

Independent Auditor's Report & Audited Financial Statements

Of

Bank Alfalah Limited, Bangladesh Operations

As at and for the year ended 31 December 2024

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Independent Auditor's Report

To the Management of Bank Alfalah Limited, Bangladesh Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Bank Alfalah Limited, Bangladesh Operations (the "Bank") which comprise the Balance Sheet as at 31 December 2024 and the Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity for the year then ended and notes to the Financial Statements, including a summary of significant accounting policies.

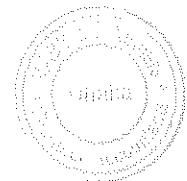
In our opinion, the accompanying Financial Statements of the Bank give a true and fair view of the Balance Sheet of the Bank as at 31 December 2024, and of its Profit and Loss Accounts, and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note #2.1.

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' Code of Ethics for Professional Accountants (IESBA Code), and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- We draw attention to note #39 of the annual financial statements, which describes that the Board of Directors of Bank Alfalah Limited (the parent company) has granted in-principle approval to a non-binding offer received from Bank Asia PLC of Bangladesh and Hatton National Bank PLC (HNB) of Sri Lanka to acquire the Bank's Bangladesh operations, including its assets and liabilities. The offer is subject to compliance with all applicable laws and regulations and obtaining necessary regulatory approvals. As disclosed, Bangladesh Bank and the State Bank of Pakistan have granted approval to the prospective acquirers to conduct an in-depth due diligence, which is currently in process. Our opinion is not modified in respect of this matter.



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

Management is responsible for the preparation and fair presentation of the Financial Statements of the Bank in accordance with IFRSs as explained in note # 2.1, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (as amended up to date) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the Financial Statements, management is responsible for assessing 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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Bank to cease to continue as a going concern.

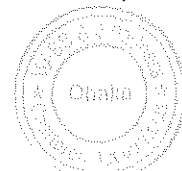
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank or business activities within the Bank to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the 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.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 (as amended up to date) and the rules and regulations issued by Bangladesh Bank, we also report that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the Financial Statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and internal control;
 - a) internal audit, internal control and risk management arrangements of the Bank 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 Bank;
- iii. in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- iv. the Balance Sheet and Profit and Loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- v. the records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements;
- vi. the 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;
- vii. the information and explanations required by us have been received and found satisfactory;



- viii. adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- ix. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,816-person hours, and
- x. Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Place: Dhaka, Bangladesh
Dated: 27 February, 2025


Signed for & on behalf of
MABS & J Partners
Chartered Accountants

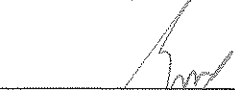

Nasir Uddin Ahmed
FCA, FCS, CGMA, ACMA(UK), FCA (England & Wales)
Additional Managing Partner
ICAB Enrollment No: 535
DVC: 2502270535AS286795

Bank Alfalah Limited, Bangladesh Operations
Balance Sheet
As at 31 December 2024

Particulars	Notes	Amount in Taka	
		2024	2023
Property and assets			
Cash	4	2,606,539,181	1,838,433,213
Cash in hand (Including foreign currency)		211,790,914	202,889,743
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		2,394,748,267	1,635,543,470
Balance with other banks and financial institutions	5	2,672,242,231	2,400,466,772
In Bangladesh		27,640,735	424,461,445
Outside Bangladesh		2,644,601,496	1,976,005,327
Money at call on short notice	5.b	-	1,030,000,000
Investments	6	11,566,673,895	7,943,302,318
Government		11,566,673,895	7,943,302,318
Others		-	-
Loans and advances	7	16,187,018,123	16,168,629,022
Loans, cash credit, overdrafts etc.		16,172,875,517	16,168,629,022
Bills purchased and discounted		14,142,606	-
Fixed assets including premises, furniture and fixtures	8	165,170,026	225,929,500
Other assets	9	2,208,981,339	1,819,457,725
Non-banking assets		-	-
Total property and assets		35,406,624,795	31,426,218,550
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	1,513,441,714	15,737,601
Deposits and other accounts	11	23,768,981,345	22,189,447,813
Current accounts and other accounts		2,333,219,714	2,816,117,278
Bills payable		127,542,442	482,702,210
Savings bank deposits		7,027,236,888	7,604,131,148
Fixed deposits		14,280,982,301	11,286,497,177
Other deposits		-	-
Other liabilities	12	3,610,008,120	3,034,425,774
Total liabilities		28,892,431,179	25,239,611,188
Capital and shareholders' equity			
Paid up capital (Fund from head office)	13	5,097,454,821	5,055,961,038
Revaluation reserve	14	2,909,680	2,047,968
Surplus in Profit and Loss Account	15	1,413,829,115	1,128,598,356
Total shareholders' equity		6,514,193,616	6,186,607,362
Total liabilities and shareholders' equity		35,406,624,795	31,426,218,550

The annexed notes 1 to 39 form an integral part of these financial statements.

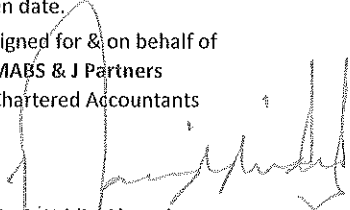

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants


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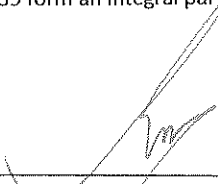
Place: Dhaka, Bangladesh
Dated: 27 FEB 2025

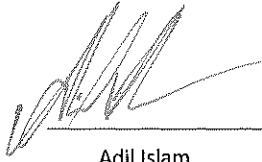
Bank Alfalah Limited, Bangladesh Operations
Off-balance Sheet
As at 31 December 2024

Particulars	Notes	Amount in Taka	
		2024	2023
Contingent liabilities			
Acceptances & endorsements		36,601,367	35,743,884
Letters of guarantees	16	403,692,172	421,910,934
Irrevocable letters of credit	17	462,851,617	277,491,077
Bills for collection		89,629,864	333,688,110
Other contingent liabilities (Bangladesh Sanchaypatra)		-	316,450,000
Total		992,775,020	1,385,284,005
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		231,293,185	1,149,874,469
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		231,293,185	1,149,874,469
Total Off-balance sheet items including contingent liabilities		1,224,068,205	2,535,158,474

The annexed notes 1 to 39 form an integral part of these financial statements.

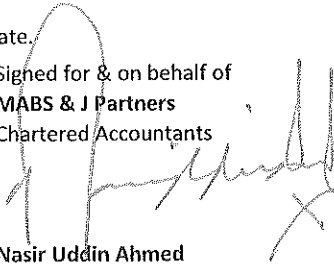

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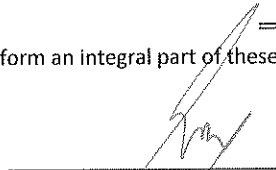
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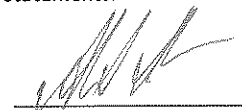
Bank Alfalah Limited, Bangladesh Operations
Profit and Loss Account
For the year ended 31 December 2024

Particulars	Notes	Amount in Taka	
		2024	2023
Interest income	19	1,844,531,292	1,589,615,315
Interest paid/profit shared on deposits and borrowings etc.	20	(1,416,561,263)	(920,354,921)
Net interest income		427,970,029	669,260,394
Investment income	21	1,135,478,897	450,882,303
Commission, exchange and brokerage	22	298,449,593	218,037,475
Other operating income	23	17,984,830	39,761,151
Total operating income		1,879,883,349	1,377,941,323
Salaries and allowances	24	432,765,932	402,085,288
Rent, taxes, insurance, electricity etc.	25	78,894,351	63,288,908
Legal expenses	26	3,198,265	2,427,075
Postage, stamps, telecommunication etc.	27	20,885,779	20,053,010
Stationery, printing, advertisement etc.	28	6,479,885	7,139,333
Country Head's salary and fees	29	30,325,292	27,261,319
Auditors' fees		889,526	887,563
Depreciation and repair of the Bank's assets	30	119,802,667	118,917,807
Other expenses	31	61,735,576	54,715,603
Total operating expenses		754,977,273	696,775,906
Profit before provisions		1,124,906,076	681,165,417
Provision for loans and advances/investments	32	60,160,257	(47,543,798)
General provision		(1,040,500)	(13,100,000)
Specific provision		61,200,757	(34,443,798)
Provision for off-balance sheet items released		(8,000,000)	4,100,000
Provision for diminution in value of investments		-	-
Other provisions		(47,700,000)	-
Total provision		4,460,257	(43,443,798)
Total profit/(loss) before taxes		1,120,445,819	724,609,215
Provision for taxation:			
Current tax expense		482,971,873	277,000,000
Deferred tax expense/(income)		(15,771,061)	13,724,140
Total provision for taxation	33	467,200,812	290,724,140
Net profit after taxation		653,245,007	433,885,075
Appropriations:			
Transferred to Start-Up Fund		(6,532,450)	(4,338,851)
Retained Surplus Carried Forward		646,712,557	429,546,224

The annexed notes 1 to 39 form an integral part of these financial statements.

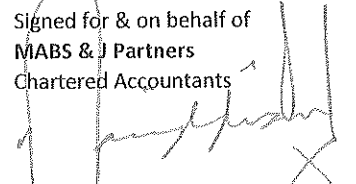

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Place: Dhaka, Bangladesh
Dated: 27 FEB 2025

Bank Alfalah Limited, Bangladesh Operations
Statement of Changes in Equity
For the year ended 31 December 2024

Amount in Taka

Particulars	Fund deposited with Bangladesh Bank	Revaluation reserve on Govt. securities	Surplus in profit and loss account	Total equity
Balance as at 1 January 2024	5,055,961,038	2,047,968	1,128,598,356	6,186,607,362
Surplus/deficit on account of revaluation of investments	-	861,712	-	861,712
Currency translation difference	41,493,783	-	-	41,493,783
Net profit for the period	-	-	653,245,007	653,245,007
Transferred to Start-Up Fund	-	-	(6,532,450)	(6,532,450)
Retained Earnings transferred to Capital	-	-	-	-
Profit transferred to Head Office	-	-	(361,481,798)	(361,481,798)
Balance as at 31 December 2024	5,097,454,821	2,909,680	1,413,829,115	6,514,193,616

For the year ended 31 December 2023

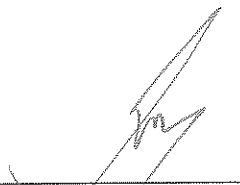
Amount in Taka

Particulars	Fund deposited with Bangladesh Bank	Revaluation gain/(loss) on investment	Surplus in profit and loss account	Total equity
Balance as at 1 January 2023	4,528,498,538	1,953,030	1,332,802,132	5,863,253,700
Surplus/deficit on account of revaluation of investments	-	94,938	-	94,938
Currency translation difference	27,462,500	-	-	27,462,500
Net profit for the period	-	-	433,885,075	433,885,075
Transferred to Start-Up Fund	-	-	(4,338,851)	(4,338,851)
Retained Earnings transferred to Capital	500,000,000	-	(500,000,000)	-
Profit transferred to Head Office	-	-	(133,750,000)	(133,750,000)
Balance as at 31 December 2023	5,055,961,038	2,047,968	1,128,598,356	6,186,607,362

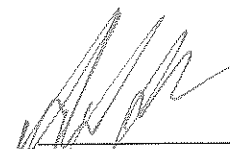
The annexed notes 1 to 39 form an integral part of these financial statements.



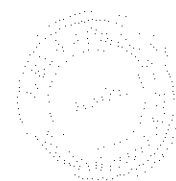
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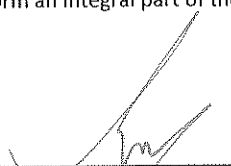


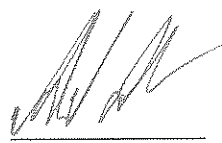
Bank Alfalah Limited, Bangladesh Operations
Cash Flow Statement
For the year ended 31 December 2024

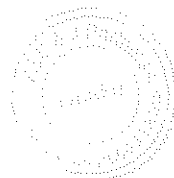
Particulars	Amount in Taka	
	2024	2023
A. Cash flows from operating activities		
Interest receipts in cash	1,778,309,658	1,555,949,350
Interest payment	(1,267,960,645)	(892,915,055)
Dividend receipts	-	-
Fees and commission receipts in cash	15,718,696	17,893,858
Recoveries on loans previously written off	4,607,780	5,000,000
Cash payments to employees	(443,591,224)	(409,295,675)
Cash payments to suppliers	(108,443,243)	(103,573,289)
Income tax paid	(315,776,258)	(243,725,924)
Receipts from other operating activities	1,436,194,624	690,787,071
Payment for other operating activities	(101,492,433)	(91,441,253)
Operating cash flow before changes in operating assets and liabilities (i)	997,566,955	528,679,083
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(18,389,101)	1,227,775,243
Other assets	(315,573,180)	(55,866,002)
Deposits from other banks/borrowings	(193,864,977)	(560,304,345)
Deposits from customers	1,773,398,509	1,921,807,311
Other liabilities	262,582,185	151,619,591
Cash utilised in operating assets and liabilities (ii)	1,508,153,436	2,685,031,798
Net cash flows from operating activities (i+ii) (a)	2,505,720,391	3,213,710,881
B. Cash flows from investing activities		
Proceeds from sale/redemption of securities	-	-
Payments for purchase of securities	21,063,763	1,596,663,417
Purchase of property, plant & equipment	(50,183,485)	(201,277,389)
Sale of property, plant & equipment	-	76,530
Net cash from/(used) in investing activities (b)	(29,119,722)	1,395,462,558
C. Cash flows from financing activities		
Profit remitted to head office	(361,481,798)	(133,750,000)
Net cash used in financing activities (c)	(361,481,798)	(133,750,000)
Net increase/decrease in cash (a+b+c)	2,115,118,871	4,475,423,439
Effect of exchange rate changes on cash and the equivalent	41,493,783	27,462,500
Cash and cash equivalents at the beginning of year	9,394,262,631	4,891,376,692
Cash and cash equivalents at the end of the year	11,550,875,285	9,394,262,631
Cash and cash equivalents at the end of the year:		
Cash in hand (including foreign currency)	211,790,914	202,889,743
Call and term borrowing	(1,513,441,714)	(15,737,601)
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	2,394,748,267	1,635,543,470
Balance with other banks and financial institutions	2,672,242,231	2,400,466,772
Money at call on short notice	-	1,030,000,000
Treasury bills	7,783,959,087	4,140,943,847
Prize Bond	1,576,500	156,400
	11,550,875,285	9,394,262,631

The annexed notes 1 to 39 form an integral part of these financial statements.


Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head



1 Reporting entity

Bank Alfalah Limited, Bangladesh Operations (the Bank) are branches of Bank Alfalah Limited (the parent company) incorporated in Pakistan. The Bank is domiciled in Bangladesh. The address of the Bank's country office is 168 Gulshan Avenue, Dhaka-1212.

The Bank started its operation in Bangladesh on 16 May 2005 by acquiring Shamil Bank of Bahrain's Dhaka Branch Operations as a branch of the parent company. The Bank has 7 branches as on 31 December 2024. Except 1 Islamic Banking Branch, the rest of the branches run on conventional commercial Banking business basis.

1.1 Principal activities and nature of operations of the Bank

The Bank primarily is involved in providing all kinds of commercial banking services to the customers. The Bank offers services for all commercial Banking needs of the customers, which includes deposit Banking, loans and advances, export import financing, etc.

1.2 Islamic Banking

The Bank has one Islamic banking branch (Motijheel branch) that operates under Shari'ah Principles. The financial position and the financial performance are disclosed in Annexure VI. The conventional banking financial and the financial performance includes the Islamic banking operations.

2 Basis of preparation of financial statements

The financial statements of the Bank are prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Bank Company Act, 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank. In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

2.1 Statement of compliance and basis of preparation

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.

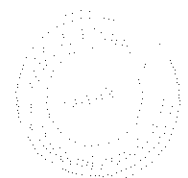
The financial statements of the Bank have been prepared in accordance with the IFRSs adopted by FRC and in addition to this, the Bank also complied with the requirements of the following laws and regulations from various Government bodies:

- i) The Bank Company Act, 1991, and amendment thereon;
- ii) Circulars, Rules and Regulations Issued by Bangladesh Bank (BB) time to time;
- iii) The Income Tax Ordinance 1984, Income Tax Act, 2023 and amendments thereon;
- iv) The Value Added Tax Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;
- v) Financial Reporting Act, 2015.

In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRSs, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

i) Investment in equity instruments

IFRS: As per requirements of IFRS 9 Classification and measurement of investment in equity instruments 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 and loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (measured in accordance with IFRS 13) at the year-end is taken to the profit and loss account or other comprehensive income, respectively.



2 Basis of preparation of financial statements (Continued)
2.1 Statement of compliance and basis of preparation (Continued)
i) Investment in equity instruments (Continued)

Bangladesh Bank: As per Banking Regulation and Policy Department (BRPD) circular no. 14, dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per the book value of the last audited balance sheet, respectively. Provisions should be made for any loss arising from diminution in value of investments; otherwise investments are recognised at cost.

ii) Subsequent measurement of government securities

IFRS: Government securities refer primarily to various debt instruments which include both bonds and bills. As per requirements of IFRS 9: Financial Instruments, bonds can be categorised as "Amortised Cost (AC)", or "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortised cost method, and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in the profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserves, as a part of equity.

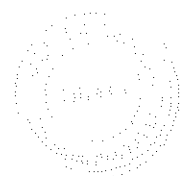
As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in the profit and loss account or other reserves as a part of equity, respectively.

Bangladesh Bank: As per DOS circular no. 05, dated 26 May 2008, and subsequent clarification in DOS circular no. 05, dated 28 January 2009, Government securities/bills are classified into Held for Trading (HFT) and Held to Maturity (HTM). HFT securities are revalued on the basis of mark-to-market and at year-end, any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities, including amortisation of discount, are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at year-end, and gains or losses on amortisation are recognised in other reserves as part of equity.

iii) Provision on loans and advances

IFRS: As per IFRS 9 Financial Instruments, an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses, if the credit risk on these loans and advances 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 loans and advances for which 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 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after the reporting date.

Bangladesh Bank: As per BRPD circular no. 7, dated 21 June 2018, BRPD circular no 13, dated 18 October 2018, BRPD circular no. 15, dated 27 September 2017, BRPD circular no. 16, dated 18 November 2014, BRPD circular no. 14, dated 23 September 2012, BRPD circular no. 5, dated 29 May 2013, BRPD circular no. 1, dated 20 February 2018 and BRPD circular no. 3, dated 21 April 2019, a general provision at 0.25% to 5% under different categories of unclassified loans (Standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also, provision for different categories of classified loans (sub-standard, doubtful and bad and loss loans) has to be provided at 20%, 50% and 100%, respectively, for loans and advances depending on time past due. Again, as per BRPD circular no. 14, dated 23 September 2012 and BRPD circular no. 7, dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by Multilateral Development Bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). Such provision policies are not specifically in line with those prescribed by IFRS 9.



2 Basis of preparation of financial statements (Continued)
2.1 Statement of compliance and basis of preparation (Continued)
iv) Other comprehensive income

IFRS: As per IAS 1 Presentation of Financial Statements, other comprehensive income is a component of financial statements or the elements of other comprehensive income are to be included in single comprehensive income statements.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank 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 Other Comprehensive Income statement. However, elements of OCI, if any, are shown in the Statement of Changes in Equity.

v) Financial instruments – presentation and disclosure

In several cases, Bangladesh Bank guideline categories recognise, measure and present financial instruments differently from those prescribed in IFRS 9 Financial Instruments. Hence, some disclosure and presentation requirements of IFRS 7 Financial Instruments Disclosures and IAS 32 Financial Instruments Presentation cannot be made in the financial statements.

vi) Repo and reverse repo transactions

IFRS: As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan, and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS circular letter no. 6, dated 15 July 2010, and subsequent clarification in DOS circular no. 3, dated 30 January 2012 and DOS circular no. 2, dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction, and the financial assets are de-recognised in the seller's book and recognised in the buyer's book.

However, as per DMD circular letter no. 7, dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here, the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

vii) Financial guarantees

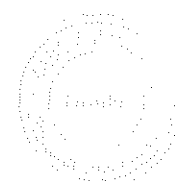
IFRS: As per IFRS 9 Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due, in accordance with the term of debt instruments. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount, and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, financial guarantees, such as Letter of Credit and Letter of Guarantee should be treated as off balance sheet items. No liability is recognised for the guarantee, except the cash margin.

viii) Cash and cash equivalents

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

Bangladesh Bank: Some cash and cash equivalent items, such as Money at call on short notice, treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh Bank bills and prize bonds are shown under investment in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash-in-hand, balance with Bangladesh Bank and other banks.



2 Basis of preparation of financial statements (Continued)

2.1 Statement of compliance and basis of preparation (Continued)

ix) Non-banking assets

IFRS: There is no particular/specific guideline about non-banking assets in IFRS.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003 and BRPD Circular no. 22 dated 20 September 2021 there is a separate balance sheet item titled as non-banking asset that exists in the standard format.

x) Cash flow statement

IFRS: As per IAS 7 Statement of Cash Flows, cash flow statement can be prepared either in direct method or 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.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, the cash flow statement is a mix of both the direct and indirect methods.

xi) Balance with Bangladesh Bank

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 Statement of Cash Flows.

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

xii) Presentation of intangible asset

IFRS: Intangible assets must be identified and recognised, and the disclosure must be given as per IAS 38 Intangible Assets.

Bangladesh Bank: Intangible assets are shown in Other assets as there is no specific regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

xiii) Off balance sheet items

IFRS: As per IFRS, 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 25 June 2003, off balance sheet items, e.g. Letter of Credit, Letter of Guarantee and Acceptance must be disclosed separately on the face of the balance sheet.

xiv) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit on the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, appropriation of profit should be disclosed on the face of profit and loss account.

xv) Loans and advances/investments net of provision

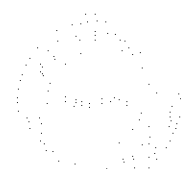
IFRS: As per IFRS 9, loans and advances/investments should be presented net of provision.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, provision on loans and advances/investments are presented separately as liability and cannot be netted-off against loans and advances.

xvi) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9, and interest income is recognised in the profit and loss account 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 amortised cost of these loans and advances.

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



2 Basis of preparation of financial statements (Continued)
2.1 Statement of compliance and basis of preparation (Continued)

xvii) Provision on undrawn loan commitments

IFRS: As per IFRS 9, the Bank shall recognise credit losses on undrawn loan commitments, such as Letter of Credit (L/C), Letter of Guarantee (L/G), etc., as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that the Bank expects to receive.

Bangladesh Bank: As per BRPD circular no. 7, dated 21 June 2018, and BRPD circular no. 14, dated 23 September 2012, the Bank is required to maintain a provision at 1% rate against off balance sheet exposures (which includes all types of undrawn loan commitments).

xviii) Name of the financial statements

IFRS: 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 significant accounting policies and other explanatory information.

Bangladesh Bank: The forms of financial statements and directives for preparation thereof of the Bank companies in Bangladesh are guided by BRPD circular no. 14, dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

2.2 Going concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to demonstrate a healthy trend for a couple of years. The rating outlook of the Bank, as reported by Alpha Credit Rating Limited is 'Stable' (Note 2.15). The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.3 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (Taka/ TK/ BDT), which is the Bank's functional currency. Except as indicated, figures have been rounded-off to the nearest Taka.

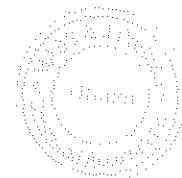
2.4 Use of estimates and judgments

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected. The key item which involve these judgments, estimates and assumptions are discussed below:

Impairment losses on loans and advances

In addition to the provision made for loans and advances based on the guidelines of Bangladesh Bank, the Bank reviews its loans and advances portfolio on a monthly basis to assess whether a further allowance for impairment should be provided in the income statement. Judgments by the management is required in the estimation of these amounts, and such estimations are based on assumptions about a number of factors, though actual results may differ, resulting in future changes to the provisions.



2 Basis of preparation of financial statements (Continued)

Other items

Other key items where estimates or judgements were involved include:

- | | |
|---|-------------------|
| a) Useful life of fixed assets and right of use of assets | Note 3.2.5 |
| b) Lease liabilities | Note 3.2.6 and 12 |
| c) Provisions | Note 3.3 |
| d) Deferred tax | Note 12.7 |
| e) Provision for taxation | Note 12.4 |

2.5 Materiality and aggregation

Each material item considered by the management as significant has been displayed separately in the financial statements. No amount has been set off, unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.6 Comparative information

Accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year. Comparative information is rearranged wherever necessary to conform with the current presentation.

2.7 Reporting period

These financial statements of the Bank presents financial information cover one calendar year from 1 January to 31 December 2024.

2.8 Date of authorization

These financial statements have been prepared in accordance with international Financial Reporting Standards (IFRSs) and the requirements of the Bank Company Act, 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank. They were authorised for issue by the Bank's management at 24 February 2025.

2.9 Cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. Cash Flow Statements considering the requirements specified in BRPD circular no. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

2.10 Statement of changes in equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth. The Statement of changes in equity is prepared principally in accordance with IAS 1 Presentation of Financial Statements and under the guidelines of Bangladesh Bank's BRPD circular no. 14 dated 25 June 2003.

2.11 Basis of preparation of 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:

- Balances with other bank and financial institutions, money at call on short notice etc. are on the basis of their maturity term.
- Investments are on the basis of their residual maturity term.
- Loans and advances are on the basis of their repayment/ maturity schedule.
- Fixed assets are on the basis of their useful life.
- Other assets are on the basis of their assumption.
- Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term.
- Deposits and other accounts are on the basis of their maturity term and behavioral past trend of last one year.
- Other long term liability on the basis of their maturity term.
- Provisions and other liabilities are on the basis of their settlement.



2 Basis of preparation of financial statements (Continued)

2.12 Core risk management

According to BRPD circular no. 17 dated 7 October 2003, BRPD circular no. 4 dated 5 March 2007 and DOS circular no. 4 dated 8 October 2018, banks are required to put in place an effective risk management system. Bangladesh Bank monitors the progress of implementation of these guidelines through its on-site inspection teams through routine inspection. The risk management systems of the Bank are discussed below:

Risk management

The Bank has in place an approved integrated Risk Management framework and Operational Risk Framework for managing Credit Risk, Market Risk, Liquidity Risk, and Operational Risk as evidenced by its Board approved "Risk Management Policy", "Market & Liquidity Risk Policy", "Interest Risk Rate Policy", "ICT Security Policy" and "Operational Risk Policy". As per policy, reporting line of the risk management function has been kept completely independent of the business divisions. Following is the governance structure and important policies on Risk Management of the Bank:

- The Board of Directors through its sub-committee called 'Board Risk Management Committee (BRMC)' oversees overall risk of the Bank.

- RMD is the organizational arm performing the functions of identifying, measuring, monitoring and controlling the various risks and assists the Apex level committee and the various sub-committees in conversion of policies into action.

- Executive Risk Management committee (ERMC) has been set up for Bangladesh operations to oversee the overall Risk Management of Bangladesh operations. ERMC meets regularly on monthly basis.

- The Bank has an established Risk Management Division (RMD) for Bangladesh Operations in line with the similar set up of RMD in Head Office. Country Chief Risk Officer for Bangladesh Operations functionally reports to Chief Risk Officer in Head Office. Under the supervision of Country CRO, RMD-Bangladesh looks after all risk functions except credit Risk. As part of RMD, Treasury Middle Office (TMO) monitors day-to-day trading activities of the dealing room. TMO focuses on Market Risk in the portfolio where RMD at Head Office has been actively engaged in off-site review of the TMO for Bangladesh Operations and has been extending full support in addressing Risk related issues. MIS has been developed for addressing Market/Liquidity/Credit while as per requirement stipulated in guidelines, all sorts of Treasury dealing i.e., Dealer/Counterparty/MM & FX Gaps/Foreign Exchange Exposure Limit etc. are provided to RMD on a daily basis.

- Furthermore, RMD is in process of setting up Operational Risk and Information Technology Risk functions within RMD in coordination with Head Office Operational Risk Division and Information Security Division to strengthen its oversight of operations and Information technology.

- RMD prepares "Monthly Risk Management Report (MRMR)" on a monthly basis and "Comprehensive Risk Management Report (CRMRR)" on a half-yearly basis as part of regulatory requirement, which is also discussed in the 'Executive Risk Management Committee (ERMC)' meetings on monthly basis. These risk reports are prepared after receiving data/information from various departments/units, which are then compiled/refined while taking care of its validation & accuracy through cross matching of data with the statement of affairs, where applicable.

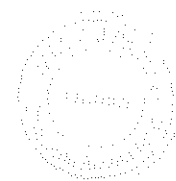
- Stress Test exercise is being conducted by RMD covering credit liquidity/Forex/capital Adequacy areas in order to gauge shock absorbing capacity of the Bank. Shocks are applied at minor, moderate and major levels as to ascertain whether the Bank would be able to sustain under these three stress situations.

Operational risk

Impact: Financial / Non-Financial

Capital effected: Financial, Social, Human and Intellectual Capitals.

Mitigation Strategy: Embedding a sustainable risk culture remains the Bank's core objective which includes effective management of operational issues and emerging risks across the Bank and in its overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events including non-financial risks. The Bank aim to implement a new process based Risk and Control Self-Assessment method across the group in order to effectively manage operational risks and continuously monitor effectiveness of defined controls through first line self-assessment reviews especially for the processes and activities which may significantly impact the Bank's risk appetite. Further, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation or launch.



2 Basis of preparation of financial statements (Continued)

2.12 Core risk management (Continued)

2.12.1 Credit risk management

An integrated credit risk management system is already in place to ensure risk minimization and maintain asset quality. The Bank maintains separate business teams for marketing of new loans and risk units for risk assessment in order to ensure that proper due diligence is conducted in the approval process. A comprehensive risk assessment is mandatory before recommendation/approval of each credit proposals.

All credit requests are initiated through the business team in conjunction with Credit Analysis Unit (CAU) after detail analysis, which are subsequently elevated to the Credit Risk Management (CRM) department. Upon receipt of the proposal, due diligence and risk assessment is conducted by CRM and Chief Risk Officer - Bangladesh and subsequently same is placed to appropriate approval authority. Discretionary authority for credit approval is delegated into different levels based on risk rating, size of credit, type of request, compliance requirements, etc. While conducting the due diligence, CRM ensures compliance of all local regulations as well as the bank's internal policies and procedures.

Once credit facility(is) of a customer is approved, a formal sanction advice is communicated to the business team and Credit Administration Department (CAD) for further processing. In case of approval, upon completion of security/charge documentation and compliance of other terms & conditions as per the sanction, a Disbursement Authorization Certificate (DAC) is issued by CAD for allowing credit facilities to the customers. The function of CAD is centralized and also kept separate and independent to ensure better control and due diligence on documentation. Credit Operations Department (COD) is also centralized to ensure transparency in the credit transaction and due compliance. CAD also regularly monitors overdues, limit expiries, deferrals, sanction condition compliances, etc. and generate necessary credit related MIS both for Head office and local regulators. A legal team is placed in CAD to look after the credit related cases, manage liaison with lawyers, law enforcers and courts, etc. A recovery team also plays pivotal role to recover from overdues, non-performing loans and written off loans.

2.12.2 Foreign exchange risk management

Foreign exchange risk arises from fluctuations in currency prices, influenced by various macro and micro economic factors. Contemporary financial institutions engage in activities starting from basic currency buy, sell, imports, exports and remittances to complex structured products. Within the Bank, the Treasury department is vested with the responsibility to measure and minimise risk associated with the Bank's foreign currency position.

The currency risk is regulated and monitored against the regulatory/statutory limits enforced by Bangladesh Bank. The foreign exchange exposure, i.e., net open position limits in respective currencies are managed against the prescribed limits allowed by Bangladesh Bank and also through internal limits imposed by the group office.

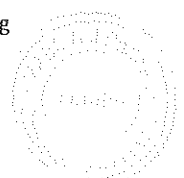
2.12.3 Asset liability management

Asset and Liability Management (ALM) is a practice used by the Bank to mitigate financial risks resulting from a mismatch of assets and liabilities. ALM strategies employ a combination of Risk Management encompasses the identification, analysis, and response to risk factors that form part of the life of a business. It is usually done with and financial planning and are often used by the Bank to manage long-term risks that can arise due to changing circumstances.

Asset Liability Management function primarily focuses on strategic positioning of the balance sheet of the Bank and is also considered as Balanced Liquidity Management. Liquidity Management has its two wings- Asset Management and Liability Management. Rising of excess assets like Investment and Advances in order to maximize profit may sometimes encounter liquidity crisis, which may lead to run on the Bank and ultimate collapse. On the other hand keeping or excess liquidity may hamper the Bank's growth by reducing its return/profit. So in both Asset Management and Liability Management is the main factor.

Asset Liability Management Policy of Bank Alfalah Limited, Bangladesh Operations aims to balance various important issues like profitability, risk, growth in asset & liability and stability as well as sustainability of earnings in a coherent manner by laying down a transparent framework for governance of the ALM function. Broadly, this policy aims to achieve the following objectives:

- Provide guidelines for appropriate diversification and selection of desirable investments to take advantage of arising opportunities in approved investment avenues;



- Provide parameters and criteria for investment in domestic market for the purpose of efficient utilization of resources, optimization of profit and regulatory compliance;
- Ensure that liquidity risk is effectively and proactively managed by the Bank by maintaining desirable level of liquidity;
- Re-pricing of assets and liabilities with a view to profit maximization depending on market situation;
- Propel bank's strategic planning process for the benefit of the organization;
- Maintain different ratios and positions of balance sheet within regulatory and controllable limits;
- Control Liquidity Management by ensuring that the demand for funds is supported by cash and liquid assets in various alternative scenarios;
- Maximize net interest margins and manage interest Rate risk.

The ALCO's primary function/responsibility is to ensure the ALM management in line with ALM guidelines provided by Bangladesh Bank as well as the Bank's own ALM guidelines for the strategic Management of asset and liabilities. ALCO regularly reviews the Bank's asset-liability position, overall economic condition, capital adequacy, balance sheet risk and take necessary steps to Maximize return. Besides these all regulatory requirements like CRR, SLR, RWA, LCR, NFSR are reviewed by asset liability committee.

2.12.4 Money laundering risk

The Bank Management has sincere commitment and efforts that have been displayed in the year 2023 for prevention of Money Laundering (ML), Countering the Financing of Terrorism (CFT) and Proliferation of Weapons of Mass Destruction. The Bank's efforts were reflected on adherence of KYC/CDD completion and simultaneously, accruing the business along with ensuring transaction monitoring and sanction screening. In this aspect Bank established AML Unit in 2017 and the right resources and system are allotted to the unit to monitor transactions, customer onboarding, sanction screening, etc.

Keeping the enhanced monitoring and focus on Trade Based Money Laundering, the Bank has rolled out technology-based solutions for vessel tracing, Price verification, Sanction screening, Multi-level approval Matrix for high-risk transactions, etc. to strengthen control environment while ensuring robust regulatory reporting such as CTR, STR/SAR, Self-assessment reporting etc.

Especially, the Bank has adopted a stringent policy to monitor and mitigate the risks of suspicious accounts that are suspected of being used for money laundering. Furthermore, the Bank has centralized Account opening, BATCH, Remittance services, Trade operation to mitigate the risks of Money Laundering and Terrorist Financing, as under with the holistic approach.

The Bank arranged AML and CFT training sessions in 2023 for employees comprises of existing and new employees. A schedule of inspection for branches and different functions is in place to ensure that all functions are adhering the related AML and CTF regulations and the Bank laid down policy and procedure on a continuous basis and do not offer services or provide assistance in transactions, which possibly be associated with money being derived from suspected illegal/ criminal activities or customer are under proscribed name by UN, OFAC, Bangladesh sanction list, etc.

2.12.5 Internal Control and Compliance (ICC)

Management have their defined roles and responsibility to maintain an adequate and effective system of Internal Controls and every endeavor is made to implement sound control procedures and control environment. It was evident that the Bank's management meticulously observed and ensured implementation of regulatory directives, compliance of the findings and recommendations of internal audit and central bank inspections and banking activities as per set policies and procedures.

Internal Control and Compliance policies of the Bank outlines the overall Control Objectives and Controls Framework. Bank Alfalah Control Framework is built on 'Three Line of Defense Model' in line with the Bangladesh Bank Prudential Regulations on "Internal Control & Compliance" and Group policy. The Control Framework focuses on devising policies and procedures that outline control activities so that process owners perform their functions without any risk exposure. This aspect is further evaluated and monitored through various organizational functions as part of Risk Management, Compliance, Internal Controls and Internal Audit departments with different reporting structures to ensure independence and transparency.

The Bank's established Compliance and Controls Committee (CCC) which comprises of CEO and Senior Executives of the Bank is entrusted with enhanced governance and monitoring as part of the overall Control Environment. Internal control and Compliance analyzes the major control gaps, escalates the issues, devises corrective action plan and develops training plans for the staff. Comprehensive reviews of KYC, AML, and other critical regulatory areas were triggered based on the alerts and exceptions generated from the dashboard. Anomalies identified as a result of different periodic and ongoing reviews are conveyed to the concerned stakeholders for taking necessary remedial measures, which significantly improved the controls environment of the Bank. The Bank has also established full-fledged AML UNIT to ensure detail control and governance for Anti money laundering and Combating terrorist financing directives issued by Bangladesh Financial Intelligence Unit (BFIU).

Moreover, the Bank is using a comprehensive Management Testing and Incident Reporting Framework under Risk Management Department for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified during the year. While concerted efforts have always been made to comply with the Bangladesh Bank Guidelines, i.e., the identification, evaluation and management of risks within each key activities of bank and continued evaluation and changes to procedures remains an ongoing process. In accordance with the BB directives, the Bank's External Auditors were engaged for annual review for yearly review.

2.12.5 Internal Control and Compliance (ICC) (Continued)

Additionally Planning, Organizing and Supervising business performance metrics and the Audit and Inspection of Branches, including the monitoring of risk-based business transactions have all been duly performed by the different divisions of the Bank in Bangladesh. Notable that, Audit and Inspection Division of the Bank conducts the Audit in two aspects, international Audit team conduct comprehensive audit for the Bangladesh operation while Country Audit team carries out Internal Audits to ensure compliance of regulatory directives as well as the synchronization and adherence to laid-out Policies and Procedures. This internal Audit team reports directly to AIG and is independent from Country Management.

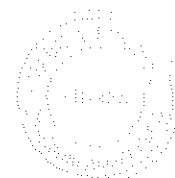
2.12.5.1 Internal audit

The Internal Audit (IA) setup at Bank Alfalah Limited, Bangladesh Operations is an independent and comprehensive function which not only provides objective assurance regarding state of Governance, Risk management, Compliance and Controls; but also a consulting activity designed to add value by highlighting areas for improvement and thus helping the Bank achieve its objectives effectively and efficiently.

Dynamic risk assessment and continuous evaluation of the overall control and risk environment, provision of reasonable assurance and placement of significant matters for oversight of the Board and its subcommittees, has remained the hallmark of our Internal Audit Function.

The independent reporting of Chief Internal Auditor (CIA)/Head of Internal Audit to the Board Audit Committee (BAC) ensures independent decision making and further ensuring compliance to the regulatory guidelines and requirements of the international standards for professional practices issued by Institute of Internal Auditors (IIA). As a step forward, Group follows the globally recognized Risk Based Audit Methodology along with compliance of International standards remained on top priority for our IA function. The same enables formulation of policies and strategy in line with Board Audit Committee (BAC) and Regulatory advices, correlating with the industry's best practices. The Bank's Internal Audit Unit plays an important role by assisting the Board Audit committee (BAC) in executing its role by collecting & sharing the desired/required information and being instrumental in carrying out and follow up of the action points/instructions issued by Board Audit Committee (BAC).

The Internal Audit Unit is suitably equipped with professionally qualified and competent resources from auditing, accountancy, management professions; the unit is operational under a diversified scope of work which encompasses audits of Retail-Conventional and Islamic Banking branches, Information System, Management audits, Shariah Audits and virtual monitoring through offsite surveillance system alongside special and regulatory assignments entrusted by regulator on need basis. In addition, effective follow-up and support to management in timely rectification of audit observation is provided through a dedicated Enforcement Function. Under Quality Assurance setup, Quality Assurance and Improvement program and independent audit rating mechanism is also established.



The vision, i.e. "To be the best Audit set up as per Global Standards and help shaping the future of the Bank", motivates and drives the leadership of Audit & Inspection Group (AIG) to keep on excelling in every aspect while keeping in mind the strategic directions set by the Bank. Core values of learning, openness, empathy and trust have been pursued to align the activities of AIG with its vision and expectations of its stakeholders. These values play an integral part in helping the Audit and Inspection Group moving in the right direction.

With continuous support from the BAC; Internal Audit Unit is all geared up by putting on continuous and dedicated efforts to strengthen the Internal Audit function and Internal Control System of the Bank and undertaken numerous strategic initiatives including;

- Utilization of technology to bolster operational efficiencies and to use audit analytics software for continuous auditing.
- Conducting internal audit quality reviews as an integral component of our quality assurance and improvement program.
- Conducting periodic assessments for continuous improvement.
- Utilizing the Risk-Based Audit (RBA) methodology to strategically allocate audit resources.

2.12.5.2 Fraud and forgery

The Bank has an effective mechanism in place to deal with any fraud and forgery. It has Fraud and Investigation Unit under Audit and Inspection Group at Head Office that reports to the Board through the Board's Audit Committee. The Unit performs fraud investigations to identify fraudulent acts and conducts post investigation/ fraud audits to identify control breakdowns and establish financial loss. Further, the stakeholders' interest has been secured by the establishment of robust Whistle Blow policy where every whistle blown has been invariably reported to the Chair of the Audit Committee along with Group Head – Audit and Inspection.

During the period no fraud was identified by the Bank. Details are shown in Note 37.

2.12.6 Information and Communication Technology (ICT) security cyber risks

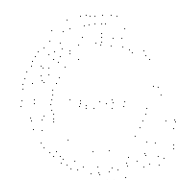
The banking sector has witnessed a profound transformation in recent years, fueled by the integration of advanced technologies. Banks have eagerly embraced digital innovation to meet the changing needs and expectations of their customers. Our unwavering commitment to excellence in technology, infrastructure, and human resources has consistently established us as a leader in the industry.

Information Technology (IT) has revolutionized banking operations by automating a wide range of manual processes, including account management and transactions. This automation has not only reduced errors but also significantly increased transaction speed. IT has also enabled banks to offer 24/7 services through online banking platforms, enhancing accessibility and convenience for customers. Additionally, by deploying advanced security measures such as encryption and multi-factor authentication, IT has strengthened the security of financial transactions, fostering trust and confidence among our customers.

Our bank takes pride in offering real-time account opening services through our Rapid Digital Account system. This innovative platform empowers customers to open accounts anytime, anywhere, leveraging cutting-edge technology. Customers can also enjoy seamless fund transfers to any account within the country and conveniently pay mobile, gas, and electricity bills through our Internet Banking platform.

We are delighted to announce that our bank has achieved PCI DSS compliance, as mandated by the Central Bank. This comprehensive standardization ensures robust data security and adherence to essential regulatory requirements. Upholding compliance is of utmost importance to us, and we remain dedicated to maintaining PCI DSS certification through the collaborative efforts of our IT teams.

At the core of our strategic vision lies a steadfast focus on technology-driven innovation. This commitment ensures that we remain agile and responsive to the evolving needs and aspirations of our customers. By prioritizing technological advancements, we are well-positioned to achieve sustainable growth and continued success in the years ahead.



2 Basis of preparation of financial statements (Continued)

2.13 Corporate Social Responsibility (CSR)

In Bangladesh, corporate social responsibility (CSR) is not merely a voluntary action; it is a regulatory expectation that underscores an organization's commitment to societal progress.

Since its inception, Bank Alfalah Bangladesh has consistently embraced CSR as a core principle, actively engaging in a wide range of social initiatives. These initiatives reflect the bank's identity as a forward-thinking and socially responsible institution.

Bank Alfalah Bangladesh's CSR endeavors encompass a diverse spectrum of activities in sectors such as health, education, environment & climate change mitigation and adaptation, disaster management etc. Through these initiatives, Bank Alfalah Bangladesh not only enhances its brand image but more importantly, demonstrates its commitment to making a meaningful and lasting contribution to the well-being of the Bangladeshi community.

A summary of CSR programs undertaken in 2024 is provided below:

CORPORATE SOCIAL RESPONSIBILITY PROJECTS 2024		
SL	Projects	Description
1	Bangladesh Cancer Aid Trust (BANCAT)	Donated to sponsor a bed at Alok Nibash for one year, an initiative by BANCAT. Alok Nibash is a pioneering holistic cancer care facility in Bangladesh. BANCAT, a non-profit organization, is committed to addressing cancer as a major health issue in Bangladesh through proactive efforts including prevention, education, advocacy, and service.
2	Tarango Handicrafts Program	Donated to TARANGO to support primary education in Azimnagar Union. This contribution will directly benefit around 60 students, enabling them to receive essential primary education. TARANGO, established in 1989, is a non-profit organization dedicated to empowering women in Bangladesh.
3	Mohammad Alamgir (Support Staff)	Provided as financial assistance to Mohammad Alamgir, a support staff of Agrabad Branch, to help cover his medical expenses. He is suffering from life-threatening cervical lymph nodes cancer.
4	Prime Minister's Education Assistance Trust	Donated to Prime Minister's Education Assistance Trust Funds per central bank circular.
5	Society for Social Service (SSS)	Donated to Society for Social Service (SSS) project on Technical and Vocational Education and Training (TVET). SSS, a prestigious client of Bank Alfalah Bangladesh, is a national-level non-governmental development organization.
6	City Dal Mills Ltd	Contributed for the distribution of emergency relief packs in the southeastern region, in collaboration with City Group, a valued corporate client in the food processing industry.
7	Bangladesh Coast Guard	Donated to the Bangladesh Coast Guard to aid their crucial rehabilitation efforts in flood-affected areas, ensuring essential services and support reach those in need.
8	Society for Social Service (SSS)	Provided financial assistance to the Society for Social Service (SSS) for the implementation of a project titled "Nursery Development for Flood and Drought Resilient Tree, Fruit, and Vegetable Seedlings Production", aimed at addressing the growing challenges of climate change in Bangladesh.
9	Winter Blanket Distribution	Distributed winter blankets to underprivileged communities through TMSS a valued corporate client, bringing warmth and relief to those in need.

We remain committed to championing positive transformations through our efforts in education, healthcare, environmental conservation, climate change mitigation and adaptation, disaster management, and more. Additionally, we are committed to offering essential aid to the best of our abilities during any national emergencies. Furthermore, we aim to strengthen our involvement with marginalized community members to foster community development.



2 Basis of preparation of financial statements (Continued)
 2.14 Green banking

Bank Alfalah recognizes its environmental responsibility and strives to minimize its ecological footprint. We are committed to sustainable business practices that benefit all stakeholders, including the environment. In alignment with global green banking standards, Bank Alfalah actively engages in various environmental initiatives:

- We have incorporated Environmental Risk Grading into our credit approval process, prioritizing environmentally sustainable projects.
- We have transitioned to energy-efficient lighting and equipment throughout our operations.
- We have implemented "Green Office Guidelines" to minimize our in-house carbon footprint.
- One of our ATM booths is now powered by solar energy, with plans to expand this to all ATMs.
- We promote digital banking services like online banking, mobile banking, and e-statements to reduce paper consumption.
- We encourage customers to set their PINs via phone banking and utilize paperless transaction options.
- We utilize video conferencing to minimize travel and reduce our carbon emissions.
- We are gradually transitioning our fleet to fuel-efficient vehicles.

These initiatives demonstrate Bank Alfalah's commitment to environmental sustainability and its dedication to building a greener future.

2.15 Credit rating of the Bank

As per the BRPD instruction circular No.6 dated 5 July 2006, the Bank has done its credit rating by Alpha Credit Rating Limited based on the financial statements dated 31 December 2023.

Particulars	Date of Rating	Long Term	Short Term	Valid Till
Entity Rating	30-May-24	AA+	ST - 1	27-Apr-25

Alpha Credit Rating Limited has affirmed the long-term rating to AA+ (pronounced as 'double A plus) from AA (pronounced as 'double A) and affirmed Short-term rating of ST-1 of Bank Alfalah Limited (Bangladesh Operations) based on Audited Financials for the year ended 31 December 2023 and other relevant quantitative as well as qualitative information.

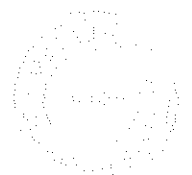
The rating reflects the stability of financial performance along with quite satisfactory liquidity position, quality of management team and efficient fund management of the bank. Alpha Rating observed that bank Alfalah (Bangladesh Operation's) contribution to develop HR division is strengthening over the years. In addition, good corporate governance practice, satisfactory CSR activities in last few years and sound environmental risk management policy and low unsystematic risk have supported the above rating positively

The rating has considered surplus provision, sufficient CRR & SLR compared to the requirement, improved average earning assets, sufficient Capital adequacy, increased net interest income, increased net profit and ADR within the regulatory requirement.

Commercial Banks rated AA+ have very strong credit quality and are subject to very low credit risk. Short term rating of ST-1 represents bank's Superior capacity for timely repayment of its obligations.

2.16 Accounting for changes in policy, accounting estimates and errors

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that the effect of a change in accounting policy and correction of errors, if material, is to be applied retrospectively, and change in an accounting estimate is to be applied prospectively. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change. The Bank followed the same accordingly.



2 Basis of preparation of financial statements (Continued)

2.17 Board Audit Committee (BAC)

Name	Designation
Mr. Khalid Qurashi	Chairman
Mr. Abdulla Khalil Al Mutawa	Member
Mr. Khalid Mana Saeed Al Otaiba	Member
Ms. Dr. Ayesha Khan	Member
Mr. Efstratios Georgios Arapoglou	Member
Mr. Tahir Khurshid	Secretary

2.18 Workers Profit Participation Fund (WPPF)

As per Bangladesh Labour Act, 2006 and amendments thereof, an employer is required to pay 5% of its net profit to the 1) Workers Participatory Fund (80%), 2) Workers Welfare Fund (10%) and 3) Workers Welfare Foundation Fund (10%) for further appropriate disbursement of the funds to all members (i.e. Beneficiaries, as defined under the Act) as prescribed under the Act. However, on 14 February 2017, Ministry of Finance (Bank and Financial Institution Division) issued a letter to the Secretary, Ministry of Labour and copied to the Governor, Bangladesh Bank and Chairman of the Association of Bankers' Bangladesh Limited (ABB) and instructs the Ministry of Labour and Manpower to take necessary action not to apply Section 55 of the Bangladesh Labour Act, 2006 on Banks and financial institutions. Hence, no provision is required for WPPF payments is being kept.

2.19 Formulation of Bangladesh Bank Agricultural Development Common Fund

(Ref Bangladesh Bank ACD Circular No 08 dated 19 Dec 2022)

Bangladesh Bank has advised all commercial Banks to create fund with the shortfall amount of the target.

Our target was Tk. 38.00 Crore for the FY 2023-2024 and we have disbursed Tk. 60.717 Crore i.e. 159.782% achievement.

2.20 Financial literacy

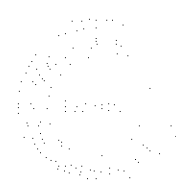
Financial literacy is paramount for achieving financial inclusion, empowering individuals, and fostering economic self-reliance. Recognizing this critical role, Bank Alfalah Bangladesh implemented several initiatives in 2024 to enhance financial awareness and education.

To commemorate Financial Literacy Day on 4th March 2024, the bank organized training sessions and interactive workshops for students and female entrepreneurs across various branches. Furthermore, Bank Alfalah collaborated with TMSS, a key corporate partner, to conduct financial literacy workshops for farmers and suppliers in the Bogura and Rajshahi Divisions. Additionally, workshops were held in Sylhet to educate low-income and marginalized groups, and in Chattogram to support cottage and micro-entrepreneurs.

Bank Alfalah remains committed to advancing financial literacy through diverse initiatives. By prioritizing financial education, the bank aims to enhance the financial well-being of its customers and contribute significantly to societal progress.

2.21 General

- a) Figures of previous year have been rearranged, wherever considered necessary, to conform with the current year's presentation.
- b) The expenses, irrespective of capital or revenue in nature, accrued/due but not paid have been provided for in the books of accounts.



3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements of the Bank have been applied consistently except otherwise instructed by Bangladesh Bank as the prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

3.1 Foreign currency transactions

According to IAS 21 The Effects of Changes in Foreign Exchange Rates transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the profit and loss statement.

3.2 Assets and basis of their valuation

3.2.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, ATM, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call on short notice, investments in treasury bills, Bangladesh Bank bill and prize bonds.

3.2.2 Investments

All investments are initially recognised at cost including acquisition charges associated with the investment. Premiums are amortised and discount accredited using the effective or historical yield method. Accounting treatment of government treasury bills and bonds (categorised as HFT and HTM) are made in accordance with Bangladesh Bank DOS Circular letter no. 5 dated 26 May 2008 and subsequent clarifications DOS Circular letter no. 5 dated 28 January 2009.

Held to Maturity (HTM)

Investments which have 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'. These are measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Any increase or decrease in value of such investments are booked under equity and in the profit and loss statement respectively.

Held for Trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management. After initial recognition, investments are marked to market weekly and any decrease in the present value is recognised in the Profit and Loss Account and any increase is booked to Revaluation Reserve Account through Profit and Loss Account as per DOS Circular no. 5 dated 28 January 2009.

Value of investments has been shown as under:

Investment Class	Initial Recognition	Measurement after initial recognition	Recording of changes
Govt. treasury securities - Held to Maturity (HTM)	Cost	Amortised cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Govt. treasury securities - Held for Trading (HFT)	Cost	Fair value	Loss to Profit and Loss Account, gain to Revaluation Reserve through Profit and Loss Account.
Debenture/Bond	Face value	Face value	None
Prize bond	Cost	Cost	None

3 Significant accounting policies (Continued)

3.2 Assets and basis of their valuation (Continued)

3.2.3 Loans and advances/investments and provisions for loans and advances/investments

- a) Loans and advances of conventional Banking/investments of Islamic Banking branches are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.
- b) At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular no. 3 dated 21 April 2019, BRPD circular no.1 dated 20 February 2018, BRPD circular no.15 dated 27 September 2017, BRPD circular no.16 dated 18 November 2014, BRPD circular no. 5 dated 29 May 2013, BRPD circular no.14 dated 23 September 2012 and BRPD circular no. 19 dated 27 December 2012. The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates are as follows:

Types of loans and advances	Provision				
	STD	SMA	SS	DF	BL
Consumer:					
House building and professional	1.00%-2.00%	1.00%-2.00%	20.00%	50.00%	100.00%
Other than housing finance and professionals to setup business	2.00%	2.00%	20.00%	50.00%	100.00%
Provision for loan to broker house, merchant banks, stock dealers, etc.	2.00%	2.00%	20.00%	50.00%	100.00%
Short-term Agri-credit and micro credit	1.00%	1.00%	5.00%	5.00%	100.00%
Small and medium enterprise finance (CMSME-Cottage)	0.25%	0.25%	5.00%	20.00%	100.00%
Small and medium enterprise (SME)	0.25%	0.25%	20.00%	50.00%	100.00%

BRPD Circular no.14 dated 23 September 2012 as amended by BRPD Circular no. 19 dated 27 December 2012 also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorised into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

- c) Loans and advances are written off to the extent that i) there is no realistic prospect of recovery, and ii) against which legal cases are filed, where required and classified as bad/loss as per as per BRPD circular no. 2 dated 13 January 2003, BRPD circular no. 13 dated 07 November 2013 and BRPD circular no. 1 dated 06 February 2019 of Bangladesh Bank.

These write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are maintained and followed up.

3.2.4 Staff loan

House Loan, Car Loan, Conveyance Finance Loan and Personal Loan are provided to the permanent staff at a subsidised rate. Criteria and detail of type wise staff loan are given below:

House loan: Permanent Local officers from Range III completing 3 years of uninterrupted service with the Bank or an experienced staff serving not less than 5 years of his service life including 1 year with the Bank can avail house building loan subject to getting approval from Human Resource Department, Head Office Karachi with the recommendations of Country Head - Bangladesh and Group Head of International Business & CIB. This type of loan is also taken over at the time recruitment.

Car Loan: Permanent Local officers from Range-VA and above are eligible to avail SLCL facilities. The loan is approved by CRO - Bangladesh. This type of loan is also taken over at the time recruitment.

3 Significant accounting policies (Continued)

3.2 Assets and basis of their valuation (Continued)

3.2.4 Staff loan (Continued)

Personal Loan: Permanent Local Officers are eligible for such loan to avail such loan facility at a subsidized rate. This loan is approved by CRO - Bangladesh.

Conveyance Finance Loan: Permanent Local Officers serving at Range IV & V are eligible for such loan to avail car facility at a subsidized rate. This loan is approved by CRO - Bangladesh.

3.2.5 Fixed assets including premises, furniture and fixtures

Recognition and measurement

As per IAS 16 Property and Equipment Items of fixed assets excluding land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost.

Purchase of software that is integral to the related equipment is capitalised as part of that equipment.

Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner.

When significant parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of fixed asset is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced parts is derecognised. The costs of the day to day servicing of fixed assets are recognised in the profit and loss statement as incurred.

Depreciation

Depreciation on fixed assets are recognised in the profit and loss statement on straight line method over its estimated useful lives. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas depreciation on disposed off fixed assets are charged up to the month prior to the disposal. Asset category wise depreciation rates for the current and comparative periods are as follows:

Category of assets	Rate of depreciation	Useful life
Furniture, fixture and fittings	10%	10
Leasehold improvement	20%	5
Office equipments	20%	5
Staff equipments	20%	5
Computer and related equipments	25%	4
Motor vehicles	25%	4

3.2.6 Leases

Right-of-use assets

The Bank recognises right-of-use assets at the date of initial application of IFRS 16. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under "Fixed assets including premises, furniture and fixtures"

Short-term leases and leases of low value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognises lease payments associated with these leases as an expense. However, the bank has considered one lease agreement as short term lease considering practical expedient.



3 Significant accounting policies (Continued)

3.2 Assets and basis of their valuation (Continued)

3.2.6 Leases (Continued)

The contracts for all leased premises including branches, head office, regional offices, data centres, ATM booths and disaster recovery centres are considered for implementation of IFRS 16.

3.2.7 Provisions for other assets

BRPD circular no.04 dated 12 April 2022 requires a provision of 100% on other assets which are outstanding for one year and above. The Bank maintains provisions in line with this circular unless it assesses there is no doubt of recovery on items of other assets in which case no provision is kept.

3.2.8 Intangible assets and its amortisation

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. In case of acquisition of software, amortization is charged from the month of acquisition, whereas amortization on disposed off software is charged up to the month prior to the disposal. The estimated useful life of software is five years as such amortization is charged at the rate of 20% per annum.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.2.9 Reconciliation of inter-bank and inter-branch account

Account with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries/balances in the case of inter-branch transactions on the reporting date are not material.

3.3 Liabilities and basis of their valuation

3.3.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents includes refinance from Bangladesh Bank against agro-based credit, SME and EDF Loan etc., interest-bearing borrowings against securities from Bangladesh Bank, call borrowing from other banks and borrowing from other multilateral organisations. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in note 10.

3.3.2 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought into financial statements are at the gross value of outstanding balance. Details are shown in note 11.

3.3.3 Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

3.3.4 Provision for liabilities

As per IAS 37 Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

3 Significant accounting policies (Continued)

3.3.5 Provision for Off-balance sheet exposure

As per BRPD circular no.14 dated 23 September 2012, the Bank has recognised 1% General Provision on the following off-balance sheet exposures as defined in BRPD circular no.10 dated 24 November 2002 considering the exemption as provided through BRPD circular no. 1 dated 3 January 2018, BRPD circular no. 7 dated 21 June 2018, BRPD circular no. 13 dated 18 October 2018, BRPD circular no. 2 dated 25 February 2019, BRPD circular no. 9 dated 27 May 2019 and BRPD circular letter no. BPRD(P-1)/661/13/2019-354 dated 13 January 2020.

- Acceptance and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Foreign exchange contracts

3.3.6 Provisions on balances with other banks and financial institutions (Nostro accounts)

Provision for unsettled transactions on nostro accounts is made as per Foreign Exchange Policy Department (FEPD) circular no. FEPD (FEMO) / 01/2005-677 dated 13 September 2005 of Foreign Exchange Policy Department (FEPD) of Bangladesh Bank and reviewed semi-annually by the Bank's management along with duly certified by the external auditor. On the reporting date, the Bank has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

3.3.7 Provision for rebate to good borrower

As per BRPD circular no. 6 dated 19 March 2015, BRPD circular no. 3 dated 16 February 2016 and BRPD circular no. 14 dated 18 June 2020 of the Banking Regulation and Policy Department (BRPD) of Bangladesh Bank, commercial banks are required to provide 10% rebate on the interest charged from "good borrowers" up to 30th September 2019 subject to some qualifying criteria.

3.3.8 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, lease obligation etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance, 1984 and internal policy of the Bank.

3.4 Capital/Shareholders' equity

3.4.1 Head office fund

This represents amounts deposited with Bangladesh Bank in foreign currency as a part of minimum capital requirements. According to subsection 3 of Section 13 of the Bank Company Act, 1991 as amended by BRPD circular no. 11 dated 14 August 2008 and BRPD circular letter no. 18 dated 15 June 2023 all Banks are required to deposit with Bangladesh Bank the higher of Tk. 5,000 million and minimum capital requirement calculated as 10% of risk weighted assets. Details are shown in Note 13.

3.4.2 Other reserve

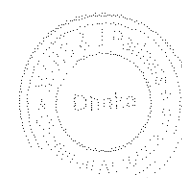
Other reserve arises from the revaluation of treasury bills, Bangladesh Bank bills and treasury bonds (HFT and HTM) in accordance with the DOS Circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010.

3.5 Revenue recognition

3.5.1 Interest income

Interest on loans and advances is calculated on daily basis. Based on product features, interest is accrued or charged to customers' accounts on monthly/quarterly basis.

In accordance with BRPD Circular no.14 dated 23 September 2012 as amended by BRPD Circular No. 19 dated 27 December 2012 interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as bad/loss. It is then kept in interest suspense in a memorandum account.



3 Significant accounting policies (Continued)

3.5 Revenue recognition

3.5.2 Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments are transferred to profit suspense account instead of income account.

3.5.3 Investment income

Income on investments are recognised on accrual basis. Investment income includes discount on treasury bills and Bangladesh Bank bills, interest on treasury bonds and fixed deposit with other banks. Capital gain on investments in shares are also included in investment income. Capital gain is recognised when it is realised.

3.5.4 Fees and commission income

The Bank earns commission and fee income from a diverse range of service provided to its customers. Commission and fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed
- income earned from services provided is recognised as revenue as the services are provided
- Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

3.6 Interest paid on borrowing and other deposits (Conventional Banking)

Interest paid and other expenses are recognised on accrual basis.

3.7 Profit shared on deposits (Islamic Banking)

Profit shared to mudaraba deposits are recognised on accrual basis.

3.8 Dividend Income

Dividend income is recognised when the right to receive income is established. Dividends are presented under investment income.

3.9 Others

Foreign exchange gain/ loss

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non monetary items.

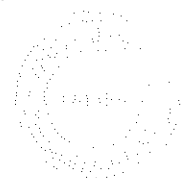
3.10 Employee benefits

3.10.1 Provident fund

Provident Fund benefits are given to the permanent staff of the Bank in accordance with the registered Provident Fund rules. The Commissioner of Income Tax, Taxes Zone - 6, Dhaka, has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance, 1984. The reorganization took effect on 1 June 2005. The Provident Fund is operated by a Board of Trustees consisting of 5 members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Provident Fund. The Bank also contributes equal amount to the Provident Fund. Contributions made by the Bank are charged as expense and the Bank bears no further liability. Interest earned from the investments is credited to the members' account on yearly basis. Members are eligible to get both the contribution after 5 years of continuous service from the date of their membership. By Law the Provident fund is duly audited by MABS & J Partners, Chartered Accountants.

3.10.2 Gratuity fund

The Bank operates an approved funded gratuity scheme covering eligible employees whose period of employment with the Bank is five years or more. Gratuity is payable to staff on completion of the prescribed qualifying period of service under the scheme. The Banks liability on this account stands as on 31 December 2024 was fully provided in accounts considering the staffs accumulated gratuity entitlements for their service with the Bank. The Gratuity Fund had been approved by the National Board of Revenue in February 2011.



3 Significant accounting policies (Continued)**3.10 Employee benefits (Continued)****3.10.2 Gratuity fund (Continued)**

Eligibility to gratuity payments

Actual Year of Services	Eligibility	Calculation
Less than 2 Years	Not eligible	Nil
2 Years or more but less than 10 Years for Range VII to IX	Eligible	(Last basic drawn)* (No. of years service)
3 Years or more but less than 10 Years for Range IV to VIA	Eligible	(Last basic drawn)* (No. of years service)
5 Years or more but less than 10 Years for Range I to IIIA	Eligible	(Last basic drawn)* (No. of years service)
10 Years or more	Eligible	(Last basic drawn)* (No. of years service)* (1.5)

3.10.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the profit and loss statement except to the extent that it relates to items recognised directly in equity.

3.11.1 Current tax

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates as prescribed in the Income Tax Ordinance, 1984 and relevant Statutory Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. Currently the income tax rate applicable for publicly non-traded banks is 40%.

3.11.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11.3 Tax exposures

In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 Significant accounting policies (Continued)

3.12 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.13 Contingent liability

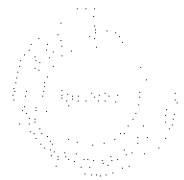
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. A contingent liability arises when some, but not all, of the criteria for recognizing a provision are met.

IAS 37 applies prudence by deeming a past event to give rise to a present obligation and an entity shall not recognize a contingent liability. However, if it is possible rather than probable that an obligation exists, a contingent liability will exist, not a provision in the financial statements. An entity shall disclose for each class of transaction of contingent liability at the end of the reporting period if the contingent liability is not remote.

3.14 Contingent asset

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. Contingent assets are never recognised; rather they are disclosed in the financial statements when they arise.

The most significant areas where estimates and judgments have been applied are to calculate provision for loans, advances and investments as per Bangladesh Bank guideline.



3 Significant accounting policies (Continued)

3.15 Compliance of International Financial Reporting Standard (IFRSs)

While preparing the financial statements, the Bank applied most of IASs and IFRSs. Details are given below:

Name of the standards	IFRS	Implementation status by the Bank
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departure (note 2.1)
Operating Segments	IFRS-8	Not Applicable
Financial Instruments	IFRS-9	Applied with some departure (note 2.1)
Consolidated Financial Statements	IFRS-10	Not Applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interest in Other Entities	IFRS-12	Not Applicable
Fair Value Measurement	IFRS-13	Applied with some departure (note 2.1)
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from contractors with customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied with some departure (note 2.1)
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	Applied with some departure (note 2.1)
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Govt Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Not Applicable
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates and Joint Venture	IAS-28	Not Applicable
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied with some departure (note 2.1)
Earnings per Share	IAS-33	Not Applicable
Interim Financial Reporting	IAS-34	Not Applicable
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to IASs/IFRSs, some of the requirements specified in these IASs/IFRSs are not applied. Refer to note 2.1 for such recognition and measurement differences that are most relevant and material to the Bank.

Reason for departure from IFRS

The Central Bank of Bangladesh ('Bangladesh Bank'), as regulator of the banking industry, has issued a number of circulars/directives which are not consistent with the requirements specified in IAS/IFRS, as referred above. In such cases, the Bank has followed regulatory requirements specified by Bangladesh Bank. Details are shown in Note 2.1.

3 Significant accounting policies (Continued)

3.16 Standards issued but not yet effective

Financial Reporting Council (FRC) has adopted following new standards and amendments to standards during the year 2017. All previously adopted reporting standards are consistently applied by the Bank as explained in Note 3.15.

A number of new standards and amendments to standards are issued but not yet effective for annual periods beginning after 1 January 2021 and earlier application is permitted. However, the Bank has not adopted early the following new or amended standards in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Bank when they become be applicable.

- i) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- ii) Reference to Conceptual Framework (Amendments to IFRS 3).

3.17 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

3.18 Segment reporting

The Bank has no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per IFRS 8.

3.19 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Details of the related party disclosures presented in note 34.

3.20 Events after reporting period

As per IAS 10 Events after Reporting Period events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) adjusting events after the reporting period (those that provide evidence of conditions that existed at the end of the reporting period); and
- (b) non adjusting events after the reporting period (those that are indicative of conditions that arose after the reporting period).

Details of the Events after reporting period presented in note 38.

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
4	Cash		
	Cash in hand (Including foreign currency)	4.1 211,790,914	202,889,743
	Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	4.2 2,394,748,267	1,635,543,470
		<u>2,606,539,181</u>	<u>1,838,433,213</u>
4.1	Cash in hand		
	Local currency	205,741,226	192,779,354
	Foreign currency	6,049,688	10,110,389
		<u>211,790,914</u>	<u>202,889,743</u>
4.2	Balance with Bangladesh Bank and its agent bank(s)		
	Local currency	1,613,919,331	975,281,938
	Foreign currency	4.2.1 780,828,936	660,261,532
		<u>2,394,748,267</u>	<u>1,635,543,470</u>
4.2.1	Foreign currency		
	Lien portion (statutory deposit with Bangladesh Bank against capital)	508,564,821	467,071,038
	Non Lien portion	272,264,115	193,190,494
		<u>780,828,936</u>	<u>660,261,532</u>

4.a As per section 33 of Bank Company Act, 1991 (amended up to 2013) & MPD circular No. 03 dated 9 April 2020 issued by Bangladesh Bank, the Bank has been maintaining 3.5% CRR on daily basis and 4% on bi-weekly basis. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2022 is maintained on the basis of weekly ATDTL of October 2022), according to DOS Circular No. 01 and 26 issued on 19 January 2014 and 19 August 2019 respectively.

i) Cash Reserve Requirement (CRR) for Conventional Banking

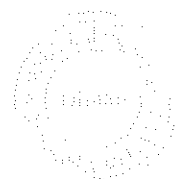
4% of average Demand and Time Liabilities

Required reserve	673,958,599	672,853,810
Actual reserve held	1,400,475,701	766,033,522
Surplus	<u>726,517,102</u>	<u>93,179,712</u>
Actual reserve held	8.31%	4.55%

ii) Cash Reserve Requirement (CRR) for Islamic Banking

4% of average Demand and Time Liabilities

Required reserve	198,048,581	183,117,588
Actual reserve held	213,366,460	210,869,079
Surplus	<u>15,317,879</u>	<u>27,751,491</u>
Actual reserve held	4.31%	4.61%



Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

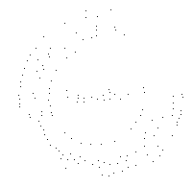
Notes	Particulars	Amount in Taka		
		2024	2023	
4	Cash (Continued)			
4.b	As per section 33 of the Bank Company Act, 1991 (amended up to 2013) and MPD circular no. 02 dated 10 December 2013 issued by Bangladesh Bank (effective from 1 February 2014), the Bank has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2021 is based on weekly ATDTL of October 2021), according to DOS Circular No. 01 & 26 issued on 19 January 2014 & 19 August 2019 respectively.			
	i) Statutory Liquidity Requirement (SLR) for Conventional Banking			
	13% of required Average Demand and Time Liabilities			
	Required reserve	2,190,365,445	2,186,774,883	
	Actual reserve held	12,433,862,080	8,093,865,497	
	Surplus	10,243,496,635	5,907,090,614	
	Actual reserve held	73.80%	48.12%	
	Held for Statutory Liquidity Requirement			
	Cash in hand	170,799,530	155,762,386	
	Excess of daily reserve	726,517,102	93,179,712	
	Un-encumbered securities(HTM)	5,939,932,293	7,824,734,643	
	Un-encumbered securities(HFT)	5,596,613,155	20,188,757	
		12,433,862,080	8,093,865,497	
	ii) Statutory Liquidity Requirement (SLR) for Islamic Banking			
	5.5% of required Average Demand and Time Liabilities			
	Required reserve	272,316,799	251,786,684	
	Actual reserve held	272,328,800	251,797,680	
	Surplus	12,001	10,996	
	Actual reserve held	5.50%	5.50%	
	Held for Statutory Liquidity Requirement:			
	Cash in hand	40,991,384	47,127,358	
	Excess of daily reserve	15,317,879	27,751,491	
	Other eligible securities	157,070,000	157,070,000	
	Foreign currency used in BDT	58,949,536	19,848,835	
		272,328,800	251,797,684	
5	Balance with other banks and financial institutions			
	In Bangladesh	5.1	27,640,735	424,461,445
	Outside Bangladesh	5.2	2,644,601,496	1,976,005,327
			2,672,242,231	2,400,466,772
5.1	In Bangladesh			
	Current accounts	5.1.1	13,920,311	11,026,807
	Savings accounts	5.1.2	13,720,424	13,434,638
	Mudaraba term deposit	5.1.3	-	-
	Term deposit	5.1.4	-	400,000,000
			27,640,735	424,461,445
5.1.1	Current accounts			
	Islami Bank Bangladesh Limited		21,151	21,151
	Trust Bank Limited		8,597,660	7,825,373
	Standard Chartered Bank		5,301,500	3,180,283
			13,920,311	11,026,807

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
5	Balance with other banks and financial institutions (Continued)		
5.1	In Bangladesh (Continued)		
5.1.2	Savings accounts		
	Trust Bank Limited	31,657	32,750
	Dhaka Bank Limited	35,775	36,152
	Prime Bank Limited	13,652,992	13,365,736
		<u>13,720,424</u>	<u>13,434,638</u>
5.1.3	Mudaraba term deposit		
	Export Import Bank of Bangladesh Ltd.	-	-
		<u>-</u>	<u>-</u>
5.1.4	Term deposit		
	National Bank of Pakistan	-	400,000,000
	Modhumoti Bank Limited	-	-
		<u>-</u>	<u>400,000,000</u>
5.2	Outside Bangladesh		
5.2.1	Current account		
	Standard Chartered Bank, New York	158,899,455	92,780,138
	Standard Chartered Bank, Mumbai	33,284,106	4,041,132
	Bank Alfalah Limited, Karachi	1,083,551	995,144
	Standard Chartered Bank, London	640,905	1,445,797
	Standard Chartered Bank, Frankfurt	933,721	10,960,775
	Standard Chartered Bank, Tokyo	9,758	32,341
		<u>194,851,496</u>	<u>110,255,327</u>
5.2.2	Term Placement		
	Bank Alfalah Limited, Bahrain	2,449,750,000	1,865,750,000
		<u>2,449,750,000</u>	<u>1,865,750,000</u>
	Total Outside Bangladesh	<u>2,644,601,496</u>	<u>1,976,005,327</u>
	<i>Details are shown in Annexure III</i>		
5.a	Maturity-wise groupings of balance with other banks and financial institutions		
	On demand	222,492,231	134,716,772
	Not more than 3 months	2,449,750,000	2,265,750,000
	More than 3 months but less than 1 year	-	-
	More than 1 year but less than 5 years	-	-
	More than 5 years	-	-
		<u>2,672,242,231</u>	<u>2,400,466,772</u>
5.b	Money at call on short notice		
	Jamuna Bank Limited	-	-
	Dhaka Bank Limited	-	100,000,000
	Midland Bank Limited	-	450,000,000
	The City Bank Limited	-	-
	IFIC Bank Limited	-	-
	Prime Bank Limited	-	-
	Modhumoti Bank Ltd	-	350,000,000
	NRB Bank Limited	-	130,000,000
		<u>-</u>	<u>1,030,000,000</u>

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
6	Investments		
	Government securities	6.1 11,566,673,895	7,943,302,318
		<u>11,566,673,895</u>	<u>7,943,302,318</u>
6.1	Government securities		
	Treasury bills HFT	5,533,470,545	18,605,167
	Treasury bills HTM	2,250,488,542	4,122,338,680
	Treasury bonds HFT	1,490,087	1,606,236
	Treasury bonds HTM*	3,779,648,221	3,800,595,835
	Prize bonds	1,576,500	156,400
		<u>11,566,673,895</u>	<u>7,943,302,318</u>
	*Includes sukuk bond amounting Taka 157,070,000 (2023: 157,070,000).		
6.a	Investments classified as per Bangladesh Bank circular		
	Held-for-trading (HFT) securities	6.a.1 5,536,537,132	20,367,803
	Held-to-maturity (HTM) securities	6.a.2 6,030,136,763	7,922,934,515
		<u>11,566,673,895</u>	<u>7,943,302,318</u>
6.a.1	Held-for-trading (HFT) securities		
	Treasury bills	5,533,470,545	18,605,167
	Treasury bonds	1,490,087	1,606,236
	Prize bonds	1,576,500	156,400
		<u>5,536,537,132</u>	<u>20,367,803</u>
6.a.2	Held-to-maturity (HTM) securities		
	Treasury bills	2,250,488,542	4,122,338,680
	Treasury bonds	3,779,648,221	3,800,595,835
		<u>6,030,136,763</u>	<u>7,922,934,515</u>
	Except One treasury bond amounting Taka 50,611,300 and Two treasury bond amounting Taka 1,145,073,204 the above HTM securities are lien with Bangladesh Bank for capital purpose.		
6.b	Maturity wise groupings of investment		
	Repayable On demand	1,576,500	156,400
	Not more than 3 months	7,983,978,520	3,651,386,442
	More than 3 months but not more than 1 year	2,800,099,476	489,534,760
	More than 1 year but not more than 5 years	58,522,709	3,075,571,670
	More than 5 years	722,496,690	726,653,046
		<u>11,566,673,895</u>	<u>7,943,302,318</u>



6.c Disclosure regarding outstanding Repo as on 31 December 2024

Sl no.	Counter Party name	Agreement Date	Reversal Date	Amount
1	Bangladesh Bank	03-Dec-24	01-Jan-25	592,279,200
2	Bangladesh Bank	10-Dec-24	07-Jan-25	573,501,932
3	Bangladesh Bank	10-Dec-24	07-Jan-25	589,734,600
4	Bangladesh Bank	10-Dec-24	07-Jan-25	591,036,000
5	Bangladesh Bank	17-Dec-24	14-Jan-25	591,120,600
6	Bangladesh Bank	24-Dec-24	21-Jan-25	583,462,800
Total:				3,521,135,132

6.d Disclosure regarding outstanding Reverse Repo as on 31 December 2024

Sl no.	Counter Party name	Agreement Date	Reversal Date	Amount
				NIL

Total:

6.e Disclosure regarding overall transaction of Repo and Reverse Repo: 2024

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under Repo:			
i) with Bangladesh Bank	350,305,920	5,284,994,400	1,412,571,826
ii) with other Banks and FIs	158,180,960	596,300,400	
Securities purchased under Reverse Repo:			
i) with Bangladesh Bank	NIL	NIL	NIL
ii) with other Banks and FIs	NIL	NIL	

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka		
		2024	2023	
7	Loans and advances			
	Loans, cash credit, overdrafts etc.	7.1	16,172,875,517	16,168,629,022
	Bills purchased and discounted	7.2	14,142,606	-
			<u>16,187,018,123</u>	<u>16,168,629,022</u>
7.1	Loans, cash credit, overdrafts etc.			
	In Bangladesh	7.1.1	16,172,875,517	16,168,629,022
	Outside Bangladesh		-	-
			<u>16,172,875,517</u>	<u>16,168,629,022</u>
7.1.1	In Bangladesh			
	Conventional Banking	7.1.1.1	12,035,036,619	12,387,535,464
	Islamic Banking	7.1.1.2	4,137,838,898	3,781,093,558
			<u>16,172,875,517</u>	<u>16,168,629,022</u>
7.1.1.1	Conventional Banking			
	Current finance		4,732,285,392	3,335,075,891
	Term finance		6,575,870,793	8,589,739,042
	Agriculture finance		353,801,215	380,143,833
	Staff loan		49,072,353	49,336,898
	Finance against EDF		70,824,076	-
	Loan against trust receipts		253,182,790	33,239,800
			<u>12,035,036,619</u>	<u>12,387,535,464</u>
7.1.1.2	Islamic Banking			
	Murabaha (LPO)		3,381,573,641	3,217,263,514
	Trust receipts		33,640,257	115,615,695
	Advance against Murabaha		-	-
	Finance against EDF		-	15,912,682
	Spot murabaha		722,625,000	432,301,667
			<u>4,137,838,898</u>	<u>3,781,093,558</u>
7.2	Bills purchased and discounted			
	Payable in Bangladesh		14,142,606	-
	Payable outside Bangladesh		-	-
			<u>14,142,606</u>	<u>-</u>
7.3	Maturity-wise grouping of loans and advances			
	Repayable on demand		1,957,778,819	494,775,131
	Not more than 3 months		12,459,488,104	11,629,946,129
	More than 3 months but not more than 1 year		1,392,140,416	3,618,478,290
	More than 1 year but not more than 5 years		333,926,081	382,659,291
	More Than 5 years		29,542,096	42,770,181
			<u>16,172,875,517</u>	<u>16,168,629,022</u>
7.4	Loans and advances on the basis of significant concentration			
	Advances to Chief executive, other Senior executives and other Officers		49,072,353	49,336,898
	Industrial loans and advances		16,137,945,770	16,119,292,124
			<u>16,187,018,123</u>	<u>16,168,629,022</u>
7.5	Loans and advances allowed to each customer exceeding-10% of Bank's total capital			
	Total outstanding amount to such customers at end of the year (11 Customer)		7,434,842,832	6,713,800,877
	Amount of classified loans and advances therein		Nil	Nil
	Measures taken for recovery		Not Applicable	Not Applicable

7 Loans and advances (Continued)

7.6 Industry-wise classification of loans and advances/investments

	31 December, 2024		31 December, 2023	
	% of Total Loan	BDT	% of Total Loan	BDT
Agri Business	3.41%	552,728,292	10.01%	1,617,734,932
Automobile dealers	0.62%	100,672,003	0.62%	100,672,003
Cement	3.21%	520,194,382	3.64%	588,461,464
Chemicals	9.40%	1,521,432,423	3.59%	579,992,232
Financial Institutions & MFIs	2.38%	384,732,582	5.89%	951,943,485
Food & Personal Care Products	14.65%	2,371,363,220	10.64%	1,720,036,705
Glass & Ceramics	0.19%	31,395,736	0.13%	20,551,442
Leather & Tanneries	1.27%	206,113,333	1.26%	203,854,167
Manufacturing & sale of Domestic Appliances	5.64%	912,429,024	6.88%	1,111,754,846
Metal & Allied	16.76%	2,712,730,879	15.89%	2,569,228,184
Oil & Gas Marketing Companies	2.89%	468,233,646	2.85%	460,825,694
Others/Miscellaneous	0.79%	127,424,894	3.30%	533,884,236
Paper & Board	0.00%	-	0.00%	-
Pharmaceuticals	9.67%	1,564,592,997	9.18%	1,483,490,058
Power Generation & Distribution- Non GoP	0.00%	-	0.00%	-
Printing & Publishing	0.35%	56,680,149	0.32%	51,889,062
Real Estate/Construction	0.00%	75,313	0.30%	48,151,235
Refinery	0.00%	-	0.00%	-
Services	1.96%	317,938,597	2.82%	456,480,375
Textile Composite / Garments Manufacturing	0.88%	141,676,367	0.73%	117,686,570
Textile Spinning	4.46%	722,625,000	3.94%	636,697,000
Textile Weaving	2.00%	322,943,178	0.10%	15,912,682
Tobacco	0.00%	-	0.00%	-
Trading	3.87%	626,261,459	3.97%	641,140,355
Transport	0.38%	62,115,687	0.58%	93,972,631
Jute Mills	10.77%	1,742,783,310	8.51%	1,376,446,690
Vanaspati & Allied Industries	4.45%	719,875,650	4.87%	787,822,974
	100.00%	16,187,018,122	100.00%	16,168,629,022

7.7 Geographical location-wise loans and advances/investments

	31 December, 2024		31 December, 2023	
	% of Total Loan	BDT	% of Total Loan	BDT
Dhaka Division	81.09%	13,125,338,848	79.40%	12,837,890,255
Chattogram Division	18.61%	3,012,594,358	20.20%	3,266,116,556
Sylhet Division	0.30%	49,084,917	0.40%	64,622,211
	100%	16,187,018,123	100%	16,168,629,022

During this year Tk. 997,358 has been disbursed as CMSME Loan under Bangladesh Bank Cluster Financing Program.

7.8 Grouping of loans and advances as per classification rules of Bangladesh Bank

	31 December, 2024		31 December, 2023	
	% of Total Loan	BDT	% of Total Loan	BDT
Status				
Unclassified:				
Standard including staff loan	98.02%	15,865,786,407	98.14%	15,867,562,594
Special Mention Account (SMA)	0.00%	-	0.00%	-
	98.02%	15,865,786,407	98.14%	15,867,562,594
Classified:				
Substandard	0.00%	-	0.11%	18,402,066
Doubtful	0.13%	20,519,089	0.00%	-
Bad or loss	1.86%	300,712,627	1.75%	282,664,362
	1.98%	321,231,716	1.86%	301,066,428
	100.00%	16,187,018,123	100.00%	16,168,629,022

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

7 Loans and advances (Continued)

7.9 Particulars of required provision for loans and advances/investments

	31 December, 2024		31 December, 2023	
	Base for Provision	Required Provision	Base for Provision	Required Provision
Unclassified				
All unclassified loans (other than SME loan, Agricultural loan and special mention account)	14,685,971,754	146,859,718	14,660,947,502	146,672,832
Agricultural & Micro finance	454,292,860	4,542,929	380,143,833	3,801,438
SME finance	725,521,794	1,813,804	843,600,124	2,109,000
Special Mention Account (SMA)	-	-	-	-
	15,865,786,408	153,216,451	15,884,691,459	152,583,270
Classified				
Substandard	-	-	2,760,310	138,016
Doubtful	20,519,089	10,019,109	-	-
Bad or loss	300,712,627	242,100,047	136,761,211	136,761,211
	321,231,716	252,119,157	139,521,521	136,899,227
	16,187,018,123	405,335,607	16,024,212,980	289,482,497
Total provision maintained		406,165,458		346,005,201
Surplus provision		829,851		56,522,704

Amount in Taka	
2024	2023

7.10 Particulars of loans and advances/investments

i)	Loans considered good in respect of which the banking company is fully secured;	15,632,458,618	15,577,165,823
ii)	Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	-	-
iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor;	-	-
iv)	Loans adversely classified; provision not maintained there against;	-	-
		15,632,458,618	15,577,165,823
v)	Loans due by directors or officers of the banking company or any of these either separately or jointly with any other person.	49,072,353	49,336,898
vi)	Loans due from 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;	-	-
vii)	Maximum total amount of Advances including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	49,072,353	49,336,898
viii)	Maximum total amount of advances, including temporary advances 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 loan/Investment on which Interest/Profit has not been charged:	321,231,716	301,066,428
(a)	Movement of Classified loans and advances		
	Opening balance	301,066,428	340,358,196
	Increase/(decrease) during the year	20,165,288	(39,291,768)
	Closing balance	321,231,716	301,066,428
(b)	Provision kept against loan classified as bad/loss on the date of balance sheet	242,100,047	180,916,055
(c)	Amount of interest/profit charged in suspense account	40,380,584	43,225,364
xi)	Loans written off		
	- Current Year	-	-
	- Cumulative to-date	135,088,569	135,088,569
	- Amount of written off loans for which lawsuit was filed	135,088,569	135,088,569

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

7 Loans and advances (Continued)

7.11 Maturity grouping of bills discounted and purchased

Payable within 1 month	7,390,346	-
Over 1 month but less than 3 months	6,752,260	-
Over 3 months but less than 6 months	-	-
6 months or more	-	-
	14,142,606	-

7.12 Loan file compliance regarding updated Financial Statements and DVC

According to FRC letter no. 178/FRC/APR/2021/21(7) dated 7 December 2021, the compliance status of BRPD circular no. 4 and 35 for loans and advances sanctioned/renewed from 1 January 2024 to 31 December 2024 is as follows:

No. of borrower	BRPD Circular 4 and 35 applicable for no. of borrower	Financial Statements including DVC	Financial Statements excluding DVC	% of DVC	% of without DVC
156	66	66	0	100%	0%

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
8	Fixed assets including premises, furniture and fixtures		
	Fixed assets including premises, furniture and fixtures	8.1	21,046,389
	Right of use assets	8.2	204,883,111
			<u>225,929,500</u>
8.1	Fixed assets including premises, furniture and fixtures		
	Cost		
	Balance as at 1 January 2023	31,032,855	393,157,935
	Additions	155,982,302	9,513,798
	Disposals	7,468,172	1,464,951
		(76,530)	(76,530)
	Balance as at 31 December 2023	163,373,944	402,595,203
	Balance as at 1 January 2024	31,032,855	402,595,203
	Additions	163,373,944	94,035,094
	Disposals	27,625,470	279,090
		-	-
	Balance as at 31 December 2024	190,999,414	431,231,108
	Accumulated depreciation		
	Balance as at 1 January 2023	26,658,194	364,809,044
	Depreciation	3,625,031	16,816,299
	Disposals	6,443,681	3,812,664
		(76,529)	(76,529)
	Balance as at 31 December 2023	30,283,225	381,548,814
	Balance as at 1 January 2024	30,283,225	381,548,814
	Depreciation	749,625	88,333,984
	Disposals	-	3,127,869
		-	-
	Balance as at 31 December 2024	31,032,850	393,685,601
	Carrying amounts		
	At 1 January 2023	4,374,661	28,348,891
	At 31 December 2023	749,630	21,046,389
	At 31 December 2024	5	37,545,507

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
8.2	Right of use assets		
	Cost		
	Balance at 1 January	440,974,103	249,210,512
	Additions	21,547,580	191,763,591
	Adjustments	(178,153,028)	-
		<u>284,368,655</u>	<u>440,974,103</u>
	Accumulated depreciation		
	Balance at 1 January	236,090,992	150,992,716
	Depreciation	86,126,836	85,098,276
	Adjustments	(165,473,692)	-
		<u>156,744,136</u>	<u>236,090,992</u>
	Carrying amounts	<u>127,624,519</u>	<u>204,883,111</u>
8.3	The cost of fully depreciated assets that are still in use by the Bank		
	Motorvehicles	31,032,855	21,037,855
	Computer and accessories	190,999,414	141,951,504
	Office equipment	67,513,007	56,789,246
	Furnitures and fixtures	47,358,148	44,993,998
	Leasehold improvement	94,314,184	74,737,699
		<u>431,217,608</u>	<u>339,510,302</u>
9	Other assets		
	Income generating other assets	-	-
	Non-income generating other assets		
	Stationery, stamps, printing materials in stock etc.	4,906,968	4,657,953
	Advance rent and advertisement	-	-
	Income/profit receivables	9.1 183,643,419	117,421,785
	Branch adjustment account	9.2 -	-
	Security deposits	2,246,115	2,569,115
	Renovation, development and prepaid expenses	21,322,566	29,432,517
	Deferred tax assets	12.7 102,168,094	86,397,033
	Capital Work in Progress	-	-
	Others	9.3 1,889,399,299	1,574,074,382
	Intangible asset (Software)	9.4 5,294,878	4,904,940
		<u>2,208,981,339</u>	<u>1,819,457,725</u>
9.1	Income/profit receivables		
	On Treasury bill, bonds, preference shares, etc.	182,154,484	114,031,327
	Deposit with financial institution	1,488,935	3,390,458
		<u>183,643,419</u>	<u>117,421,785</u>
9.2	Branch adjustment account	-	-
	All inter branch reconciliation have been made up to 30 September 2024. There is no significant item outstanding, that is not responded, for more than 3 months.		
9.3	Others		
	Advance income tax	9.3.1 1,876,538,060	1,560,761,802
	Receivable from Bangladesh Bank	10,646,276	1,729,147
	Miscellaneous	2,214,963	11,583,433
		<u>1,889,399,299</u>	<u>1,574,074,382</u>

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka		
		2024	2023	
9	Other assets (Continued)			
9.3.1	Advance income tax			
	Balance as at 1 January	1,560,761,802	1,484,629,027	
	Paid during the year	315,776,258	243,725,924	
		<u>1,876,538,060</u>	<u>1,728,354,951</u>	
	Adjustments made during the year	-	167,593,149	
	Balance as at 30 September	<u><u>1,876,538,060</u></u>	<u><u>1,560,761,802</u></u>	
9.4	Intangible asset (Software)			
	Cost			
	Balance at 1 January	39,287,734	34,337,198	
	Additions	1,672,125	4,950,536	
	Disposals	-	-	
		<u>40,959,859</u>	<u>39,287,734</u>	
	Accumulated depreciation			
	Balance at 1 January	34,382,794	34,054,280	
	Depreciation	1,282,187	328,514	
	Disposals	-	-	
		<u>35,664,981</u>	<u>34,382,794</u>	
	Carrying amounts	<u><u>5,294,878</u></u>	<u><u>4,904,940</u></u>	
10	Borrowings from other banks, financial institutions and agents			
	In Bangladesh	10.1	1,513,441,714	15,737,601
	Outside Bangladesh		-	-
			<u>1,513,441,714</u>	<u>15,737,601</u>
10.1	In Bangladesh			
	Call borrowing	10.1.1	600,000,000	-
	Term borrowing	10.1.2	913,441,714	15,737,601
			<u>1,513,441,714</u>	<u>15,737,601</u>
10.1.1	Call borrowing			
	The City Bank PLC		400,000,000	-
	Midland Bank PLC		200,000,000	-
	Agrani Bank PLC		-	-
	Eastern Bank PLC		-	-
	Sonali Bank PLC		-	-
			<u>600,000,000</u>	<u>-</u>
10.1.2	Term borrowing			
	Modhumoti Bank PLC		-	-
	Midland Bank PLC		-	-
	IDLC Finance PLC		-	-
	The Premier Bank PLC		-	-
	Eastern Bank PLC		-	-
	Jamuna Bank PLC		836,500,000	-
	United Commercial Bank PLC		-	-
	Trust Bank PLC		-	-
	Bangladesh Bank - EDF Financing		69,091,027	15,737,601
	Bangladesh Bank - Green Financing		7,850,687	-
			<u>913,441,714</u>	<u>15,737,601</u>



Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka		
		2024	2023	
10	Borrowings from other banks, financial institutions and agents (Continued)			
10.2	Secured and unsecured borrowings from other banks, financial institutions and agents			
	Secured Borrowing	-	-	
	Unsecured Borrowing	1,513,441,714	15,737,601	
		<u>1,513,441,714</u>	<u>15,737,601</u>	
10.3	Maturity grouping of borrowings from other banks, financial institutions and agents			
	Repayable on demand	600,000,000	-	
	Repayable within 1 month	905,591,027	-	
	Over 1 month but within 6 months	7,850,687	15,737,601	
	Over 6 months but within 1 year	-	-	
		<u>1,513,441,714</u>	<u>15,737,601</u>	
11	Deposits and other accounts			
	Current accounts and other accounts	11.1	2,333,219,714	2,816,117,278
	Bills payable	11.2	127,542,442	482,702,210
	Savings bank/Mudaraba savings bank deposits	11.3	7,027,236,888	7,604,131,148
	Fixed deposits/Mudaraba fixed deposits	11.4	14,280,982,301	11,286,497,177
			<u>23,768,981,345</u>	<u>22,189,447,813</u>
11.1	Current accounts and other accounts			
	Current deposits		1,550,856,138	1,914,385,201
	Alfalah Uduog Current Account		295,426,798	450,082,225
	Foreign currency deposits		240,750,497	223,071,484
	Sundry deposits	11.1.1	246,186,281	228,578,368
			<u>2,333,219,714</u>	<u>2,816,117,278</u>
11.1.1	Sundry deposits			
	Margin Accounts - Local Currency		76,163,384	162,959,514
	Margin Accounts - Foreign Currency		160,022,897	40,618,854
	Others		10,000,000	25,000,000
			<u>246,186,281</u>	<u>228,578,368</u>
11.2	Bills payable			
	Payment order - Inside Bangladesh		127,199,042	482,140,191
	Demand draft payable - Inside Bangladesh		338,400	314,316
	Unclaimed PO - Inside Bangladesh		5,000	218,337
	Unclaimed DD/TT - Inside Bangladesh		-	29,366
			<u>127,542,442</u>	<u>482,702,210</u>
11.3	Savings bank/Mudaraba savings bank deposits			
	Savings deposits		1,713,419,543	2,101,241,576
	Alfalah Savings Plan (ASP)		79,706,048	89,374,979
	Special Notice Deposits (SND)		3,031,159,524	2,505,441,010
	Alfalah Salary Account (ASA)		65,729,533	76,717,493
	Alfalah Rising Star (ARS)		25,206,921	26,263,376
	Alfalah Premium Plus (APP)		869,851,559	1,052,175,445
	Monthly Premium Deposit		1,240,237,836	1,752,917,269
	FCY Savings Deposit (RFCD)		1,925,924	-
			<u>7,027,236,888</u>	<u>7,604,131,148</u>

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
11	Deposits and other accounts (Continued)		
11.4	Fixed deposits/Mudaraba fixed deposits		
	Fixed Deposit (FDR)	10,133,060,981	8,693,943,322
	Mudaraba Term Deposit (MTDR)	4,147,921,320	2,592,553,855
		14,280,982,301	11,286,497,177
11.5	Deposits from banks and others		
	Inter-bank deposits	11.5.1 227,627,559	477,582,593
	Vostro Deposit	11.5.2 203,338,426	147,248,369
	Customer and other deposits	23,338,015,360	21,564,616,851
		23,768,981,345	22,189,447,813
11.5.1	Inter-bank deposits		
	Jamuna Bank Limited	22,701	23,080
	Mutual Trust Bank Limited	200,431,639	249,999,080
	AB Bank Limited	12,224	13,555
	Prime Bank Limited	14,726,429	14,742,894
	Islami Bank Bangladesh Limited	34,632	35,782
	Shahjalal Islami Bank Limited	2,765,926	2,760,250
	Al-Arafah Islami Bank Limited	886,191	849,589
	The City Bank Limited	-	255
	Trust Bank Limited	7,026,320	207,438,352
	Bank Asia Limited	1,721,497	1,719,756
		227,627,559	477,582,593
11.5.2	Vostro deposit		
	BankIslami Pakistan Limited	201,202	26,299,306
	Bank Alfalah Limited, Karachi (Conventional)	11,565,376	15,546,025
	Bank Alfalah Limited, Karachi (Islamic)	191,571,848	105,403,038
		203,338,426	147,248,369
11.6	Maturity grouping of deposits		
	Repayable On demand	1,206,527,255	1,142,483,975
	Repayable within 1 month	2,082,296,163	1,307,852,987
	Over 1 month but within 6 months	7,660,918,396	7,660,254,089
	Over 6 months but within 1 year	2,874,756,472	2,308,677,944
	Over 1 year but within 5 years	9,944,483,058	9,770,178,818
	Over 5 years but within 10 years	-	-
	10 years or more	-	-
		23,768,981,345	22,189,447,813

As per Bank Company Act 1991, Section 35 and BRPD circular letter no. 10 dated 12 September 2018, if any money or valuable asset (except deposits from Government, minor or litigation) is unclaimed for ten years or above as of 31 December every year, a three months' notice will be given to depositors concerned. Based on the response from the concerned depositors by following three months, amount will be paid to them otherwise unclaimed deposit will be deposited to Bangladesh Bank by 30 April 2025. The bank does not have any such deposit to be reported as 10 years and above unclaimed deposit amount as on 31 December 2024 (cut off basis) to Bangladesh Bank.

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka		
		2024	2023	
12	Other liabilities			
	Provision for loans and advances/investments	12.1	405,965,489	345,764,732
	Provision for off-balance sheet exposures	12.2	9,111,771	17,111,771
	Interest suspense account	12.3	40,380,584	43,225,364
	Special General Provision - Covid 19		199,969	240,469
	Provision for taxation	12.4	2,385,531,623	1,902,559,750
	Accrued expenses		18,557,995	17,996,546
	Interest payable on deposit and borrowings	12.5	349,835,222	201,234,604
	Unearned profit on Murabaha		79,281,843	30,120,721
	Accounts payable - (Locker Security Deposit)		662,000	692,000
	Withholding tax on interest on deposits		30,620,125	11,280,572
	Withholding tax payable		11,606,740	14,873,652
	VAT payable		5,686,346	8,458,106
	Provision for audit and consultancy fees		4,363,713	2,992,562
	Provision for Salaries & Allowance		38,729,757	23,148,191
	Payable to Shamil bank's head office*		79,052,645	79,052,645
	Excise duty payable		2,788,450	2,088,752
	NPSB, Qcash & BACH Settlement Account		443,162	713,196
	Advance commission on Letter of Guarantee (L/G)		78,200	271,000
	Charity fund account		19,064,078	11,584,768
	Provision for Rebate on Good Borrowers		-	47,700,000
	Miscellaneous Provision		-	73,545,648
	Branch adjustment Account	9.2	-	-
	Provision for special CSR		-	-
	Start-Up Fund		18,249,007	11,716,557
	Lease liabilities	12.6	108,284,680	187,210,890
	Miscellaneous		1,514,721	843,278
			3,610,008,120	3,034,425,774

*Payable to Shamil Bank Ltd. is related to an obligation to pay by Bank Alfalah, Bangladesh Operations to Shamil Bank. The reason is when Shamil Bank was acquired by Bank Alfalah in 2005, Bank Alfalah paid an amount less than the required acquisition cost because there was tax claims by NBR against Shamil Bank. If the claim goes in favor of Shamil Bank then the amount will be paid to Shamil Bank in opposite case the amount will be paid to NBR.

12.1 Provision for loans and advances/investments

A. General

Provisions held at the beginning of the year	154,846,332	167,946,332
Provision made during the year	-	-
Reversal of provision	(1,000,000)	(13,100,000)
Provisions held at the end of the year	153,846,332	154,846,332

B. Specific

Provisions held at the beginning of the year	190,918,400	225,362,198
Write off during the year	-	-
Recovery of written off bad debts	4,607,780	-
Specific provision for the year	63,292,333	60,698,956
Reversal of provision	(2,091,576)	(95,142,754)
Net Charge to Profit and Loss Account	61,200,757	(34,443,798)
Provisions held at the end of the year	252,119,157	190,918,400
Total provision on loans and advances/investments	405,965,489	345,764,732

12.2 Provision for off-balance sheet exposures

Provisions held at the beginning of the year	17,111,771	13,011,771
Provision made during the year	-	4,100,000
Reversal of provision	(8,000,000)	-
Provisions held at the end of the year	9,111,771	17,111,771

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
12	Other liabilities (Continued)		
12.3	Interest suspense account		
	Balance at the beginning of the year	43,225,364	48,767,491
	Amount transferred to Interest Suspense Account during the year	3,568,937	4,464,336
	Amount recovered in Interest Suspense Account during the year	(6,413,717)	(10,006,463)
	Amount written off during the year		
	Balance at the end of the year	40,380,584	43,225,364
12.3.1	Interest/profit suspense and compensation suspense		
	Interest/profit suspense	40,380,584	43,225,364
	Compensation suspense	-	-
		40,380,584	43,225,364
12.4	Provision for taxation		
	Balance at the beginning of the year	1,902,559,750	1,793,152,899
	Provision made during the year	33.1 482,971,873	277,000,000
		2,385,531,623	2,070,152,899
	Adjustments made during the year	-	167,593,149
	Balance at the end of the year	2,385,531,623	1,902,559,750
	Corporate tax position of the Bank has been shown in Annexure V.		
12.5	Interest payable on deposit and borrowings		
	Profit/interest payable on		
	Savings Deposit	10,398,892	18,065,310
	Borrowings from financial institution	1,214,544	89,180
		11,613,436	18,154,490
	Interest payable on		
	30 days term deposit	620,160	609,931
	90 days term deposit	39,797,008	22,167,942
	180 days term deposit	57,448,620	19,902,168
	360 days term deposit	153,845,274	64,231,524
	Broken Period term deposit	85,306,371	74,078,644
	2 years term deposit	388,768	866,995
	3 years term deposit	815,585	1,222,910
		338,221,786	183,080,114
		349,835,222	201,234,604
12.6	Lease liabilities		
	Balance at the beginning of the year	187,210,892	85,754,120
	Additions/Renewals/Amendments/(Terminations) - Net	8,868,245	191,763,592
	Borrowing Cost	7,724,749	10,217,637
	Payments	(95,519,206)	(100,524,457)
	As at December 31	108,284,680	187,210,892
12.6.1	Maturity grouping of lease liabilities		
	Current Lease Liabilities	56,347,851	73,319,380
	Non Current Lease Liabilities	51,936,829	113,891,512
		108,284,680	187,210,892

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

12.7 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Particulars	Accounting base	Tax base	Deductible/ (Taxable) temporary difference	Applicable tax rate	Amount in Tk	
					Deferred Tax Asset/ (Liability)	
Balance as at 31 December 2024						
Fixed assets and furniture	42,840,381	79,762,956	36,922,575	40%		14,769,030
Right of use assets (ROU) as per IFRS 16	127,624,519	(14,281,668)	(141,906,187)	40%		(56,762,475)
Leased Liability as per IFRS 16	108,284,680	-	108,284,680	40%		43,313,872
Loan loss provision (Specific Provision)	252,119,167	-	252,119,167	40%		100,847,667
Net deferred tax asset at 31 December 2024						102,168,094
Increase of deferred tax asset recognised in profit and loss account as income						15,771,061
Increase of deferred tax liability recognised in profit and loss account as expense						-
Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2024						15,771,061
Balance as at 31 December 2023						
Fixed assets and furniture	25,951,326	65,870,087	39,918,761	40%		15,967,504
Right of use assets (ROU) as per IFRS 16	204,883,111	2,827,637	(202,055,474)	40%		(80,822,190)
Leased Liability as per IFRS 16	187,210,898	-	187,210,898	40%		74,884,359
Loan loss provision (Specific Provision)	190,918,400	-	190,918,400	40%		76,367,360
Net deferred tax asset at 31 December 2023						86,397,033
Increase of deferred tax asset recognised in profit and loss account as income						(13,724,140)
Increase of deferred tax liability recognised in profit and loss account as expense						-
Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2023						(13,724,140)
Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2023						
Net Deferred tax liability recognised in equity during the year ended 31 December 2023						
Movement in deferred tax balances during the year						
		Balance at January 1	Recognized in Profit and Loss	Recognized in OCI		Balance at December 31
2024						
Fixed assets and furniture		(15,967,504)	1,198,474	-		(14,769,030)
Right of use assets (ROU) as per IFRS 16		80,822,190	(24,059,715)	-		56,762,475
Leased Liability as per IFRS 16		(74,884,359)	31,570,487	-		(43,313,872)
Loan loss provision (Specific Provision)		(76,367,360)	(24,480,307)	-		(100,847,667)
		(86,397,033)	(15,771,061)			(102,168,094)
2023						
Fixed assets and furniture		(14,961,764)	(1,005,740)	-		(15,967,504)
Right of use assets (ROU) as per IFRS 16		39,287,118	41,535,072	-		80,822,190
Leased Liability as per IFRS 16		(34,301,648)	(40,582,711)	-		(74,884,359)
Loan loss provision (Specific Provision)		(90,144,879)	13,777,519	-		(76,367,360)
		(100,121,173)	13,724,140			(86,397,033)

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
13	Paid up capital (Fund from head office)		
	Balance at the beginning of the year	5,055,961,038	4,528,498,538
	Transferred from Unappropriated Profit	-	500,000,000
	Currency translation difference	41,493,783	27,462,500
	Balance at the end of the year	5,097,454,821	5,055,961,038

13.1 **Capital Adequacy Ratio - As per BASEL-III**

To cope up with the international best practices and to make the Bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL-II) was introduced from 1 January 2009 as a parallel run with BRPD Circular No. 10, dated 25 November 2002 (BASEL-I). At the end of parallel run, BASEL-II regime started from 1 January 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL-III) vide its BRPD Circular 18 dated 21 December 2014 that BASEL-III reporting start from January 2015 and full implementation started from January 2019. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance. BASEL-III framework has three main components referred to as pillars:

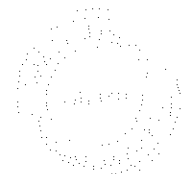
- i. Pillar I addresses minimum capital requirement;
- ii. Pillar II elaborates the process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan; and
- iii. Finally, Pillar III gives a framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system.

Basel-III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. "Basel-III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Basel-III reforms strengthen the bank-level i.e., micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro-cyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- a) Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;
- b) Increase the risk coverage of the capital framework;
- c) Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- d) Raise the standards for the supervisory review process (Pillar 2); and
- e) Public disclosures (Pillar 3) etc.

To ensure smooth transition to Basel-III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. In 2020, banking industry has embark on the full-fledged implementation of Basel III.

We have fully complied with all the directives provided by the Central bank from time to time, starting from Pillar I, II and III reporting requirements to periodic Stress Testing activity etc.



Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

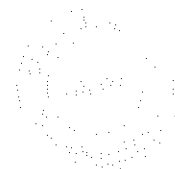
Notes	Particulars	Amount in Taka	
		2024	2023
13	Paid up capital (Fund from head office) (Continued)		
13.1	Capital Adequacy Ratio - As per BASEL-III (Continued)		
	Common Equity Tier-1 (Going Concern Capital)		
	Head Office Fund	5,097,454,821	5,055,961,038
	Non-repayable Share Premium Account	-	-
	Statutory Reserve	-	-
	General Reserve	-	-
	Retained Earnings	1,413,829,115	1,128,598,358
	Dividend equalization fund	-	-
	Minority Interest in Subsidiaries	-	-
	Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for Foreign Banks)	-	-
	Non-repatriable interest-free funds from Head Office for the purpose of acquisition of property and held in a separate account and have the ability to absorb losses regardless of their source (Applicable for Foreign Banks)	-	-
	Others (if any item approved by Bangladesh Bank)	-	-
	Sub-total	6,511,283,936	6,184,559,396
	Regulatory Adjustments		
	Shortfall in provisions required against Non Performing Loans (NPLs)	-	-
	Shortfall in provisions required against investment in shares	-	-
	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	-	-
	Goodwill and all other Intangible Assets	5,294,878	4,904,940
	Deferred Tax Assets (DTA)	102,168,094	86,397,033
	Defined benefit pension fund assets	-	-
	Gain on sale related to securitization transactions	-	-
	Investment in own CET-1 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	-	-
	Any investment exceeding the approved limit under section 26 ka(1) of the Banking Companies Act, 1991 (50% of Investment)	-	-
	Investments in subsidiaries which are not consolidated (50% of Investment)	-	-
	Others if any	-	-
	Sub-total	107,462,972	91,301,973
	Total common equity Tier-1 capital	6,403,820,964	6,093,257,423
	Additional Tier-1 Capital		
	Non-cumulative irredeemable preference shares	-	-
	Instruments issued by the banks that meet the qualifying criteria for AT1 (as specified in Annex-4 of Basel III Guidelines)	-	-
	Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (for consolidated reporting)	-	-
	Head Office borrowings in foreign currency by foreign banks operating in Bangladesh for inclusion in Additional Tier 1 capital which comply with the regulatory requirements as specified in Annex-4 of Basel III Guidelines (Applicable for Foreign Banks)	-	-
	Any other item specifically allowed by BB from time to time for inclusion in Additional Tier 1 Capital (Applicable for Foreign Banks)	-	-
	Others (if any item approved by Bangladesh Bank)	-	-
	Subtotal	-	-

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
13	Paid up capital (Fund from head office) (Continued)		
13.1	Capital Adequacy Ratio - As per BASEL-III (Continued)		
	Regulatory Adjustments:		
	Investment in own AT-1 Instrument/Share (as per Para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities	-	-
	Others if any	-	-
	Total Additional Tier-1 Capital Available	-	-
	Maximum Limit of Additional Tier-1 Capital (AT-1 capital can be maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher)	-	-
	Excess Amount over Maximum Limit of AT-1	-	-
	Subtotal	-	-
	Total Admissible Additional Tier-1 Capital	6,403,820,964	6,093,257,423
	Tier-2 Capital (Going Concern Capital)		
	General Provision	163,158,072	172,198,572
	All Other preference shares	-	-
	Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	-	-
	Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties (for consolidated reporting only)	-	-
	Head Office (HO) borrowings in foreign currency received that meet the criteria of Tier 2 debt capital (Applicable for Foreign Banks)	-	-
	Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)	-	-
	Others (if any item approved by Bangladesh Bank)	-	-
	Sub-total	163,158,072	172,198,572
	Regulatory Adjustments		
	Revaluation Reserves for Fixed Assets, Securities & Equity Securities (follow Phase-in deductions as per Basel III Guidelines)	-	-
	Investment in own T-2 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities	-	-
	Any investment exceeding the approved limit under section 26 ka(1) of the Bank Company Act, 1991 (50% of Investment)	-	-
	Investments in subsidiaries which are not consolidated (50% of Investment)	-	-
	Others if any	-	-
	Total Tier-2 Capital Available	163,158,072	172,198,572
	Maximum Limit of Tier-2 Capital (Tier 2 capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	5,692,356,455	5,242,775,257
	Excess Amount over Maximum Limit of T-2	-	-
	Total Admissible Tier-2 capital	163,158,072	172,198,572
	Total Capital	6,566,979,036	6,265,455,995
	Risk Weighted Assets		
	Credit Risk:		
	On-Balance Sheet	5,457,732,567	5,603,461,324
	Off-Balance Sheet	178,054,029	129,485,051
	Subtotal	5,635,786,596	5,732,946,375
	Market Risk	831,405,216	467,745,739
	Operational Risk	1,762,453,947	1,762,453,947
	Total Risk Weighted Assets	8,229,645,759	7,963,146,061

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
13	Paid up capital (Fund from head office) (Continued)		
13.1	Capital Adequacy Ratio - As per BASEL-III (Continued)		
	Required Minimum Common Equity Tier-1 Capital Ratio (4.5% of the total RWA)	370,334,059	358,341,573
	Required Capital Conservation Buffer (2.5% of the total RWA)	205,741,144	199,078,652
	Required Minimum Common Equity Tier-1 Capital Ratio plus Capital Conservation Buffer (7.0% of total RWA)	576,075,203	557,420,224
	Required Tier 1 Capital (6.0% of RWA)	493,778,746	477,788,764
	Required total capital (10% of RWA)	822,964,576	796,314,606
	Required total capital plus Capital Conservation Buffer (12.5% of RWA) (A)	1,028,705,720	995,393,258
	Minimum capital requirement (B)	5,000,000,000	5,000,000,000
	Required capital (higher of A & B)	5,000,000,000	5,000,000,000
	Surplus (Total capital - required capital)	1,566,979,036	1,265,455,995
	Capital Adequacy Ratio:		
	Common Equity Tier-1 (Against standard of minimum 6%)	77.81%	76.52%
	Total Capital to Risk-weighted Asset Ratio	79.80%	78.68%
	Minimum CRAR %	12.50%	12.50%
	Surplus/ (Deficiency) %	67.30%	66.18%



Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka		
		2024	2023	
14	Revaluation reserve			
	Revaluation reserve arises from the revaluation of Treasury bills and bonds (HFT and HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010.			
	Balance at the beginning of the year	2,047,968	1,953,030	
	Add: Addition during the year	861,712	94,938	
	Less: Adjustment during the year	-	-	
		<u>2,909,680</u>	<u>2,047,968</u>	
15	Surplus in profit and loss account			
	Balance at the beginning of the year	1,128,598,356	1,332,802,132	
	Profit Transfer to Head Office	(361,481,798)	(133,750,000)	
	Net (loss)/profit for the year	653,245,007	433,885,075	
	Transferred to Capital	-	(500,000,000)	
	Transferred to Start-Up Fund	(6,532,450)	(4,338,851)	
	Balance at the end of the year	<u>1,413,829,115</u>	<u>1,128,598,356</u>	
16	Letters of guarantees			
	Balance for which the Bank is contingently liable in respect of guarantee issued favoring:			
	Directors	-	-	
	Government	337,258,960	311,737,054	
	Banks and other financial institutions	19,608,086	38,490,196	
	Others	46,825,126	71,683,684	
		<u>403,692,172</u>	<u>421,910,934</u>	
17	Irrevocable letters of credit			
	Usance	25,072,486	13,730,198	
	Sight	437,779,131	263,760,879	
		<u>462,851,617</u>	<u>277,491,077</u>	
18	Income statement			
	Income			
	Interest, discount and similar income	2,980,010,189	2,040,497,618	
	Fee, commission and brokerage	15,718,696	17,893,858	
	Gains less losses arising from dealing securities	-	-	
	Gains less losses arising from investment securities	-	-	
	Gains less losses arising from dealing in foreign currencies	282,730,897	200,143,617	
	Income from non-banking assets	-	-	
	Other operating income	17,984,830	39,761,151	
		<u>3,296,444,612</u>	<u>2,298,296,244</u>	
	Expenses			
	Interest, fee and commission	1,416,561,263	920,354,921	
	Losses on loans and advances	-	-	
	Administrative expenses	593,695,887	539,817,214	
	Other operating expenses	61,735,576	54,715,603	
	Depreciation on banking assets	99,545,810	102,243,089	
		<u>2,171,538,536</u>	<u>1,617,130,827</u>	
	Operating profit	<u>1,124,906,076</u>	<u>681,165,417</u>	
19	Interest income/profit on investments			
	Interest on loans and advances	19.1	1,313,067,772	1,025,741,302
	Share of profit from financing and discounting	19.2	355,809,959	298,884,334
	Interest/profit on placements with banks	19.3	175,653,561	264,989,679
			<u>1,844,531,292</u>	<u>1,589,615,315</u>

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka		
		2024	2023	
19.1	Interest on loans and advances			
	Current finance	397,299,680	298,755,076	
	Term finance	869,550,576	682,040,833	
	Trust receipt	4,597,984	3,549,844	
	Staff financing	2,658,783	2,746,808	
	Finance against EDF	2,382,643	1,616,415	
	Agriculture finance	36,019,100	36,531,751	
	Foreign bill discount	-	-	
	Local bill discounted	559,006	500,575	
		<u>1,313,067,772</u>	<u>1,025,741,302</u>	
19.2	Share of profit from financing and discounting			
	Profit on diminishing musharkah	-	-	
	Murabaha financing - LPO	352,544,262	292,038,515	
	Profit on bill discounted	56,628	-	
	Profit against EDF	339,901	1,272,059	
	Murabaha income trust receipt	2,869,168	5,573,760	
		<u>355,809,959</u>	<u>298,884,334</u>	
19.3	Interest/profit on placements with banks			
	Interest from placement	159,852,755	221,497,900	
	Interest/profit from deposits with banks	15,800,806	24,614,594	
	Interest from reverse repo	-	18,877,185	
		<u>175,653,561</u>	<u>264,989,679</u>	
20	Interest paid/profit shared on deposits and borrowings etc.			
	Interest on deposits	20.1	992,022,481	657,719,113
	Profit shared on Mudaraba Deposit	20.2	253,472,204	172,638,273
	Interest on borrowings	20.3	163,341,829	79,779,898
	Interest on lease liabilities	20.4	7,724,749	10,217,637
			<u>1,416,561,263</u>	<u>920,354,921</u>
20.1	Interest on deposits			
	Savings account	128,222,908	108,917,432	
	Royal profit deposit	54,133,140	53,812,361	
	Term deposit	809,666,433	494,989,320	
		<u>992,022,481</u>	<u>657,719,113</u>	
20.2	Profit shared on mudaraba deposit			
	Mudaraba Savings Deposit	26,803,197	34,623,268	
	Mudaraba royal profit deposit	4,206,359	8,786,226	
	Mudaraba term deposit	222,462,648	129,228,779	
		<u>253,472,204</u>	<u>172,638,273</u>	
20.3	Interest on borrowings			
	Interest paid on borrowings	50,893,141	73,841,892	
	Interest paid on Repo	112,448,688	5,938,006	
		<u>163,341,829</u>	<u>79,779,898</u>	
20.4	Interest on lease liabilities			
	Interest on lease liabilities	7,724,749	10,217,637	
		<u>7,724,749</u>	<u>10,217,637</u>	
21	Investment income			
	Discount on treasury bill	859,828,614	142,924,661	
	Mark-up on treasury bonds	196,947,379	213,782,161	
	Trading gain on treasury bills	-	-	
	Trading gain on Bangladesh Govt. Treasury Bonds	-	-	
	Profit/(Loss) on revaluation of T. Bond HFT	(217,917)	263,206	
	Profit/(Loss) on revaluation of T-bill HFT	(782,590)	42,604	
	Capital gain on treasury bills and Bangladesh Govt. Treasury Bonds	80,995,441	100,201,861	
	Capital loss on treasury bills and Bangladesh Govt. Treasury Bonds	(1,292,030)	(6,332,190)	
	Interest and amortization on securities	-	-	
		<u>1,135,478,897</u>	<u>450,882,303</u>	

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
22	Commission, exchange and brokerage		
	Fees, commission etc.	15,718,696	17,893,858
	Exchange gains	282,730,897	200,143,617
		<u>298,449,593</u>	<u>218,037,475</u>
23	Other operating income		
	Service charges recovered	3,645,705	1,056,439
	I/C amendment	-	-
	Locker rent	2,513,100	2,307,817
	Charges	801,592	2,024,621
	Courier charges	456,952	560,152
	Cheque book charges	597,500	784,000
	Profit on sale of fixed assets	-	7,652
	UPAS LC interest income	-	-
	Income from PF Fund Forfeiture A/C	-	18,116,165
	Bad Debts Recovered	4,607,780	5,000,000
	Others	5,362,201	9,904,305
		<u>17,984,830</u>	<u>39,761,151</u>
24	Salaries and allowances		
	Salaries & Allowances	212,204,191	211,377,757
	Housing allowance	64,736,081	58,587,987
	Conveyance allowance	15,312,136	13,739,958
	Car allowance	15,120,645	14,721,022
	Other allowances	642,511	676,500
	Festival bonus	42,032,399	38,437,643
	Performance bonus	48,529,085	31,440,701
	Provident fund	15,937,100	14,155,712
	Provision for gratuity	18,251,784	18,948,008
		<u>432,765,932</u>	<u>402,085,288</u>
25	Rent, taxes, insurance, electricity etc.		
	Taxes & VAT* 25.1	15,090,107	15,299,831
	Insurance	26,990,762	28,275,399
	Cleaning and maintenance	24,904,077	8,004,040
	Electricity and utilities	11,909,405	11,709,638
		<u>78,894,351</u>	<u>63,288,908</u>
	*Actual Rent Expense including VAT during the Year 2024: Tk. 108,797,184 (2023:Tk. 106,175,573)		
25.1	Taxes & VAT		
	Taxes & VAT	15,090,107	15,299,831
		<u>15,090,107</u>	<u>15,299,831</u>
26	Legal expenses		
	Legal fees and charges	817,265	1,256,325
	Consultancy fees	2,381,000	1,170,750
		<u>3,198,265</u>	<u>2,427,075</u>
27	Postage, stamps, telecommunication etc.		
	Postage and couriers	977,842	2,047,957
	Electronic mail and on-line connectivity	16,993,367	16,174,578
	Telegram, fax, telex, SWIFT and internet charge	1,889,793	854,244
	Telephone charges	1,024,777	976,231
		<u>20,885,779</u>	<u>20,053,010</u>

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

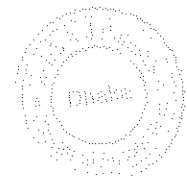
Notes	Particulars	Amount in Taka	
		2024	2023
28	Stationery, printing, advertisement etc.		
	Stationery and printing	5,564,385	6,058,596
	Publicity and advertisement	915,500	1,080,737
		<u>6,479,885</u>	<u>7,139,333</u>
29	Country Head's salary and allowances		
	Salaries and Allowances	19,254,768	17,338,842
	Festival bonus	2,953,380	2,662,796
	Performance bonus	4,351,070	3,813,253
	The Bank's contribution to provident fund	1,497,858	1,323,504
	Car allowance	1,020,000	1,020,000
	Provision for gratuity	1,248,216	1,102,924
		<u>30,325,292</u>	<u>27,261,319</u>
30	Depreciation and repair of Bank's assets		
	Depreciation of Bank's Assets	8.1 99,545,810	102,243,089
	Repair and Maintenance of Bank's Assets	30.1 20,256,857	16,674,718
		<u>119,802,667</u>	<u>118,917,807</u>
30.1	Repair and maintenance of the Bank's assets		
	Furniture, fixture and fittings	525,069	742,194
	Rented premises	1,263,366	2,099,863
	Office equipment	3,577,237	4,482,131
	Computer maintenance	12,915,298	7,632,835
	Motor vehicles	1,975,887	1,717,695
		<u>20,256,857</u>	<u>16,674,718</u>
31	Other expenses		
	Bank charges, brokerage and commission	1,251,939	1,255,589
	Archiving	3,832,724	2,698,126
	Subscription and periodicals	3,218,655	2,283,669
	Entertainment	11,589,817	10,245,646
	Security	10,617,294	10,051,633
	Traveling and conveyance	7,455,493	6,890,644
	Car Fuel	12,155,074	10,280,198
	Card centre charges	9,895,652	8,939,264
	Operational Loss	-	-
	Others	1,718,928	2,070,834
		<u>61,735,576</u>	<u>54,715,603</u>
32	Provision for loans and advances/investments charged during the year		
	Provision for unclassified loans and advances/investments	32.1 (2,040,500)	(13,100,000)
	Provision for classified loans and advances/investments	32.2 61,200,757	(34,443,798)
		<u>59,160,257</u>	<u>(47,543,798)</u>
32.1	General provision		
	Provision made during the year		
	On general loans and advances/investments etc.	(1,000,000)	-
	On special general Provision loans - Covid 19	(40,500)	-
		<u>(1,040,500)</u>	<u>-</u>
	Reversal of provision	(1,000,000)	(13,100,000)
		<u>(2,040,500)</u>	<u>(13,100,000)</u>
32.2	Specific provision		
	Specific provision made during the year	63,292,333	60,698,956
	Reversal of provision	(2,091,576)	(95,142,754)
		<u>61,200,757</u>	<u>(34,443,798)</u>

Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

Notes	Particulars	Amount in Taka	
		2024	2023
32.3	Provision for Rebate on Good Borrowers		
	Opening Balance	47,700,000	47,700,000
	Provision made during the year	-	-
	Reversal of provision	(47,700,000)	-
		<u>-</u>	<u>47,700,000</u>
33	Tax expenses		
	Current tax expenses	482,971,873	277,000,000
	Deferred tax (credit)	(15,771,061)	13,724,140
		<u>467,200,812</u>	<u>290,724,140</u>
33.1	Current tax expenses		
	Current year	482,971,873	277,000,000
	Changes in estimates related to prior years	-	-
		<u>482,971,873</u>	<u>277,000,000</u>
33.2	Reconciliation of effective tax rate:		
		2024	2023
		%	%
		Taka	Taka
	Profit before income tax as per profit and loss account	1,120,445,819	724,609,215
	Income tax as per applicable tax rate	40% 448,178,328	40% 289,843,686
	Factors affecting the tax charge for current period		
	Inadmissible expenses	8% 91,633,606	9% 62,044,422
	Admissible expenses in the current year	-7% (78,118,249)	-10% (74,888,108)
	Tax exempted income	0% -	0% -
	Tax savings from reduced tax rates for dividend	0% -	0% -
	Tax loss/(savings) from reduced tax rates for capital gain	0% -	0% -
	Changes in estimates related to prior years	2% 21,278,188	0% -
	Effect of deferred tax	-1% (15,771,061)	2% 13,724,140
	Total tax expenses (credit)	<u>42% 467,200,812</u>	<u>40% 290,724,140</u>

33.3 Uncertainty over income tax treatment

Though it appears that the Bank has tax file open since 2009 for various grounds mainly interpretation of laws and the treatment. The appeal filed at different level from Commissioner of Taxes Appeal to Honorable High Court Division. Where, we did not receive proper judgement through appeal from tax department, we preferred appeal before Appellate Tribunal. Under the Appeals filed so far, we have both refund claim from Tax office and tax claim from tax department as well. However, we are reviewing all pending tax claim every year and kept provision BDT 2,385,531,624 against tax liabilities of BDT 2,287,029,902 based on Tax consultant's assessment. The bank believes that its provision for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Please refer to Annexure V for details.



Notes to the financial statements as at and for the year ended 31 December 2024 (continued)

34 Related party disclosures

Amount in Taka	
2024	2023

i. Transactions with key management personnel

Key management personnel compensation for the year comprised:

Short-term employee benefits	120,610,983	115,786,692
Provident fund	5,114,781	4,692,648
Gratuity	3,470,671	3,159,437
	129,196,435	123,638,777

ii. Related party transactions

Name of organization	Balance Type	Opening balance on 01 January 2024	Deposit made/Loan disbursed	Deposit withdrawn/ Loan recovery	Interest paid on Deposit/ Interest charged on loan	Interest payable as at 31 December 2023	VAT/Excise Duty paid during the year	Fees/ Commission charged	Closing balance on 31 December 2024
Bank Alfalah Bahrain	Term Placement	1,865,750,000	584,000,000	-	-	-	-	-	2,449,750,000
Bank Alfalah Karachi	Nostro Account	995,144	88,407	-	-	-	-	-	1,083,551
Bank Alfalah Karachi, Conventional	Vostro Deposit	15,546,025	783,623,053	(787,548,439)	-	-	(54,657)	(605)	11,565,376
Bank Alfalah Karachi, Islamic	Vostro Deposit	105,403,038	1,188,360,708	(1,102,136,636)	-	-	(54,657)	(605)	191,571,848

35 Number of employees

The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of Taka 36,000 or above were 183 (2023:193).

36 Highlights on the overall activities

Highlights on the overall activities of the Bank have been furnished in Annexure I.

37 Employee related fraud

There was no fraud occurred/reported to Bangladesh Bank during the year 2024 which may indicate the involvement of the Bank's employees. The Bank monitors its employees' performance and established controls to mitigate such risk if exist.

38 Events after the reporting period

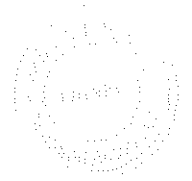
There is no significant events after balance sheet date that may affect financial statements of the Company for the year ended 31 December 2024.

39 Others

Bank Alfalah Limited (the parant company) has received a non-binding offer from Bank Asia Plc of Bangladesh and Hatton National Bank (HNB) of Sri Lanka to acquire the Bank Alfalah's Bangladesh Operations.

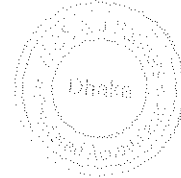
The Bank's Board of Directors has accorded its in-principle approval/acceptance of the non-binding offer received from Bank Asia Plc Bangladesh and HNB of Sri Lanka to acquire the Bank's Bangladesh operations, assets, and liabilities, subject to compliance with all applicable laws/regulations and obtaining necessary regulatory approval.

The Bank has received approval of Bangladesh Bank and State Bank of Pakistan for HNB (Acquirer) and Bank Asia (Acquirer) for conducting in-depth due diligence which is now in process.



Bank Alfalah Limited
Bangladesh Operations
Highlights on the overall activities
As at and for the year ended 31 December 2024

Amount in Tk				
Sl. No.	Particulars	Notes	2024	2023
1	Paid-up capital (Fund from head office)	13	5,097,454,821	5,055,961,038
2	Total capital	13.1	6,566,979,036	6,265,455,995
3	Capital surplus	13.1	1,566,979,036	1,265,455,995
4	Total assets		35,406,624,795	31,426,218,550
5	Total deposits	11	23,768,981,345	22,189,447,813
6	Total loans and advances/investments	7	16,187,018,123	16,168,629,022
7	Total contingent liabilities and commitments		1,224,068,205	2,535,158,474
8	Credit/investment deposit ratio		68.10%	72.87%
9	Percentage of classified loans/investments against total loans and advances/investments		1.98%	1.86%
10	Operating Profit/Profit before provision		1,124,906,076	681,165,417
11	(Loss)/profit after tax and provision		653,245,007	433,885,075
12	Amount of classified loans/investments	7.8	321,231,716	301,066,428
13	Provisions kept against classified loans/investments	12.1	252,119,157	190,918,400
14	Provision surplus/(deficit) against classified loans/investments	12.1	0	54,019,173
15	Cost of fund		5.91%	4.36%
16	Interest earning assets		30,883,954,969	27,901,436,816
17	Non-interest earning assets		4,522,669,826	3,524,781,734
18	Return on investment (ROI)		9.44%	6.14%
19	Return on assets (ROA) [PAT/ Average assets]		2.02%	1.47%
20	Income from investment	21	1,135,478,897	450,882,303



Bank Alfalah Limited
Bangladesh Operations
Liquidity Statement
(Analysis of maturity of assets and liabilities)
As at 31 December 2024

Particulars	Amount in Tk					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash	1,618,539,997	-	-	-	987,999,184	2,606,539,181
Balance with other banks and financial institutions	222,492,231	2,449,750,000	-	-	-	2,672,242,231
Money at call on short notice	-	-	-	-	-	-
Investments	1,576,500	7,983,978,520	2,800,099,476	58,522,709	722,496,690	11,566,673,895
Loans and advances / investments	1,971,921,426	12,459,488,104	1,392,140,416	333,926,081	29,542,096	16,187,018,123
Fixed assets including premises, furniture and fixtures	-	-	-	164,620,483	549,543	165,170,026
Other assets	1,488,935	21,322,566	309,631,778	1,876,538,060	-	2,208,981,339
Non banking assets	-	-	-	-	-	-
Total assets	3,816,019,088	22,914,539,190	4,501,871,670	2,433,607,333	1,740,587,513	35,406,624,795
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,505,591,027	7,850,687	-	-	-	1,513,441,714
Deposits	3,288,823,418	3,390,574,719	7,145,100,150	9,944,483,058	-	23,768,981,345
Provision and other liabilities	47,913,211	433,860,577	-	534,510,489	2,593,723,843	3,610,008,120
Total liabilities	4,842,327,656	3,832,285,983	7,145,100,150	10,478,993,547	2,593,723,843	28,892,431,179
Net liquidity gap	(1,026,308,568)	19,082,253,208	(2,643,228,480)	(8,045,386,214)	(853,136,330)	6,514,193,616

Bank Alfalah Limited
Bangladesh Operations
Balance with other banks - Outside Bangladesh (Nostro Accounts)
As at 31 December 2024

Name of the Bank	Currency type	2024			2023		
		FC amount	Exchange Rate	Equivalent BDT	FC amount	Exchange Rate	Equivalent BDT
Standard Chartered Bank, New York	USD	1,329,703	119.5000	158,899,455	845,377	109.7500	92,780,138
Standard Chartered Bank, Mumbai	ACUD	278,528	119.5000	33,284,106	36,821	109.7500	4,041,132
Bank Alfalah Limited, Karachi	ACUD	9,067	119.5000	1,083,551	9,067	109.7500	995,144
National Bank of Pakistan, New York	USD	-	119.5000	-	-	109.7500	-
Standard Chartered Bank, London	GBP	4,141	154.7605	640,905	9,990	144.7302	1,445,797
Standard Chartered Bank, Frankfurt	EURO	7,282	128.2293	933,721	83,624	131.0717	10,960,775
Standard Chartered Bank, Tokyo	JPY	12,521	0.7793	9,758	41,618	0.7771	32,341
				<u>194,851,496</u>			<u>110,255,327</u>

Balance with other banks - Outside Bangladesh (Term Placement)
As at 31 December 2024

Name of the Bank	Currency type	2024			2023		
		FC amount	Exchange Rate	Equivalent BDT	FC amount	Exchange Rate	Equivalent BDT
Bank Alfalah Limited, Bahrain	USD	20,500,000	119.5000	2,449,750,000	17,000,000	109.7500	1,865,750,000
				<u>2,449,750,000</u>			<u>1,865,750,000</u>
Total Outside Bangladesh				<u>2,644,601,496</u>			<u>1,976,005,327</u>

Bank Alfalah Limited
Bangladesh Operations
Currency Analysis
As at 31 December 2024

The table below summarizes the currency-wise analysis of assets and liabilities as at 31 December 2024. The Bank's assets and liabilities are included in their carrying amounts in Bangladesh Taka (BDT), broken down by currency.

Particulars	Balance as at 31 December 2024					Total in Tk
	Taka	Equivalent BDT of USD	Equivalent BDT of GBP	Equivalent BDT of EURO	Equivalent BDT of JPY	
Asset						
Cash in hand	205,741,227	6,049,688	-	-	-	211,790,914
Balance with Bangladesh Bank and its agent bank	2,122,484,152	272,257,665	5,921	-	529	2,394,748,267
Balance with other banks and financial institutions	27,640,736	2,643,017,111	640,905	933,721	9,758	2,672,242,231
Money at call on short notice	-	-	-	-	-	-
Investments	11,566,673,895	-	-	-	-	11,566,673,895
Loans and advances	16,109,963,201	77,054,922	-	-	-	16,187,018,123
Fixed assets	165,170,026	-	-	-	-	165,170,026
Other assets	2,206,332,904	2,648,435	-	-	-	2,208,981,339
Non-banking assets	-	-	-	-	-	-
Total assets	32,404,006,141	3,001,027,821	646,826	933,721	10,287	35,406,624,795
Liabilities						
Borrowings from other banks, financial institutions and agents	1,444,222,452	69,219,262	-	-	-	1,513,441,714
Deposit	22,440,868,246	1,327,861,564	210,165	41,371	-	23,768,981,345
Other liabilities	3,605,230,578	4,777,542	-	-	-	3,610,008,120
Total liabilities	27,490,321,275	1,401,858,368	210,165	41,371	-	28,892,431,179
Net position	4,913,684,865	1,599,169,452	436,661	892,350	10,287	6,514,193,616

Bank Alfalah Limited
Bangladesh Operations
Statement of Tax Position
As at 31 December 2024

Tax files up to Income Year 2008, 2014 and 2017 have been settled. Status of rest of the years are as follows:

Income year	Assessment year	Tax Liability as per return	Tax paid with return and during appeal / deducted at source / minimum tax	Additional tax liability after assessment	Total Tax liability	Provision held as per Financial Statements	Status
2009	2010-2011	5,325,000	9,002,702	14,685,257	(30,197,659)	5,325,000	Under appeal
2010	2011-2012	4,516,323	16,825,346	49,236,095	(2,976,796)	31,123,312	Under appeal
2011	2012-2013	4,718,678	18,303,607	51,149,129	55,867,807	49,182,085	Under appeal
2012	2013-2014	6,216,162	12,370,679	43,994,519	50,210,681	50,210,681	Under appeal
2013	2014-2015	71,561,461	83,927,345	49,463,535	110,900,652	121,024,996	Under appeal
2015	2016-2017	159,037,342	167,355,008	33,270,665	186,521,428	192,308,206	Under appeal
2016	2017-2018	123,875,855	138,694,270	59,273,662	142,130,513	183,149,596	Under appeal
2018	2019-2020	201,123,624	210,921,748	39,192,495	221,102,693	201,123,624	Under appeal
2019	2020-2021	214,687,991	216,223,830	54,719,175	222,337,123	214,687,991	Under appeal
2020	2021-2022	211,424,260	211,424,260	61,861,074	226,748,932	211,424,260	Under appeal
2021	2022-2023	134,590,079	134,590,080	-	134,590,079	134,590,080	Tax file opened for Audit
2022	2023-2024	227,128,891	227,128,891	-	227,128,891	231,409,920	Tax Return submitted on time
2023	2024-2025	280,971,873	280,971,873	-	280,971,873	280,971,873	Tax Return submitted on time
2024	2025-2026	461,693,685	148,798,421	-	461,693,685	479,000,000	Return to be submitted within due date
Total		2,106,871,224	1,876,538,060	456,845,606	2,287,029,902	2,385,531,624	

Amount in Tk

Annexure-VI

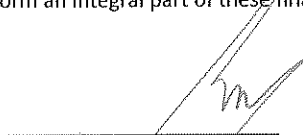
Motijheel Islamic Banking Branch


Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Balance Sheet
As at 31 December 2024

Particulars	Notes	Amount in Taka	
		2024	2023
Property and assets			
Cash	1	254,197,474	257,975,314
Cash In hand (including foreign currencies)		40,991,384	47,127,358
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		213,206,090	210,847,956
Balance with other banks and financial institutions	2	-	-
In Bangladesh		-	-
Outside Bangladesh		-	-
Placement with banks and other financial institutions		-	-
Investments in shares and securities		-	-
Government (Prize Bond)		-	-
Others		-	-
Investments	3	4,137,838,898	3,781,093,558
General investments etc.		4,137,838,898	3,781,093,558
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	4	459,817	16,574,836
Other assets	5	1,789,969,603	815,089,831
Non-banking assets		-	-
Total property and assets		6,182,465,792	4,870,733,539
Liabilities and capital			
Liabilities			
Placement from banks and other financial institutions		-	15,737,601
Deposits and other accounts	6	5,984,385,953	4,700,764,732
Al-wadeeah current and other deposit accounts		654,163,201	496,970,326
Bills payable		1,354,724	258,085,618
Mudaraba saving deposits		1,180,946,708	1,353,154,933
Mudaraba term deposits		4,147,921,320	2,592,553,855
Other liabilities	7	198,079,839	154,231,206
Differed tax liabilities/(assets)		-	-
Total liabilities		6,182,465,792	4,870,733,539
Capital/shareholders' equity		-	-
Retained earnings	8	-	-
Total shareholders' equity		-	-
Total liabilities and shareholders' equity		6,182,465,792	4,870,733,539

The annexed notes 1 to 26 form an integral part of these financial statements.

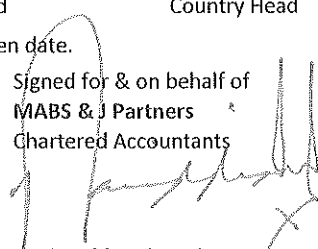

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



Nasir Uddin Ahmed
FCA, FCS, CGMA, ACMA(UK), FCA(England & Wales)
Additional Managing Partner
ICAB Enrollment No: 535


Place: Dhaka, Bangladesh
Dated: 27 FEB 2025


Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Off-balance Sheet
As at 31 December 2024

Particulars	Notes	Amount in Taka	
		2024	2023
Off balance sheet items			
Contingent liabilities			
Acceptances and endorsements		32,986,970	19,965,784
Letters of guarantee	9	301,378,100	302,085,104
Irrevocable letters of credit (including back to back bills)	10	103,499,566	65,440,568
Bills for collection		69,323,891	40,454,097
Value of Bangladesh Sanchaypatra		-	270,800,000
Total		507,188,527	698,745,553
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total off-balance sheet items including contingent liabilities		507,188,527	698,745,553

The annexed notes 1 to 26 form an integral part of these financial statements.

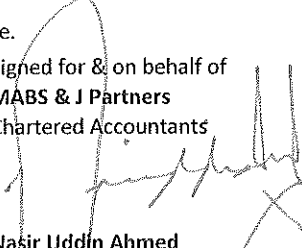

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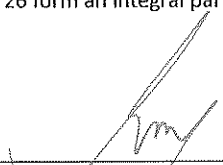
Place: Dhaka, Bangladesh
Dated: 27 FEB 2025

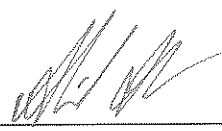
Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Profit and Loss Account
For the year ended 31 December 2024

Particulars	Notes	Amount in Taka	
		2024	2023
Investment income	12	355,916,022	313,179,012
Profit paid on deposits	13	(253,990,375)	(174,206,892)
Net investment income		101,925,647	138,972,120
Income from investment in shares/securities	14	-	-
Commission, exchange and brokerage	15	116,009,522	(16,947,544)
Other operating income	16	2,733,613	3,496,632
Total operating income (a)		220,668,782	125,521,208
Salaries and allowances	17	18,993,294	19,778,140
Rent, taxes, insurance, electricity etc.	18	7,174,303	4,654,472
Legal & Professional expenses		-	-
Postage, stamps, telecommunication etc.	19	1,922,253	1,298,612
Stationery, printing, advertisement etc.	20	906,025	890,458
Shariah supervisory committee's fees and expenses		-	-
Auditors' fees		-	-
Depreciation and repair to bank's assets	21	11,261,051	11,471,830
Zakat expenses		-	-
Other expenses	22	4,964,839	4,547,714
Total operating expenses (b)		45,221,765	42,641,226
Profit before provision (c = a-b)		175,447,017	82,879,982
Provision for investments		3,158,980	(1,571,021)
General provision	7.1	3,158,980	(1,571,021)
Specific provision	7.1	-	-
Provision for off-balance sheet items	7.2	(3,587,373)	(1,289,738)
Provision for diminution in value of investments in shares		-	-
Other provisions		-	-
Total provision (d)		(428,393)	(2,860,759)
Total profit before tax (e = c-d)		175,875,410	85,740,741
Provision for taxation:			
Current tax expense		-	-
Deferred tax expense / (income)		-	-
Total provision for taxation		-	-
Net profit/(loss) after tax		175,875,410	85,740,741

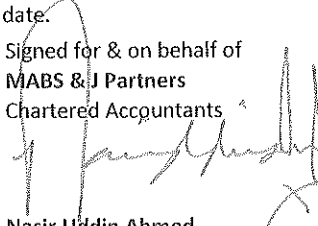
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Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head

Signed as per our annexed report of even date.

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Additional Managing Partner
ICAB Enrollment No: 535

Place: Dhaka, Bangladesh
Dated: 27 FEB 2025

Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Statement of Changes in Equity
For the year ended 31 December 2024

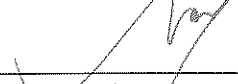
Particulars	Amount in Tk		
	Fund deposited with Bangladesh Bank	Surplus in profit and loss account	Total equity
Balance as at 1 January 2024	-	-	-
Net profit/(loss) for the period	-	175,875,410	175,875,410
Transferred to Bangladesh country office	-	(175,875,410)	(175,875,410)
Balance as at 31 December 2024	-	-	-

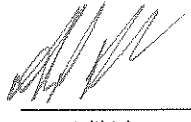
For the year ended 31 December 2023

Particulars	Amount in Tk		
	Fund deposited with Bangladesh Bank	Surplus in profit and loss account	Total equity
Balance as at 1 January 2023	-	-	-
Net profit/(loss) for the period	-	85,740,741	85,740,741
Transferred to Bangladesh country office	-	(85,740,741)	(85,740,741)
Balance as at 31 December 2023	-	-	-

The annexed notes 1 to 26 form an integral part of these financial statements.


Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head




Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch
Cash Flow Statement
For the year ended 31 December 2024

Particulars	Amount in Taka	
	2024	2023
Cash flows from operating activities		
Investment income receipts in cash	355,916,022	313,179,012
Profit paid on deposits	(250,920,667)	(198,610,108)
Fees and commission receipts in cash	7,284,319	10,278,497
Recoveries on loans previously written-off	-	-
Cash payments to employees	(18,993,294)	(19,778,140)
Cash payments to suppliers	(9,933,923)	(7,115,373)
Income taxes paid	-	-
Receipts from other operating activities	111,458,816	(23,729,409)
Payments for other operating activities	(5,554,509)	(5,325,065)
	189,256,764	68,899,414
Operating profit/(loss) before changes in operating assets and liabilities		
Increase/decrease in operating assets and liabilities		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Investments to customers	(356,745,340)	174,735,986
Other assets	(1,150,755,182)	46,296,253
Deposits and other accounts from other banks	(193,864,977)	(560,304,345)
Deposits and other accounts from customers	1,477,486,198	(231,153,134)
Other liabilities	46,776,873	(32,988,982)
Cash generated from/(used in) operating assets and liabilities	(177,102,428)	(603,414,222)
Net cash inflow/(outflow) from operating activities	12,154,336	(534,514,808)
Cash flows from investing activities		
Proceeds from sale/redemption of securities	-	-
Payment for purchase of securities	-	-
Purchase of fixed assets	(194,575)	(263,000)
Sale of fixed assets	-	-
Net cash (used in)/from investing activities	(194,575)	(263,000)
Cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	11,959,761	(534,777,808)
Cash and cash equivalents at beginning of the year	242,237,713	777,015,521
Cash and cash equivalents at end of the year	254,197,474	242,237,713
Cash in hand (including foreign currencies)	40,991,384	47,127,358
Balance with other banks and financial institutions	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	213,206,090	210,847,956
Placement from banks and other financial institutions	-	(15,737,601)
	254,197,474	242,237,713

The annexed notes 1 to 26 form an integral part of these financial statements.

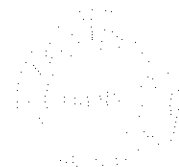

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Adil Islam
Country Head

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka		
		2024	2023	
1	Cash			
	Cash in hand (Including foreign currency)	1.1	40,991,384	47,127,358
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	1.2	213,206,090	210,847,956
			<u>254,197,474</u>	<u>257,975,314</u>
1.1	Cash in hand			
	Local currency		37,463,505	44,600,693
	Foreign currencies		3,527,879	2,526,665
			<u>40,991,384</u>	<u>47,127,358</u>
1.2	Balance with Bangladesh Bank and its agent bank(s)			
	Local currency		213,206,090	210,847,956
	Foreign currencies		-	-
			<u>213,206,090</u>	<u>210,847,956</u>
1.a	Cash Reserve Requirement (CRR) for Islamic Banking			
	4% of average Demand and Time Liabilities			
	Required reserve		198,048,581	183,117,588
	Actual reserve held		213,366,460	210,869,079
	Surplus		<u>15,317,879</u>	<u>27,751,491</u>
	Actual reserve held		4.66%	4.61%
1.b	Statutory Liquidity Requirement (SLR) for Islamic Banking			
	5.5% of required Average Demand and Time Liabilities:			
	Required reserve		272,316,799	251,786,684
	Actual reserve held		272,328,800	251,797,684
	Surplus		<u>12,001</u>	<u>11,000</u>
	Actual reserve held		5.95%	5.50%
	Held for Statutory Liquidity Requirement:			
	Cash in hand		40,991,384	47,127,358
	Excess of daily reserve		15,317,879	27,751,491
	Other Eligible Securities		157,070,000	157,070,000
	Foreign currency used in BDT		58,949,536	19,848,835
			<u>272,328,800</u>	<u>251,797,684</u>
2	Balance with other banks and financial institutions			
	In Bangladesh	2.1	-	-
	Outside Bangladesh		-	-
			<u>-</u>	<u>-</u>
2.1	In Bangladesh			
	Mudaraba term deposit:			
	Export Import Bank of Bangladesh Ltd.		-	-
			<u>-</u>	<u>-</u>
2.2	Maturity-wise groupings of balance with other banks and financial institutions			
	On demand		-	-
	Not more than 3 months		-	-
	More than 3 months but less than 1 year		-	-
	More than 1 year but less than 5 years		-	-
	More than 5 years		-	-
			<u>-</u>	<u>-</u>



Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka			
		2024	2023		
3	Investments				
	General investments etc.	3.1	4,137,838,898	3,781,093,558	
	Bills purchased and discounted	3.9	-	-	
			<u>4,137,838,898</u>	<u>3,781,093,558</u>	
3.1	General investments etc.				
	In Bangladesh				
	Murabaha (LPO)		3,381,573,641	3,217,263,514	
	Trust receipts		33,640,257	115,615,695	
	Diminishing Musharakah		-	-	
	Advance against Murabaha		-	-	
	Finance Against Foreign Bill		-	-	
	Finance Against EDF		-	15,912,682	
	Spot Murabaha		722,625,000	432,301,667	
			<u>4,137,838,898</u>	<u>3,781,093,558</u>	
	Outside Bangladesh		-	-	
			<u>4,137,838,898</u>	<u>3,781,093,558</u>	
3.2	Maturity-wise grouping				
	Repayable On demand		36,575,616	210,617,430	
	Not more than 3 months		4,075,542,782	3,497,154,920	
	More than 3 months but not more than 1 year		25,720,500	73,321,208	
	More than 1 year but not more than 5 years		-	-	
	More than 5 years		-	-	
			<u>4,137,838,898</u>	<u>3,781,093,558</u>	
3.3	Investments on the basis of significant concentration				
	Advances to Chief executive, other Senior executives and other Officers		-	-	
	Industrial loans and advances		4,137,838,898	3,781,093,558	
			<u>4,137,838,898</u>	<u>3,781,093,558</u>	
3.4	Industry-wise classification of investments				
		2024		2023	
		% of Total Loan	BDT	% of Total Loan	BDT
	Agri Business	3.73%	154,462,500	1.10%	45,597,926
	Automobile dealers	0.00%	-	0.00%	-
	Cement	0.03%	1,437,500	0.03%	1,437,500
	Chemicals	0.82%	34,112,625	0.58%	24,125,523
	Financial Institutions & MFIs	0.00%	-	0.00%	-
	Food & Personal Care Products	48.86%	2,021,918,750	39.62%	1,639,492,638
	Manufacturing & sale of Domestic Appliances	12.01%	496,971,508	15.69%	649,296,518
	Metal & Allied	0.00%	-	0.00%	-
	Oil & Gas Marketing Companies	0.00%	-	0.00%	-
	Others/Miscellaneous	0.01%	410,625	0.01%	410,626
	Pharmaceuticals	0.00%	-	7.51%	310,747,500
	Printing & Publishing	0.76%	31,542,888	0.71%	29,501,075
	Real Estate/Construction	0.00%	-	0.00%	-
	Services	0.00%	-	0.00%	-
	Textile Composite / Garments Manufacturing	3.08%	127,533,762	2.84%	117,686,570
	Textile Spinning	17.46%	722,625,000	10.45%	432,301,667
	Textile Weaving	0.00%	-	0.38%	15,912,682
	Trading	0.00%	-	0.00%	-
	Jute Mills	0.00%	-	0.00%	-
	Vanaspati & Allied Industries	13.22%	546,823,741	12.44%	514,583,333
		<u>100%</u>	<u>4,137,838,898</u>	<u>91%</u>	<u>3,781,093,558</u>

3 Investments (Continued)

3.5 Geographical location-wise investments

	2024		2023	
	% of Total Loan	BDT	% of Total Loan	BDT
Dhaka Division	100%	4,137,838,898	100%	3,781,093,558
Chittagong Division	0%	-	0%	-
Sylhet Division	0%	-	0%	-
	<u>100%</u>	<u>4,137,838,898</u>	<u>100%</u>	<u>3,781,093,558</u>

3.6 Grouping of investments as per classification rules of Bangladesh Bank

	2024		2023	
	% of Total Loan	BDT	% of Total Loan	BDT
Unclassified:				
Standard including staff murabaha	100.00%	4,137,838,898	100.00%	3,781,093,558
Special Mention Account (SMA)	0.00%	-	0.00%	-
	<u>100.00%</u>	<u>4,137,838,898</u>	<u>100.00%</u>	<u>3,781,093,558</u>
Classified:				
Substandard	0.00%	-	0.00%	-
Doubtful	0.00%	-	0.00%	-
Bad or loss	0.00%	-	0.00%	-
	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>
	<u>100%</u>	<u>4,137,838,898</u>	<u>100%</u>	<u>3,781,093,558</u>

3.7 Particulars of required provision for investments

	2024		2023	
	Base for Provision	Required provision	Base for Provision	Required provision
Unclassified:				
Standard (Other than SME)	3,977,190,011	39,771,900	3,639,281,465	36,392,815
Standard (SME)	160,648,887	401,622	141,812,093	354,530
Standard (Agri Loan)	-	-	-	-
Special Mention Account (SMA)	-	-	-	-
	<u>4,137,838,898</u>	<u>40,173,522</u>	<u>3,781,093,558</u>	<u>36,747,345</u>
Classified:				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Bad or loss	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,137,838,898</u>	<u>40,173,522</u>	<u>3,781,093,558</u>	<u>36,747,345</u>
Total provision maintained (Shortfall)/Surplus provision		<u>40,173,522</u>		<u>37,014,542</u>
		<u>(0)</u>		<u>267,197</u>

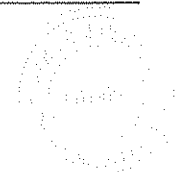
Notes	Particulars	Amount in Taka	
		2024	2023
3	Investments (Continued)		
3.8	Particulars of investments		
	i) Investments considered good in respect of which the banking company is fully secured	4,137,838,898	3,781,093,558
	ii) Investments considered good against which the banking company holds no security other than the debtor's personal guarantee;	-	-
	iii) Investments considered good and secured by personal undertakings of one or more parties in addition to the personal guarantee of the debtor;	-	-
	iv) Investments adversely classified; provision not maintained there against;	-	-
		4,137,838,898	3,781,093,558
	v) Investments due by directors or officers of the banking company or any of these either separately or jointly with any other person	-	-
	vi) investments due by 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	-	-
	vii) Maximum total amount of Investments including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other persons	-	-
	viii) Maximum total amount of Investments including temporary advances 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 charged:	-	-
	(a) Movement of Classified Investments:		
	Opening balance	-	-
	Increase/(Decrease) during the year	-	-
	Closing balance	-	-
	(b) Provision against the Investment classified as bad/loss at the date of balance sheet	-	-
	(c) Amount of profit charged in suspense account	-	-
	xi) Investments written off:	-	-
	- Current Year	-	-
	- Cumulative to-date	55,314,465	55,314,465
	- Amount of written off loans for which lawsuit has filed	55,314,465	55,314,465
3.9	Bills purchased and discounted		
	Bills purchased and discounted excluding treasury bills:		
	In side Bangladesh	-	-
	Outside Bangladesh	-	-
		-	-
3.10	Maturity grouping of bills discounted and purchased		
	Payable within one month	-	-
	Over 1 month but less than 3 months	-	-
	Over 3 months but less than 6 months	-	-
	6 months or more	-	-
		-	-

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Tk	
		2024	2023
4	Fixed assets including premises, furniture and fixtures		
	Fixed assets including premises, furniture and fixtures	459,817	465,642
	Right of use assets	-	16,109,194
		<u>459,817</u>	<u>16,574,836</u>
4.1	Fixed assets including premises, furniture and fixtures		
	Cost		
	Balance as at 1 January 2023	1,890,000	49,370,104
	Additions	263,000	263,000
	Disposals	-	-
	Balance as at 31 December 2023	<u>1,890,000</u>	<u>49,633,104</u>
	Balance as at 1 January 2024	1,890,000	49,633,104
	Additions	194,575	194,575
	Disposals	-	-
	Balance as at 31 December 2024	<u>1,890,000</u>	<u>49,827,679</u>
	Accumulated depreciation		
	Balance as at 1 January 2023	1,889,999	48,943,955
	Depreciation	117,956	223,507
	Disposals	-	-
	Balance as at 31 December 2023	<u>1,889,999</u>	<u>49,167,462</u>
	Balance as at 1 January 2024	1,889,999	49,167,462
	Depreciation	83,937	200,400
	Disposals	-	-
	Balance as at 31 December 2024	<u>1,889,999</u>	<u>49,367,862</u>
	Carrying amounts		
	At 1 January 2023	1	426,149
	At 31 December 2023	1	465,642
	At 31 December 2024	1	459,817

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka	
		2024	2023
4.2	Right of use assets		
	Cost		
	Balance at 1 January	32,218,378	16,510,998
	Additions	-	32,218,378
	Adjustments	(32,218,378)	(16,510,998)
		<u>-</u>	<u>32,218,378</u>
	Accumulated depreciation		
	Balance at 1 January	16,109,184	16,510,998
	Depreciation	10,470,981	10,470,972
	Adjustments	(26,580,165)	(10,872,786)
		<u>-</u>	<u>16,109,184</u>
	Carrying amounts	<u>-</u>	<u>16,109,194</u>
5	Others assets		
	Income generating other assets	-	-
	Non-income generating other assets		
	i) Investment in shares of subsidiary companies:		
	- In Bangladesh	-	-
	- Outside Bangladesh	-	-
	ii) Stationery, stamps, printing materials, etc.	20,440	134,650
	iii) Advance rent and advertisement	-	-
	iv) Profit receivables	5.1	-
	v) Security deposits	-	-
	vi) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	-	-
	vii) Branch adjustment	1,778,733,636	813,226,034
	viii) Suspense account	-	-
	ix) Silver	-	-
	x) Others	5.2	1,729,147
		<u>1,789,969,603</u>	<u>815,089,831</u>
		<u>1,789,969,603</u>	<u>815,089,831</u>
5.1	Profit receivables		
	Profit Receivable from placement with Banks	-	-
	Mark up receivables on bill purchased and discounted	-	-
		<u>-</u>	<u>-</u>
5.2	Others		
	Other Receivable	569,250	-
	Sundry debtors miscellaneous (Receivable from Bangladesh Bank)	10,646,277	1,729,147
		<u>11,215,527</u>	<u>1,729,147</u>
6	Deposits and other accounts		
	Al-wadeeah current and other deposit accounts	6.1	496,970,326
	Bills payable	6.2	258,085,618
	Mudaraba savings deposits	6.3	1,353,154,933
	Mudaraba term deposits	6.4	2,592,553,855
		<u>5,984,385,953</u>	<u>4,700,764,732</u>



Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka	
		2024	2023
6.1	Al-wadeeah current and other deposit accounts		
	Al-wadeeah current deposits	235,585,026	272,827,021
	Alfalah Udyog Current Account	10,190,616	11,603,098
	Foreign currency deposits	215,829,301	159,004,537
	Sundry deposits	192,558,258	53,535,670
		654,163,201	496,970,326
6.1.1	Sundry deposits		
	Margin Accounts - Local Currency	36,829,155	33,084,336
	Margin Accounts - Foreign Currency	155,729,103	20,451,334
	Sundry Deposit	-	-
		192,558,258	53,535,670
6.2	Bills payable		
	Payment order - Inside Bangladesh	1,213,334	257,911,156
	Demand draft payable - Inside Bangladesh	141,390	130,075
	Unclaimed PO - Inside Bangladesh	-	16,296
	Unclaimed DD/TT - Inside Bangladesh	-	28,091
		1,354,724	258,085,618
6.3	Mudaraba savings deposits		
	Special Notice Deposit (SND)	330,097,638	490,579,735
	Alfalah Salary Account (ASA)	7,021,830	6,263,897
	Alfalah Rising Star (ARS)	5,763,990	3,911,296
	Alfalah Premium Plus (APP)	189,288,761	232,631,658
	Saving Deposits	509,741,592	498,649,094
	Mudaraba Royal Profit deposits	139,032,897	121,119,253
		1,180,946,708	1,353,154,933
6.4	Mudaraba term deposits		
	Mudaraba Term Deposit (MTDR)	4,147,921,320	2,592,553,855
		4,147,921,320	2,592,553,855
		5,984,385,953	4,700,764,732
6.5	Deposits concentration		
	Inter-bank deposits	227,627,559	477,582,593
	Vostro Deposit	203,338,426	147,248,369
	Customer and other deposits	5,553,419,968	4,075,933,770
		5,984,385,953	4,700,764,732
6	Deposits and other accounts (Continued)		
6.5	Deposits concentration (Continued)		
6.5.1	Inter-bank deposits		
	Jamuna Bank Limited	22,701	23,080
	Mutual Trust Bank Limited	200,431,639	249,999,080
	AB Bank Limited	12,224	13,555
	Prime Bank Limited	14,726,429	14,742,894
	Islami Bank Bangladesh Limited	34,632	35,782
	Shahjalal Islami Bank Limited	2,765,926	2,760,250
	Al-Arafah Islami Bank Limited	886,191	849,589
	The City Bank Limited	-	255
	Trust Bank Limited	7,026,320	207,438,352
	Bank Asia Limited	1,721,497	1,719,756
		227,627,559	477,582,593

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka	
		2024	2023
6.5.2	Vostro Deposit		
	Bankislami Pakistan Limited	201,202	26,299,306
	Bank Alfalah Ltd, Karachi (Conventional)	11,565,376	15,546,025
	Bank Alfalah Ltd, Karachi (Islamic)	191,571,848	105,403,038
		<u>203,338,426</u>	<u>147,248,369</u>
6.6	Maturity grouping of deposits		
	Repayable On demand	303,767,431	261,300,295
	Repayable within 1 month	524,262,131	249,808,734
	Over 1 month but within 6 months	1,928,809,483	1,634,076,844
	Over 6 months but within 1 year	723,781,559	475,781,623
	Over 1 year but within 5 years	2,503,765,348	2,079,797,236
	Over 5 years but within 10 years	-	-
	10 years or more	-	-
		<u>5,984,385,953</u>	<u>4,700,764,732</u>

As per Bank Company Act 1991, Section 35 and BB circular letter no. BRPD 10 dated 12 September 2018, if any money or valuable asset (except deposits from Government, minor or litigation) is unclaimed for ten years or above as of 31 December every year, a three months' notice will be given to depositors concerned. Based on the response from the concerned depositors by following three months, amount will be paid to them otherwise unclaimed deposit will be deposited to Bangladesh Bank by 30 April 2021. The bank does not have any such deposit to be reported as 10 years and above unclaimed deposit amount as on 31 December 2024 (cut off basis) to Bangladesh Bank.

7 Other liabilities

Provision for Investments	7.1	40,173,522	37,014,542
Provision for off-balance sheet exposures	7.2	4,378,646	7,966,019
Profit suspense and compensation suspense	7.3	-	-
Unearned Income on Islamic Finance		79,281,843	30,120,721
Accrued expenses		422,751	354,093
Salaries & Allowances Payable		938,000	864,000
Profit payable on deposit & borrowings	7.4	60,483,256	57,413,548
Withholding tax on profit on deposits		6,558,366	1,244,060
Withholding tax payable		4,835,794	1,553,403
Withholding VAT payable		229,701	198,130
Excise duty payable		292,300	255,349
Advance commission on Letter of Guarantee (L/G)		55,200	12,000
Unclaimed ATM/POS		4,351	4,351
Lease liabilities		-	16,510,998
Miscellaneous		426,109	719,992
		<u>198,079,839</u>	<u>154,231,206</u>

7 Other liabilities (Continued)

7.1 Provision for investments

A. General Provision

Provisions held at the beginning of the year		37,014,542	38,585,563
Provision made during the year		3,158,980	-
Provision no longer required		-	1,571,021
Net of provision (reversed)/made during the year		<u>3,158,980</u>	<u>(1,571,021)</u>
Provisions held at the end of the year		<u>40,173,522</u>	<u>37,014,542</u>

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka	
		2024	2023
	B. Specific Provision		
	Provisions held at the beginning of the year	-	-
	Profit on investment waiver during the year	-	-
	Adjustment with prior year	-	-
	Provision no longer required	-	-
	Written off during the year	-	-
	Recoveries of amounts previously written off	-	-
	Specific provision made during the year	-	-
	Net Charge to Profit and Loss Account	-	-
	Provisions held at the end of the year	-	-
	Total provision on investments	40,173,522	37,014,542
7.2	Provision for off-balance sheet exposures		
	Balance as at 1 January	7,966,019	9,255,757
	Provision made during the year	-	-
		7,966,019	9,255,757
	Adjustments made during the year	(3,587,373)	(1,289,738)
	Balance as at 31 December	4,378,646	7,966,019
7.3	Profit suspense and compensation suspense		
	Profit suspense account	-	-
	Compensation suspense	-	-
		-	-
7.3.1	Profit suspense account		
	Balance at the beginning of the year	-	-
	Amount transferred to profit Suspense Account during the year	-	-
	Amount recovered in Interest Suspense Account during the year	-	-
	Amount written off during the year	-	-
	Profit on investment waiver during the year	-	-
	Balance at the end of the year	-	-
7.4	Profit payable on deposit		
	Profit Payable on Borrowings	-	89,180
	Savings Deposit	7,851,013	17,650,389
	30 days mudaraba term deposit	236,453	240,393
	90 days mudaraba term deposit	2,190,620	4,568,316
	180 days mudaraba term deposit	4,858,581	1,750,291
	365 days mudaraba term deposit	10,055,760	19,961,428
	Broken days mudaraba term deposit	22,635,348	8,413,183
	15 months mudaraba term deposit	814,295	1,149,732
	7 months mudaraba term deposit	10,525,813	507,499
	13 months mudaraba term deposit	530,231	2,180,473
	2 years mudaraba term deposit	322,754	362,038
	3 years mudaraba term deposit	462,388	540,626
		60,483,256	57,413,548

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka	
		2024	2023
8	Retained earnings		
	Balance as at 1 January	-	-
	Adjustment for loan provision	-	-
	Net profit/(loss) for the year	175,875,410	85,740,741
		175,875,410	85,740,741
	Transferred to Bangladesh country office	(175,875,410)	(85,740,741)
	Balance as at 31 December	-	-
9	Letters of guarantees		
	a) Claims lodged with the Bank company not recognized as loan	-	-
	b) Money for which the Bank is contingently liable in respect of guarantees given favoring:		
	Directors or officers	-	-
	Government	301,378,100	284,063,254
	Banks and other financial institutions	-	-
	Others	-	18,021,850
		301,378,100	302,085,104
10	Irrevocable letters of credit		
	Usance	25,072,486	6,478,510
	Sight	78,427,080	58,962,058
		103,499,566	65,440,568
11	Income statement		
	Income:		
	Profit, discount and similar income	355,916,022	313,179,012
	Dividend income	-	-
	Commission, exchange and brokerage	7,284,319	10,278,497
	Gains less losses arising from dealing in foreign currencies	108,725,203	(27,226,041)
	Other operating income	2,733,613	3,496,632
		474,659,157	299,728,100
	Expenses:		
	Profit paid on deposits	253,990,375	174,206,892
	Administrative expenses	29,585,545	27,399,033
	Other operating expenses	4,964,839	4,547,714
	Depreciation on banking assets	200,400	223,507
		288,741,159	206,377,146
	Income over expenditure	185,917,998	93,350,954
12	Investment income		
	Share of profit from financing and discounting		
	Murabaha Financing	352,544,262	292,038,515
	Profit on Diminishing Musharkah	-	-
	Profit on bill discounted	56,628	-
	Profit against EDF	339,901	1,272,059
	Murabaha income trust receipt	2,869,168	5,573,760
		355,809,959	298,884,334

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka	
		2024	2023
	Profit on placement with banks		
	Profit on term placements	-	14,294,678
	Profit on Savings Deposit with Banks	106,063	-
		106,063	14,294,678
		355,916,022	313,179,012
13	Profit paid on deposits		
	Profit shared on deposits & borrowings		
	Mudaraba Royal Profit Deposit	4,206,359	8,786,226
	Mudaraba Savings Deposit	26,693,612	34,521,361
	Alfalah Salary Account (ASA)	109,586	101,907
	Modaraba term deposit	222,462,649	129,228,779
	Interest on lease liabilities	292,879	815,230
	Profit paid on Borrowings	225,290	753,389
		253,990,375	174,206,892
14	Income from investment in shares/securities		
	Mark-up on zero coupon bonds	-	-
	Dividend Income on preference share	-	-
		-	-
15	Commission, exchange and brokerage		
	Fees, commission etc.	7,284,319	10,278,497
	Exchange earnings	108,725,203	(27,226,041)
		116,009,522	(16,947,544)
16	Other operating income		
	Service charges recovered	805,509	431,780
	Charges recovered	165,440	288,563
	Cheque Book charges recovered	129,200	152,550
	Charges on documentary credit	-	-
	Courier charges recovered	228,564	246,888
	Other Income	1,404,900	2,376,851
	UPAS LC Profit Spread	-	-
	Gain on disposal of fixed asset	-	-
		2,733,613	3,496,632
17	Salaries and allowances		
	Salaries & Allowances	9,599,282	11,266,592
	Housing allowance	3,150,412	3,092,021
	Conveyance allowance	787,597	773,011
	Other allowances	132,000	140,571
	Festival bonus	2,019,352	2,255,677
	Performance bonus	1,770,843	680,336
	The Bank's contribution to provident fund	786,808	732,932
	Car allowance	747,000	837,000
		18,993,294	19,778,140

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka	
		2024	2023
18	Rent, taxes, insurance, electricity etc.		
	Taxes & VAT*	1,682,396	1,683,556
	Cleaning and maintenance	3,652,304	964,435
	Electricity and Utilities	1,839,603	2,006,481
		<u>7,174,303</u>	<u>4,654,472</u>
	*Actual Rent Expense including VAT during the Year 2024: Tk. 19,505,820 (2023:Tk. 19,505,820)		
19	Postage, stamps, telecommunication etc.		
	Postage and couriers	282,810	303,973
	Electronic mail and on-line connectivity	451,100	443,400
	Telegram, fax, telex, SWIFT and internet charge	1,133,876	510,356
	Telephone charges	54,467	40,883
		<u>1,922,253</u>	<u>1,298,612</u>
20	Stationery, printing, advertisement etc.		
	Table stationery	520,203	383,705
	Books and periodicals	-	-
	Printing stationery	366,720	476,213
	Computer stationery	19,102	30,540
	Publicity	-	-
		<u>906,025</u>	<u>890,458</u>
21	Depreciation and repair to bank's assets		
	Depreciation of bank's assets	10,671,381	10,694,479
	Repair & Maintenance of bank's assets	589,670	777,351
		<u>11,261,051</u>	<u>11,471,830</u>
21.1	Repair & maintenance of bank's assets		
	Furniture, fixture and fittings	-	83,300
	Rented premises	-	-
	Office equipment	462,620	567,001
	Computer maintenance	127,050	127,050
	Motor vehicles	-	-
		<u>589,670</u>	<u>777,351</u>
22	Other expenses		
	Bank charges, brokerage and commission	2,540	102,400
	Entertainment	976,005	761,340
	Security charges	2,003,995	1,988,250
	Traveling and conveyance	164,660	130,759
	Car fuel	493,200	429,130
	Other	1,324,439	1,135,835
		<u>4,964,839</u>	<u>4,547,714</u>
23	Related parties		
	Current deposit account		
	Bank Alfalah, Karachi	203,137,224	120,949,063
		<u>203,137,224</u>	<u>120,949,063</u>

Notes to the financial statements as at and for the year ended 31 December 2024

Notes	Particulars	Amount in Taka	
		2024	2023
24	Other related party transactions The bank had no related party transactions which were required to be disclosed.		
25	Number of employees The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of BDT 36,000 or above were 12 (2023: 12).		
26	Employee related fraud There was no fraud occurred/reported to Bangladesh Bank during the year 2024 which may indicate the involvement of the Bank's employees. The Bank monitors its employees' performance and established controls to mitigate such risk if exist.		

Bank Alfalah Limited, Bangladesh Operations
Motijheel Islamic Banking Branch

Liquidity Statement

(Analysis of maturity of assets and liabilities)

Particulars	Amounts in BDT					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets						
Cash	40,991,384	-	213,206,090	-	-	254,197,474
Balance with other banks and financial institutions	-	-	-	-	-	-
Investments	36,575,616	4,075,542,782	25,720,500	-	-	4,137,838,898
Fixed assets including premises, furniture and fixtures	-	-	-	459,817	-	459,817
Other assets	11,215,527	-	-	1,778,754,076	-	1,789,969,603
Non banking assets	-	-	-	-	-	-
Total assets	88,782,527	4,075,542,782	238,926,590	1,779,213,893	-	6,182,465,792
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	-	-	-	-	-	-
Deposits and other accounts	828,029,562	546,146,536	1,382,662,947	3,227,546,907	-	5,984,385,953
Other liabilities	11,916,161	904,060	60,483,256	124,776,362	-	198,079,839
Total liabilities	839,945,723	547,050,596	1,443,146,203	3,352,323,269	-	6,182,465,792
Net liquidity gap	(751,163,196)	3,528,492,186	(1,204,219,613)	(1,573,109,376)	-	-