

Bank Alfalah

Audited Financial Statement 2025

Independent Auditor's Report & Audited Financial Statements As at and for the year ended 31 December 2025

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 2025, profit and loss accounts, statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Rules and Regulation issued by Bangladesh Bank and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as explained in note 2.1.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Bangladesh. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter
We draw attention to the following matters. Our Opinion is not modified in respect of these matters:

i. Reference to Note 2.1 of its financial statements where management has explained the basis of preparation of financial statements including compliance with Rules and Regulations issued by Bangladesh Bank on classification of loans and advances and required impairment provision.

ii. Reference to Note 39 of the financial statements, which states that an indicative non-binding offer was received from Bank Asia PLC in 2024 to acquire the Bank's Bangladesh operations. Following due diligence and board approval in 2025 by Bank Alfalah Limited, the transaction was approved by the shareholders of the Bank at the AGM held on 26 March 2026 and by the shareholders of Bank Asia PLC at the EGM held on 12 April 2026, subject to regulatory approvals and compliance with applicable laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls
Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Rules and Regulation issued by Bangladesh Bank and IFRS Accounting Standards, as issued by the IASB as explained in note 2.1 and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Group and the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the 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 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.

Auditors' 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 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 the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events 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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the bank as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

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

Report on other Legal and Regulatory Requirements
In accordance with the Companies Act 1994, the Bank Company Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

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

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

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

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

(v) 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;

(vi) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;

(vii) based on our checking of sample, no advance or loan in excess of the amount determined by Bangladesh Bank from time to time has been sanctioned or allowed;

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

(a) internal audit, internal control and risk management arrangements of the 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 and its related entities (other than matters disclosed in these financial statements);

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

(x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 5,000 person hours;

(xi) Capital to Risk-weighted Asset Ratio (CRAR), Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as required by Bangladesh Bank has been maintained adequately as at 31 December 2025;

(xii) As part of our going concern assessment, we reviewed maturity mismatch between assets and liabilities which may negatively affect bank's liquidity position subsequently; and

(xiii) Non-banking assets have been accounted in conformity with Bangladesh Bank guidelines.

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

Place: Dhaka, Bangladesh
Date: 26 APR 2026Balance Sheet
As at 31 December 2025

Particulars	Notes	Amount in Taka	
		31 December 2025	31 December 2024
Property and assets			
Cash	4	3,967,697,540	2,606,539,181
Cash in hand (Including foreign currency)		189,032,447	211,790,914
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		3,778,665,093	2,394,748,267
Balance with other banks and financial institutions	5	3,237,224,644	2,672,242,231
In Bangladesh		21,524,459	27,640,735
Outside Bangladesh		3,215,700,185	2,644,601,496
Money at call on short notice	5.b	600,000,000	-
Investments	6	8,468,398,727	11,566,673,895
Government		8,468,398,727	11,566,673,895
Others		-	-
Loans and advances	7	13,049,558,014	16,187,018,123
Loans, cash credit, overdrafts etc.		13,049,558,014	16,187,018,123
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	8	153,759,159	165,170,026
Other assets	9	2,643,262,642	2,208,981,339
Non-banking assets		-	-
Total property and assets		32,119,900,726	35,406,624,795
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	773,477,809	1,513,441,714
Deposits and other accounts	11	20,965,463,518	23,768,981,345
Current accounts and other accounts		1,956,148,117	2,333,219,714
Bills payable		106,696,018	127,542,442
Savings bank deposits		6,156,270,872	7,027,236,888
Fixed deposits		12,746,348,511	14,280,982,301
Other deposits		-	-
Other liabilities	12	3,810,869,879	3,610,008,120
Total liabilities		25,549,811,206	28,892,431,179
Capital and shareholders' equity			
Paid up capital (Fund from head office)	13	5,109,351,408	5,097,454,821
Revaluation reserve	14	4,500,344	2,909,680
Surplus in Profit and Loss Account	15	1,456,237,768	1,413,829,115
Total shareholders' equity		6,570,089,520	6,514,193,616
Total liabilities and shareholders' equity		32,119,900,726	35,406,624,795

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

Abu Noyem Md. Khasru
Head of FinanceEiman Sarfraz
Country Operations HeadIjaz Muhammad Chaudry
Country Head In-Charge

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered AccountantsNasir Uddin Ahmed
FCA, FCS, CGMA (AICPA), ACMA (UK),
FCA (England & Wales)
Additional Managing Partner
ICAB Enrollment No: 535
DVC: 2604260535AS696017Place: Dhaka, Bangladesh
Date: 26 APR 2026Off-balance Sheet
As at 31 December 2025

Contingent liabilities			
Acceptances & endorsements		33,482,524	36,601,367
Letters of guarantees	16	193,181,716	403,692,172
Irrevocable letters of credit	17	117,165,860	462,851,617
Bills for collection		74,628,028	89,629,864
Other contingent liabilities (Bangladesh Sanchayaptra)		-	-
Total		418,458,128	992,775,020
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		2,262,464,900	231,293,185
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		2,262,464,900	231,293,185
Total Off-balance sheet items including contingent liabilities		2,680,923,028	1,224,068,205

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

Abu Noyem Md. Khasru
Head of FinanceEiman Sarfraz
Country Operations HeadIjaz Muhammad Chaudry
Country Head In-Charge

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered AccountantsNasir Uddin Ahmed
FCA, FCS, CGMA (AICPA), ACMA (UK),
FCA (England & Wales)
Additional Managing Partner
ICAB Enrollment No: 535
DVC: 2604260535AS696017Place: Dhaka, Bangladesh
Date: 26 APR 2026Profit and Loss Account
For the year ended 31 December 2025

Particulars	Notes	Amount in Taka	
		01 January 2025 to 31 December 2025	01 January 2024 to 31 December 2024
Interest income	19	1,812,891,956	1,844,531,292
Interest paid/profit shared on deposits and borrowings etc.	20	(1,497,429,242)	(1,416,561,263)
Net interest income		315,462,714	427,970,029
Investment income	21	1,073,706,944	1,135,478,897
Commission, exchange and brokerage	22	86,366,198	298,449,593
Other operating income	23	25,872,967	17,984,830
Total operating income		1,501,408,823	1,879,883,349
Salaries and allowances	24	477,940,144	432,765,932
Rent, taxes, insurance, electricity etc.	25	87,131,723	78,894,351
Legal expenses	26	8,409,923	3,198,255
Postage, stamps, telecommunication etc.	27	25,473,948	20,885,779
Stationery, printing, advertisement etc.	28	5,592,277	6,479,885
Country Head's salary and fees	29	98,249,661	30,325,292
Auditors' fees	30	2,203,400	889,526
Depreciation and repair of the Bank's assets	31	121,084,346	119,802,667
Other expenses	32	63,425,490	61,735,576
Total operating expenses		889,510,912	754,977,273
Profit before provisions		611,897,911	1,124,906,076
Provision for loans and advances/investments	32	(24,369,457)	(60,160,257)
General provision		(32,699,969)	(1,040,500)
Specific provision		8,330,512	61,200,757
Provision for off-balance sheet items released		6,000,000	(8,000,000)
Provision for diminution in value of investments		-	-
Other provisions		-	(47,700,000)
Total provision		(18,369,457)	4,460,257
Total profit/(loss) before taxes		630,267,368	1,120,445,819
Provision for taxation:			
Current tax expense		270,303,759	482,971,873
Deferred tax expense/(income)		(12,795,134)	(15,771,061)
Total provision for taxation	33	257,508,625	467,202,812
Net profit after taxation		372,758,743	653,242,907
Appropriations:			
Transferred to Start-Up Fund		(3,727,587)	(6,532,450)
Retained Surplus Carried Forward		369,031,156	646,712,557

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

Abu Noyem Md. Khasru
Head of FinanceEiman Sarfraz
Country Operations HeadIjaz Muhammad Chaudry
Country Head In-Charge

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered AccountantsNasir Uddin Ahmed
FCA, FCS, CGMA (AICPA), ACMA (UK),
FCA (England & Wales)
Additional Managing Partner
ICAB Enrollment No: 535
DVC: 2604260535AS696017Place: Dhaka, Bangladesh
Date: 26 APR 2026Cash Flow Statement
For the year ended 31 December 2025

Particulars	Amount in Taka	
	01 January 2025 to 31 December 2025	01 January 2024 to 31 December 2024
A. Cash flows from operating activities		
Interest receipts in cash	1,823,762,680	1,778,309,658
Interest payment	(1,547,566,479)	(1,267,960,645)
Dividend receipts	-	-
Fees and commission receipts in cash	13,333,852	15,718,696
Recoveries on loans previously written off	1,001,670	4,607,780
Cash payments to employees	(542,675,888)	(443,591,224)
Cash payments to suppliers	(130,443,222)	(108,443,243)
Income tax paid	(456,965,721)	(315,776,258)
Receipts from other operating activities	1,172,612,257	1,436,194,624
Payment for other operating activities	(114,462,518)	(101,492,433)
Operating cash flow before changes in operating assets and liabilities (i)	930,696,631	997,566,955
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	3,137,460,109	(18,389,101)
Other assets	(459,780,198)	(315,573,180)
Deposits from other banks/borrowings	525,753,258	(193,864,977)
Deposits from customers	(3,329,271,085)	1,773,398,509
Other liabilities	455,477,576	262,582,185
Cash utilised in operating assets and liabilities (ii)	329,639,660	1,508,153,436
Net cash flows from operating activities (i+ii) (a)	560,336,291	2,505,720,391
B. Cash flows from investing activities		
Proceeds from sale/redemption of securities	-	-
Payments for purchase of securities	(80,342,756)	21,063,763
Purchase of property, plant & equipment	(88,047,119)	(50,183,485)
Sale of property, plant & equipment	11,266,253	-
Net cash from/(used) in investing activities (b)	(156,123,622)	(29,119,722)
C. Cash flows from financing activities		
Profit remitted to head office	(326,622,503)	(361,481,798)
Net cash used in financing activities (c)	(326,622,503)	(361,481,798)
Net increase/decrease in cash (a+b+c)	75,590,166	2,115,118,871
Effect of exchange rate changes on cash and the equivalent	11,896,587	41,493,783
Cash and cash equivalents at the beginning of year	11,550,875,285	9,394,262,631
Cash and cash equivalents at the end of the year	11,638,362,038	11,550,875,285
Cash and cash equivalents at the end of the year:		
Cash in hand (including foreign currency)	189,032,447	211,790,914
Call and term borrowing	(773,477,809)	(1,513,441,714)
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	3,778,665,093	2,394,748,267
Balance with other banks and financial institutions	3,237,224,644	2,672,242,231
Money at call on short notice	600,000,000	-
Treasury bills	4,606,676,063	7,783,959,087
Prize Bond	241,600	1,576,500
Total	11,638,362,038	11,550,875,285

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

Abu Noyem Md. Khasru
Head of FinanceEiman Sarfraz
Country Operations HeadIjaz Muhammad Chaudry
Country Head In-Charge

Signed as per our annexed report of even date.

Signed for & on behalf of
MABS & J Partners
Chartered AccountantsNasir Uddin Ahmed
FCA, FCS, CGMA (AICPA), ACMA (UK),
FCA (England & Wales)
Additional Managing Partner
ICAB Enrollment No: 535
DVC: 2604260535AS696017Place: Dhaka, Bangladesh
Date: 26 APR 2026Statement of Changes in Equity
For the year ended 31 December 2025

Particulars	Fund deposited with Bangladesh Bank	Revaluation reserve on Govt. securities	Amount in Taka	
			Surplus in profit and loss account	Total equity
Balance as at 1 January 2025	5,097,454,821	2,909,680	1,413,829,115	6,514,193,616
Surplus/deficit on account of revaluation of investments	-	1,590,664	-	1,590,664
Currency translation difference	11,896,587	-	-	11,896,587
Net profit for the period	-	-	372,758,743	372,758,743
Transferred to Start-Up Fund	-	-	(3,727,587)	(3,727,587)
Retained Earnings transferred to Capital	-	-	-	-
Profit transferred to Head Office	-	-	(326,622,503)	(326,622,503)
Balance as at 31 December 2025	5,109,351,408	4,500,344	1,456,237,768	6,570,089,520

For the year ended 31 December 2024

Particulars	Fund deposited with Bangladesh Bank	Revaluation gain/(loss) on investment	Amount in Taka	
			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,

Bank Alfalah

Audited Financial Statement 2025

Independent Auditor's Report & Audited Financial Statements As at and for the year ended 31 December 2025

Notes to the financial statements as at and for the year ended 31 December 2025

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.

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

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

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

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.

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 flows 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.

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

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 2025.

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, 1993 (as amended up to date), the rules and regulations issued by Bangladesh Bank. They were authorised for issue by the Bank's management at 26 April 2026.

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
- Other long term liability on the basis of their maturity term.
- Provisions and other liabilities are on the basis of their settlement.

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 management.

- RMD is the organizational arm performing the functions of identifying, measuring, monitoring and controlling the various

- Executive Risk Management committee (ERMC) has been set up for Bangladesh operations to oversee the overall Risk

- 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 (CRM)" 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 checking of data with the statement of affairs, where applicable.

- Stress Test exercise is being conducted by RMD covering credit liquidity/freedom/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 tested 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 emerging products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation or launch.

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 proposal.

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(ies) 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 sanctioning and disbursement. CAD regularly monitors overdue, limit on overdrafts, 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, excessive 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
- 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, NFR 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 2025 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 20 and the right resources and system are allotted to the unit to monitor transactions, customer onboarding and 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 CFT 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 Management has built on the existing Controls Framework. In line with this, the Bank has implemented 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 analyses 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 compliance of regulatory directives as well as the 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 operation 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's 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.

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 serves as 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, continues to be hallmarks 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). In line with this, 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 Governance, Risk management, Compliance and Controls; but also serves as 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, continues to be hallmarks of our Internal Audit Function.

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In response to the evolving risk landscape, the Internal Audit function has further strengthened its focus on emerging risk areas, including cyber security, data privacy, third-party/vendor risk management, business continuity & resilience, ensuring proactive assurance over new and complex risk domains. 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 provides objective assurance regarding state of Governance, Risk management, Compliance and Controls; but also serves as 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, continues to be hallmarks of our Internal Audit Function.

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2.12.6

Information and Communication Technology (ICT) security cyber risks

The banking landscape is being redefined by rapid technological evolution, reshaping how financial institutions operate, innovate, and serve their customers. Digital transformation is no longer an option—it is a strategic imperative. Guided by a clear technology vision and a culture of innovation, we continue to invest in resilient infrastructure, secure platforms, and future-ready talent to lead this transformation with confidence.

Technology lies at the heart of our operational excellence. Through intelligent automation and modern digital architecture, we have streamlined core banking processes, significantly improving efficiency, accuracy, and speed across account management and transaction processing. Our digital platforms enable uninterrupted 24/7 banking services, ensuring customers can access financial solutions anytime and anywhere. At the same time, advanced cybersecurity frameworks—including encryption, multi-factor authentication, and continuous monitoring—safeguard customer data and reinforce trust in an increasingly digital ecosystem.

Innovation is embedded in our customer experience. Our Rapid Digital Account platform delivers real-time account opening, removing traditional barriers and redefining convenience through seamless, end-to-end digital journeys. Complementing this, our Internet Banking ecosystem enables instant fund transfers nationwide and effortless payment of essential utility services, reflecting our commitment to simplicity, speed, and reliability.

Security and compliance are foundational to our technology strategy. We are proud to have achieved PCI DSS compliance in alignment with Central Bank directives, underscoring our unwavering commitment to global security standards and regulatory excellence. Maintaining this certification is a continuous journey—driven by strong governance, disciplined processes, and close collaboration across our IT and security teams.

As we look ahead, our strategic vision is firmly anchored in technology-led growth. We are focused on building agile, scalable, and intelligent banking platforms that can rapidly adapt to changing customer expectations and emerging market dynamics. By harnessing innovation, strengthening digital resilience, and nurturing top-tier technology talent, we are shaping a future-ready bank—one that delivers sustainable value, drives long-term growth, and sets new benchmarks for the industry.

2.13

Corporate Social Responsibility (CSR)

In Bangladesh, corporate social responsibility (CSR) extends beyond a voluntary initiative and constitutes a regulatory expectation, reflecting an organization's commitment to inclusive and sustainable societal development. Since its inception, Bank Alfalah Bangladesh has consistently embedded CSR into its core values, actively undertaking a broad range of social initiatives that underscore its identity as a progressive and socially responsible financial institution.

The Bank's CSR activities span multiple focus areas, including healthcare, education, environmental sustainability, climate change mitigation and adaptation, and disaster management. Through these initiatives, Bank Alfalah Bangladesh not only strengthens its brand equity but, more importantly, reaffirms its dedication to creating a meaningful and lasting impact on the well-being of communities across Bangladesh.

A summary of the CSR programs implemented in 2025 is presented below:

CORPORATE SOCIAL RESPONSIBILITY PROJECTS 2025		
Sl	Projects	Description
1	Prosthetic and Orthotic Limb Center, TMSS Medical College	Bank Alfalah Bangladesh has provided support to the Prosthetic and Orthotic Limb Center at TMSS. This funding will enable the provision of 10 prosthetic limbs, including 6 for above-knee amputees, 4 for below-knee amputees, and support for 1 bilateral amputee.
2	Masuda Robin Nabish, TMSS Religious Complex	Bank Alfalah Bangladesh has provided assistance to the TMSS Religious Center to support 93 senior citizens residing in the care home. This contribution will help meet their essential needs, including medical care, medications, food, shelter, clothing and other basic necessities.
3	Mohammad Alamgir (Support Staff)	Financial assistance was provided to Mohammad Alamgir, a support staff member of the Agrabad Branch, to help cover medical expenses as he battles life-threatening cervical lymph node cancer.
4	Bangladesh Economic Zones Authority (BEZA)	Financial assistance was provided to the Bangladesh Economic Zones Authority (BEZA), a government agency responsible for developing

Bank Alfalah

Audited Financial Statement 2025

Independent Auditor's Report & Audited Financial Statements As at and for the year ended 31 December 2025

Notes to the financial statements
as at and for the year ended 31 December 2025

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

3.2.3 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.3 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	STD	SMA	Provision 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 (C&SME-Cottage)	0.25%	0.25%	5.00%	20.00%	100.00%
Small and medium enterprise	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 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 subsidized 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 SCLL facilities. The loan is approved by CRO - Bangladesh. This type of loan is also taken over at the time recruitment.

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.

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 amortization

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.

3.3.1 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 EDP 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.

3.3.5 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) / 01/2005-67 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 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.

3.5.2 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 2025 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.

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.

3.12 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.

3.15 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)

Name of the standards	IFRS	Implementation status by the Bank
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



Bank Alfalah

Independent Auditor’s Report & Audited Financial Statements As at and for the year ended 31 December 2025

Notes to the financial statements as at and for the year ended 31 December 2025

Notes	Particulars	Amount in Taka	
		2025	2024
4	Cash		
	Cash in hand (Including foreign currency)	4.1 189,032,447	211,790,914
	Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	4.2 3,778,665,093	2,394,748,267
		3,967,697,540	2,606,539,181
4.1	Cash in hand		
	Local currency	179,893,923	205,741,226
	Foreign currency	9,138,524	6,049,688
		189,032,447	211,790,914
4.2	Balance with Bangladesh Bank and its agent bank(s)		
	Local currency	3,126,819,288	1,613,919,331
	Foreign currency	4.2.1 651,845,805	780,828,936
		3,778,665,093	2,394,748,267
4.2.1	Foreign currency		
	Lien portion (statutory deposit with Bangladesh Bank against capital)	520,461,408	508,564,821
	Non Lien portion	131,384,397	272,264,115
		651,845,805	780,828,936
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	483,321,420	673,958,599
	Actual reserve held	898,634,274	1,400,475,701
	Surplus	415,312,854	726,517,102
	Actual reserve held	7.44%	8.31%
	ii) Cash Reserve Requirement (CRR) for Islamic Banking		
	4% of average Demand and Time Liabilities		
	Required reserve	258,139,617	198,048,581
	Actual reserve held	2,234,159,612	213,366,460
	Surplus	1,976,019,995	15,317,879
	Actual reserve held	34.62%	4.31%
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	1,570,794,615	2,190,365,445
	Actual reserve held	9,110,713,648	12,433,862,080
	Surplus	7,539,919,033	10,243,496,635
	Actual reserve held	75.40%	73.80%
	Held for Statutory Liquidity Requirement		
	Cash in hand	142,252,541	170,799,530
	Excess of daily reserve	415,312,854	726,517,102
	Un-encumbered securities(HTM)	4,927,446,916	5,939,932,293
	Un-encumbered securities(HFT)	3,625,701,337	5,596,613,155
		9,110,713,648	12,433,862,080
	ii) Statutory Liquidity Requirement (SLR) for Islamic Banking		
	5.5% of required Average Demand and Time Liabilities		
	Required reserve	354,941,973	272,316,799
	Actual reserve held	2,022,799,900	272,328,799
	Surplus	1,667,857,927	12,000
	Actual reserve held	31.34%	5.50%
	Held for Statutory Liquidity Requirement:		
	Cash in hand	46,779,906	40,991,384
	Excess of daily reserve	1,976,019,995	15,317,879
	Other eligible securities	-	157,070,000
	Foreign currency used in BDT	-	58,949,536
		2,022,799,900	272,328,799
5	Balance with other banks and financial institutions		
	In Bangladesh	5.1 21,524,459	27,640,735
	Outside Bangladesh	5.2 3,215,700,185	2,644,601,496
		3,237,224,644	2,672,242,231
5.1	In Bangladesh		
	Current accounts	5.1.1 7,548,116	13,920,311
	Savings accounts	5.1.2 13,976,343	13,720,424
	Mudaraba term deposit	-	-
	Term deposit	-	-
		21,524,459	27,640,735
5.1.1	Current accounts		
	Islamic Bank Bangladesh PLC	21,151	21,151
	Trust Bank PLC	5,163,310	8,597,660
	Eastern Bank PLC	2,353,555	-
	Standard Chartered Bank	10,100	5,301,500
		7,548,116	13,920,311
5	Balance with other banks and financial institutions (Continued)		
5.1	In Bangladesh (Continued)		
5.1.2	Savings accounts		
	Trust Bank PLC	-	31,657
	Dhaka Bank PLC	35,133	35,775
	Prime Bank PLC	13,941,210	13,652,992
		13,976,343	13,720,424
5.2	Outside Bangladesh		
5.2.1	Current account		
	Standard Chartered Bank, New York	1,126,691,561	158,899,455
	Standard Chartered Bank, Mumbai	6,296,503	33,284,106
	Bank Alfalah Limited, Karachi	1,108,898	1,083,551
	Standard Chartered Bank, London	2,434,164	640,905
	Standard Chartered Bank, Frankfurt	102,097	933,721
	Standard Chartered Bank, Tokyo	45,162	9,758
		1,136,678,385	194,851,496
5.2.2	Term Placement		
	Bank Alfalah Limited, Bahrain	2,079,021,800	2,449,750,000
		2,079,021,800	2,449,750,000
	Total Outside Bangladesh	3,215,700,185	2,644,601,496
	Details are shown in Annexure III		
5.a	Maturity-wise groupings of balance with other banks and financial institutions		
	On demand	-	222,492,231
	Not more than 3 months	3,237,224,644	2,449,750,000
	More than 3 months but less than 1 year	-	-
	More than 1 year but less than 5 years	-	-
	More than 5 years	-	-
		3,237,224,644	2,672,242,231
5.b	Money at call on short notice		
	Midland Bank PLC	600,000,000	-
		600,000,000	-
6	Investments		
	Government securities	6.1 8,468,398,727	11,566,673,895
		8,468,398,727	11,566,673,895
6.1	Government securities		
	Treasury bills HFT	3,534,085,463	5,533,470,545
	Treasury bills HTM	1,072,590,600	2,250,488,542
	Treasury bonds HFT	11,775,153	1,490,087
	Treasury bonds HTM	3,849,705,911	3,779,648,221
	Prize bonds	241,600	1,576,500
		8,468,398,727	11,566,673,895

*Includes sukuk bond amounting Taka 157,070,000 in 2024, in 2025 it has been adjusted.

6.a	Investments classified as per Bangladesh Bank circular		
	Held-for-trading (HFT) securities	6.a.1 3,546,102,216	5,536,537,132
	Held-to-maturity (HTM) securities	6.a.2 4,922,296,511	6,030,136,763
		8,468,398,727	11,566,673,895
6.a.1	Held-for-trading (HFT) securities		
	Treasury bills	3,534,085,463	5,533,470,545
	Treasury bonds	11,775,153	1,490,087
	Prize bonds	241,600	1,576,500
		3,546,102,216	5,536,537,132
6.a.2	Held-to-maturity (HTM) securities		
	Treasury bills	1,072,590,600	2,250,488,542
	Treasury bonds	3,849,705,911	3,779,648,221
		4,922,296,511	6,030,136,763
	Except three treasury bonds amounting Taka 51,179,034 the above HTM securities are lien with Bangladesh Bank for capital purpose.		
6.b	Maturity wise groupings of investment		
	Repayable On demand	241,600	1,576,500
	Not more than 3 months	4,540,214,508	7,983,978,520
	More than 3 months but not more than 1 year	1,360,708,617	2,800,099,476
	More than 1 year but not more than 5 years	1,846,541,099	58,522,709
	More than 5 years	720,692,903	722,496,690
		8,468,398,727	11,566,673,895

Sl no.	Counter Party name	Agreement Date	Reversal Date	Amount
1	Nil	Nil	Nil	-
2				
3				
Total:				-

Sl no.	Counter Party name	Agreement Date	Reversal Date	Amount
				NIL
Total:				-

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	444,876,128	3,513,791,732	741,062,994
ii) with other Banks and FIs	297,857,400	740,793,100	
Securities purchased under Reverse Repo:			
i) with Bangladesh Bank	NIL	NIL	NIL
ii) with other Banks and FIs	NIL	NIL	NIL

Notes	Particulars	Amount in Taka			
		2025	2024		
7	Loans and advances				
	Loans, cash credit, overdrafts etc.	7.1	13,049,558,014	16,172,875,517	
	Bills purchased and discounted	7.2	-	14,142,606	
			13,049,558,014	16,187,018,123	
7.1	Loans, cash credit, overdrafts etc.				
	In Bangladesh	7.1.1	13,049,558,014	16,172,875,517	
	Outside Bangladesh		-	-	
			13,049,558,014	16,172,875,517	
7.1.1	In Bangladesh				
	Conventional Banking	7.1.1.1	9,218,735,450	12,035,036,619	
	Islamic Banking	7.1.1.2	3,830,822,564	4,137,838,898	
			13,049,558,014	16,172,875,517	
7.1.1.1	Conventional Banking				
	Current finance		2,823,055,456	4,732,285,392	
	Term finance		5,855,668,277	6,575,870,793	
	Agriculture finance		408,286,667	353,801,215	
	Staff loan		48,226,465	49,072,353	
	Finance against EDF		-	70,824,076	
	Loan against trust receipts		83,498,585	253,182,790	
			9,218,735,450	12,035,036,619	
7.1.1.2	Islamic Banking				
	Murabaha (LPO)		3,102,822,564	3,381,573,641	
	Trust receipts		-	33,640,257	
	Spot murabaha		728,000,000	722,625,000	
			3,830,822,564	4,137,838,898	
7.2	Bills purchased and discounted				
	Payable in Bangladesh		-	14,142,606	
			-	14,142,606	
7.3	Maturity-wise grouping of loans and advances				
	Repayable on demand		318,058,270	1,957,778,819	
	Not more than 3 months		10,629,769,746	12,459,488,104	
	More than 3 months but not more than 1 year		1,989,670,046	1,392,140,416	
	More than 1 year but not more than 5 years		74,979,607	333,926,081	
	More Than 5 years		37,080,345	29,542,096	
			13,049,558,014	16,172,875,517	
7.4	Loans and advances on the basis of significant concentration				
	Advances to Chief executive, other Senior executives and other Officers		48,226,465	49,072,353	
	Industrial loans and advances		13,001,331,549	16,123,803,164	
			13,049,558,014	16,172,875,517	
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)		5,876,467,128	7,434,842,832	
	Amount of classified loans and advances therein		Nil	Nil	
	Measures taken for recovery		Not Applicable	Not Applicable	
7.6	Industry-wise classification of loans and advances/investments				
		31 December, 2025	31 December, 2024		
	% of Total Loan	BDT	% of Total Loan	BDT	
	Agri Business	1.87%	244,669,827	3.41%	552,728,292
	Automobile dealers	0.77%	100,172,003	0.62%	100,672,003
	Cement	5.92%	772,726,225	3.21%	520,194,382
	Chemicals	9.80%	1,279,292,797	9.40%	1,521,432,423
	Financial Institutions & MFIs	5.39%	703,846,611	2.38%	384,732,582
	Food & Personal Care Products	19.06%	2,487,177,096	14.65%	2,371,363,220
	Glass & Ceramics	0.19%	24,277,240	0.19%	31,395,736
	Leather & Tanneries	1.62%	211,587,500	1.27%	206,113,333
	Manufacturing & sale of Domestic Appliances	3.56%	464,190,908	5.64%	912,429,024
	Metal & Allied	12.54%	1,636,503,508	16.76%	2,712,730,879
	Oil & Gas Marketing Companies	2.89%	377,175,681	2.89%	468,233,646
	Others/Miscellaneous	1.49%	194,966,396	0.79%	127,424,894
	Pharmaceuticals	10.03%	1,308,552,786	9.67%	1,564,592,997
	Printing & Publishing	0.46%	59,730,951	0.35%	56,680,149
	Real Estate/Construction	0.00%	-	0.00%	75,313
	Services	1.78%	232,395,476	1.96%	317,938,597
	Textile Composite / Garments Manufacturing	0.00%	-	0.88%	141,676,367
	Textile Spinning	5.58%	728,000,000	4.46%	722,625,000
	Textile Weaving	2.81%	366,987,720	2.00%	322,943,178
	Trading	2.33%	304,116,783	3.87%	626,261,459
	Transport	0.00%	-	0.38%	62,115,687
	Jute Mills	6.64%	866,834,722	10.77%	1,742,783,310
	Vanaspati & Allied Industries	5.26%	686,353,785	4.45%	719,875,650
		100.00%	13,049,558,014	100.00%	16,187,018,122
7.7	Geographical location-wise loans and advances/investments				
		31 December, 2025	31 December, 2024		
	% of Total Loan	BDT	% of Total Loan	BDT	
	Dhaka Division	83.77%	10,931,704,684	81.09%	13,125,338,848
	Chattogram Division	15.73%	2,053,230,577	18.61%	3,012,594,358
	Sylhet Division	0.50%	64,622,753	0.30%	49,084,917
		100%	13,049,558,014	100%	16,187,018,123

Audited Financial Statement 2025

Grouping of loans and advances as per classification rules of Bangladesh Bank					
		31 December, 2025		31 December, 2024	
		% of Total Loan	BDT	% of Total Loan	BDT
Status					
Unclassified:					
Standard including staff loan		97.46%	12,717,546,001	98.02%	15,865,786,407
Special Mention Account (SMA)		0.00%	-	0.00%	-
		97.46%	12,717,546,001	98.02%	15,865,786,407
Classified:					
Substandard		0.10%	13,140,605	0.00%	-
Doubtful		0.00%	-	0.13%	20,519,089
Bad or loss		2.44%	318,871,408	1.86%	300,712,627
		2.54%	322,012,013	1.98%	321,231,716
		100.00%	13,049,558,014	100.00%	16,187,018,123

7.9

Particulars of required provision for loans and advances/investments

		31 December, 2025		31 December, 2024	
		Base for Provision	Required Provision	Base for Provision	Required Provision
Unclassified					
All unclassified loans (other than SME loan, Agricultural loan and special mention account)		11,422,218,555	114,222,186	14,685,971,754	146,859,718
Agriculture & Micro finance		408,286,667	2,041,433	454,292,860	4,542,929
SME financial		887,040,780	5,002,821	725,521,794	1,813,804
Special Mention Account (SMA)		-	-	-	-
		12,717,546,002	121,266,440	15,865,786,408	153,216,451
Classified					
Substandard		12,912,325	2,582,465	-	-
Doubtful		-	-	20,519,089	10,019,109
Bad or loss		157,801,510	167,801,510	300,712,627	242,100,047
		170,713,835	160,383,975	321,231,716	252,119,157
		12,868,259,837	281,650,415	16,187,018,123	405,335,607
		381,796,001	-	-	-
Total provision maintained		-	-	-	-
Surplus provision		-	100,145,586	-	826,165,458
		-	-	-	409,851
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Bank Alfalah

Independent Auditor's Report & Audited Financial Statements As at and for the year ended 31 December 2025

Audited Financial Statement 2025

Notes to the financial statements as at and for the year ended 31 December 2025				
9	Other assets			
	Income generating other assets	-	-	
	Non-income generating other assets			
	Stationery, stamps, printing materials in stock etc.	4,778,679	4,906,968	
	Advance rent and advertisement	-	-	
	Income/profit receivables	9.1 172,772,695	183,643,419	
	Branch adjustment account	9.2 -	-	
	Security deposits	2,246,115	2,246,115	
	Renovation, development and prepaid expenses	5,748,900	21,322,566	
	Deferred tax assets	12.7 114,963,228	102,168,094	
	Others	9.3 2,338,871,603	1,889,399,299	
	Intangible asset (Software)	9.4 3,881,422	5,294,878	
		2,643,262,642	2,208,981,339	

9.1	Income/profit receivables			
	On Treasury bill, bonds, preference shares, etc.	171,725,967	182,154,484	
	Deposit with financial institution	1,046,728	1,488,935	
		172,772,695	183,643,419	

9.2	Branch adjustment account			
	All inter branch reconciliation have been made up to 31 December 2025. There is no significant item outstanding, that is not responded, for more than 3 months.	-	-	

Notes	Particulars	Amount in Taka	
		2025	2024
9.3	Others		
	Advance income tax	9.3.1 2,333,503,781	1,876,538,060
	Receivable from Bangladesh Bank	2,016,456	10,646,276
	Miscellaneous	3,351,366	2,214,963
		2,338,871,603	1,889,399,299
9	Other assets (Continued)		
9.3.1	Advance income tax		
	Balance as at 1 January	1,876,538,060	1,560,761,802
	Paid during the year	456,965,721	315,776,258
		2,333,503,781	1,876,538,060
	Adjustments made during the year	-	-
	Balance as at 31 December	2,333,503,781	1,876,538,060
9.4	Intangible asset (Software)		
	Cost		
	Balance at 1 January	40,959,859	39,287,734
	Additions	-	1,672,125
	Disposals	-	-
		40,959,859	40,959,859
	Accumulated depreciation		
	Balance at 1 January	35,664,981	34,382,794
	Depreciation	1,413,456	1,282,187
	Disposals	-	-
		37,078,437	35,664,981
	Carrying amounts	3,881,422	5,294,878
10	Borrowings from other banks, financial institutions and agents		
	In Bangladesh	10.1 773,477,809	1,513,441,714
	Outside Bangladesh	-	-
		773,477,809	1,513,441,714
10.1	In Bangladesh		
	Call borrowing	10.1.1 -	600,000,000
	Term borrowing	10.1.2 773,477,809	913,441,714
		773,477,809	1,513,441,714
10.1.1	Call borrowing		
	The City Bank PLC	-	400,000,000
	Midland Bank PLC	-	200,000,000
		-	600,000,000
10.1.2	Term borrowing		
	Jamuna Bank PLC	733,772,400	836,500,000
	Bangladesh Bank - EDF Financing	-	69,091,027
	Bangladesh Bank - Green Financing	39,705,409	7,850,687
		773,477,809	913,441,714
10.2	Secured and unsecured borrowings from other banks, financial institutions and agents		
	Secured Borrowing	-	-
	Unsecured Borrowing	773,477,809	1,513,441,714
		773,477,809	1,513,441,714
10.3	Maturity grouping of borrowings from other banks, financial institutions and agents		
	Repayable on demand	-	600,000,000
	Repayable within 1 month	733,772,400	905,591,027
	Over 1 month but within 6 months	-	7,850,687
	Over 6 months but within 1 year	39,705,409	-
		773,477,809	1,513,441,714
11	Deposits and other accounts		
	Current accounts and other accounts	11.1 1,956,148,117	2,333,219,714
	Bills payable	11.2 106,696,018	127,542,442
	Savings bank/Mudaraba savings bank deposits	11.3 6,156,270,872	7,027,236,888
	Fixed deposits/Mudaraba fixed deposits	11.4 12,746,348,511	14,280,982,301
		20,965,463,518	23,768,981,345
11.1	Current accounts and other accounts		
	Current deposits	1,428,780,529	1,550,856,138
	Alfalah Uduog Current Account	243,739,243	295,426,798
	Foreign currency deposits	106,497,837	240,750,497
	Sundry deposits	11.1.1 177,130,508	246,186,281
		1,956,148,117	2,333,219,714
11.1.1	Sundry deposits		
	Margin Accounts - Local Currency	58,760,774	76,163,384
	Margin Accounts - Foreign Currency	118,369,734	160,022,897
	Others	-	10,000,000
		177,130,508	246,186,281
11.2	Bills payable		
	Payment order - Inside Bangladesh	106,335,371	127,199,042
	Demand draft payable - Inside Bangladesh	355,647	338,400
	Unclaimed PO - Inside Bangladesh	5,000	5,000
	Unclaimed DD/TT - Inside Bangladesh	-	-
		106,696,018	127,542,442
11.3	Savings bank/Mudaraba savings bank deposits		
	Savings deposits	1,595,041,639	1,713,419,543
	Alfalah Savings Plan (ASP)	69,617,359	79,706,048
	Special Notice Deposits (SND)	2,056,158,666	3,031,159,524
	Alfalah Salary Account (ASA)	55,698,726	65,729,533
	Alfalah Rising Star (ARS)	31,640,178	25,206,921
	Alfalah Premium Plus (APP)	928,189,718	869,851,559
	Monthly Premium Deposit	1,417,906,719	1,240,237,836
	FCY Savings Deposit (RFCD)	2,017,867	1,925,924
		6,156,270,872	7,027,236,888
11.4	Fixed deposits/Mudaraba fixed deposits		
	Fixed Deposit (FDR)	7,186,047,300	10,133,060,981
	Mudaraba Term Deposit (MTDR)	5,560,301,211	4,147,921,320
		12,746,348,511	14,280,982,301
11.5	Deposits from banks and others		
	Inter-bank deposits	11.5.1 876,042,716	227,627,559
	Vostro Deposit	11.5.2 80,676,527	203,338,426
	Customer and other deposits	20,008,744,275	23,338,015,360
		20,965,463,518	23,768,981,345

Notes	Particulars	Amount in Taka	
		2025	2024
11.5.1	Inter-bank deposits		
	Jamuna Bank PLC	500,711,845	22,701
	Mutual Trust Bank PLC	6,074,207	200,431,639
	AB Bank PLC	11,119	12,224
	Prime Bank PLC	14,709,962	14,726,429
	Islami Bank Bangladesh PLC	33,482	34,632
	Shahjalal Islami Bank PLC	2,771,366	2,765,926
	Al-Arafah Islami Bank PLC	1,070	886,191
	The City Bank PLC	349,997,127	-
	Trust Bank PLC	9,081	7,026,320
	Bank Asia PLC	1,723,457	1,721,497
		876,042,716	227,627,559
11.5.2	Vostro deposit		
	BankIslami Pakistan Limited	20,258,925	201,202
	Bank Alfalah Limited, Karachi (Conventional)	35,570,372	11,565,376
	Bank Alfalah Limited, Karachi (Islamic)	24,847,230	191,571,848
		80,676,527	203,338,426
11.6	Maturity grouping of deposits		
	Repayable On demand	1,059,601,448	1,206,527,255
	Repayable within 1 month	1,845,566,513	2,082,296,163
	Over 1 month but within 6 months	5,986,620,595	7,660,918,396
	Over 6 months but within 1 year	3,412,714,094	2,874,756,472
	Over 1 year but within 5 years	8,660,960,868	9,944,483,058
	Over 5 years but within 10 years	-	-
	10 years or more	-	-
		20,965,463,518	23,768,981,345

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 2026. The bank does not have any such deposit to be reported as 10 years and above unclaimed deposit amount as on 31 December 2025 (cut off basis) to Bangladesh Bank.

12	Other liabilities		
	Provision for loans and advances/investments	12.1 381,796,001	405,965,489
	Provision for off-balance sheet exposures	12.2 15,111,771	9,111,771
	Interest suspense account	12.3 33,907,140	40,380,584
	Special General Provision - Covid 19	-	199,969
	Provision for taxation	12.4 2,655,835,382	2,385,531,623
	Accrued expenses	16,229,983	18,557,995
	Interest payable on deposit and borrowings	12.5 299,697,985	349,835,222
	Unearned profit on Murabaha	92,031,044	79,281,843
	Accounts payable - (Locker Security Deposit)	658,000	662,000
	Withholding tax on interest on deposits	19,266,990	30,620,125
	Withholding tax payable	15,033,353	11,606,740
	VAT payable	3,199,575	5,686,346
	Provision for audit and consultancy fees	3,789,900	4,363,713
	Provision for Salaries & Allowance	47,356,500	38,729,757
	Payable to Shamil bank's head office*	79,052,645	79,052,645
	Excise duty payable	1,959,736	2,788,450
	NPSB, Qcash & BACH Settlement Account	1,015,443	443,162
	Advance commission on Letter of Guarantee (L/G)	236,175	78,200
	Charity fund account	20,618,958	19,064,078
	Branch adjustment Account	9.2 -	-
	Start-Up Fund	21,976,594	18,249,007
	Lease liabilities	12.6 100,843,990	108,284,680
	Miscellaneous	1,252,714	1,514,721
		3,810,869,879	3,610,008,120

*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	153,846,332	154,846,332
	Provision made during the year	-	-
	Reversal of provision	(32,500,000)	(1,000,000)
	Provisions held at the end of the year	121,346,332	153,846,332
	B. Specific		
	Provisions held at the beginning of the year	252,119,157	190,918,400
	Write off during the year	-	-
	Recovery of written off bad debts	-	-
	Specific provision for the year	12,017,327	63,292,333
	Reversal of provision	(3,686,815)	(2,091,576)
	Net Charge to Profit and Loss Account	8,330,512	61,200,757
	Provisions held at the end of the year	260,449,669	252,119,157
	Total provision on loans and advances/investments	381,796,001	405,965,489
12.2	Provision for off-balance sheet exposures		
	Provisions held at the beginning of the year	9,111,771	17,111,771
	Provision made during the year	6,000,000	-
	Reversal of provision	-	(8,000,000)
	Provisions held at the end of the year	15,111,771	9,111,771

12	Other liabilities (Continued)		
12.3	Interest suspense account		
	Balance at the beginning of the year	40,380,584	43,225,364
	Amount transferred to Interest Suspense Account during the year	1,648,862	3,568,937
	Amount recovered in Interest Suspense Account during the year	(8,122,306)	(6,413,717)
	Amount written off during the year	-	-
	Balance at the end of the year	33,907,140	40,380,584
12.3.1	Interest/profit suspense and compensation suspense		
	Interest/profit suspense	33,907,140	40,380,584
	Compensation suspense	-	-
		33,907,140	40,380,584
12.4	Provision for taxation		
	Balance at the beginning of the year	2,385,531,623	1,902,559,750
	Provision made during the year	33.1 270,303,759	482,971,873
		2,655,835,382	2,385,531,623
	Adjustments made during the year	-	-
	Balance at the end of the year	2,655,835,382	2,385,531,623

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	10,291,439	10,398,892
	Borrowings from financial institution	302,341	1,214,544
		10,593,780	11,613,436
	Interest payable on		
	30 days term deposit	2,187,087	620,160
	90 days term deposit	13,860,888	39,797,008
	180 days term deposit	129,716,040	57,448,620
	360 days term deposit	61,852,833	153,845,274
	Broken Period term deposit	80,647,746	85,306,371
	2 years term deposit	415,615	388,768
	3 years term deposit	423,996	815,585
		289,104,205	338,221,786
		299,697,985	349,835,222
12.6	Lease liabilities		
	Balance at the beginning of the year	108,284,680	187,210,892
	Additions/Renewals/Amendments/(Terminations) - Net	66,715,535	8,868,245
	Borrowing Cost	6,684,111	7,724,749
	Payments	(80,840,336)	(95,519,206)
	As at December 31	100,843,990	108,284,680
12.6.1	Maturity grouping of lease liabilities		
	Current Lease Liabilities	45,365,937	56,347,851
	Non Current Lease Liabilities	55,478,053	51,936,829
		100,843,990	108,284,680

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	Deferred Tax Asset/(Liability)
Balance as at 31 December 2025					
Fixed assets and furniture	46,376,644	79,888,969	33,510,325	40%	13,404,128
Right of use assets (ROU) as per IFRS 16	107,380,515	-	(107,380,515)	40%	(42,958,364)
Leased Liability as per IFRS 16	100,843,989	-	100,843,989	40%	40,337,596
Loan loss provision (Specific Provision)	260,449,669	-	260,449,669	40%	104,179,868
Net deferred tax asset at 31 December 2025					114,963,228
Increase of deferred tax liability recognised in profit and loss account as income					12,795,134
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 2025					12,795,134
Net Deferred tax liability recognised in equity during the year ended 30 December 2025					-
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	127,634,519	(4,281,668)	(141,966,187)	40%	(56,762,475)
Leased Liability as per IFRS 16	198,384,680	-	198,384,680	40%	43,313,872
Loan loss provision (Specific Provision)	252,119,167	-	252,119,167	40%	100,84



Bank Alfalah

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Notes to the financial statements as at and for the year ended 31 December 2025			
Notes	Particulars	Amount in Taka	
		2025	2024
	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	-	-
	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	6,163,999,925	6,403,820,964
	Tier-2 Capital (Going Concern Capital)		
	General Provision	136,458,103	163,158,072
	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	136,458,103	163,158,072
	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	136,458,103	163,158,072
	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)	5,584,820,543	5,692,356,455
	Excess Amount over Maximum Limit of T-2	-	-
	Total Admissible Tier-2 capital	136,458,103	163,158,072
	Total Capital	6,300,458,028	6,566,979,036
	Risk Weighted Assets		
	Credit Risk:		
	On-Balance Sheet	4,685,974,504	5,457,732,567
	Off-Balance Sheet	53,518,033	178,054,029
	Subtotal	4,739,492,537	5,635,786,596
	Market Risk	285,347,742	831,405,216
	Operational Risk	2,177,983,804	1,762,453,947
	Total Risk Weighted Assets	7,202,824,082	8,229,645,759
	Required Minimum Common Equity Tier-1 Capital Ratio (4.5% of the total RWA)	324,127,084	370,334,059
	Required Capital Conservation Buffer (2.5% of the total RWA)	180,070,602	205,741,144
	Required Minimum Common Equity Tier-1 Capital Ratio plus Capital Conservation Buffer (7.0% of total RWA)	504,197,686	576,075,203
	Required Tier 1 Capital (6.0% of RWA)	432,169,445	493,778,746
	Required total capital (10% of RWA)	720,282,408	822,964,576
	Required total capital plus Capital Conservation Buffer (12.5% of RWA) (A)	900,353,010	1,028,705,720
	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)	1,300,458,028	1,566,979,036
	Capital Adequacy Ratio:		
	Common Equity Tier-1 (Against standard of minimum 6%)	85.58%	77.81%
	Total Capital to Risk-weighted Asset Ratio	87.47%	79.80%
	Minimum CRAR %	12.50%	12.50%
	Surplus/ (Deficiency) %	74.97%	67.30%
	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	2,909,680	2,047,968
	Add: Addition during the year	1,590,664	861,712
	Less: Adjustment during the year	-	-
	4,500,344	2,909,680	
	Surplus in profit and loss account		
	Balance at the beginning of the year	1,413,829,115	1,128,598,356
	Profit Transfer to Head Office (326,622,503)	(326,622,503)	(361,481,798)
	Net (loss)/profit for the year	372,758,743	653,245,007
	Transferred to Capital	-	-
	Transferred to Start-Up Fund (3,727,587)	(3,727,587)	(6,532,450)
	Balance at the end of the year	1,456,237,768	1,413,829,115
	*Includes Workers' Profit Participation Fund (WPPF) amounting Taka 282,744,601 has been kept as unremittable.		

16	Letters of guarantees			
	Balance for which the Bank is contingently liable in respect of guarantee issued favoring:			
	Directors	-	-	
	Government	153,236,122	337,258,960	
	Banks and other financial institutions	19,608,086	19,608,086	
	Others	20,337,508	46,825,126	
		<u>193,181,716</u>	<u>403,692,172</u>	
17	Irrevocable letters of credit			
	Usance	13,269,051	25,072,486	
	Sight	103,896,809	437,779,131	
		<u>117,165,860</u>	<u>462,851,617</u>	
18	Income statement			
	Income			
	Interest, discount and similar income	2,886,598,900	2,980,010,189	
	Fee, commission and brokerage	13,333,852	15,718,696	
	Gains less losses arising from dealing in foreign currencies	73,032,346	282,730,897	
	Other operating income	25,872,967	17,984,830	
		<u>2,998,838,065</u>	<u>3,296,444,612</u>	
	Expenses			
	Interest, fee and commission	1,497,429,242	1,416,561,263	
	Administrative expenses	722,524,187	593,695,887	
	Other operating expenses	63,425,490	61,735,576	
	Depreciation on banking assets	103,561,235	99,545,810	
		<u>2,386,940,154</u>	<u>2,171,538,536</u>	
	Operating profit	<u>611,897,911</u>	<u>1,124,906,076</u>	
19	Interest income/profit on investments			
	Interest on loans and advances	19.1 1,161,896,635	1,313,067,772	
	Share of profit from financing and discounting	19.2 428,152,120	355,809,959	
	Interest/profit on placements with banks	19.3 222,843,201	175,653,561	
		<u>1,812,891,956</u>	<u>1,844,531,292</u>	
19.1	Interest on loans and advances			
	Current finance	356,130,894	397,299,680	
	Term finance	751,998,826	869,550,576	
	Trust receipt	14,272,153	4,597,984	
	Staff financing	2,928,898	2,658,783	
	Finance against EDF	114,705	2,382,643	
	Agriculture finance	36,221,152	36,019,100	
	Local bill discounted	230,007	559,006	
		<u>1,161,896,635</u>	<u>1,313,067,772</u>	
19.2	Share of profit from financing and discounting			
	Profit on diminishing musharakah	-	-	
	Murabaha financing - LPO	426,483,129	352,544,262	
	Profit on bill discounted	-	56,628	
	Profit against EDF	-	339,901	
	Murabaha income trust receipt	1,668,991	2,869,168	
		<u>428,152,120</u>	<u>355,809,959</u>	
19.3	Interest/profit on placements with banks			
	Interest from placement	197,895,700	159,852,755	
	Interest/profit from deposits with banks	24,947,501	15,800,806	
	Interest from reverse repo	-	-	
		<u>222,843,201</u>	<u>175,653,561</u>	
20	Interest paid/profit shared on deposits and borrowings etc.			
	Interest on deposits	20.1 845,330,853	992,022,481	
	Profit shared on Mudaraba Deposit	20.2 490,566,655	253,472,204	
	Interest on borrowings	20.3 154,847,623	163,341,829	
	Interest on lease liabilities	20.4 6,684,111	7,724,749	
		<u>1,497,429,242</u>	<u>1,416,561,263</u>	
20.1	Interest on deposits			
	Savings account	109,250,196	128,222,908	
	Royal profit deposit	19,966,520	54,133,140	
	Term deposit	716,114,137	809,666,433	
		<u>845,330,853</u>	<u>992,022,481</u>	
20.2	Profit shared on mudaraba deposit			
	Mudaraba Savings Deposit	22,492,432	26,803,197	
	Mudaraba royal profit deposit	6,135,831	4,206,359	
	Mudaraba term deposit	461,938,392	222,462,648	
		<u>490,566,655</u>	<u>253,472,204</u>	
20.3	Interest on borrowings			
	Interest paid on borrowings	59,410,851	50,893,141	
	Interest paid on Repo	95,436,772	112,448,688	
		<u>154,847,623</u>	<u>163,341,829</u>	
20.4	Interest on lease liabilities			
	Interest on lease liabilities	6,684,111	7,724,749	
		<u>6,684,111</u>	<u>7,724,749</u>	
21	Investment income			
	Discount on treasury bill	640,109,387	859,828,614	
	Mark-up on treasury bonds	412,204,206	196,947,379	
	Profit/(Loss) on revaluation of T. Bond HFT	(359,467)	(217,917)	
	Profit/(Loss) on revaluation of T-bill HFT	(939,761)	(782,590)	
	Capital gain on treasury bills and Bangladesh Govt. Treasury Bonds	26,628,298	80,995,441	
	Capital loss on treasury bills and Bangladesh Govt. Treasury Bonds	(3,935,719)	(1,292,030)	
	Interest and amortization on securities	-	-	
		<u>1,073,706,944</u>	<u>1,135,478,897</u>	
22	Commission, exchange and brokerage			
	Fees, commission etc.	13,333,852	15,718,696	
	Exchange gains	73,032,346	282,730,897	
		<u>86,366,198</u>	<u>298,449,593</u>	
23	Other operating income			
	Service charges recovered	3,401,998	3,645,705	
	L/C amendment	-	-	
	Locker rent	2,114,600	2,513,100	
	Charges	705,069	801,592	
	Courier charges	684,089	456,952	
	Cheque book charges	526,550	597,500	
	Profit on sale of fixed assets	128,030	-	
	Income from PF Fund Forfeiture A/C	654,226	-	
	Bad Debts Recovered	13,061,670	4,607,780	
	Others	4,596,735	5,362,201	
		<u>25,872,967</u>	<u>17,984,830</u>	
24	Salaries and allowances			
	Salaries & Allowances	227,384,431	212,204,191	
	Housing allowance	72,224,248	64,736,081	
	Conveyance allowance	16,927,515	15,312,136	
	Car allowance	15,438,947	15,120,645	
	Other allowances	645,500	642,511	
	Festival bonus	47,967,174	42,032,399	
	Performance bonus	47,475,800	48,529,085	
	Provident fund	17,810,827	15,937,100	
	Provision for gratuity	32,065,702	18,251,784	
		<u>477,940,144</u>	<u>432,765,932</u>	

Notes	Particulars	Amount in Taka	
		2025	2024
25	Rent, taxes, insurance, electricity etc.		
	Taxes & VAT* 25.1	17,589,041	15,090,107
	Insurance	27,494,819	26,990,762
	Cleaning and maintenance	30,280,903	24,904,077
	Electricity and utilities	11,766,960	11,909,405
	87,131,723	78,894,351	
	*Actual Rent Expense including VAT during the Year 2025: Tk. 109,039,680 (2024:Tk. 108,797,184)		
25.1	Taxes & VAT		
	Taxes & VAT	17,589,041	15,090,107
	17,589,041	15,090,107	
26	Legal expenses		
	Legal fees and charges	857,300	817,265
	Consultancy fees	7,552,623	2,381,000
	8,409,923	3,198,265	
27	Postage, stamps, telecommunication etc.		
	Postage and couriers	1,533,225	977,842
	Electronic mail and on-line connectivity	20,186,661	16,993,367
	Telegram, fax, telex, SWIFT and internet charge	2,875,043	1,889,793
	Telephone charges	879,019	1,024,777
	25,473,948	20,885,779	
28	Stationery, printing, advertisement etc.		
	Stationary and printing	4,732,777	5,564,385
	Publicity and advertisement	859,500	915,500
	5,592,277	6,479,885	
29	Country Head's salary and allowances		
	Salaries and Allowances	84,726,600	19,254,768
	Festival bonus	3,353,380	2,953,380
	Performance bonus	6,400,869	4,351,070
	The Bank's contribution to provident fund	1,514,468	1,497,858
	Car allowance	806,129	1,020,000
	Provision for gratuity	1,448,215	1,248,216
	98,249,661	30,325,292	
30	Depreciation and repair of Bank's assets		
	Depreciation of Bank's Assets 8.1	103,561,235	99,545,810
	Repair and Maintenance of Bank's Assets 30.1	17,523,111	20,256,857
	121,084,346	119,802,667	
30.1	Repair and maintenance of the Bank's assets		
	Furniture, fixture and fittings	427,052	525,069
	Rented premises	1,025,920	1,263,366
	Office equipment	4,619,417	3,577,237
	Computer maintenance	9,725,936	12,915,298
	Motor vehicles	1,724,786	1,975,887
	17,523,111	20,256,857	
31	Other expenses		
	Bank charges, brokerage and commission	399,620	1,251,939
	Archiving	4,227,474	3,832,724
	Subscription and periodicals	251,878	3,218,655
	Entertainment	12,419,199	11,589,817
	Security	11,897,088	10,617,294
	Traveling and conveyance	6,727,494	7,455,493
	Car Fuel	13,908,492	12,155,074
	Card centre charges	11,320,688	9,895,652
	Others	2,273,557	1,718,928
	63,425,490	61,735,576	
32	Provision for loans and advances/investments charged during the year		
	Provision for unclassified loans and advances/investments 32.1	(32,699,969)	(1,040,500)
	Provision for classified loans and advances/investments 32.2	8,330,512	61,200,757
	(24,369,457)	60,160,257	
32.1	General provision		
	Provision made during the year	-	-
	On general loans and advances/investments etc.	-	-
	On special general Provision loans - Covid 19	(199,969)	(40,500)
	(199,969)	(40,500)	
	Reversal of provision	(32,500,000)	(1,000,000)
	(32,699,969)	(1,040,500)	



Audited Financial Statement 2025

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Notes to the financial statements
as at and for the year ended 31 December 2025

34 Related party disclosures

Amount in Taka		
2025	2024	
i. Transactions with key management personnel		
Key management personnel compensation for the year comprised:		
Short-term employee benefits	198,051,964	120,610,983
Provident fund	5,325,245	5,114,781
Gratuity	3,984,950	3,470,671
	207,362,159	129,196,435

ii. Related party transactions

Name of organization	Balance Type	Opening balance on 01 January 2025	Deposit made/Loan disbursed	Deposit withdrawn/ Loan recovery	Interest paid on Deposit/ Interest charged on loan	Interest payable as at 31 December 2025	VAT/Excise Duty paid during the year	Fees/ Commission charged	Closing balance on 31 December 2025
Bank Alfalah Bahrain	Term Placement	2,449,750,000	-	(370,728,200)	-	-	-	-	2,079,021,800
Bank Alfalah Karachi	Nostro Account	1,083,551	25,347	-	-	-	-	-	1,108,898
Bank Alfalah Karachi, Conventional	Vostro Deposit	11,565,376	1,804,904,231	(1,780,848,003)	-	-	(50,625)	(607)	35,570,372
Bank Alfalah Karachi, Islamic	Vostro Deposit	191,571,848	423,186,011	(589,859,398)	-	-	(50,625)	(607)	24,847,230

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 174 (2024:183).

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 2025 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 2025.

39 Others

In the year 2024, a non-binding indicative offer was received from Bank Asia Limited, Bangladesh ("Bank Asia") to acquire the Bank's Bangladesh Operations (assets and liabilities) and Bank Asia commenced due diligence after necessary regulatory approvals. The Board of Directors of Bank Alfalah Limited, Pakistan ("the Bank") had accorded its approval to sell the Bank's Bangladesh Operations to Bank Asia PLC in the During the current period, shareholders of the Bank in the Annual General Meeting held on March 26, 2026 approved the sale of Bank's Bangladesh Operations to Bank Asia PLC and shareholders of the Bank Asia PLC also approved the transaction in their Extraordinary General Meeting held on April 12, 2026 subject to regulatory approvals and compliance with applicable laws, rules and regulations.

Bank Alfalah Limited Bangladesh Operations Highlights on the overall activities As at and for the year ended 31 December 2025				
Amount in Tk				
Sl. No.	Particulars	Notes	2025	2024
1	Paid-up capital (Fund from head office)	13	5,109,351,408	5,097,454,821
2	Total capital	13.1	6,300,458,028	6,566,979,036
3	Capital surplus	13.1	1,300,458,028	1,566,979,036
4	Total assets		32,119,900,726	35,406,624,795
5	Total deposits	11	20,965,463,518	23,768,981,345
6	Total loans and advances/investments	7	13,049,558,014	16,187,018,123
7	Total contingent liabilities and commitments		2,680,923,028	1,224,068,205
8	Credit/investment deposit ratio		62.24%	68.10%
9	Percentage of classified loans/investments against total loans and advances/investments		2.54%	1.98%
10	Operating Profit/Profit before provision		611,897,911	1,124,906,076
11	(Loss)/profit after tax and provision		372,758,743	653,245,007
12	Amount of classified loans/investments	7.8	332,012,013	321,231,716
13	Provisions kept against classified loans/investments	12.1	260,449,669	252,119,157
14	Provision surplus/(deficit) against classified loans/investments	12.1 & 7.9	100,065,694	0
15	Cost of fund		6.69%	5.91%
16	Interest earning assets		25,674,773,577	30,883,954,969
17	Non-interest earning assets		6,445,127,149	4,522,669,826
18	Return on investment (ROI)		9.66%	9.44%
19	Return on assets (ROA) [PAT/ Average assets]		1.20%	2.02%
20	Income from investment	21	1,073,706,944	1,135,478,897

Bank Alfalah Limited Bangladesh Operations Liquidity Statement (Analysis of maturity of assets and liabilities) As at 31 December 2025						
Amount in Tk						
Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets						
Cash	3,447,236,132	-	-	-	520,461,408	3,967,697,540
Balance with other banks and financial institutions	-	3,237,224,644	-	-	-	3,237,224,644
Money at call on short notice	600,000,000	-	-	-	-	600,000,000
Investments	241,600	4,540,214,508	1,360,708,617	1,846,541,099	720,692,903	8,468,398,727
Loans and advances / investments	318,058,270	10,629,769,746	1,989,670,046	74,979,607	37,080,345	13,049,558,014
Fixed assets including premises, furniture and fixtures	-	-	-	-	153,759,159	153,759,159
Other assets	1,046,728	5,748,900	302,963,233	2,333,503,781	-	2,643,262,642
Non banking assets	-	-	-	-	-	-
Total assets	4,366,582,731	18,412,957,798	3,653,341,896	4,255,024,487	1,431,993,815	32,119,900,726
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	733,772,400	-	-	39,705,409	-	773,477,809
Deposits	2,905,167,961	4,280,263,548	5,119,071,141	8,660,960,868	-	20,965,463,518
Provision and other liabilities	37,499,918	390,904,680	-	509,867,557	2,872,597,724	3,810,869,879
Total liabilities	3,676,440,279	4,671,168,228	5,119,071,141	9,210,533,834	2,872,597,724	25,549,811,206
Net liquidity gap	690,142,452	13,741,789,570	(1,465,729,245)	(4,955,509,347)	(1,440,603,909)	6,570,089,520

Annexure IV

Bank Alfalah Limited
Bangladesh Operations
Balance with other banks - Outside Bangladesh (Nostro Accounts)
As at 31 December 2025

Name of the Bank	Currency type	2025			2024		
		FC amount	Exchange Rate	Equivalent BDT	FC amount	Exchange Rate	Equivalent BDT
Standard Chartered Bank, New York	USD	9,212,870	122.2954	1,126,691,561	1,329,703	119.5000	158,899,455
Standard Chartered Bank, Mumbai	ACUD	51,486	122.2954	6,296,503	278,528	119.5000	33,284,106
Bank Alfalah Limited, Karachi	ACUD	9,067	122.2954	1,108,898	9,067	119.5000	1,083,551
Standard Chartered Bank, London	GBP	14,730	165.2518	2,434,164	4,141	154.7605	640,905
Standard Chartered Bank, Frankfurt	EURO	709	143.9777	102,097	7,282	128.2293	933,721
Standard Chartered Bank, Tokyo	JPY	57,630	0.7837	45,162	12,521	0.7793	9,758
				1,136,678,385	194,851,496		

Balance with other banks - Outside Bangladesh (Term Placement)
As at 31 December 2025

Name of the Bank	Currency type	2025			2024		
		FC amount	Exchange Rate	Equivalent BDT	FC amount	Exchange Rate	Equivalent BDT
Bank Alfalah Limited, Bahrain	USD	17,000,000	122.2954	2,079,021,800	20,500,000	119.5000	2,449,750,000
				2,079,021,800			2,449,750,000

Total Outside Bangladesh

3,215,700,1852,644,601,496

Annexure IV

Bank Alfalah Limited
Bangladesh Operations
Currency Analysis
As at 31 December 2025

Particulars	Balance as at 31 December 2025					Total in Tk
	Taka	Equivalent BDT of USD	Equivalent BDT of GBP	Equivalent BDT of EURO	Equivalent BDT of JPY	
Asset						
Cash in hand	179,893,923	9,138,524	-	-	-	189,032,447
Balance with Bangladesh Bank and its agent bank	3,708,428,395	70,229,537	6,628	-	532	3,778,665,093
Balance with other banks and financial institutions	21,524,459	3,213,118,762	2,434,164	102,097	45,162	3,237,224,644
Money at call on short notice	600,000,000	-	-	-	-	600,000,000
Investments	8,468,398,727	-	-	-	-	8,468,398,727
Loans and advances	13,049,558,014	-	-	-	-	13,049,558,014
Fixed assets	153,759,159	-	-	-	-	153,759,159
Other assets	2,642,549,248	713,394	-	-	-	2,643,262,642
Non-banking assets	-	-	-	-	-	-
Total assets	28,824,111,925	3,293,200,217	2,440,792	102,097	45,694	32,119,900,726
Liabilities						
Borrowings from other banks, financial Institutions and agents	39,705,409	733,772,400	-	-	-	773,477,809
Deposit	20,738,936,716	226,259,259	224,412	43,131	-	20,965,463,518
Other liabilities	3,810,567,521	302,358	-	-	-	3,810,869,879
Total liabilities	24,589,209,646	960,334,017	224,412	43,131	-	25,549,811,206
Net position	4,234,902,280	2,332,866,200	2,216,380	58,966	45,694	6,570,089,520

Annexure V							
Bank Alfalah Limited Bangladesh Operations Statement of Tax Position As at 31 December 2025							
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 paid with return and ADR during appeal / deducted at source / minimum tax	Tax Liability as per return	Additional tax liability after assessment	Total Tax liability	Provision held as per Financial Statements	Status
2009	2010-2011	9,027,702	5,325,000	(35,522,659)	(30,197,659)	5,325,000	Under appeal
2010	2011-2012	16,850,346	4,516,323	(7,493,119)	(2,976,796)	31,123,312	Under appeal
2011	2012-2013	18,328,607	4,718,678	51,149,129	55,867,807	49,182,085	Under appeal
2012	2013-2014	12,370,679	6,216,162	43,994,519	50,210,681	50,210,681	Under appeal
2013	2014-2015	83,927,345	71,561,461	39,339,191	110,900,652	121,024,996	Under appeal
2015	2016-2017	167,355,008	159,037,342	27,484,086	186,521,428	192,308,206	Under appeal
2016	2017-2018	138,694,270	123,875,855	18,254,658	142,130,513	183,149,596	Under appeal
2018	2019-2020	210,921,748	201,123,624	19,979,069	221,102,693	201,123,624	Under appeal
2019	2020-2021	218,527,589	214,687,991	7,649,132	222,337,123	216,991,749	Under appeal
2020	2021-2022	211,424,260	211,424,260	15,324,672	226,748,932	211,424,260	Under appeal
2021	2022-2023	134,590,080	134,590,079	1,031,381	135,621,460	134,590,080	Under appeal
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	447,251,202	447,251,202	-	447,251,202	479,000,000	Tax Return submitted on time
2025	2026-2027	156,209,182	267,538,100	-	267,538,100	268,000,000	Return to be submitted within due date
Total	-	2,333,578,782	2,359,966,840	181,190,060	2,541,156,900	2,655,835,382	



Bank Alfalah

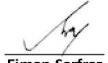
Independent Auditor's Report & Audited Financial Statements As at and for the year ended 31 December 2025

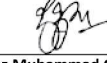
Bank Alfalah Limited, Bangladesh Operations Motijheel Islamic Banking Branch Balance Sheet As at 31 December 2025

Particulars	Notes	Amount in Taka	
		2025	2024
Property and assets			
Cash	1	2,280,980,378	254,197,474
Cash In hand (including foreign currencies)		46,779,906	40,991,384
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		2,234,200,472	213,206,090
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 (Price Bond)		-	-
Others		-	-
Investments	3	3,836,413,814	4,137,838,898
General investments etc.		3,836,413,814	4,137,838,898
Bills purchased and discounted		-	-
Fixed assets including premises, furniture and fixtures	4	31,725,130	459,817
Other assets	5	1,882,896,606	1,789,969,603
Non-banking assets		-	-
Total property and assets		8,032,015,928	6,182,465,792
Liabilities and capital			
Liabilities		-	-
Placement from banks and other financial institutions		-	-
Deposits and other accounts	6	7,722,755,981	5,984,385,953
Al-wadeeah current and other deposit accounts		492,212,288	654,163,201
Bills payable		1,803,701	1,354,724
Mudaraba saving deposits		1,668,438,782	1,180,946,708
Mudaraba term deposits		5,560,301,210	4,147,921,320
Other liabilities	7	309,259,947	198,079,839
Differed tax liabilities/(assets)		-	-
Total liabilities		8,032,015,928	6,182,465,792
Capital/shareholders' equity		-	-
Retained earnings	8	-	-
Total shareholders' equity		-	-
Total liabilities and shareholders' equity		8,032,015,928	6,182,465,792

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

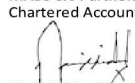

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Ijaz Muhammad Chaudry
Country Head In-Charge

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 (AICPA), ACMA (UK),
FCA (England & Wales)
Additional Managing Partner
ICAB Enrollment No: 535
DVC: 2604260535A5696017

Place: Dhaka, Bangladesh
Dated: 26 APR 2026

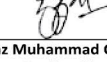
Bank Alfalah Limited, Bangladesh Operations Motijheel Islamic Banking Branch Off-balance Sheet As at 31 December 2025

Particulars	Notes	Amount in Taka	
		2025	2024
Off balance sheet items			
Contingent liabilities			
Acceptances and endorsements	9	32,194,264	32,986,970
Letters of guarantee	10	117,355,262	301,378,100
Irrevocable letters of credit (including back to back bills)		19,939,041	103,499,566
Bills for collection		39,449,300	69,323,891
Value of Bangladesh Sanchaypatra		-	-
Total		208,937,867	507,188,527
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		208,937,867	507,188,527

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

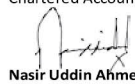

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Ijaz Muhammad Chaudry
Country Head In-Charge

Signed as per our annexed report of even date.

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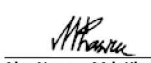

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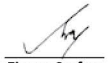
Place: Dhaka, Bangladesh
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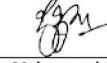
Bank Alfalah Limited, Bangladesh Operations Motijheel Islamic Banking Branch Profit and Loss Account For the year ended 31 December 2025

Particulars	Notes	Amount in Taka	
		2025	2024
Investment income	12	428,346,931	355,916,022
Profit paid on deposits	13	(491,878,817)	(253,990,375)
Net investment income		(63,531,887)	101,925,647
Income from investment in shares/securities	14	-	-
Commission, exchange and brokerage	15	(58,105,434)	116,009,522
Other operating income	16	2,892,614	2,733,613
Total operating income (a)		(118,744,707)	220,668,782
Salaries and allowances	17	20,840,404	18,993,294
Rent, taxes, insurance, electricity etc.	18	7,128,377	7,174,303
Legal & Professional expenses		-	-
Postage, stamps, telecommunication etc.	19	2,730,707	1,922,253
Stationery, printing, advertisement etc.	20	777,160	906,025
Shariah supervisory committee's fees and expenses		-	-
Auditors' fees		-	-
Depreciation and repair to bank's assets	21	11,076,251	11,261,051
Zakat expenses		-	-
Other expenses	22	5,058,619	4,964,839
Total operating expenses (b)		47,611,518	45,221,765
Profit before provision (c = a-b)		(166,356,225)	175,447,017
Provision for investments		(1,809,384)	3,158,980
General provision	7.1	(1,809,384)	3,158,980
Specific provision	7.1	-	-
Provision for off-balance sheet items	7.2	(4,907,938)	(3,587,373)
Provision for diminution in value of investments in shares		-	-
Other provisions		-	-
Total provision (d)		(6,717,322)	(428,393)
Total profit before tax (e = c-d)		(159,638,903)	175,875,410
Provision for taxation:			
Current tax expense		-	-
Deferred tax expense / (income)		-	-
Total provision for taxation		-	-
Net profit/(loss) after tax		(159,638,903)	175,875,410

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

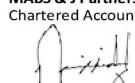

Abu Noyem Md. Khasru
Head of Finance


Eiman Sarfraz
Country Operations Head


Ijaz Muhammad Chaudry
Country Head In-Charge

Signed as per our annexed report of even date.

Signed for & on behalf of
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FCA (England & Wales)
Additional Managing Partner
ICAB Enrollment No: 535
DVC: 2604260535A5696017

Place: Dhaka, Bangladesh
Dated: 26 APR 2026

Bank Alfalah Limited, Bangladesh Operations Motijheel Islamic Banking Branch Statement of Changes in Equity For the year ended 31 December 2025

Particulars	Fund deposited with Bangladesh Bank	Surplus in profit and loss account	Amount in Tk
			Total equity
Balance as at 1 January 2025	-	-	-
Net profit/(loss) for the period	-	(159,638,903)	(159,638,903)
Transferred to Bangladesh country office	-	159,638,903	159,638,903
Balance as at 31 December 2025	-	-	-

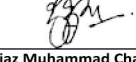
For the year ended 31 December 2024

Particulars	Fund deposited with Bangladesh Bank	Surplus in profit and loss account	Amount in Tk
			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	-	-	-

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


Abu Noyem Md. Khasru
Head of Finance

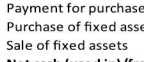

Eiman Sarfraz
Country Operations Head


Ijaz Muhammad Chaudry
Country Head In-Charge

Bank Alfalah Limited, Bangladesh Operations Motijheel Islamic Banking Branch Cash Flow Statement For the year ended 31 December 2025

Particulars	Amount in Taka	
	2025	2024
Cash flows from operating activities		
Investment income receipts in cash	428,346,931	355,916,022
Profit paid on deposits	(434,565,792)	(250,920,667)
Fees and commission receipts in cash	7,171,155	7,284,319
Recoveries on loans previously written-off	-	-
Cash payments to employees	(20,840,404)	(18,993,294)
Cash payments to suppliers	(10,591,910)	(9,933,923)
Income taxes paid	-	-
Receipts from other operating activities	(62,383,975)	111,458,816
Payments for other operating activities	(2,125,467,350)	(177,102,428)
Net cash inflow/(outflow) from operating activities	2,026,782,904	12,154,336
Cash flows from investing activities		
Proceeds from sale/redemption of securities	-	-
Payment for purchase of securities	-	-
Purchase of fixed assets	-	(194,575)
Sale of fixed assets	-	-
Net cash (used in)/from investing activities	-	(194,575)
Cash flows from financing activities		
Statutory deposits	-	-
Purchase/sale of trading securities	-	-
Investments to customers	301,425,084	(356,745,340)
Other assets	66,711,900	(1,150,755,182)
Deposits and other accounts from other banks	525,753,258	(193,864,977)
Deposits and other accounts from customers	1,212,616,770	1,477,486,198
Other liabilities	18,960,338	46,776,873
Cash generated from/(used in) operating assets and liabilities	2,125,467,350	(177,102,428)
Net cash inflow/(outflow) from operating activities	2,026,782,904	12,154,336
Net increase/(decrease) in cash and cash equivalents	2,026,782,904	11,959,761
Cash and cash equivalents at beginning of the year	254,197,474	242,237,713
Cash and cash equivalents at end of the year	2,280,980,378	254,197,474
Cash in hand (including foreign currencies)	46,779,906	40,991,384
Balance with other banks and financial institutions	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	2,234,200,472	213,206,090
Placement from banks and other financial institutions	-	-
Total	2,280,980,378	254,197,474

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


Ijaz Muhammad Chaudry
Country Head In-Charge

Notes to the financial statements as at and for the year ended 31 December 2025

Notes	Particulars	Amount in Taka	
		2025	2024
1	Cash		
	Cash in hand (including foreign currency)	1.1	46,779,906
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	1.2	2,234,200,472
			213,206,090
		2,280,980,378	254,197,474
1.1	Cash in hand		
	Local currency		43,304,026
	Foreign currencies		37,465,505
		3,475,880	3,527,879
		46,779,906	40,991,384
1.2	Balance with Bangladesh Bank and its agent bank(s)		
	Local currency		2,234,200,472
	Foreign currencies		213,206,090
		2,234,200,472	213,206,090
1.a	Cash Reserve Requirement (CRR) for Islamic Banking		
	4% of average Demand and Time Liabilities		
	Required reserve	258,139,617	198,048,581
	Actual reserve held	2,234,159,612	213,366,460
	Surplus	1,976,019,995	15,317,879
	Actual reserve held	34.62%	4.66%
1.b	Statutory Liquidity Requirement (SLR) for Islamic Banking		
	5.5% of required Average Demand and Time Liabilities:		
	Required reserve	354,941,973	272,316,799
	Actual reserve held	2,022,799,900	272,328,799
	Surplus	1,667,857,927	12,000
	Actual reserve held	31.34%	5.95%
	Held for Statutory Liquidity Requirement:		
	Cash in hand	46,779,906	40,991,384
	Excess of daily reserve	1,976,019,995	15,317,879
	Other Eligible Securities	-	157,070,000
	Foreign currency used in BDT	-	58,949,536
		2,022,799,900	272,328,799
2	Balance with other banks and financial institutions		
	In Bangladesh	-	-
	Outside Bangladesh	-	-
3	Investments		
	General investments etc.	3.1	3,836,413,814
	Bills purchased and discounted	3.9	4,137,838,898
		3,836,413,814	4,137,838,898
3.1	General investments etc.		
	In Bangladesh		
	Murabaha (LPO)	3,108,413,814	3,381,573,641
	Trust receipts	-	33,640,257
	Spot Murabaha	728,000,000	722,625,000
		3,836,413,814	4,137,838,898
	Outside Bangladesh	-	-
3.2	Maturity-wise grouping		
	Repayable On demand	-	36,575,616
	Not more than 3 months	2,651,246,731	4,075,542,782
	More than 3 months but not more than 1 year	1,185,167,083	25,720,500
	More than 1 year but not more than 5 years	-	-
	More than 5 years	-	-
		3,836,413,814	4,137,838,898
3.3	Investments on the basis of significant concentration		
	Advances to Chief executive, other Senior executives and other Officers	-	-
	Industrial loans and advances	3,836,413,814	4,137,838,898
		3,836,413,814	4,137,838,898
3.4	Industry-wise classification of Investments		
		2025	2024
	% of Total Loan	BDT	BDT
	Agri Business	0.00%	0.73%
	Cement	0.04%	1,437,500
	Chemicals	0.00%	0.82%
	Food & Personal Care Products	56.58%	2,170,758,750
	Manufacturing & sale of Domestic Appliances	4.34%	166,666,667
	Others/Miscellaneous	0.00%	0.03%
	Pharmaceuticals	0.03%	997,500
	Printing & Publishing	0.78%	30,030,000
	Textile Composite / Garments Manufacturing	2.96%	113,523,398
	Textile Spinning	18.98%	728,000,000
	Vanaspati & Allied Industries	16.29%	625,000,000
		100%	3,836,413,814
		100%	4,137,838,898
3.5	Geographical location-wise investments		
		2025	2024
	% of Total Loan	BDT	BDT
	Dhaka Division	100%	3,836,413,814
	Chittagong Division	0%	-
	Sylhet Division	0%	-
		100%	3,836,413,814
		100%	4,137,838,898
3.6	Grouping of investments as per classification rules of Bangladesh Bank		
		2025	2024
	% of Total Loan	BDT	BDT
	Unclassified:		
	Standard including staff murabaha	100.00%	3,836,413,814
	Special Mention Account (SMA)	0.00%	-
		100.00%	3,836,413,814
	Classified:		
	Substandard	0.00%	-
	Doubtful	0.00%	-
	Bad or loss	0.00%	-
		0.00%	-
		100%	3,836,413,814
		100%	4,137,838,898

Notes	Particulars	Amount in Taka			
		2025		2024	
3.7	Particulars of required provision for investments	2025		2024	
		Base for Provision	Required provision	Base for Provision	Required provision
	Unclassified:				
	Standard (Other than SME)	3,722,890,417	37,228,904	3,977,190,011	39,771,900
	Standard (SME)	113,523,398	1,135,234	160,648,887	401,622
	Standard (Agri Loan)	-	-	-	-
	Special Mention Account (SMA)	-	-	-	-
		3,836,413,814	38,364,138	4,137,838,898	40,173,522
	Classified:				
	Substandard	-	-	-	-
	Doubtful	-	-	-	-
	Bad or loss	-	-	-	-
		-	-	-	-
		3,836,413,814	38,364,138	4,137,838,898	40,173,522
	Total provision maintained (Shortfall)/Surplus provision		38,364,138		40,173,522



Bank Alfalah

Independent Auditor's Report & Audited Financial Statements As at and for the year ended 31 December 2025

Notes	Particulars	Amount in Taka		
		2025	2024	
6	Deposits and other accounts (Continued)			
6.5	Deposits concentration (Continued)			
6.5.1	Inter-bank deposits			
	Jamuna Bank PLC	500,711,845	22,701	
	Mutual Trust Bank PLC	6,074,207	200,431,639	
	AB Bank PLC	11,119	12,224	
	Prime Bank PLC	14,709,962	14,726,429	
	Islami Bank Bangladesh PLC	33,482	34,632	
	Shahjalal Islami Bank PLC	2,771,366	2,765,926	
	Al-Arafah Islami Bank PLC	1,070	886,191	
	The City Bank PLC	349,997,127	-	
	Trust Bank PLC	9,081	7,026,320	
	Bank Asia PLC	1,723,457	1,721,497	
		876,042,716	227,627,559	
6.5.2	Vostro Deposit			
	Bankislami Pakistan Limited	20,258,925	201,202	
	Bank Alfalah Ltd, Karachi (Conventional)	35,570,372	11,565,376	
	Bank Alfalah Ltd, Karachi (Islamic)	24,847,230	191,571,848	
		80,676,527	203,338,426	
6.6	Maturity grouping of deposits			
	Repayable On demand	390,308,087	303,767,431	
	Repayable within 1 month	679,834,209	524,262,131	
	Over 1 month but within 6 months	2,205,232,970	1,928,809,483	
	Over 6 months but within 1 year	1,257,110,219	723,781,559	
	Over 1 year but within 5 years	3,190,270,496	2,503,765,348	
	Over 5 years but within 10 years	-	-	
	10 years or more	-	-	
		7,722,755,981	5,984,385,953	
Note 6.6 – 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 2026. The bank does not have any such deposit to be reported as 10 years and above unclaimed deposit amount as on 31 December 2025 (cut off basis) to Bangladesh Bank.				
7	Other liabilities			
	Provision for Investments	7.1	38,364,138	40,173,522
	Provision for off-balance sheet exposures	7.2	9,286,584	4,378,646
	Profit suspense and compensation suspense	7.3	-	-
	Unearned Income on Islamic Finance		92,031,044	79,281,843
	Accrued expenses		467,085	422,751
	Salaries & Allowances Payable		1,834,000	938,000
	Profit payable on deposit & borrowings	7.4	117,796,281	60,483,256
	Withholding tax on profit on deposits		10,524,608	6,558,366
	Withholding tax payable		5,231,551	4,835,794
	Withholding VAT payable		387,800	229,701
	Excise duty payable		683,050	292,300
	Advance commission on Letter of Guarantee (L/G)		34,960	55,200
	Unclaimed ATM/POS		4,351	4,351
	Lease liabilities		32,218,378	-
	Miscellaneous		396,117	426,109
			309,259,947	198,079,839
7.1	Provision for investments			
	A. General Provision			
	Provisions held at the beginning of the year		40,173,522	37,014,542
	Provision made during the year		-	3,158,980
	Provision no longer required		1,809,384	-
	Net of provision (reversed)/made during the year		(1,809,384)	3,158,980
	Provisions held at the end of the year		38,364,138	40,173,522
	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		38,364,138	40,173,522
7.2	Provision for off-balance sheet exposures			
	Balance as at 1 January		4,378,646	7,966,019
	Provision made during the year		4,907,938	-
			9,286,584	7,966,019
	Adjustments made during the year		-	(3,587,373)
	Balance as at 31 December		9,286,584	4,378,646
7.3	Profit suspense and compensation suspense			
	Profit suspense account	7.3.1	-	-
	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		-	-
	Savings Deposit		9,333,585	7,851,013
	30 days mudaraba term deposit		86,178	236,453
	90 days mudaraba term deposit		1,192,955	2,190,620
	180 days mudaraba term deposit		67,472,294	4,858,581
	365 days mudaraba term deposit		9,742,135	10,055,760
	Broken days mudaraba term deposit		24,308,287	22,635,348
	15 months mudaraba term deposit		263,367	814,295
	7 months mudaraba term deposit		4,325,320	10,525,813
	13 months mudaraba term deposit		474,764	530,231
	2 years mudaraba term deposit		189,566	322,754
	3 years mudaraba term deposit		407,830	462,388
			117,796,281	60,483,256
8	Retained earnings			
	Balance as at 1 January		-	-
	Adjustment for loan provision		-	-
	Net profit/(loss) for the year		(159,638,903)	175,875,410
			(159,638,903)	175,875,410
	Transferred to Bangladesh country office		159,638,903	(175,875,410)
	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		117,355,262	301,378,100
	Banks and other financial institutions		-	-
	Others		-	-
			117,355,262	301,378,100
10	Irrevocable letters of credit			
	Usage		13,269,051	25,072,486
	Sight		6,669,990	78,427,080
			19,939,041	103,499,566
11	Income statement			
	Income:			
	Profit, discount and similar income		428,346,931	355,916,022
	Dividend Income		-	-
	Commission, exchange and brokerage		7,171,155	7,284,319
	Gains less losses arising from dealing in foreign currencies		(65,276,589)	108,725,203
	Other operating income		2,892,614	2,733,613
			373,134,111	474,659,157
	Expenses:			
	Profit paid on deposits		491,878,817	253,990,375
	Administrative expenses		32,238,479	29,585,545
	Other operating expenses		5,058,619	4,964,839
	Depreciation on banking assets		175,517	200,400
			529,351,432	288,741,159
	Income over expenditure		(156,217,322)	185,917,998
12	Investment income			
	Share of profit from financing and discounting			
	Murabaha Financing		426,483,129	352,544,262
	Profit on Diminishing Musharkah		-	-
	Profit on bill discounted		-	56,628
	Profit against EDF		-	339,901
	Murabaha income trust receipt		1,668,991	2,869,168
			428,152,120	355,809,959
	Profit on placement with banks			
	Profit on term placements		194,811	106,063
	Profit on Savings Deposit with Banks		194,811	106,063
			428,346,931	355,916,022

Notes	Particulars	Amount in Taka	
		2025	2024
13	Profit paid on deposits		
	Profit shared on deposits & borrowings		
	Mudaraba Royal Profit Deposit	6,135,831	4,206,359
	Mudaraba Savings Deposit	22,423,194	26,693,612
	Alfalah Salary Account (ASA)	69,239	109,586
	Mudaraba term deposit	461,938,392	222,462,649
	Interest on lease liabilities	1,312,161	292,879
	Profit paid on Borrowings	-	225,290
		491,878,817	253,990,375
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.	7,171,155	7,284,319
	Exchange earnings	(65,276,589)	108,725,203
		(58,105,434)	116,009,522
16	Other operating income		
	Service charges recovered	752,551	805,509
	Charges recovered	211,389	165,460
	Cheque Book charges recovered	116,300	129,200
	Charges on documentary credit	-	-
	Courier charges recovered	503,684	228,564
	Other Income	1,308,690	1,404,900
	UPAS LC Profit Spread	-	-
	Gain on disposal of fixed asset	-	-
		2,892,614	2,733,613
17	Salaries and allowances		
	Salaries & Allowances	10,096,161	9,599,282
	Housing allowance	3,432,551	3,150,412
	Conveyance allowance	858,123	787,597
	Other allowances	132,000	132,000
	Festival bonus	2,301,524	2,019,352
	Performance bonus	2,445,736	1,770,843
	The Bank's contribution to provident fund	823,523	786,808
	Car allowance	746,786	747,000
		20,840,404	18,993,294
18	Rent, taxes, insurance, electricity etc.		
	Taxes & VAT*	1,682,346	1,682,396
	Cleaning and maintenance	3,657,771	3,052,304
	Electricity and Utilities	1,788,260	1,839,680
		7,128,377	7,174,303
	*Actual Rent Expense including VAT during the Year 2025: Tk. 19,505,820 (2024:Tk. 19,505,820)		
19	Postage, stamps, telecommunication etc.		
	Postage and couriers	481,814	282,810
	Electronic mail and on-line connectivity	449,700	451,100
	Telegram, fax, telex, SWIFT and internet charge	1,725,026	1,133,876
	Telephone charges	74,167	54,467
		2,730,707	1,922,253
20	Stationery, printing, advertisement etc.		
	Table stationery	435,336	520,203
	Books and periodicals	-	-
	Printing stationery	335,586	366,720
	Computer stationery	6,238	19,102
	Publicity	-	-
		777,160	906,025
21	Depreciation and repair to bank's assets		
	Depreciation of bank's assets	10,314,420	10,671,381
	Repair & Maintenance of bank's assets	761,831	589,670
		11,076,251	11,261,051
21.1	Repair & maintenance of bank's assets		
	Furniture, fixture and fittings	45,750	-
	Rented premises	-	-
	Office equipment	587,861	462,620
	Computer maintenance	128,220	127,050
	Motor vehicles	-	-
		761,831	589,670
22	Other expenses		
	Bank charges, brokerage and commission	400	2,540
	Entertainment	980,346	976,005
	Security charges	2,255,413	2,003,995
	Traveling and conveyance	124,820	164,660
	Car fuel	328,974	493,200
	Other	1,368,666	1,324,439
		5,058,619	4,964,839
23	Related parties		
	Current deposit account		
	Bank Alfalah, Karachi	60,417,602	203,137,224
		60,417,602	203,137,224
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 10 (2024: 12).		
26	Employee related fraud		
	There was no fraud occurred/reported to Bangladesh Bank during the year 2025 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.		

The computation of the amount of CET1, AT1, and Tier 2 capital shall be subject to the following conditions as per the phase-in arrangement for implementation of minimum capital requirements:

- CET1 should be at least 4.5% of the total Risk Weighted Assets (RWA)
- Tier 1 capital should be at least 6.0% of the total RWA
- Minimum Capital to Risk-weighted Asset ratio (CRAR) should be 10% of the total RWA
- Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher
- Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher
- In addition to minimum CRAR, Capital Conservation Buffer (CCB) of 2.5% of the total RWA is to be maintained in the form of CET1

Quantitative Disclosures

Bank Alfalah Limited's capital structure is being enumerated as below:

	2025	2024
	Figures in BDT	
Common Equity Tier 1 (CET1) Capital		
Fund Deposited with BB	5,109,351,408	5,097,454,821
Retained Earnings	1,456,237,768	1,413,829,115
	6,565,589,176	6,511,283,936
Regulatory adjustments / Deductions from CET1 Capital		
Goodwill and all other Intangible Assets	3,881,422	5,294,878
Deferred Tax Assets	114,963,228	102,168,094
Others If any	282,744,601	-
	401,589,251	107,462,972
Total CET1 Capital	6,163,999,925	6,403,820,964
Additional Tier 1 (AT1) Capital	-	-
Total Tier-1 Capital	6,163,999,925	6,403,820,964
Tier 2 Capital		
General Provision (Limited to 1.25% of credit RWA)	136,458,103	163,158,072
	136,458,103	163,158,072
Total Admissible Tier 2 Capital	136,458,103	163,158,072
Total Eligible Capital	6,300,458,028	6,566,979,036

c) Capital Adequacy

Qualitative Disclosures

BAFL is subjected to the capital adequacy guidelines stipulated by Bangladesh Bank, which are based on the framework of the Basel Committee on Banking Supervision. As per the revised capital adequacy guidelines of December 2014, the Bank is required to maintain a minimum Capital to Risk-Weighted Asset Ratio (CRAR) of 10.00% with regard to Credit Risk, Market Risk and Operational Risk; and a Capital Conservation Buffer (CCB) of 2.50% in the form of CET1 Capital. In addition to this, capital adequacy ratio has to be maintained as per phase-in arrangements stipulated in the revised guidelines under Basel III by Bangladesh Bank vide BRPD Circular no. 18/2014 dated December 21, 2014, which is as under:

Phase-in arrangement		2019
Minimum Common Equity Tier 1 (CET1) Capital Ratio		4.50%
Capital Conservation Buffer		2.50%
Minimum CET1 plus Capital Conservation Buffer		7.00%
Minimum T-1 Capital Ratio		6.00%
Minimum Total Capital Ratio		10.00%
Minimum Total Capital plus Capital Conservation Buffer		12.50%

BAFL has adopted Standardized Approach for Credit Risk, Standardized (rule based) Approach for Market Risk and Basic Indicator Approach (BIA) for Operational Risk for computing CRAR.

The Bank has a capital adequacy ratio (CRAR) of 87.47% as against the regulatory requirement of 10% MCR, of which Tier 1 capital adequacy ratio is 85.58% against regulatory minimum requirement of 6.0%; and Tier 2 capital adequacy ratio is 1.89%. The capital adequacy ratio is achieved by the Bank through improvement in the capital base, asset quality at the existing volume level,

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Types of Collateral taken by the Bank

BAFL determines the appropriate collateral for each facility based on the type of product and counterparty. In case of small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance, usually backed by mortgage. In case of working capital facilities for large corporate relationships, facilities are generally allowed against creation of charges over current & fixed floating assets of the respective companies to mitigate any eventuality. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally obtained. For security such as cash collateral, TDRs, charges on receivables are also obtained by the Bank. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Bank. The valuation of the properties is carried out by an approved independent valuation agency.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the Central Credit Committee (CCC) under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

Types of Eligible Financial Collateral

For credit risk mitigation purposes (capital adequacy purposes), the bank considers all types of financial collaterals that are eligible under BB (Base II) accord. This includes Cash / TDRs, securities issued by Government of Bangladesh such as T-Bills and T-Bonds, certain debt securities rated by recognized credit rating agencies, and guarantees from certain specified entities (Government of Bangladesh, Banks etc.).

In addition to collaterals, transactions are also secured against guarantees thus reducing credit risk. Where guarantees are direct, explicit, irrevocable and unconditional, banks may consider such credit protections in calculating capital requirements through a substitution approach e.g., lower rating/risk weight of guarantor than the counterparty will lead to reduced capital charges.

Credit Concentration Risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, BB has prescribed regulatory limits on bank maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, BAFL's annual credit plan spells out the maximum allowable exposure it can take on specific industry. Additionally, the Internal Rating System allows the Bank to monitor rating concentration of borrowers against different grades / scores ranging from 1–12 (1 being the best and 12 being loss category).

Quantitative Disclosures

Total Exposures of Credit Risk	2025	2024
	Figures in BDT	
1. Funded	31,859,451,057	35,165,151,914
a) Domestic	31,859,451,057	35,165,151,914
b) Overseas	-	-
2. Non-Funded	116,077,918	324,060,493
a) Domestic	116,077,918	324,060,493
b) Overseas	-	-

3. Distribution of Risk Exposure by Claims

Cash & Cash Equivalents	189,032,446.77	211,790,913
Claims on Bangladesh Government & Bangladesh bank	12,332,054,946	14,089,940,216
Claims on Banks and Securities Firms	3,837,224,644	2,686,275,245
Claims on Corporate (excl Medium Enterprise loan)	11,503,145,038	14,028,634,498
Claims on the Retail & Small Enterprises (excl consumer loan)	268,622,988	509,614,414
Investments in premises, plant, equipment & fixed assets	157,640,581	170,464,901
All other assets	2,602,616,560	2,134,887,041
Other Categories:	187,640,262	393,173,052
Past due Loans / NPL	71,562,344	69,112,559
Off-Balance Sheet Items	116,077,918	324,060,493

4. Credit Risk Mitigation

Claims Secured by Financial Collateral	897,651,510	1,294,432,125
Net Exposure after the Application of Haircuts	12,956,696,149	15,079,612,958
Claims Secured by Eligible Guarantee	-	-

Maturity-wise grouping of Loans & advances:

Repayable on Demand	318,058,276	1,957,778,819
Not more than 3 months	10,629,769,740	12,459,488,104
Over 3 months but not more than 1 year	1,989,607,046	1,392,140,416
Over 1 year but not more than 5 years	74,979,607	333,926,081
Over 5 years	37,080,345	29,542,096
	13,049,558,014	16,172,875,517

Country-wise Classification of Loans and advances:

Inside Bangladesh

Conventional Banking

Current Finance	2,823,055,456	4,732,285,392
Term Finance	5,855,668,277	6,575,870,793
Agriculture Finance	408,286,667	353,801,215
Staff Loan	48,226,465	49,072,353
Finance against EDF	0.00	70,824,076
Loan against trust receipts	83,498,585	253,182,790
	9,218,735,450	12,035,036,619

Islamic Banking

Murabaha (LPO)	3,102,822,564	3,381,573,641
Trust Receipts	0.00	33,640,257
Finance Against Foreign Bill	0.00	-
Advance against Murabaha	0.00	-
Diminishing Musharakah	0.00	-
Finance against EDF	0.00	-
Spot Murabaha	728,000,000	722,625,000
	3,830,822,564	4,137,838,898

Outside Bangladesh

	13,049,558,014	16,172,875,517
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Bills purchased and discounted (Murabaha export bills):

Payable in Bangladesh	0.00	14,142,606
Payable outside Bangladesh	0.00	-
	13,049,558,014	16,187,018,123

Geographical location-wise distribution of Loans & advances:

Dhaka Division	10,931,704,884	13,125,338,848
Chittagong Division	2,053,230,577	3,012,594,358
Khulna Division	-	-
Rajshahi Division	-	-
Barisal Division	-	-
Sylhet Division	64,622,753	49,084,917
Rangpur Division	-	-
	13,049,558,014	16,187,018,123

Maturity-wise grouping of Bills Purchased and discounted:

Payable within 1 month	0.00	7,390,346
Over 1 month but less than 3 months	0.00	6,752,260
Over 3 months but less than 6 months	-	-
6 months or more	-	-
	0.00	14,142,606

Industry-wise classification of Loans & Advances:

Agri Business	244,669,827	552,728,292
Automobile dealers	100,672,003	100,672,003
Cement	772,726,225	520,194,382
Chemicals	1,279,292,797	1,521,432,423
Financial Institutions & MFIs	703,846,611	384,732,582
Food & Personal Care Products	2,487,177,096	2,371,363,220
Glass & Ceramics	24,277,240	31,395,736
Leather & Tanneries	211,587,500	206,113,333
Manufacturing & sale of Domestic Appliances	464,190,908	912,429,024
Metal & Allied	1,636,503,508	2,712,730,879
Oil & Gas Marketing Companies	377,175,681	468,233,841
Others/Miscellaneous	194,966,396	127,424,894
Paper & Board	-	-
Pharmaceuticals	1,308,552,786	1,564,592,997
Power Generation & Distribution- Non GoP	59,730,951	56,680,149
Printing & Publishing	-	-
Real Estate/Construction	0.00	75,313
Refinery	-	-
Services	232,395,476	317,936,597
Textile Composite / Garments Manufacturing	0.00	141,676,387
Textile Spinning	728,000,000	722,625,000
Textile Weaving	366,987,720	322,943,178
Tobacco	-	-
Trading	304,116,783	626,261,459
Transport	0.00	62,115,687
Jute Mills	866,834,722	1,742,793,310
Venustapal & Allied Industries	686,363,785	719,875,650
	13,049,558,014	16,187,018,123

Grouping of Loans and advances as per Classification Rules of Bangladesh Bank:

Unclassified:		
Standard including staff loan	12,717,546,001	15,865,786,407
Special Mention Account (SMA)	-	-
	12,717,546,001	15,865,786,407
Classified:		
Substandard	13,140,805	-
Doubtful	0.00	20,519,089
Bad or loss	318,871,408	300,712,627
	332,012,013	321,231,716
Total	13,049,558,014	16,187,018,123

Maintenance of Specific Provision

BAFL follows BB guidelines regarding loan classifications, provisioning and any other issues related to Non-Performing Loan (NPL). Bank's internal credit guidelines also directs on managing of NPL, loan provisioning review procedure, debt write-off, facility grading, reporting requirements, interest recognitions etc. While dealing with NPLs, bank's decision is always complied by local rules and regulations as well as group guidelines, which are more conservative than the local regulations.

Specific provision for all classified loan i.e. Sub-standard, Doubtful, and Bad/Loss are maintained by the bank as per Bangladesh Bank guideline. As of December 31, 2025, Bank has provided BOT 26.05 crore for specific provisions.

Policies and processes for maintaining specific provision

Bank mainly maintains specific provision against classified loan according to Bangladesh Bank BRPD Circular No. 08 'Loan Classification and Provisioning' dated August 02, 2015 and BRPD Circular No. 14 'Master Circular: Loan Classification and Provisioning' dated September 25, 2012 and other guidelines issued from time to time by Bangladesh Bank.

The Bank maintains specific provision at the following rates in respect of classified Continuous, Demand and Fixed Term Loans:

1. Sub-standard	20%
2. Doubtful	50%
3. Bad/Loss	100%

At the time of determining Gross Income for calculating operational risk, specific provision and other items are growing with Net Profit.

	2025	2024
	Figures in BDT	
A. Gross Non Performing Assets (NPAs)		
- Non-Performing Assets (NPAs) to Outstanding Loans & Advances	2.54%	1.98%
B. Movement of Non-Performing Assets (NPAs)		
Opening Balance	321,231,716	301,066,428
Additions	10,780,297	20,165,288
Reductions	-	-
Write-off	-	-
Closing Balance	332,012,013	321,231,716
C. Movement of Specific Provisions for NPAs		
Opening Balance	252,119,157	190,918,400
Provisions made during the period	8,330,512	63,292,333
Write-off	-	-
Write-back of Excess Provisions/Reversal of Provision	0.00	(2,091,576)
Closing Balance	260,449,669	252,119,157

e) Equities: Disclosures for Banking Book Positions

Qualitative Disclosures

BAFL does not have any trading position in equities (neither quoted nor unquoted).

f) Interest Rate Risk in the Banking Book (IRBB)

Qualitative Disclosures

Interest rate risk in the banking book ultimately arises from the differential in the proportion and tenor of fixed rate contracts between the asset and liability side. Banking book interest rate risk measurements thus should start with a look at the mismatches or gap between these two sides. The Bank has set a tolerance limit for the maximum interest rate risk in terms of intervals or as 'duration', i.e. a refined measure of effective average maturity which captures the interest rate sensitivity of fixed rate contracts. Hence, the interest rate risk is the possibility that changes in the prevailing market interest rate will produce an adverse impact on net income and on the value of assets and liabilities and consequently on the economic value of equity.

Interest rate risk in the banking book refers to the earnings and asset value exposures as they relate to assets and liabilities from traditional lending and deposit taking, as opposed to debt securities and other loan claims held for trading purposes. BAFL BD is exposed to interest rate risk primarily as a result of mismatches in the amounts of assets, liabilities and off-balance sheet interest sensitive instruments within a certain range of maturity or re-pricing (whichever is earlier). It has approved category-wise G-Sec portfolio level PV01 (price value per basis point) limits to manage interest rate risk within the approved risk appetite. Treasury is primarily responsible for management of interest rate risk on a daily basis, and the Asset and Liability Committee (ALCO) oversees the interest rate risk. Market Risk Unit of Risk Management Division independently monitors analyses and reports various limits including management action point limits and re-pricing of the assets and liabilities on a regular basis.

For estimating the IRBBB both changes in Net Interest Income (NII) assuming a constant balance sheet and changes in Economic Value of Equity (AEVE) assuming a run-off balance sheet. For this purpose cash flow are slotted among 19 time buckets for the contra products with behavioral optionality's and interest rate shocks are applied based on six standardized shock scenarios i.e., Parallel shock up; Parallel shock down; Steeper shock (short rates down and long rates up); Flattener shock (short rates up and long rates down); Short rates shock up; and Short rates shock down.

Under the sensitivity analysis the impact on change in interest rate on the economic value of equity and net interest income is applied through six shock scenarios. The average repricing maturity of Non-Maturity Deposits (NMDs) has been assigned at 1-48 years and longest repricing maturity of MMDs has been assigned at 3.45 years.

Shock Scenarios	Δ EVE	Figures in BDT Crore
Parallel shock up	(0.43)	2.50
Parallel Down	(0.43)	2.55
Steeper	(1.44)	-
Flattener	(1.44)	-
Short rate up	(1.44)	-
Short rate down	(0.20)	-
Maximum	1.44	8.82
Tier 1 capital		616.40

The above result implies that bank may lose more value in its interest rate sensitive assets than its liabilities and thus an increase in interest rate may cause a decline in the economic value of bank's capital.

g) Market Risk

Qualitative Disclosures

Market risk exposes the Bank to the risk of financial losses resulting from movements in market prices. This risk is associated with changes in the interest rates, foreign exchange rates, equity prices and commodity prices.

Views of BoD on trading/investment activities

To manage and control market risk, a comprehensive BoD approved Market & Liquidity Risk Policy is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure market risk at a portfolio level. Moreover, it also includes controls which are applied, where necessary, to individual risk types, to particular books and to specific exposures. These controls include limits on exposure to individual risk types, variables as well as limits on concentrations of tenors and issuers. This structure is reviewed, adjusted and approved periodically.

Trading book consists of positions in financial instruments held with trading intent. A capital charge is applicable for financial instruments which are free from any restrictive covenants on tradability in line with Basel-III guidelines issued by Bangladesh Bank. Generally, investments in 'held for trading' portfolio are the focal point of the Trading Book.

The Bank's Asset and Liability Committee (ALCO) is primarily responsible for the oversight of the market risk, supported by the Risk Management Division (RMD). BAFL has a comprehensive Treasury and Investment Policy, which inter alia covers assessment, monitoring and management of all the above market risks.

Methods used to measure Market Risk

BAFL BD defines market risk as the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market prices. Under market risk management, interest rate risk, equity price risk and foreign exchange risk are monitored. BAFL uses the Standardized Approach to calculate capital charge for market risk in line with current regulatory framework under Basel III. Furthermore, the Bank carries out risk assessment via diversified tools including Value at Risk (VaR), PV01 (price value per basis point) and Duration on a regular basis. The Bank also ascertains the impact of market risk on relevant factors through stress testing and Internal Capital Adequacy Assessment processes.

Interest Rate Risk

The possibility of reduction in the value of a security (especially T-Bills & T-Bonds) resulting from a rise in interest rates. This risk can be reduced by diversifying the durations of the fixed-income investments, which are held at a given time.

Foreign Exchange Risk

Foreign exchange (FX) risk arises from the fluctuation in the value of financial instruments due to the changes in foreign exchange rates. FX risk is mainly managed through matched positions.

BAFL BD also manages FX risk by setting and monitoring dealer and currency-wise limits. Foreign Exchange Gap limits are also in place for evaluating the bank's long or short exposure in currencies applicable to its trading transactions. The currency risk is regulated and monitored against the regulatory/institutional limits enforced by the Bangladesh Bank. The Foreign Exchange exposure limits in respective currencies are managed against the prescribed limits. Risk Assessment with respect to FX risk is also conducted on a regular basis through VaR analysis.

Market Risk Management system

BAFL BD has well defined Market & Liquidity Risk Policy which covers important areas of market risk management. The bank has set risk appetites for market risk factors keeping its balance sheet size and profitability under consideration. The management also has market risk management triggers which is monitored by the Market Risk Management Unit and presented to the ERMCO on a regular basis.

Policies and processes for mitigating market risk

The Bank's Asset and Liability Committee (ALCO) is primarily responsible for the oversight of the market risk, supported by Market Risk Unit. The Bank has developed various tools for market risk measurement and its mitigation thereof i.e., Value at Risk (VaR), Duration, Price Value of a Basis Point (PVBP), Repricing Gaps, etc. It carries out stress tests, using both internal and regulatory scenarios. Moreover, it has a comprehensive risk control limit framework, which defines exposure limits (on a portfolio/tenor), PVBP limits, money market gap limits, FX gap limits, currency-wise NCR limits, stop loss limits, tolerance limits, counterparty limits, dealer limits, etc.

Detailed policies are operational manuals for Investment Management, Asset Liability Management and Market Risk Management, which deal in the various aspects of market risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Bank. The Operational Risk Unit of RMD manages the market risk and regularly conducts risk identification, risk assessment and risk mitigation, and suggests controls on need basis. Additionally, all the policies, procedures and systems of the Bank are reviewed from the operational risk perspective, and the results of the review are taken into consideration by the Operational Risk Management Database and KRIs systems are in place and the reports are submitted to the Operational Risk Management Unit - Head Office and Executive Risk Management Committee of Bangladesh.

Besides, following tools are also used for market risk management / mitigation:

- (a) Delegation of Powers - Bank has well-defined discretionary powers for different level of authorities for taking investment decisions.
- (b) Prudential Limits - Various limits e.g., exposure limit, stop loss limits, duration etc. have been fixed.
- (c) Asset Liability Management Committee (ALCO) - Under Risk Management architecture of Bank, ALCO committee of executive management monitors liquidity management and interest rate risk on regular basis. Support group of executives / officers has also been constituted to help ALCO.

Quantitative Disclosure

	2025	2024
	Figures in BDT	
Capital Requirements for -		
Interest Rate Risk	21,262,299	25,344,805
Equity Position Risk	-	-
Foreign Exchange Risk	7,272,475	57,795,717
Commodity Risk	-	-
	28,534,774	83,140,522

h) Operational Risk

Qualitative Disclosures

Operational Risk is the risk of loss resulting from inadequate internal processes, people and systems, or from external events, including legal risk. This excludes strategic and reputational risk.

Views of BoD on system to reduce Operational Risk

The Operational risk management policy of the Bank is duly approved by the Board. Operational Risk Management Manual covers the processes, procedures and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Bank. The Operational Risk Unit of RMD manages the operational risk and regularly conducts risk identification, risk assessment and risk mitigation, and suggests controls on need basis. Additionally, all the policies, procedures and systems of the Bank are reviewed from the operational risk perspective, and the results of the review are taken into consideration by the Operational Risk Management Database and KRIs systems are in place and the reports are submitted to the Operational Risk Management Unit - Head Office and Executive Risk Management Committee of Bangladesh.

Performance gap of executives and staffs

The Bank's management has set policies in providing a competitive package vis-a-vis strong corporate culture coupled with suitable working environment so that quality people can be retained. Excellent working environment has been playing a very important role in motivating the employees. Hence, no considerable performance gap was evident.

Potential external events

BAFL has not exposed to any kind of significant operational risk which is attributable to potential external events. The bank has in place a proper 'Business Recovery Continuity Plan (BRCP)' or 'Disaster Recovery Plan (DRP)' to address any sort of business continuity risk which may incur losses resulting from the interruption of normal business activities, i.e., interruptions to our infrastructure as well as to the infrastructure that supports its business. Besides, the Bank also has set Information Security Risk Management Framework under which the IT Division conducts awareness programs on IT security risks which may emanate from unauthorized use, loss, damage, password leakage, cyber threats through phishing etc. that may expose the bank to operational risk.

Policies and processes for mitigating operational risk

The Bank's Operational Risk Framework duly approved by the Board addresses all the significant areas of Operational Risk Management within the Bank, including Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Operational Loss Data Management, and Operational Risk Reporting. The Bank is using Risk and Control Self-Assessment (RCSA), capturing operational incidents as tools for identification, monitoring, measuring and management of operational risk. Key Risk Indicators and operational loss data are captured and reported to the Board and Senior Management. The Bank also has set Information Security Risk Management Framework under which the IT Division conducts awareness programs on IT security risks which may emanate from unauthorized use, loss, damage, password leakage, cyber threats through phishing etc. that may expose the bank to operational risk.

Approach for calculating capital charge for operational risk

BAFL adopted Basic Indicator Approach (BIA) for calculating operational risk, which is based on 15% of the average positive gross income from last three years.

Quantitative Disclosures

	2025	2024
	Figures in BDT	
Capital Requirements for Operational Risk	217,796,380	176,245,395

i) Liquidity Ratio

Qualitative Disclosures

Liquidity is a financial institution's capacity to meet its obligations as they fall due (without incurring losses). Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they come due.

Views of BoD on system to reduce Liquidity Risk

The Bank manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy and Asset & Liability Committee (ALCO) level guidelines. Under risk framework, various liquidity metrics are implemented and monitored on a regular basis.

At BAFL, BoD approves the Market & Liquidity Risk Policy. Further, BoD also approves the overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Bank's ALCO is primarily responsible for the implementation of BoD's strategy through oversight of the asset liability function including liquidity management. Treasury front office manages the Bank's liquidity on day-to-day basis and is the Bank's first line of defense against liquidity risk. Under Risk Management Division, Market & Liquidity Risk Management Unit is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and bank's own risk appetite.