

1ST QUARTER FINANCIAL STATEMENTS 2021 (UN-AUDITED)

Consolidated Balance Sheet (Un-Audited)

As at March 31, 2021

PROPERTY AND ASSETS	31-03-2021 Taka	31-12-2020 Taka
Cash in hand		
Cash in hand (including foreign currencies)	3,08,84,61,756	2,89,82,07,542
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	21,29,26,74,630	31,55,91,10,419
Balance with other Banks and Financial Institutions		
In Bangladesh	9,67,37,17,806	8,28,80,25,631
Outside Bangladesh	12,70,46,84,266	8,27,38,12,895
22,37,84,02,073		16,56,18,38,527
Placement with Banks & Other Financial Institutions	13,34,00,00,000	14,27,00,10,000
Investment in Share & Securities	21,65,39,31,733	21,56,36,73,525
Government	19,58,38,30,000	19,58,38,30,000
Others	2,07,01,01,733	1,97,98,43,525
Investments		
General Investments etc.	2,94,90,51,63,297	2,96,71,78,53,936
Bills purchased and discounted	10,69,14,03,582	11,90,28,10,514
	3,05,59,65,66,878	3,08,62,06,64,450
Fixed assets less Accumulated Depreciation	5,81,98,05,316	5,83,38,80,252
Other Assets	21,36,57,67,348	19,83,86,00,217
Non-Banking Assets	5,08,75,037	5,08,75,037
Total Assets	4,11,49,80,23,018	4,18,29,86,52,427
LIABILITIES AND CAPITAL		
Liabilities		
Placement from Banks & Other Financial Institutions	23,23,11,91,051	24,00,04,77,831
Deposits and other Accounts		
Mudaraba Savings Deposits	56,15,69,10,459	54,87,91,26,373
Mudaraba Term Deposits	1,60,10,96,43,040	1,64,00,94,95,781
Other Mudaraba Deposits	66,84,49,09,313	66,74,39,70,036
Al-wadeeah Current Accounts and Other Accounts etc.	33,20,38,96,188	37,33,14,37,580
Bills Payable	2,30,29,94,719	3,05,93,81,492
	3,18,61,83,53,719	3,26,02,34,11,262
Other Liabilities	32,48,80,08,130	31,48,57,14,462
Deferred tax Liabilities/ (Assets)	22,81,70,622	13,32,04,157
AIBL Mudaraba Subordinated Bond	11,20,00,00,000	11,20,00,00,000
Total Liabilities	3,85,76,57,23,523	3,92,84,28,07,715
Capital/Share holders Equity		
Paid-up Capital	10,64,90,21,850	10,64,90,21,850
Statutory Reserve	10,46,91,32,792	10,33,46,27,824
Revaluation Reserve	1,08,43,32,181	1,08,43,26,967
Retained Earnings	1,87,11,63,544	1,73,21,37,218
Total Equity attributable to equity holders of the bank	24,07,36,50,367	23,80,01,13,859
Non-Controlling Interest	1,65,86,49,126	1,65,57,30,853
Total Equity	25,73,22,99,493	25,45,58,44,712
Total Liability and Share holders equity	4,11,49,80,23,018	4,18,29,86,52,427
Net assets value per share (NAV)	22.61	22.35
OFF-BALANCE SHEET ITEMS		
Contingent Liabilities		
Acceptance and endorsement	38,14,54,88,170	54,17,66,70,210
Letters of Guarantee	12,34,04,92,236	10,51,12,11,685
Letters of Credit	43,43,99,13,856	28,86,73,56,800
Bills for Collection	5,74,69,59,348	4,38,67,36,198
Other Contingent Liabilities	-	-
Total	99,67,28,53,610	97,94,19,74,893
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	99,67,28,53,610	97,94,19,74,893

Chief Financial Officer Company Secretary Managing Director Director Chairman

Consolidated Profit or Loss Account (Un-Audited)

For the period ended March 31, 2021

	31-03-2021 Taka	31-03-2020 Taka
Investment Income	5,44,02,37,546	7,49,34,16,042
Profit paid on deposits & Borrowing	(3,39,96,88,500)	(4,87,59,12,175)
Net Investment Income	2,04,05,49,046	2,61,75,03,867
Income from Investment in Shares /Securities	3,58,46,687	1,05,02,981
Commission, Exchange and Brokerage	70,06,78,474	73,83,40,668
Other Operating Income	5,11,02,640	4,76,51,856
	78,76,27,801	79,64,95,505
Total operating income	2,82,81,76,947	3,41,39,99,572
Salaries and allowances & contribution to P.F	1,01,53,66,310	1,11,63,86,027
Directors' fees & expenses	17,66,647	31,70,878
Shariah Supervisory Committee's fees & expenses	49,210	8,60,014
Rent, taxes, insurance and lighting etc.	19,24,12,647	18,20,87,676
Postage, telegram, telephone and stamp etc.	2,38,80,569	2,45,58,285
Legal charges	46,09,452	55,32,453
Auditors' fee	25,000	-
Salary & Allowances to the Managing Director	51,60,000	52,64,000
Depreciation & repairs to the bank's properties	17,54,20,207	16,72,55,710
Stationery, printing & advertisement etc.	4,34,60,240	8,02,88,896
Other expenses	15,21,80,770	16,66,99,099
Total operating expenses	1,61,43,31,052	1,75,21,03,037
Profit/(Loss) before Tax & provision	1,21,38,45,795	1,66,18,96,535
Provision against Investments & Contingent Liabilities	50,17,17,009	47,37,38,000
Provision for diminution in value of investment	2,83,92,976	1,91,01,563
Other Provision	-	-
Total provision	53,01,09,985	49,28,39,563
Profit/(Loss) before Tax	68,37,35,810	1,16,90,56,771
Current tax	31,23,19,779	58,08,69,921
Deferred tax	9,49,86,464	4,99,86,401
Provision for Taxation	40,72,86,244	63,08,56,322
Net Profit/(Loss) after tax	27,64,49,567	53,82,00,450
Net Profit attributable to:		
Equity holders of the bank	27,35,31,295	53,79,70,131
Non-controlling Interest	29,18,272	2,30,319
Profit for the year	27,64,49,567	53,82,00,450
Appropriation		
Statutory Reserve	13,45,04,968	23,34,20,963
Non-Controlling Interest	29,18,272	2,30,319
	13,74,23,240	23,36,51,282
Transfer to Retained Earnings	13,90,26,327	30,45,49,168
Earning per Ordinary Share (EPS)	0.26	0.51

Chief Financial Officer Company Secretary Managing Director Director Chairman

Consolidated Cash Flow Statement (Un-Audited)

For the period ended March 31, 2021

	31-03-2021 Taka	31-03-2020 Taka
Cash flows from operating activities		
Investment income receipt in Cash	5,79,90,21,185	7,79,02,74,108
Profit paid on deposits and borrowing	(4,68,70,01,524)	(3,82,75,23,236)
Dividend received	64,90,431	87,61,739
Fees & Commission received in cash	70,06,78,474	73,83,40,668
Recoveries from written off investments	69,82,990	48,25,000
Cash payments to employees	(1,02,05,26,310)	(1,12,16,50,027)
Cash payments to suppliers	(4,34,60,240)	(8,02,88,896)
Received from other operating activities (item-wise)	5,11,02,640	4,76,51,856
Paid for other operating activities (item-wise)	(40,53,31,504)	(41,39,03,041)
Advance income tax paid	2,63,71,756	32,54,37,183
Operating profit before changes in operating assets and liabilities	43,43,27,897	3,47,18,73,355
Changing in Operating assets & liabilities		
Increase/(Decrease) of trading securities	(9,02,58,208)	(36,58,430)
Increase/(Decrease) of placement to other banks	93,00,10,000	(1,00,00,00,000)
Increase/(Decrease) of investment and advances to customers (other than Banks)	2,94,98,06,072	(2,99,23,32,495)
Increase/(Decrease) of other assets (item-wise)	(1,86,99,49,257)	(2,19,92,19,535)
Increase/(Decrease) of placement from other banks and financial institution	(76,92,86,780)	8,81,83,24,864
Increase/(Decrease) of Deposits from customers (other than Banks)	(6,11,77,44,519)	(5,09,40,70,300)
Increase/(Decrease) of Other liabilities account of customers	-	-
Increase/(Decrease) of Trading liabilities (item-wise)	23,26,41,113	(15,73,14,637)
Cash receipt from operating activities	(4,73,47,81,579)	(2,62,82,70,533)
A. Net Cash from operating activities	(4,30,04,53,683)	84,36,02,821
Cash flows from investing activities:		
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(13,09,38,062)	(36,75,16,236)
Sales proceeds of Fixed assets	-	-
Purchase-sale of subsidiary	-	-
B. Net cash flows from investing activities	(13,09,38,062)	(36,75,16,236)
Cash flows from financing activities		
Increase in Exchange Equalization Account	5,214	1,727
Issue of AIBL Subordinated Bond	-	-
Dividend paid	-	-
C. Net cash flows from financing activities	5,214	1,727
D. Net increase in cash and cash equivalent (A+B+C)	(4,43,13,86,531)	47,60,88,313
E. Effects of exchange rate changes on cash and cash-equivalents		
F. Net increase in cash and cash equivalent D+E	(4,43,13,86,531)	47,60,88,313
G. Cash & Cash Equivalents at the beginning of the year	67,68,62,93,234	56,86,23,00,908
H. Cash & Cash Equivalents period ended	63,25,49,06,703	57,33,83,89,221
Net Operating Cash Flow per Share (NOCFPS)	-4.04	0.79

Chief Financial Officer Company Secretary Managing Director Director Chairman

Consolidated Statement of Changes in Equity (Un-Audited) for the period ended March 31, 2021

Particular	Paid-up Capital	Statutory Reserve	Retained Earnings	Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2021	10,64,90,21,850	10,33,46,27,824	1,73,21,37,218	1,08,43,26,967	23,80,01,13,859	1,65,57,30,853	25,45,58,44,712
Changes in accounting policy	-	-	-	-	-	-	-
Restated Adjustment	-	-	-	-	-	-	-
Restated balance	10,64,90,21,850	10,33,46,27,824	1,73,21,37,218	1,08,43,26,967	23,80,01,13,859	1,65,57,30,853	25,45,58,44,712
Deferred tax Adjustment	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	5,214	5,214	-	5,214
Share premium	-	-	-	-	-	-	-
Net profit for the year	-	-	27,35,31,295	-	27,35,31,295	29,18,272	27,64,49,567
Cash Dividend	-	-	-	-	-	-	-
Bonus Share	-	-	-	-	-	-	-
Asset revaluation Reserve	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transfer to 1 % strat-Up fund	-	-	-	-	-	-	-
Appropriations during the year	-	13,45,04,968	(13,45,04,968)	-	-	-	-
Balance as at March 31, 2021	10,64,90,21,850	10,46,91,32,792	1,87,11,63,544	1,08,43,32,181	24,07,36,50,367	1,65,86,49,126	25,73,22,99,492
Balance as at March 31, 2020	10,64,90,21,850	9,61,34,10,101	1,83,59,69,227	93,86,20,647	23,03,70,21,825	1,64,93,91,005	24,68,64,12,830

Chief Financial Officer Company Secretary Managing Director Director Chairman

Notes to the Financial Statements for the period ended March 31, 2021

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-Mu'abaha, Bai-Mu'abaha 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 precepts of Islam. The Shariah Supervisory Committee consists of prominent Ulama, reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Presently the bank has 184 Branches and 2 (two) Subsidiary Companies.

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

2.1AIBL 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 (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

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 operations of the Bank are in strict compliance with the rules of Islamic Shariah, the financial statements have been prepared in accordance with the Bank Companies Act 1991 (as amended 2013), 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 Exchange Listing Regulations, other laws and rules applicable in International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) where relevant to the Bank to the extent that these do not contradict with the applicable statutory provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

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 statements are drawn up. Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity, so as to obtain economic benefits from its activities. The consolidated financial statements incorporate the financial statements of Al-Arafah Islami Bank 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

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

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:

IFRS: As per requirements of IFRS 9 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively. Bangladesh Bank: As per BRPD Circular No. 14 dated 25 June, 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

c) Investment in subsidiaries:

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

3.5 Depreciation of Fixed Assets

Depreciation of an item of fixed assets and amortization of intangible assets is charged on the basis of estimated useful lives as mentioned in revised fixed asset policy of the bank on monthly basis following straight-line method. The depreciation/amortization method used should reflect the pattern in which the asset's economic benefits are consumed by the Bank. 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
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