আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড
العرفة اسلامى بنك لميتيد
Al-Arafah Islami Bank Limited

1st Quarter (Q1) Financial Statement 2018 (un-audited)

Consolidated Balance Sheet (Un-Audited)

As at March 31, 2018

PROPERTY AND ASSETS	31-03-2018 Taka	31-12-2017 Taka
Cash in hand		
Cash in hand (including foreign currencies)	2,054,703,335	2,096,407,675
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	32,909,028,889	37,669,574,111
	34,963,732,224	**39,765,981,786**
Balance with other Banks and Financial Institutions		
In Bangladesh	2,203,921,363	1,070,656,791
Outside Bangladesh	9,552,653,832	10,327,998,227
	11,756,575,195	**11,398,655,018**
Placement with Banks & Other Financial Institutions	**6,850,000,000**	**4,400,000,000**
Investment in Share & Securities	**10,140,555,438**	**10,145,490,279**
Government	8,000,000,000	8,000,000,000
Others	2,140,555,438	2,145,490,279
Investments		
General Investments etc.	229,334,978,733	216,659,827,253
Bills purchased and discounted	19,669,085,218	19,245,407,271
	249,004,063,951	**235,905,234,524**
Fixed assets less Accumulated Depreciation	**3,375,749,395**	**3,260,376,895**
Other Assets	**16,273,335,250**	**14,379,554,005**
Non-Banking Assets	-	-
Total Assets	**332,364,011,453**	**319,255,292,507**
LIABILITIES AND CAPITAL		
Liabilities		
Placement from Banks & Other Financial Institutions	**36,097,752,873**	**32,218,677,048**
Deposits and other Accounts		
Mudaraba Savings Deposits	32,026,276,342	32,130,000,015
Mudaraba Term Deposits	145,266,366,740	135,929,026,231
Other Mudaraba Deposits	46,170,166,251	47,832,419,620
Al-wadeeah Current Accounts and Other Accounts etc.	25,730,500,363	26,435,038,160
Bills Payable	2,014,946,363	2,479,779,449
	251,208,256,059	**244,806,263,475**
Other Liabilities	**19,053,350,106**	**16,608,728,003**
Deferred tax Liabilities/ (Assets)	**104,812,232**	**100,949,200**
Total Liabilities	**306,464,171,270**	**293,734,617,726**
AIBL Subordinate Bond	3,000,000,000	3,000,000,000
Capital/Share holders Equity		
Paid -up Capital	9,943,064,280	9,943,064,280
Statutory Reserve	7,773,956,387	7,576,581,114
Revaluation Reserve	980,376,225	980,376,225
Retained Earnings	2,470,462,266	2,259,155,807
Total Equity attributable to equity holders of the bank	**21,167,859,158**	**20,759,177,426**
Non-Controlling Interest	1,731,981,025	1,761,497,355
Total Equity	**22,899,840,183**	**22,520,674,781**
Total Liability and Share holders equity	**332,364,011,453**	**319,255,292,507**
OFF BALANCE SHEET ITEMS		
Contingent Liabilities		
Acceptance and endorsement	14,672,277,951	12,460,678,951
Letters of Guarantee	6,780,205,489	6,443,409,058
Letters of Credit	33,729,254,474	33,529,501,439
Bills for Collection	4,211,624,912	4,608,308,496
Other Contingent Liabilities	-	-
Total	**59,393,362,826**	**57,041,897,944**
Other Commitments :		
Documentary Credits and other short term trade related transactions	-	-
Forward Assets Purchased and forward Deposit placed	-	-
Undraw note issuance and Revolving underwriting Facilities	-	-
Undraw Formal standing Facilities, Credit lines and others commitments	-	-
Total Off Balance sheet items including Contingent liabilities	**59,393,362,826**	**57,041,897,944**

Chief Financial Officer | Company Secretary | Managing Director | Director | Chairman

Consolidated Profit & Loss Accounts (Un-Audited)

For the period ended March 31, 2018

	31-03-2018 Taka	31-03-2017 Taka
Investment Income	5,848,637,251	4,224,489,767
Profit paid on deposits & Borrowing	(3,782,224,703)	(2,087,683,672)
Net Investment Income	**2,066,412,548**	**2,136,806,095**
Income from Investment in Shares /Securities	54,416,147	44,787,151
Commission, Exchange and Brokerage	616,105,282	692,401,123
Other Operating Income	37,638,733	63,690,023
	708,160,162	**800,878,297**
Total operating income	**2,774,572,710**	**2,937,684,392**
Salaries and allowances & contribution to P.F	996,477,111	871,864,223
Directors fees & expenses	3,887,647	12,652,545
Shariah Supervisory Committee's fees & expenses	560,969	222,456
Rent, taxes, insurance and lighting etc.	193,203,071	96,257,102
Postage, telegram, telephone and stamp etc.	23,920,417	21,873,847
Legal charges	5,542,075	1,624,358
Auditors' fee	50,000	124,500
Salary & Allowances to the Managing Director	5,350,000	5,510,000
Depreciation and repairs to the bank's properties	106,881,581	85,998,417
Stationery, printing & advertisement etc.	52,584,760	41,179,681
Other expenses	164,181,796	110,931,079
Total operating expenses	**1,552,639,427**	**1,248,238,208**
Profit/(Loss) before Tax & provision	**1,221,933,283**	**1,689,446,184**
Provision against Investments & Contingent Liabilities	314,144,000	364,825,000
Provision for diminution in value of investment	-	(57,178,910)
Other Provision	-	-
Total provision	**314,144,000**	**307,646,090**
Profit/(Loss) before Tax	**907,789,283**	**1,381,800,094**
Current tax	524,760,849	576,406,125
Deferred tax	3,863,033	7,599,054
Provision for Taxation	**528,623,882**	**584,005,179**
Net Profit/(Loss) after tax	**379,165,402**	**797,794,915**
Net Profit attributable to:		
Equity holders of the bank	408,681,732	704,185,225
Non-controlling Interest	(29,516,330)	93,609,690
Profit for the year	**379,165,402**	**797,794,915**
Appropriation		
Statutory Reserve	197,375,273	199,550,628
Non-Controlling Interest	(29,516,330)	93,609,690
	167,858,943	**293,160,318**
Transfer to Retained Earnings	**211,306,459**	**504,634,597**
Earning per Ordinary Share (EPS)	**0.41**	**0.71**

Chief Financial Officer | Company Secretary | Managing Director | Director | Chairman

Consolidated Cash Flow Statement (Un-Audited)

For the period ended March 31,2018

	31-03-2018 Taka	31-03-2017 Taka
Cash flows from operating activities		
Investment income receipt in Cash	5,679,308,814	4,365,909,316
Profit paid on deposits and borrowing	(2,934,281,110)	(1,953,651,704)
Dividend received	2,856,984	2,952,163
Fees & Commission received in cash	616,105,282	692,401,123
Recoveries from written off investments	7,907,000	90,000
Cash payments to employees	(1,001,827,111)	(877,374,223)
Cash payments to suppliers	(52,584,760)	(41,179,681)
Received from other operating activities (item-wise)	37,638,733	63,690,023
Paid for other operating activities (item-wise)	(420,312,229)	(261,875,359)
Advance income tax paid	460,371,269	(737,746,275)
Operating profit before changes in operating assets and liabilities	**2,395,182,873**	**1,253,215,383**
Changing in Operating assets & liabilities		
Increase/(Decrease) of trading securities	4,934,841	559,994
Increase/(Decrease) of placement to other banks	(2,450,000,000)	(209,862,038)
Increase/(Decrease) of Investment and advances to customers (other than Banks)	(12,905,593,124)	(12,233,552,729)
Increase/(Decrease) of other assets (item-wise)	(2,121,171,912)	(402,756,833)
Increase/(Decrease) of placement from other banks and financial institution	3,879,075,825	1,663,118,773
Increase/(Decrease) of Deposits from customers (other than Banks)	5,554,048,990	7,546,513,039
Increase/(Decrease) of Other liabilities account of customers	-	-
Increase/(Decrease) of Trading liabilities (item-wise)	1,317,185,078	143,920,051
Cash receipt from operating activities	**(6,721,520,301)**	**(3,492,059,744)**
A. Net Cash from operating activities	**(4,326,337,428)**	**(2,238,844,361)**
Cash flows from investing activities:	-	-
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(119,929,407)	(56,725,393)
Sales proceeds of Fixed assets	-	-
Purchase-sale of subsidiary	-	-
B. Net cash flows from investing activities	**(119,929,407)**	**(56,725,393)**
Cash flows from financing activities		
Increase in Exchange Equalization Account	1,937,451	39,673,078
Issue of AIBL Subordinate Bond	-	-
Dividend paid	-	-
C. Net cash flows from financing activities	**1,937,451**	**39,673,078**
D. Net increase in cash and cash equivalent (A+B+C)	**(4,444,329,384)**	**(2,255,896,676)**
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent D+E	**(4,444,329,384)**	**(2,255,896,676)**
G. Cash & Cash Equivalents at the beginning of the year	**59,164,636,804**	**49,006,838,852**
H. Cash & Cash Equivalents at the end of the year	**54,720,307,419**	**46,750,942,176**

Chief Financial Officer | Company Secretary | Managing Director | Director | Chairman

Consolidated Statement of Changes in Equity (Un-Audited) For the period ended March 31, 2018

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2018	**9,943,064,280**	**7,576,581,114**	**2,259,155,806**	**980,376,225**	**20,759,177,425**	**1,761,497,355**	**22,520,674,781**
Changes in accounting policy	-	-	-	-	-	-	-
offload share	-	-	-	-	-	-	-
Restated Adjustment	-	-	-	-	-	-	-
Restated balance	**9,943,064,280**	**7,576,581,114**	**2,259,155,806**	**980,376,225**	**20,759,177,425**	**1,761,497,355**	**22,520,674,781**
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Net profit for the year	-	-	408,681,732	-	408,681,732	(29,516,330)	379,165,402
Bonus Share	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	-	-
Issue of share capital of subsidiary	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	197,375,273	(197,375,273)	-	-	-	-
Balance as at March 31,2018	**9,943,064,280**	**7,773,956,387**	**2,470,462,265**	**980,376,225**	**21,167,859,157**	**1,731,981,025**	**22,899,840,183**
Balance as at March 31,2017	**9,943,064,280**	**6,689,639,168**	**2,704,213,582**	**1,017,743,056**	**20,354,660,085**	**1,820,295,843**	**22,174,955,929**

Chief Financial Officer | Company Secretary | Managing Director | Director | Chairman

Notes to the Financial Statements For the period ended March 31, 2018

1. The Bank and its activities

Al-Arafah Islami Bank Limited was established in 1995 under the Companies Act, 1994 as a Banking Company with Limited Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all types of commercial banking services under the regulation of Bank Companies Act, 1991 (as amended 2013). The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the percepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchance (DSE) and Chaittagong Stock Exchange (CSE). Presently the bank has 154 Branches and 3 (three) Subsidiary Companies.

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

2. Subsidiaries of the Bank

Al-Arafah Islami Bank Ltd has three subsidiary companies. The financial statements of these subsidiary companies are included in the consolidated financial statements according to BFRS-10.

2.1 AIBL Capital Market Services Limited

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

I. Share trading in Dhaka Stock Market and Chittagong Stock Market.

II. Provide Margin facilities to the client.

III. Full service depository participant of Central Depository of Bangladesh Ltd.

2.2 AIBL Capital Management Limited

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

2.3 Millennium Information Solution Limited

Al-Arafah Islami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-Arafah Islami Bank Limited Millennium Information Solution Limited, a private limited Company was incorporated in Bangladesh under the companies act 1994 on February 11, 2001. The main objective of company is to carry on activities relating to developing software products and providing maintenance and support services both the domestic and international clients. Over the years, MILS has established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah.

3. Basis of preparation and significant accounting policies

3.1 Preparation of financial statements

The consolidated financial statements of the group and the financial statements of the bank have been prepared on a going concern basis under the historical cost convention and on Generally Accepted Accounting Principles consistently with those of previous years. Although the operation of the Bank are in strict compliance with the rules of Islamic Shariah, the financial statements have been prepared in accordance with the Bank Companies Act 1991, in particular Banking Regulation and Policy Department (BRPD) circular no.15 (09 November 2009) other Bangladesh Bank circulars, the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchanges Listing Regulations, other laws and rules applicable in Bangladesh and International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS) where relevant to the Bank to the extent that these do not contradict with the applicable statutory provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

3.2 Basis of Consolidation

A separate set of records for consolidating the Statements of Affairs and Income & Expenditure Statements of the branches are maintained at the Head Office of the Bank in Dhaka from which the financial statement are dawn up. Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operational policies of an entity, so as to obtain economic benefits from its activities. The consolidated financial statements incorporate the financial statements of Al-Arafah Islami Bank Limited and the financial statements of subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the bank is eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there are no evidence of impairment.

3.3 Cash flow Statement

Cash flow statement is prepared principally in accordance with BAS-7 "Statement of Cash flow " and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provision of paragraph is (b) of BAS-7 which provides that enterprise are encouraged to report cash flow from operating activities using the direct method.

3.4 Investments:

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

a) Investment write-off:

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

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

b) Investment in shares and securities:

All investment in shares are revalued at the year end. Unquoted shares are valued based on book value of the most recent audited financial statement. Provisions are made for any loss arising from diminution in value of investments

c) Investment in subsidiaries:

The bank has made investment in subsidiary companies named one AIBL Capital Market Service Ltd Tk. 242.00 crore holding 60.50% shares and the rest of 39.50% shares hold by others, second one named AIBL Capital Management Ltd. Tk. 49.00 crore holding 98.00% shares and the rest of 2.00% shares hold by others and third one Millennium Information Solution Limited Tk. 15.00 crore holding 51.00% shares and the rest of 49.00% shares hold by others.

3.5 Depreciation of Fixed Assets

The depreciable amount of an item of Fixed Assets has been allocated on a systematic basis over its useful life. The depreciation method is reflected the pattern in which the asset's economic benefits are consumed by the enterprise. The depreciation charge for each period should be recognized as an expense unless it is included in the carrying amount of another asset.

a) Depreciation is charged on monthly basis on straight-line method on all fixed assets at the following rates per annum:

Name of Assets	Rate of Depreciation	Useful Life
Furniture Fixture (Wood)	10.00%	10 Years
Furniture Fixture (Steel)	10.00%	10 Years
Computer	20.00%	5 Years
Computer Accessories	20.00%	5 Years
Motor Car	20.00%	5 Years
Machine Equipment & Appliances	20.00%	5 Years
Books & Library	10.00%	10 Years
Online Hardware	20.00%	5 Years
Land	nil	N/A
Buildings	2.50%	40 Years
Interior Decoration	10.00%	10 Years

b) On addition of fixed assets depreciation is to be charged from the month of acquisition. Whole month depreciation is to be charged if such assets are acquired in the first half of the month and no depreciation is to be charged if such assets are acquired in the second half of the month.

c) On the month of disposal of fixed assets, no depreciation is to be charged. The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement.

3.6 Amortization of Intangible Assets

The depreciable amount of an item of Intangible Assets has been allocated on a systematic basis over the best estimated of its useful life. The amortization should commence when the assets is available for use.

a) Amortization is charged on monthly basis on straight-line method on all Intangible assets at the following rates per annum:

Name of Intangible Assets	Rate of Depreciation	Useful life
Online Software	20.00%	5 Years

b) On addition of Intangible assets Amortization is charged from the month of acquisition. Whole month Amortization is charged if such assets are acquired in the first half of the month and no Amortization is charged if such assets are acquired in the second half of the month.

c) On the month of disposal of Intangible assets, no Amortization is charged. The cost and accumulated Amortization of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement.

3.7 Provision for taxation

a. Current tax

Provision for current income tax has been made @ 40.00% as prescribed in the Finance Act 2017 of the profit made by the bank considering taxable add-back of income and disallowance of expenditure in compliance with BAS-12 "Income Taxes". Tax return for the income year 2016 (Assessment year 2017-2018) has been filed but assessment is to be done by the tax authority.

b. Deferred tax

The bank recognized deferred tax in accordance with the provision of BAS-12. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognized in the income statement. A temporary difference is the difference between the tax bases of assets or liability and its carrying amount/reported amount in the financial statement. Deferred tax assets or liability is the amount of income tax payable or recoverable in future period(s) recognized in the current period. The deferred tax assets/expenses does not create a legal liability/recoverability to and from the income tax authority. The bank recognizes deferred tax on 100% specific provision investment which will be written off as per Bangladesh Bank Circulars.

3.8 Non-controlling interest

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

4. Reporting period:

The financial statements cover from 01 January to 31 March, 2018.

5. Consolidated Earnings Per Share (CEPS), (CEPS), (NOCFPS), (NAV)

Earnings per share have been calculated in accordance with BAS - 33: "Consolidated Earnings Per Share (CEPS)".

Particulars	01-01-18 to 31-03-18 Taka	01-01-17 to 31-03-17 Taka
Net profit after tax (Numerator)	379,165,402.00	797,794,915.14
Less : Non-Controlling Interest	(29,516,330.00)	93,609,690.14
Net profit after tax Less : Non-Controlling Interest	408,681,732.00	704,185,225.00
Weighted average number of ordinary shares outstanding	994,306,428.00	994,306,428.00
Consolidated earnings per share (CEPS)	0.41	0.71
Net Operating Consolidated Cash Flows Per Share (NOCFPS)	5.86	(2.25)
Consolidated Net Assets Value (CNAV) Per Share	21.29	20.47

6. Retained Earnings

	31-03-2018 Taka	31-12-2017 Taka
Opening balance beginning of the year	2,259,155,807	2,199,578,988
Add: Net Profit / (loss) after tax during the year	408,681,732	3,134,682,251
Less : Bonus Share	-	-
Less : Cash Dividend Paid	-	(1,988,612,856)
Less : transfer to Statutory Reserve	(197,375,273)	(1,086,492,574)
Closing Balance	**2,470,462,266**	**2,259,155,807**

7. Cash and Cash Equivalent at the end of the period

	31-03-2018 Taka	31-03-2017 Taka
Cash in hand	2,054,703,335	2,009,583,819
Balance with Bangladesh Bank & Sonali Bank Ltd.	32,909,028,889	26,550,950,359
Balance with Other Banks	11,756,575,195	11,890,407,998
Bangladesh Government Islamic Investment Bond	8,000,000,000	6,300,000,000
	54,720,307,419	**46,750,942,176**

8. The underlying operating performance of the Bank remains satisfactory. However, net profit after tax in the reported period has been significantly affected by provisions made in the subsidiary brokerage house and early payment of Bangladesh Bank deposit insurance premium, compared to previous year.

9. General

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

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

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

Note: The published 1st Quarter Financial Statements 2018 can be available in the Web-site of the bank. The address of the Web-site www.al-arafahbank.com