank related person/related parties including Directors are made as per rules and regulations of the Bank Company Act, 1991 as amended and as per circulars issued by Bangladesh Bank time to time including the following general rules:

i) Terms & conditions for financial transaction with bank related person/related parties will not be easier than other persons i.e. other investment clients.

ii) Prior approval from the majority of Board of Directors shall be required for all financial transactions with bank related person/related parties.

iii) The Bank shall not allow funded facilities exceeding 10% of Tier-I capital to the Bank related persons/related parties; real investment facilities shall be considered deducting cashable securities from funded investment.

*The Name of Directors along with all related Firms/ Companies/ Institutions/ Parties: As at 31.12.2024

Sl	Name and Address	Status with the bank	Name of the firms/companies in which interested as Proprietor, Partner, Director, Managing Director, Guarantor, Employees etc.	Percentage (%) of holding/ interest in the concerned	Remarks
1	2	3	4	5	7
1	**Khwaja Shahriar** Apartment no – A+B 3, House no- 12, Road no- 7, Sector -1, Uttara, Dhaka 1230.	Chairman & Independent Director	Nil	N/A	
2	**Md. Shahin ul Islam** Plot no. -12, Road # 15, Rupnagar R/A, Mirpur, Dhaka.	Independent Director	Nil	N/A	
3	**Md. Abdul Wadud** Flat # 6F, House # 126, Road # 10, Block # C, Niketon R/A, Gulshan -1, Dhaka -1212.	Independent Director	1.La Vogue Ltd. **Proprietor**	35%	
			2. B2C Consultancy	100%	

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Managing Director & CEO
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4	**Mohammad Asraful Hassan, FCA** Apartment no # 2-A, Attic Rose Garden 727, Ibrahimpur, Kafrul, Dhaka Cantonment, Dhaka.	Independent Director	Professional Service Arun & Company Chartered Accountants	N/A	
5	**Prof. Dr. Mohammed Abu Eusuf** Flat # A4, Shaheed ANM, Moniruzzaman Tower Bhaban, Fuller Road, Dhaka University, Dhaka.	Independent Director	Nil	N/A	

*** Related party balances**

a) Nature and type of balances and transactions of related parties (Directors) of the Bank are as follows:

Sl. No.	Name of the Account/ Firm/Trust etc.	Name of the Director	Relationship of the Director with the Firm/Trust etc.	Purpose	Classified Position	Outstanding balance as on 01.01.2024	Disbursement /Charged during the year 2024	Realized during the year 2024	Outstanding balance as on 31.12.2024	Provision required & maintained	Particulars of value of securities
1	2	3	4	5	6	7	8	9	10=7+8-9	11	12
			NILL								
Total						-	-	-	-	-	-

(b) Other type of balances of related parties of the Bank are as follows:

Sl. No.	Name of the related parties	Nature of relationship	Nature of transactions	Closing Balance	
				31.12.2025	31.12.2024
1	AIBL Capital Market Services Limited (AIBCMSL)	Parent - subsidiary	Investment in share capital by AIBPLC	2,420,000,000	2,420,000,000
			Bank Balance	209,261,006	209,261,006
			Borrowing	3,397,899,998	3,397,899,998
			Share Portfolio	1,008,878,185	980,523,543
			Accounts Payable	979,564,718	979,564,718
2	AIBL Capital Management Limited (AIBCML)	Parent - subsidiary	Investment in share capital by AIBPLC	490,000,000	490,000,000
			Bank Balance	4751650	2,870,659
			MTDR Balance	7,900,000	18,100,000
			Mudaraba Investment	522,779,368	532,866,718

- AIBL Foundation Related with Corporate Social Responsibilities activities. AIBL Foundation has one MUDARABA SAVINGS DEPOSIT and AL-WADEAH CURRENT DEPOSIT account with AIBPLC. The Bank balance of account as on 31st December 2025 is 93,73,547 and 70,90,034.

Other related party disclosures

1. There was no contracts of significance wherein a director has interests subsisted at any time during the year or at the end of the year.
2. Investment to related parties is effected as per requirement of Section 27 of Bank Company Act, 1991 as amended.
3. Share issued to Directors and Executives without consideration or exercisable at discount is Nil.
4. Other disclosures are not applicable as required by BRPD Circular No. 14 dated 25 June, 2003 and BRPD Circular No. 15 dated 09 November, 2009.
5. We have no related party transaction except mentioned above and we had no related transactions among former Board of Directors during the year.

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CREDIT RATING REPORT
On
TK. 5000 MILLION 5TH MUDARABA SUBORDINATED BOND OF AIB PLC

REPORT: RR/110104/26

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 2022. The rating will be valid for one year from the date of declaration. After the above period, the rating will not carry any validity unless the instrument goes for rating surveillance. ***CRISL followed Debt Instrument Rating Methodology published in CRISL website www.crislbd.com***

Date of Rating: July 29, 2026	**Valid up to:** July 28, 2027
	Long Term
Issue Rating	A (indicative)

1.0 ISSUE RATING RATIONALE

CRISL has assigned Long Term rating 'A' (pronounced as single A indicative) and the Short Term rating 'ST-3' to "Tk. 5000.00 million 7 years Fifth Subordinated Bond" of Al-Arafah Islami Bank PLC. The above rating has been assigned in consideration of the inherent fundamentals of the issue that include good return, a trustee-administered payment mechanism for the bonds, projected earnings support regular repayment of obligations etc. CRISL also considers the Issuer's profile when assigning the rating, as the instrument is not secured or guaranteed by any third party, in addition to the issuer's sole commitment. While assigning the rating CRISL duly factored issuer's strength as a scheduled Shariah based bank, which encompasses profitable business performance, diversified business mix, good operational network etc. However, the above factors are constrained, to some extent, by the feature of the bond which interalia includes the nature of the bond being unsecured and non convertible, subordination to depositors and other bank liabilities, absence of specific policy to accumulate bond redemption fund etc.

Bonds rated in this category are adjudged to be of good credit quality and offer adequate safety for timely repayment of financial obligations. Protection factors are considered variable and more susceptible to changes in circumstances than securities in higher-rated categories.

This indicative rating reflects CRISL's assessment of the bond issue based on the projected financial and operational fundamentals of the issuer, assuming the proposed terms remain unchanged. As the bond issue is currently pending regulatory approval, this rating is provisional. The final rating will be formally assigned upon receipt of the requisite permissions and the successful execution of the issue.

2.0 ISSUE FEATURE: SUBORDINATED DEBT (TIER II BOND)

Al-Arafah Islami Bank PLC. (AIB PLC), a private shariah-based commercial bank, is in the process of issuing AIB PLC Non-convertible Unsecured Fully Redeemable floating 5th Subordinated Bond' (hereinafter referred to as "Bond" or "the issue") of Tk.5,000.00 million (500 units of Tk. 10 million each lot) with a tenure of 7 years. The bank has been issuing the same through private placement to potential investors like large private corporate bodies, Pension Fund, Gratuity Fund, banks, financial institutions, insurance companies and others to augment Tier-II capital to meet capital requirements in line with Basel capital requirement and as per Bangladesh Bank directive. The bonds will be issued maximum 50% to the Banks and Financial Institutions as per directive of Bangladesh Bank otherwise excessive amount will not be include in the Tier-II capital. The total profit or return on the bond (for bondholders) will be based on average rate of 6 (Six) months MTDR of full-fledged shariah based banks plus an additional profit rate of 3% per annum. The profit will be paid semi annually no later than 60 days from expiry of 6 (Six) months and 12 (Twelve months) of each year from the date of issue. 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 will not be listed with any bourses. UCB Investment Limited and Prime Bank Investment Limited (hereinafter referred as "UCBIL"& "PBIL") are the "Joint Arranger" and DBH Finance PLC. is the Trustee to the issue .

3.0 THE ISSUE OF SUB-ORDINATION

The type of bond is called Unsecured Subordinated Bond. The subordination in its normal sense means that the issue is ranked as subordinated to all liabilities of the bank except the liability towards equity holders. In view of its subordination clause, it will not carry any

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Chief Rating Officer
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Analysts:
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Mohammad Tazbir Kadry
tazbir@crislbd.com

Issue Rating:
Long Term : **A**
(indicative)

Tk. 5000 MILLION 5th MUDARABA SUBORDINATED BOND of AIB

Issuance Amount:
Tk. 5,000.00 million

Issue Manager:
UCB Investment Limited and Prime Bank Investment Limited

Trustee:
DBH Finance PLC.

Placement Process:
Private

Listing:
Unlisted

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Tanzim Alamgir
Managing Director & CEO
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security of preferential repayment. However, in case of worse scenario of bank liquidation, it will have the priority over and above the equity holders.

4.0 ISSUER SUMMARY-AL-ARAFAH ISLAMI BANK PLC.

Unsecured Subordinated Bond

Al-Arafah Islami Bank PLC is a second-generation private and Shariah-based Bank incorporated in Bangladesh on June 18, 1995, as a Public Limited Company under the Companies Act 1994 (amended up to 2023). It is governed by the Banking Companies Act 1991 (amended up to 2023) and conducts all its business on the principles of Islamic Shariah, utilizing modes such as Musharaka, Bai-Murabaha, Bai-Muazzal, and Hire Purchase. Consequently, its operations are substantially different from those of conventional commercial banks. A dedicated Shariah Supervisory Committee, consisting of prominent Islamic scholars and experts, maintains constant vigilance to ensure all banking activities adhere to Shariah guidelines. The vision of the Bank is "To be a pioneer in Islamic Banking in Bangladesh and contribute significantly to the growth of the national economy," aiming to foster a society that values human dignity and rights. With a wide range of modern corporate and consumer financing products, the Bank has achieved considerable public response, providing diverse Islamic commercial banking services through its extensive network. As of December 31, 2025, the Bank operates a total of 226 branches and 266 ATMs. Its reach is further extended through subsidiaries, including AIBL Capital Market Services Limited and AIBL Capital Management Limited, as well as an Offshore Banking Unit (OBU) located at its Motijheel Branch in Dhaka. The authorized and paid-up capital as of December 31, 2025, stood at Tk. 15,000.00 million and Tk. 11,516.92 million, respectively. The Bank has been sponsored by various business groups with interests in diverse economic sectors of the national economy. As of December 31, 2025, its solo total asset size stood at Tk.640,489.25 million, and investments were reported at Tk.501,219.70 million, up from Tk.613,307.70 million and Tk.484,844.36 million in 2024. The Bank went public in 1998 and achieved the significant milestone of being officially listed on both of the nation's stock exchanges. Presently, its shares classified as 'Z' class. Following an endorsement from Bangladesh Bank, the title of Al-Arafah Islami Bank Limited was transformed to Al-Arafah Islami Bank PLC, effective from November 15, 2023. At the helm is Mr. Khwaja Shahriar, the Chairman of the Board, providing strategic leadership. The day-to-day operations are expertly guided by Managing Director and CEO, Mohd. Rafat Ullah Khan, ensuring the Bank meets its objectives and serves its customers effectively. The Head Office of the Bank is located at 63 Purana Paltan, Dhaka-1000.

5.0 ISSUER CREDIT RATING

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

Issuer Rating A+

CRISL has assigned "A+" (pronounced as single A plus) rating in the Long Term and "ST-3" rating in the Short Term to Al-Arafah Islami Bank PLC. (AIB PLC). The above has been done after a thorough and comprehensive analysis of the operational and financial performance of the bank along with its relevant quantitative, qualitative, and other related factors. The basis of the evaluation was the financials of the bank up to December 31, 2025, quarterly financial of June 30, 2026 and other widespread factors up to the date of rating. The above ratings have been assigned after due consideration of AIB PLC's position in the areas of financial performance, asset quality, capital adequacy, liquidity, risk management practice, portfolio management, compliance, governance practice, robustness of IT infrastructure & IT risk management, HR development practice and above all AIB PLC's strategy to address future contingency. While assigning the rating CRISL also factored the operational performance and fund management efficiency of the bank through its capital market subsidiaries.

The above ratings have been assigned in consideration of its fundamentals such as profitable business performance, diversified business mix, good operational network etc. CRISL, however, observed few limitations which include moderate asset quality, provision shortfall, substantial rise of stressed assets, increasing cost of fund etc.

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During YE2025, the overall consolidated financial performance of the bank remained moderate. During the period net investment income stood at Tk.6,113.44 million in YE2025 against Tk.12,556.16 million in YE2024. The total operating income decreased by 26.74% and stood at Tk.15,199.01 million in YE2025 compared to Tk.20,747.80 million in the previous year. The total operating profit before tax and provision decreased by 59.05% and stood at Tk.3,490.99 million in YE2025 against Tk.8,525.17 million in YE2024. During the surveillance year, the total provision charged in P/L account of Tk.2,419.09 million in YE2025 and Tk.4,416.42 million in YE2024 due to increase in classified investment. The net profit after provision & tax increased by 11.73%. The Net Profit Margin (NPM) of the bank decreased to 1.05% in YE2025 from 1.95% in YE2024. The Return on Average Assets (after-tax) declined and stood at 0.13% in YE2025 against 0.41% in YE2024 which was lower compared to the PCB industry average. On the other hand the Return on Average Equity (after-tax) also increased to 3.30% in YE2025 against 2.93% in YE2024. AIB PLC's Return on Average Risk-Weighted Assets also increased to 0.24% in YE2025 from 0.24% in YE2024.

Overall asset quality of the bank was moderate during the surveillance period. Total investment (including bills purchased and discounted) of the bank increased to Tk.492,211.52 million in YE2025 from Tk.476,389.02 million in YE2024, indicating an increase of 3.32%. Out of total investments, 82.02% is unclassified investment and 17.98% is classified investment in YE2025. AIB PLC's gross Non-Performing Investment (NPI) increased to Tk.88,522.04 million as of December 31, 2025, from Tk.74,055.36 million as of December 31, 2024. Out of the total non-performing investment, 80.97% investment is bad/loss, while 11.19% is doubtful and 7.83% is sub-standard.

The overall liquidity of AIB PLC has been found moderate during YE2025. AIB PLC has been maintaining Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) in line with the Bangladesh Bank requirement. The Investment to deposit ratio stood at 88.75% in December of YE 2025 and 91.55% in YE 2024. Again, the investment to deposit & equity ratio also decreased to 96.42% in YE 2025 compared to 99.52% in YE 2024 respectively. The liquidity coverage ratio stood at 113.5% and the net stable funding ratio stood at 105.7% as of December 31, 2025.

The Capital to Risk-Weighted Asset Ratio (CRAR) of the bank (stand-alone) was average and in line with requirements under the risk-based capital adequacy framework of Basel-III The Capital to Risk-Weighted Asset Ratio (CRAR) on core capital (Tier-1) stood at 7.12% and on supplementary capital (Tier-II) stood at 3.60%. The Capital to Risk-Weighted Asset Ratio (CRAR) stood at 10.72% as of December 31, 2025 from 12.13% as of December 31, 2024.
The overall operating efficiency of the bank registered moderate in YE2025 compared to the previous year. It appears from the above that the growth of the operating expense of the bank has been higher than the growth of operating income during YE2025 and the efficiency ratio increased to 77.03% in YE2025 from 58.91% in YE2024. Accordingly the yield per Tk.100 staff cost reduced to Tk.47.93 in YE2025 from Tk.107.26 in YE2024.

Bank rated in this category is adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.

The Short Term rating indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

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

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6.0 TRUSTEE

6.1 Background of Trustee

DBH Finance PLC. formerly known as Delta Brac Housing Finance Corporation Ltd. is the pioneer, largest, and specialist Housing Finance Institution in the private sector of the country. After commencing operation in 1996 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. DBH has been rated the highest 'AAA' credit rating for 21th consecutive years. The Head office of DBH Finance is located at Landmark Building (9th Floor), 12-14 Gulshan North C/A, Gulshan 2, Dhaka-1212. In order to empower the trustee, the draft Trust Deed sets out the rights of the Bondholders and the responsibilities of the Trustee. Trust deed between DBH Finance and AIB PLC is finalized.

6.2 Powers, Duties and Rights of Trustee

6.2.1 Trustee's Rights

- **Applicable Law:** Notwithstanding anything contained in this Trust Deed the Trustee shall have all such rights and powers granted to it under the applicable law including but is not limited to Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021.
- **Advice:** The Trustee may in relation to this Trust Deed act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Trustee, the Issuer, or any Subsidiary) and which advice or opinion may be provided on such terms (including as to limitations on liability) as the Trustee may consider in its sole discretion to be consistent with prevailing market practice with regard to advice or opinions of that nature and shall not be responsible for any Liability occasioned by so acting; any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission;
- **Resolution or direction of Bondholders:** the Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed or a direction of a specified percentage of Bondholders, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or the making of the directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders;
- **Trustee not responsible for investigations:** save as otherwise provided by applicable law, the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, the Bonds, or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof;
- **Entry on the Register:** the Trustee shall not be liable to the Issuer or any Bondholder by reason of having accepted as valid or not having rejected any entry on the Register later found to be forged or not authentic and can assume for all purposes in relation hereto that any entry on the Register is correct;
- **Events of Default:** save as otherwise provided by applicable law, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds and under this Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable;

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

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

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

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

- **Professional charges:** any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the trusts of this Trust Deed and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with this Trust Deed, in each case as agreed pursuant to the Fee Letter (including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person);

- **Expenditure by the Trustee:** nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion

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hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it;

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

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

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

Trustee's powers and duties

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

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

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

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

- **Grievances of the Bondholders:** Upon receipt of a complaint from the Bondholders Trustee shall take necessary steps for redress of grievances of the Bondholders within one month of the date of receipt of the complaints and he shall keep the BSEC and the Issuer informed about the number, nature and other particulars of the complaints received and the manner in which such complaints have been redressed;

- **Trustee's determination:** The Trustee may determine whether or not a default in the performance or observance by the Issuer of any obligation under the provisions of this Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders;

- **Determination of questions:** the Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any

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of the provisions of this Trust Deed and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders;

- **Trustee's discretion:** the Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Trust Deed or by operation of law, on reasonable ground have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof (save as otherwise provided by applicable law) but whenever the Trustee is under the provisions of this Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing;
- **Trustee's consent:** any consent given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require;
- **Application of proceeds:** the Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Mudaraba Bonds;
- **Error of judgment:** the Trustee shall not be liable for any error of judgment made in good faith applying due diligence and without negligence by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters, save in relation to its own gross negligence, willful default or fraud;
- **Agents:** Subject to the provisions of the Trust Act 1882 and Bangladesh Securities and Exchange Commission (Debt Securities) Rules 2021, the Trustee may, in the conduct of the trusts of this Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) with the consent of Issuer and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person;
- **Confidential information:** the Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with this Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.
- **Determination of Profit Rate:** the Trustee shall determine Profit Rate in accordance with Condition of the Bond.

Nasimul Baten
Managing Director & CEO
DBH Finance PLC.

7.0 MARKET ASPECTS OF ISSUING THE BOND

The Bangladesh bond market remains at a nascent stage, with limited long-term financing alternatives available through the capital market. While bonds provide investors with relatively stable returns compared to the volatility of equity investments, the domestic bond market continues to face structural limitations, including inadequate market infrastructure, limited issuer diversity, and low investor participation. Investors generally prefer short-term capital gains over fixed-income investments, constraining the development of the corporate bond market. Nevertheless, the implementation of Basel III has encouraged banks to issue

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subordinated and perpetual bonds to strengthen their regulatory capital base, supported by Bangladesh Bank's guidelines on Additional Tier-I (AT1) and Tier-II capital instruments. The removal of the previous deposit rate cap and the prevailing high interest rate environment have further increased investor interest in higher yielding fixed-income securities.

As of FY2025, the Asian local currency (LCY) bond market exceeded USD 27 trillion, with China remaining the dominant market, accounting for more than half of the outstanding bonds. ASEAN LCY bonds continued to expand steadily to approximately USD 2.5 trillion, although markets such as Bangladesh, Vietnam, Indonesia and the Philippines remain relatively small. Well-developed secondary markets in countries such as South Korea, Malaysia and Singapore continue to support liquidity and efficient price discovery. Malaysia's capital market exceeded RM 4.3 trillion in 2025, while India's corporate bond market expanded to around 25% of GDP, reflecting the increasing importance of domestic debt financing across emerging Asian economies.

Bangladesh's corporate bond market remains one of the smallest in the region, representing approximately 0.06% of GDP as of June 30, 2026. Although several corporate and bank bonds have been listed over the past few years, banks continue to dominate the market through Basel III compliant subordinated and perpetual bond issuances. Elevated government security yields, which remained around 9.5%-10.5% during the first half of 2026 after peaking above 12% in 2025, have continued to attract institutional investors toward risk-free government securities instead of corporate bonds. Consequently, several corporate bond issuances have experienced weak subscription demand, while businesses continue to rely primarily on bank financing due to its comparatively easier access, shorter approval process, and greater familiarity.

A significant number of commercial banks have successfully issued subordinated bonds to strengthen their Tier-II capital. Since BRAC Bank pioneered the first subordinated bond issuance in 2010, most scheduled banks have utilized Basel III-compliant bond instruments to improve capital adequacy. Several banks have also issued or announced perpetual bonds qualifying as Additional Tier-I capital. These instruments generally offer higher coupon rates than conventional bank deposits, making them attractive to institutional investors seeking stable returns. Mutual funds, insurance companies and financial institutions are expected to gradually increase allocations to such securities to diversify fixed-income portfolios.
Despite their relatively attractive yields, perpetual bonds involve higher investment risk than fixed deposits. Coupon payments are discretionary and may be suspended if the issuing bank's capital falls below regulatory requirements. Furthermore, under Basel III, perpetual bonds may be subject to principal write-down or conversion upon the occurrence of predefined trigger events, making them economically closer to equity than conventional debt instruments.

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Under the Basel III capital framework, banks may continue raising subordinated debt to strengthen their capital base, subject to regulatory limits whereby eligible Tier-II capital cannot exceed prescribed proportions of Common Equity Tier-I (CET1) capital and Risk Weighted Assets (RWA). Consequently, subordinated bonds are expected to remain an important source of regulatory capital for commercial banks in the coming years.

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Bangladesh's long-term infrastructure financing requirement remains substantial, with an estimated investment need of approximately USD 170 billion during 2025–2040 and a financing gap exceeding USD 55 billion. Development of a deep and liquid corporate bond market, particularly infrastructure bonds and project bonds, would diversify funding sources, reduce dependence on the banking sector, attract foreign portfolio investment, and facilitate the growth of pension funds, insurance companies and specialized mutual funds investing in long-term fixed-income securities.

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Despite gradual progress, several structural challenges continue to impede the development of Bangladesh's bond market. Issuance costs remain relatively high at around 1.5–2.0%, considerably above regional peers. Regulatory approval processes remain lengthy, often

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requiring six to twelve months, while limited tax incentives, inadequate due diligence infrastructure, absence of a reliable benchmark corporate yield curve, and an illiquid secondary market continue to discourage both issuers and investors. Institutional investors remain heavily concentrated in government securities due to their attractive yields and negligible credit risk, while retail participation in corporate bonds remains limited because of low financial literacy and limited awareness. Nevertheless, the government securities market has shown encouraging signs of development. Secondary market turnover of government securities reached approximately Tk. 1.29 trillion during December 2025, while individual investment in treasury bills and treasury bonds increased significantly to Tk. 7,558 crore by March 2026, compared with Tk. 6,062 crore in December 2025, indicating gradual broadening of the domestic fixed-income investor base. However, the corporate bond market has yet to emerge as a significant source of long-term financing for the private sector.

8.0 ESTIMATED PROFIT FROM THE BOND

The investors/subscribers are likely to get good return from their investment in the Fifth Subordinated Bond of AIB PLC.

- The total profit on the Bonds will be calculated by the average of highest 6 month's MTDR provisional profit rate of Full-fledged Islamic Shariah based banks in Bangladesh (except Z-category Islamic Banks and foreign Islamic Banks) plus an additional profit rate of 3% per annum.

- As the bond holder will not get any tax benefit from coupon income and effective yield from investment in bond will be unchanged. The bond will be non-convertible bond and the profit will be paid semi-annually.

9.0 ISSUER CONSIDERATIONS

The instrument obligation is not a deposit and is not insured by any deposit insurance scheme. As stated earlier, the bonds will be subordinated to claims of depositors and other creditors and will rank just above the equity holders, the factors that may influence the bond rating are the fundamentals that stand for the equity. Therefore, CRISL has reviewed the fundamentals of the AIB PLC as follows:

9.1 Management Strength

The Board of AIB PLC is constituted of 5 Independent Directors excluding the Managing Director as on December 31, 2025. The Board is chaired by Mr. Khwaja Shahriar, who brings leadership continuity and governance stewardship to the institution. The position of Managing Director & CEO is held by Mr. Mohd. Rafat Ullah Khan, a seasoned banker with an extensive professional background spanning over 38 years in both Islamic and conventional banking domains. His combined expertise in risk management, regulatory compliance, and corporate governance provides critical direction during the bank's current transitional phase. The Board includes several prominent Independent Directors, such as:

- Md. Shahin ul Islam (Independent Director & Vice Chairman),
- Md. Abdul Wadud (Independent Director),
- Prof. Dr. Mohammed Abu Eusuf (Independent Director),
- Mohammad Asraful Hassan, FCA (Independent Director)

Throughout the financial year 2025, the Board held a total of 36 meetings, marking a significant increase from 18 meetings in 2024, indicating heightened governance oversight and strategic involvement. The Board plays an active role in the formulation and approval of the bank's long-term strategic plan, setting and evaluating key performance targets for the management, overseeing the expansion of the bank's business operations, and ensuring effective recruitment and placement of senior management personnel. Moreover, the Board approves major decisions such as the procurement of properties and infrastructure investment. Importantly, the Board is deeply engaged in the establishment and monitoring of

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Experienced top management

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robust risk management systems, aimed at identifying, mitigating, and controlling the core risks associated with Islamic banking operations. This reflects the Board's continued commitment to sound corporate governance, risk-aware decision-making, and the sustainable growth of the institution.

9.2 Financial Performance (Consolidated)

Average financial performance

The overall financial performance of the bank in 2025 registered significant moderation in consideration of different profitability indicators. CRISL evaluates the financial performance in terms of Return on Average Asset (ROAA), Return on Average Equity (ROAE) and Net Profit Margin (NPM). During 2025, the banking sector faced heightened regulatory oversight, macroeconomic adjustments, and liquidity constraints. The Bank's strategic focus shifted toward quality asset creation, disciplined investment selection, and institutional reform rather than volume-driven expansion.

Total investment income decreased by 1.55% and stood at Tk.41,618.00 million in 2025 from Tk.42,370.52 million in 2024. However, profit expense on deposit & borrowing significantly increased by 19.47% compared to the previous year due to substantial rise in the cost of deposits, resulting in net investment income declining to Tk.6,113.44 million in 2025 against Tk.11,845.05 million a year before. Consequently, Net Interest Margin (NIM) declined to 1.17% in 2025 against 2.34% in 2024. Total operating income of the Bank decreased to Tk.15,199.01 million in 2025 from Tk.20,747.80 million in 2024. Out of total operating income, 40.22% came from net investment income, 25.51% from income from investments in shares and securities, 27.61% from commission, exchange and brokerage fee, and 6.66% from other operating income. Total operating expenditure decreased to Tk.11,708.02 million in 2025 from Tk.12,222.63 million in 2024 registering a negative growth of 4.21%, mainly due to a decrease in salary and allowances and the bank's ongoing cost optimization efforts. Total operating profit before provision declined significantly by 59.05% to Tk.3,490.99 million in 2025 from Tk.8,525.17 million in 2024. Total provision decreased to Tk.2,419.09 million from Tk.4,416.42 million in 2024. However, CRISL opines that AIBL, in line with regulatory approval, has deferred significant provision on classified investments. The required provision against investments and off-balance sheet items is Tk.6,983.89 crore, while the Bank maintained only Tk.1,985.31 crore, resulting in a shortfall of Tk.4,998.58 crore. Had the provision been fully maintained in the current year, the bank would have suffered a significant loss of Tk.5,306.68 crore after tax, with a negative effect on CRAR. The net profit after tax (PAT) of the bank increased slightly to Tk.854.36 million in 2025 from Tk.764.67 million in 2024, resulting in Earnings per Share (EPS) of Tk.0.74 in 2025 compared to Tk.0.66 in 2024. Return on Average Assets (after tax) and Return on Average Equity (after tax) remained modest during 2025. The Return on Average Assets (after tax) stood at 0.14% in 2025 from 0.13% in 2024. The Return on Average Equity (after tax) increased to 3.30% in 2025 from 2.93% in 2024. The Bank's efficiency ratio deteriorated to 77.03% in 2025 from 58.91% in 2024, reflecting the impact of reduced operating income on the cost-income structure.

In terms of asset quality, the Bank's gross NPL ratio worsened to 17.98% in 2025 from 15.55% in 2024, reflecting the challenging macroeconomic environment and classification of stressed assets. Stressed assets, including rescheduled and stay-order loans, increased significantly. Rescheduled loans/ investments rose by 9.76% to Tk.63,201.30 million in 2025 from Tk.57,582.40 million in 2024. Total write-off loans/investments increased by 50.42% to Tk.15,658.96 million in 2025 from Tk.10,410.29 million in 2024. The stressed asset to total loan and advance ratio stood at 33.62% in 2025, up from 29.47% in 2024, indicating mounting pressure on asset quality and future provisioning requirements. The NPL coverage ratio declined to 21.00% in 2025 from 28.57% in 2024, reflecting the Bank's limited capacity to maintain adequate provisions against the rising classified portfolio.

According to the unaudited financial statements of Al-Arafah Islami Bank PLC for the 1st quarter ended March 31, 2026, the investment of the Bank stood at Tk.498,100.12 million as of March 31, 2026, slightly down from Tk.501,219.70 million in December 31, 2025. Meanwhile, the total deposits of the Bank decreased to Tk.480,223.51 million in March 31, 2026 from Tk.486,267.40 million in December 31, 2025. The net investment income stood at

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Tk.1,888.77 million in Q1 2026 against Tk.1,851.18 million in Q1 2025, reflecting improved spread management. Investment income increased to Tk.10,947.00 million in Q1 2026 from Tk.10,474.47 million in Q1 2025. Profit paid on deposits increased to Tk.9,058.23 million in Q1 2026 from Tk.8,623.29 million in Q1 2025. The Bank's profit after tax stood at Tk.166.23 million in Q1 2026, up from Tk.64.38 million in Q1 2025, representing a significant improvement of 158.18%, driven by disciplined cost management and improved operational efficiency.

9.2.1 Stand Alone Operations

On a standalone basis, Al-Arafah Islami Bank PLC's financial performance in 2025 reflects the culmination of the challenges and strategic adjustments that began in 2024. The year was characterized by a continued focus on strengthening governance and asset quality, which came at the cost of short-term profitability. While the bank showed progress in stabilizing its balance sheet and improving its capital position, the impact of high non-performing investments (NPIs) and significant provisions remained the dominant factor affecting the bottom line.

The bank's core banking revenue experienced a significant downturn in 2025, contrasting sharply with the growth seen in 2024. Net investment income (the equivalent of net interest income) fell dramatically to Tk.6,067.45 million, a decrease of 51.32% from Tk.12,464.39 million in 2024. This decline was primarily driven by a substantial increase in profit paid on deposits and borrowings, which rose by 19.48% to Tk.35,335.07 million. This surge in funding costs was a direct consequence of the high inflationary environment and tight monetary policy during 2025, significantly compressing the bank's profit spread (which declined from 2.17% in 2024 to 0.87% in 2025). Non investment income, however, showed resilience. Total operating income outside of net investments rose to Tk.8,997.16 million in 2025, a 10.97% increase from Tk.8,107.89 million in 2024. This was supported by a notable 42.5% increase in income from investments in shares and securities (Tk.3,875.57 million), showcasing effective portfolio management. However, this growth was insufficient to offset the decline in core earnings. Total operating income fell by 26.77% to Tk.15,064.61 million in 2025 from Tk.20,572.28 million in 2024. To navigate the challenging environment, the bank implemented cost control measures, leading to a 4.26% reduction in total operating expenses to Tk.11,563.87 million in 2025. Despite this, the sharp decline in income meant that profit before tax and provisions (operating profit) fell drastically by 58.79% to Tk.3,500.74 million. The primary factor behind the overall net profit was a substantial reduction in provisions, which fell by 45.23% to Tk.2,419.09 million from Tk.4,416.42 million in 2024. While this move helped the bank report a net profit after tax of Tk.865.12 million (a 16.24% increase from Tk.744.24 million in 2024), it is important to note that this was achieved against a backdrop of increased classified investments. Gross NPLs rose to Tk.88.52 billion (17.16% of investments) from Tk.74.05 billion in 2024. The lower provision was due to a tripartite agreement with Bangladesh Bank that allowed for the deferral of a significant Tk.5,393.19 crore provision shortfall. Without this regulatory concession, the bank would have reported a substantial loss and a negative capital ratio, a point highlighted by the external auditors as an 'Emphasis of Matter'. In summary, while Al Arafah Islami Bank PLC demonstrated resilience in its non core income and successfully managed costs in 2025, its standalone performance was severely impacted by a significant increase in funding costs and elevated asset quality issues. The reported net profit was only possible due to a regulatory concession on provisioning. The bank's primary focus during the year was on structural reform, strengthening governance, and managing liquidity, laying the groundwork for future recovery. However, the full extent of its asset quality challenges and the need for a more sustainable profitability model remain central to its long-term stability.

9.3 Asset Quality (Stand Alone)

The asset quality of Al-Arafah Islami Bank PLC experienced a further and significant deterioration in 2025, building upon the already concerning trends observed in the previous year. Despite a modest 3.32% growth in the total investment portfolio to Tk.492,211.52 million, the quality of the assets declined sharply. The gross non-performing investment (NPI) ratio rose to 17.16% in 2025 from 15.14% in 2024, a trend that is in stark contrast to the

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Moderate asset quality

stability seen in earlier years (where the ratio was 6.76% in 2023). In absolute terms, gross NPIs surged by 19.53% to Tk.88,522.04 million, up from Tk.74,055.37 million. This continued deterioration reflects persistent challenges in credit risk management, aggravated by the high inflationary environment, tight monetary policy, and the lingering impacts of global economic disruptions.

A deeper analysis of the NPI portfolio reveals a persistent and alarming concentration in the highest-risk category. The proportion of investments classified as Bad/Loss remained the dominant component of NPIs, accounting for 81.0% of the total in 2025, up from 73.55% in 2024. The Sub-Standard category saw a significant reduction in percentage terms, falling from 18.98% to 7.83%, while the Doubtful category increased its share to 11.19%. While the reduction in the Sub-Standard category could be viewed positively, the significant shift towards the Bad/Loss and Doubtful categories indicates a worsening in the severity of the problem loans, pointing to lower chances of recovery and significant weaknesses in the bank's credit monitoring and recovery mechanisms. The bank's recovery efforts have been a critical area of focus. The bank wrote off a substantial Tk.524.87 crore during the year, bringing the cumulative written-off investments to Tk.1,565.90 crore. While the bank managed to recover Tk.191.16 crore from written-off investments in 2025, this is lower than the Tk.320.68 crore recovered in 2024. This low recovery rate further highlights the challenge of realizing value from assets that have already been deemed unrecoverable. The stress on the bank's asset quality is further underscored by the Stressed Asset Ratio. When considering the Gross NPL, rescheduled investments, and investments under stay orders, the stressed asset ratio remained critically high at 33.62% in 2025, a slight increase from 29.47% in 2024. Rescheduled investments alone increased by 9.76% to Tk.6,320.13 crore, indicating that a significant portion of the portfolio continues to rely on restructuring, which delays cash recoveries and may not fully reflect the underlying credit risk.

The most significant consequence of the deteriorating asset quality is the substantial provision shortfall. The required provision against investments and off-balance sheet items as determined by Bangladesh Bank stood at Tk.6,983.89 crore in 2025. The bank maintained only Tk.1,985.31 crore, resulting in a massive shortfall of Tk.4,998.58 crore. This shortfall is a primary driver of the bank's capital erosion and a key area of regulatory focus. A major portion of this shortfall arises from the inadequate provisioning against classified investments, where the required provision is Tk.6,274.36 crore, but the bank has maintained only Tk.1,274.45 crore. The bank's auditors, in their "Emphasis of Matter" note, highlighted that the bank had to account for a provision shortfall of Tk.5,393.19 crore, which Bangladesh Bank has allowed to be deferred. However, if this shortfall were to be fully adjusted from the bank's eligible capital, the consequences would be severe. The bank's standalone Capital to Risk-weighted Asset Ratio (CRAR) was already below the regulatory requirement at 10.72% in 2025, compared to 12.13% in 2024. Factoring in the full provision shortfall would cause the CRAR to turn negative, indicating a critically depleted capital position and potentially making the bank technically insolvent. This underscores the bank's heavy reliance on regulatory forbearance to maintain a semblance of solvency.

A significant risk factor is the placement with Sammilito Islami Bank PLC of Tk.4900.00 million in considered most problematic banks in the country, this placement is at a high risk of becoming non-performing. If this placement, along with other potentially risky placements, were to be classified, it would force the bank to create additional provisions, further widening the already substantial provision shortfall. This would place even greater strain on the bank's capital position and profitability, as it would require writing down the value of these assets.
In conclusion, the asset quality of Al-Arafah Islami Bank PLC on a standalone basis worsened considerably in 2025. The sharp rise in NPIs, the heavy concentration in Bad/Loss assets, the critically high stressed asset ratio, and the massive provision shortfall all point to deep-seated challenges in the bank's credit risk management. The bank's capital adequacy is heavily dependent on regulatory concessions, and its exposure to problematic financial. The path to improving asset quality will require aggressive recovery efforts, enhanced monitoring of large exposures, and a rigorous review of the bank's investment portfolio to address the underlying weaknesses in credit underwriting and monitoring processes.

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9.4 Capital Adequacy (Overall)

The overall capital adequacy of the bank is weak and has significant shortfall (considering 2.5% capital conservation buffer) per capital requirement in line risk-based capital adequacy framework of Basel-III. Moreover, CRISL observes that if AIB's significant provision shortfall is adjusted its risk adjusted capital will be negative. The total RWA of the bank (standalone basis) stood at Tk.386,640.51 million as of December 31, 2025, of which 92.13% emanated from credit risk, 0.97% from market risk and 6.90% from operational risk. Based on the above the minimum capital requirement stood at Tk.38,664.05 million against which the total capital stood at Tk.41,435.61 million in YE2025. The Capital to Risk-Weighted Asset Ratio (CRAR) on core capital (Tier-1) stood at 7.12% and on supplementary capital (Tier-II) stood at 3.60%. The Capital to Risk-Weighted Asset Ratio (CRAR) dropped down and stood at 10.72% as of December 31, 2025, from 12.13% as of December 31, 2024, falling below the regulatory requirement of 12.50% (including capital conservation buffer). The total RWA of the bank (consolidation basis) stood at Tk.390,407.86 million as of December 31, 2025, of which 91.97% emanated from credit risk, 6.90% from operational risk and 1.13% from market risk. Based on the above the minimum capital requirement stood at Tk.39,040.78 million against which the total capital stood at Tk.43,274.31 million in YE2025. The Capital to Risk-Weighted Asset Ratio (CRAR) on core capital (Tier-1) stood at 7.52% and on supplementary capital (Tier-II) stood at 3.57%. The Capital to Risk-Weighted Asset Ratio (CRAR) slightly decreased to 11.08% as of December 31, 2025, from 12.44% as of December 31, 2024. AIB PLC's capital adequacy against BASEL-III capital requirement registered further declined in YE2025 and stood 10.72% (standalone basis) and 11.08% (consolidation basis). Leverage ratio of AIB PLC was 2.8% in Dec. 2024 which increased to 4.0% in Dec 2025. The Bank is yet to make the assessment of the Internal Capital Adequacy Assessment Process (ICAAP) for December 31, 2025. Total capital requirement of the bank under pillar-I and pillar-II risk as per ICAAP based on audited accounts of FY2025 stood at Tk.38,664.05 million and against which bank's total capital stood at Tk.41,435.61 million as of December, 2025.

9.5 Liquidity (Solo Basis)

Overall liquidity position of the bank was under pressure during the third quarter of CY2025 but recovered by year end through prudent liquidity management. The bank faced significant liquidity challenges during 2025 driven by high non-performing investments, substantial provision shortfalls, and increased deposit costs. However, the bank successfully maintained CRR throughout the year 2025 (0 days shortfall) compared to 79 days shortfall in 2024, reflecting improved liquidity discipline. The overall liquidity of AIB PLC has been found adequate in YE2025.

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Average liquidity

As of December 31, 2025, the CRR requirement stood at Tk.19,119.19 million (4.00% of average total demand and time liabilities on bi-weekly basis with a minimum of 3.00% on daily basis) and against which AIB PLC kept Tk.21,466.61 million with a surplus of Tk.2,347.42 million. As on the same date, AIB's SLR requirement was Tk.26,300.53 million (5.50% of average total demand and time liabilities) and against which AIB PLC kept Tk.29,934.85 million with a surplus of Tk.3,634.32 million. The excess amount of SLR and CRR (Tk.494.20 crore + Tk.171.49 crore) totaling Tk.665.69 crore may be invested in income generating areas to optimize returns. The liquid asset ratio of AIB PLC improved to 17.75% as of December 31, 2025, from 16.87% as of December 31, 2024. The Investment to deposit ratio stood at 101.22% in December 31, 2025, compared to 104.73% in December 31, 2024. Again, the investment to deposit & equity ratio also decreased to 96.42% in FY 2025 compared to 99.52% in FY 2024 respectively. The liquidity coverage ratio improved to 113.5% (above regulatory threshold of 100%) and the net stable funding ratio stood at 105.7% (above regulatory threshold of 100%) as of December 31, 2025, indicating healthy short-term and long-term liquidity positions. The maturity analysis of assets and liabilities of the AIB PLC shows that it has net liquidity gap and cumulative gap in up to twelve months maturity buckets. In one month maturity bucket the bank has negative gap of Tk.8,060.86 million as on December 31, 2025. Moreover in one to three months maturity bucket it has negative gap and up to twelve months maturity bucket of the bank has cumulative gap of

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Tk.35,710.74 million. The significant negative gaps in short term buckets indicate potential liquidity stress in the near term, although the bank maintains adequate statutory reserves and liquid assets to meet its obligations. The bank's liquidity position is supported by stable customer deposits, which increased by 6.89% to Tk.485,969.51 million in 2025. Top 10 depositors accounted for Tk.1,676.29 million, representing a low concentration risk. Interbank borrowing stood at Tk.599.00 million, while interbank lending was Tk.490.00 million, indicating the bank's net borrower position in the interbank market.

The bank faces several liquidity stress factors that warrant close monitoring. The stressed asset ratio remained critically high at 33.62% in 2025, with gross NPLs reaching Tk.88,522.04 million, while rescheduled investments stood at Tk.6,320.13 million across 91 accounts with extended grace periods, delaying cash recoveries. Recovery performance was notably weak, with only Tk.295.76 million recovered from rescheduled investments and Tk.14.01 million from written-off loans during the last six months of 2025. The massive provision shortfall of Tk.4,998.58 million (against required provisions of Tk.6,983.89 million) further exacerbates liquidity concerns. Additionally, increasing deposit costs (profit paid on deposits rose by 19.47% to Tk.35,335.07 million) compressed net interest margins, while undrawn commitments of Tk.9,910.95 million for OBS and Tk.4,605.63 million for funded facilities represent potential future cash outflows. The bank also faces significant negative cumulative gaps of Tk.35,710.74 million in up to twelve months maturity bucket, creating rollover risk. CRISL opines that increasing non-performing and stressed assets may put the bank under stressed liquidity, and recovery performance was not satisfactory which in turn will contribute in further aggravation of liquidity. The bank's ability to manage its liquidity position in the coming periods will depend significantly on its success in recovering non-performing investments, improving asset quality, and maintaining depositor confidence.

9.6 Fund Management (Standalone)

In 2025, the bank maintained a deposit led funding structure to support its total assets, which stood at Tk.640,489.25 million, reflecting an increase from Tk.613,307.70 million in 2024. The primary source of funding remained customer deposits and other accounts, which comprised 75.90% of total assets in 2025, up from 74.16% in 2024. In absolute terms, deposits increased to Tk.486,267.40 million from Tk.454,854.47 million, showing steady deposit mobilization of 6.90% amid a challenging economic environment. The shareholders' equity contributed 3.78% of the funding base in 2025, slightly down from 3.89% in 2024. Equity capital increased marginally to Tk.24,216.20 million from Tk.23,853.17 million, reflecting retained earnings growth despite profit pressures. In terms of long-term instruments, the bank had subordinated bonds worth Tk.11,398.00 million in 2025, accounting for 1.78% of total assets, which decreased from Tk.14,000.00 million or 2.28% in 2024 due to redemption of the 2nd Mudaraba Subordinated Bond. No perpetual bonds were issued in either year, keeping this component at 0.00% of the funding mix. The borrowings from other banks, financial institutions, and agents decreased to Tk.57,386.88 million in 2025, forming 8.96% of total assets, down from 10.20% in 2024. This indicates reduced reliance on interbank and institutional funding, potentially reflecting improved liquidity management. Additionally, other liabilities rose significantly to Tk.61,220.78 million in 2025 from Tk.57,977.63 million in 2024, making up 9.56% and 9.45% of total assets respectively. This growth may include accrued expenses, provisions, or deferred liabilities contributing to the funding base. In the funding mix, high-cost deposits (Mudaraba Term Deposits and Other Mudaraba Deposits) to total deposits stood at 69.44% in 2025 compared to 67.98% in 2024, while low-cost CASA deposits declined to 29.65% from 31.16%. AIBL remains mainly dependent on customer deposits which are profit rate sensitive, exposing the bank to repricing risk in a market-driven profit rate environment. During 2024, the Central bank introduced the SMART rate and subsequently scrapped the formula in May 2024 to make profit rates in the banking system fully market-based. In a market-driven profit rate regime, profit rates are fixed based on bank-client relationships and the demand for investments and the supply of investable funds in the banking sector. This transition exposes the bank to increased funding cost volatility, as deposit rates are likely to remain elevated in a competitive environment.

Principal redemption at 3rd, 4th, 5th, 6th and 7th year

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10.0 REDEMPTION SCHEDULE AND CAPACITY

No of Installment	Years	Repayment (Mil. Tk)	Balance (Mil. Tk)
1	End of 3rd Year	1,000.00	4000.00
2	End of 4th Year	1,000.00	3000.00
3	End of 5th Year	1,000.00	2000.00
4	End of 6th Year	1,000.00	1000.00
5	End of 7th Year	1,000.00	-
Total		**5,000.00**	

Profit Payment of the bond is payable semi-annually, which will begin after six months from issuance of bonds. CRISL views that the fundamentals of the bank will support the profit payment of bonds from the regular operation. The total profit on the Bonds will be calculated by the average of highest 6 month's MTDR provisional profit rate of Full-fledged Islamic Shariah based banks in Bangladesh (except Z-category Islamic Banks and foreign Islamic Banks) plus an additional profit rate of 3% per annum. All profit (accrued and unpaid) will be calculated at revised rate since issuance of the bond and is to be paid along with the redeemed amount. At each redemption date of the bond, the bank will pay Tk. 1000.00 million as principal. The principal amount will be redeemed at 3rd, 4th, 5th, 6th and 7th year of maturity at 20% of the bond value respectively.

Bond issuance will generate additional Tk. 5,000.00 million funds for the bank that will be utilized for normal business activities; consequently, it is expected to increase the earnings of AIB PLC The bank has no specific policy to accumulate bond redemption fund.

11.0 RISK & MITIGATION

11.1 Demand Risk

Demand risk of the bond will arise due to lack of demand in the market to buy the instrument. The target buyers of the bond are corporate and high net worth individuals etc. Corporate sectors in Bangladesh are presently facing acute liquidity crisis due to significant bank borrowing by Govt. and global impact of Russia-Ukraine war and recent tension arisen from middle east crisis . Hence corporate houses in Bangladesh may not have sufficient fund to go for investment in such bond. Moreover, many other scheduled banks with capital shortfall are contemplating to raise its capital base through issuance of such bond. Hence flotation of too many bonds in the market may create demand risk. Moreover, absence of underwriting arrangement in the proposed structure may augment the above risk.

11.2 Subordination risk

The seniority of a bond determines the priority in which investors get repaid in the event that an issuer defaults or goes into liquidation. Fixed income and equity products are classified according to their repayment priority, with senior secured bonds having the right to receive payment first in the event of a bankruptcy or liquidation. As the instrument carries subordination feature, bondholders has the rights over depositors' liability in case of liquidation.

11.3 Redemption Risk

Redemption risk arises from the failure of the issuer to redeem the bond at par at the end of the 3rd, 4th, 5th, 6th and 7th year from the issue date. AIB PLC has to pay off the bond subscribers with an amount of Tk. 1,000.00 million at the end of mentioned year. Significant amount of cash outflow from the bank at one time may create pressure on its cash flow as well as liquidity. However, it has been estimated that the bank may be able to manage the situation with its regular inflow of cash. Even, in case of stressed position issuer has comfortable access to the money market to back-up the above situation.

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11.4 Maintenance of Capital

AIB PLC may face maintenance of regulatory capital risk (as per Basel-III guideline). Though the bank has taken initiative to comply with risk based capital adequacy requirement through issuance of Subordinated Debt to support Tier-II capital, the amount of Subordinated Debt eligible for inclusion as Tier-II capital will be reduced by 20% from the original amount of instrument (net of any redemption) at the beginning of each of the last five years of the instrument's life. Hence, AIB PLC has to amortize TK. 1,000.00 million each year in the last five year of bond life and thus Tier-II capital support from Subordinated Debt will gradually decline. In view of that, if Capital To Risk Weighted Asset Ratio (CRAR) of the bank (which is presently 10.72%) is hampered and if it cannot create adequate reserve to support capital requirement, the bank is likely to face maintenance of capital risk (10% of risk weighted assets) specially in case of business expansion. Moreover, the bank has to keep capital conservation buffer of 2.50% in addition to minimum regulatory capital under Pillar-I risk as well as capital maintenance for Pillar-II as per Basel-III guideline.

11.5 Capital Treatment Risk

Capital Treatment Risk may arise due to fall of rating of the entity (AIB PLC) as well as the instrument (here Subordinated Debt). To be shown in Tier-II capital, Subordinated Debt must carry at least BB rating 3 for both issuer and issue (equivalent to BBB+, BBB, BBB- of CRISL). As Subordinated Debt must be unsecured, instrument rating will fall with the fall of entity rating. AIB PLC has been rated to A+ in the Long Term and ST-3 in the Short Term in July 29, 2026. Hence, AIB PLC has lower chance of capital treatment risk with regard to fall of entity rating below the regulatory threshold.

11.6 Regulatory Change

At present AIB PLC is planning to support its capital requirement through bond issuance. However, any change in regulatory rules and regulations might impact on bond's advantages.

11.7 Transferability Risk

Transferability risk arises when the bondholder is unable to sell the bond in the market in case of necessity and is required to wait till maturity. As the bond is issued under private placement and is not proposed to be listed, the bondholders are exposed to easy transferability risk.

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12.0 OBSERVATION SUMMARY

Rating Comforts: **Issue:** • Attractive return • Issuer has sound credit profile & diversified business mix • Issuer cash flow supports regular coupon payment as well as principal **Issuer:** • Modest profitability growth • Average liquidity position • Diversified business mix • Good non-funded business • Strong branch network • Experienced top management • Digital transformation progress	**Rating Concerns:** **Issue:** • Unsecured debt instrument • Subordination to depositors and other bank liabilities • Absence of specific policy to accumulate bond redemption fund • Ensuring effective utilization of bond fund and earning higher profit compared to coupon rate **Issuer:** • Moderate asset quality • Significant provision shortfall • CRAR below regulatory requirement • Critically high stressed assets • Single borrower limit breaches • Weak recovery performance • Rising cost of funds • Moderate Deposit & Investment growth • Declining net interest margin • Increasing litigation risk • Rise in pressure on treasury Forex Market • Capital market investment exposure • Shifting in Z category
Business Opportunities: **Issue:** • Development of bond market in Bangladesh • Stock exchange enlistment • Introduction of derivatives in Bangladesh stock market **Issuer:** • Expansion of branch network • Portfolio diversification in low risk category business segment including SME • Prudent management of brokerage house & merchant bank operation • Client rating to enhance capital base of the bank • Digital Banking Expansion • Shariah-Compliant Product Demand	**Business Challenges:** **Issue:** • Lower market depth of Bangladesh capital market • Mostly dependent on institutional investor for subscription **Issuer:** • To maintain adequate provision • Volatility in Forex & Commodity market • Rising inflationary pressure on cost of fund • Impact of Russia-Ukraine War in the local and global economy • Increasing trend in Classified investment • Entrance of new bank • • Maintain a stable & quality investment growth

END OF THE REPORT

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

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RATING SCALES
LONG-TERM RATING OF DEBT INSTRUMENTS

RATING	DEFINITION
AAA Triple A (Highest Safety)	**Investment Grade** Securities rated in this category are adjudged to be of highest credit quality. This level of rating indicates highest level of safety for timely payment of interest and principal. Risk factors are negligible and nearest to risk free government securities.
AA+, AA, AA- (Double A) (High Safety)	Securities rated in this category are adjudged to be of high credit quality and offer higher safety. This 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.
A+, A, A- Single A (Adequate Safety)	Securities rated in this category are adjudged to be of good credit quality and offer adequate safety for timely repayment of financial obligations. Protection factors are considered variable and more susceptible to changes in circumstances than securities in higher-rated categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Securities rated in this category are adjudged to offer moderate safety for timely repayment of financial obligations. This level of rating indicates deficiencies in certain protective elements but still considered sufficient for prudent investment. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
BB+, BB, BB- Double B (Inadequate Safety)	**Speculative Grade** Securities rated in this category are considered to be of speculative grade but deemed likely to meet obligations when due. Present or prospective financial protection factors fluctuate according to industry conditions or company fortunes. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (High Risk)	Securities rated in this category are considered to be of highly speculative grade. This level of rating indicates high risk associated with timely repayment of interest and principal. Financial protection factors will fluctuate widely according to economic cycles, industry conditions and/or company fortunes. Potential exists for frequent changes in the rating within this category or into a higher or lower rating grade.
CCC+,CCC, CCC- (Vulnerable)	Securities rated in this category are currently vulnerable to non-repayment, and is dependent upon favorable business conditions for the obligor to meet its financial commitments on the obligation.
CC+,CC, CC- (High Vulnerable)	Securities rated in this category is currently high vulnerable to non-repayment.
C+,C,C- (Near to Default)	Securities rated in this category are considered to be near to default. Protection factors are scarce. Timely repayment of interest and principal is possible only if favorable circumstances continue.
D (Default)	**Default Grade** Defaulted debt obligations. Issuer failed to meet scheduled principal and/or interest payments.

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