

Al-Arafah Islami Bank Limited

1st Quarter (Q1) Financial Statement 2017 (un-audited)

Consolidated Balance Sheet		Consolidated Profit & Loss Accounts			Consolidated Cash Flow Statement					
As at March 31	, 2017		For the period ended	March 31, 201	7		For the pe	riod ended N	March 31, 20	17
PROPERTY AND ASSETS	31-03-17	31-12-16		31-03-17	31-03-16				31-03-17	31-03-16
Cash in hand	Taka	Taka		Taka	Taka				Taka	Taka
Cash in hand (including foreign currencies)	2,009,583,819	2,033,960,977	Investment Income	4,224,489,767	4,026,743,236		n operating activition ome receipt in Cash		4,365,909,316	4,079,642,3
Balance with Bangladesh Bank and its Agents Banks	26,550,950,359	30,853,508,125	Profit paid on deposits & Borrowing	(2,087,683,672)	(1,906,010,964)		eposits and borrow		(1,953,651,704)	(2,174,109,2
including foreign currencies)	28,560,534,178	32,887,469,102	Net Investment Income	2,136,806,095	2,120,732,272	Dividend receiv	ed	-	2,952,163	4,280,2
Balance with other Banks and Financial Institutions	_0,000,000,000	01,007,100,101	Income from Investment in Shares /Securities	44,787,151	20,230,367		sion received in cas		692,401,123	590,266,0
n Bangladesh	5,144,614,356	3,426,434,934	Commission, Exchange and Brokerage Other Operating Income	692,401,123 63,690,023	590,266,090 37,466,284	Cash payments	n written off investn	nents	90,000 (877,374,223)	225, (558,686,2
Dutside Bangladesh	6,745,793,642	5,703,406,904		800,878,297	647,962,741	Cash payments			(41,179,681)	(25,509,
-	11,890,407,998	9,129,841,838	Total operating income	2,937,684,392	2,768,695,013		other operating acti		63,690,023	37,466,
lacement with Banks & Other Financial Institutions	3,543,312,198	3,333,450,160	Salaries and allowances & contribution to P.F	871,864,223	555,016,292	Advance income	perating activities (e tax paid	item-wise)	(261,875,359) (737,746,275)	(221,226, (2,285,983,
nvestment in Share & Securities	8,468,116,300	9,158,676,294	Directors fees & expenses	12,652,545	3,359,992			ating assets and liabilities	1,253,215,383	(553,634,
Government	6,300,000,000	6,990,000,000	Shariah Supervisory Committee's fees & expenses Rent, taxes, insurance and lighting etc.	222,456 96,257,102	103,025 84,254,007		erating assets & liab		1,233,213,303	(555,054)
Others	2,168,116,300	2,168,676,294	Postage, telegram, telephone and stamp etc.	21,873,847	12,836,781		ease) of trading sec		559,994	
nvestments	, ,	, , , .	Legal charges	1,624,358	2,070,371		ase) of placement	to other banks o customers (other than Banks)	(209,862,038)	(1,000,000
General Investments etc.	191,150,628,209	180,155,243,596	Auditors' fee Salary & Allowances to the Managing Director	124,500 5,510,000	63,000 3,670,000		ease) of other asset		(12,233,552,729) (402,756,833)	1,161,881
ills purchased and discounted	17,670,583,488	16,364,134,345	Depreciation and repairs to the bank's properties	85,998,417	70,336,899			banks and financial institution	1,663,118,773	3,945,755
	208,821,211,697	196,519,377,941	Stationery, printing & advertisement etc.	41,179,681	25,509,568			tomers (other than Banks)	7,546,513,039	(498,34
ixed assets less Accumulated Depreciation	3,229,102,171	3,240,185,718	Other expenses	110,931,079	105,996,888		ise) of Other liabilitie ease) of Trading liab	es account of customers	- 143,920,051	526,53
ther Assets	19,671,875,972	18,631,047,423	Total operating expenses	1,248,238,208	863,216,823		om operating activi		(3,492,059,744)	(3,831,33
Ion-Banking Assets			Profit/(Loss) before Tax & provision	1,689,446,184	1,905,478,190		om operating activit		(2,238,844,361)	(4,384,96
otal Assets	284,184,560,514	272,900,048,477	Provision against Investments & Contingent Liabilities Provision for diminution in value of investment	364,825,000 (57,178,910)	241,461,863 (36,935,429)		n investing activitie		(2,238,844,301)	(4,384,907
ABILITIES AND CAPITAL			Other Provision	(57,178,910)	(50,955,429)		sale of securities	5.	-	
iabilities			Total provision	307,646,090	204,526,434		urchases of securitie	es	-	
lacement from Banks & Other Financial Institutions	26,747,772,579	25,084,653,806	Profit/(Loss) before Tax	1,381,800,094	1,700,951,756		perty, plant and eq	uipment	(56,725,393)	(77,59)
eposits and other Accounts	-, , ,	-,,	Current tax	576,406,125	658,388,266	Sales proceeds Purchase-sale o				
Audaraba Savings Deposits	27,615,881,521	26,053,949,961	Deferred tax	7,599,054	-		vs from investing a	stivitios	(56,725,393)	(77,59
Iudaraba Term Deposits	108,738,402,214	104,981,785,080	Provision for Taxation Net Profit/(Loss) after tax	584,005,179 797,794,915	658,388,266 1,042,563,490		n financing activitie		(50,725,595)	(77,59
ther Mudaraba Deposits	46,218,113,562	46,027,267,857	Net Profit attributable to:	/9/,/94,915	1,042,505,490		nange Equalization A		39,673,078	5,91
I-wadeeah Current Accounts and Other Accounts etc.	22,221,836,941	20,693,095,761	Equity holders of the bank	704,185,225	964,351,980		ubordinate Bond	Account	39,073,078	5,51
ills Payable	2,590,230,776	1,947,821,349	Non-controlling Interest	93,609,690	78,211,510	Dividend paid				
,	207,384,465,014	199,703,920,008	Profit for the year	797,794,915	1,042,563,490	C. Net cash flov	vs from financing a	ctivities	39,673,078	5,917
ther Liabilities	24,794,311,339	23,698,530,129	Appropriation Statutory Reserve	199,550,628	277,160,458	D. Net increase	in cash and cash e	quivalent (A+B+C)	(2,255,896,676)	(4,456,647
eferred tax Liabilities/ (Assets)	83,055,651	75,456,597	Non-Controlling Interest	93,609,690	78,211,510			cash and cash-equivalents		
otal Liabilities	259,009,604,583	248,562,560,539		293,160,318	355,371,968		in cash and cash ec		(2,255,896,676)	(4,456,64
NBL Subordinate Bond	3,000,000,000	3,000,000,000	Transfer to Retained Earnings	504,634,597	687,191,522			beginning of the year	49,006,838,852	39,301,63
Capital/Share holders Equity	-,,,	-,,,	Earning per Ordinary Share (EPS)	0.71	0.97	H. Cash & Cash	Equivalents at the	end of the year	46,750,942,176	34,844,98
aid -up Capital	9,943,064,280	9,943,064,280		Δ			- 0. 0		Δ	,
tatutory Reserve	6,689,639,168	6,490,088,540	Atta I	1 Augustuse	- n	Qu	Q16te		() Arrite	L
evaluation Reserve	1,017,743,056	978,069,978	Chief Financial Officer Company Secretary Managi	ng Director	chairman	Chief Financial Off	~		almen /// ing Director /Direct	or 🖉
tetained Earnings	2,704,213,582	2,199,578,985	Chief Financial Onicer Company Secretary Managi	ng Director	enairman	Chief Financial Off	licer Company	Secretary Wanagi	ing Director Direct	JI EI
otal Equity attributable to equity holders of the bank	20,354,660,086	19,610,801,783			. .			-	A	0017
Ion-Controlling Interest	1,820,295,843	1,726,686,152	Consolidated Statem	ent of Cha	nges in Eq	uity for th	ne perio	a enaea 🛚 🗛	varch 31,	2017
otal Equity	22,174,955,929	21,337,487,935				-				
otal Liability and Share holders equity	284,184,560,514	272,900,048,477		Paid	Statutory	Retained	Asset	Total	Non-Controlling	Total
	- , - ,,-	,,,	Particular	up Capital	Reserve	Earnings	Revaluation Reserve	TOLA	Interest	Equity
FF BALANCE SHEET ITEMS			Balance at 1st January, 2017	9,943,064,280	0 6,490,088,540	2,199,578,985	978,069,978	19,610,801,783	1,726,686,152	21,337,48
ontingent Liabilities			Changes in accounting policy	5,543,064,280	0,450,088,540	2,155,578,985	- 210,009,918	- 15,010,801,783	1,720,080,152	21,337,48
cceptance and endorsement	11,670,091,726	10,243,938,166	Buy back share							
etters of Guarantee	6,241,725,772	4,981,342,733	Restated Adjustment Restated balance	9,943,064,280		2.199.578.985	978,069,978	- 19,610,801,783	- 1,726,686,152	21,337,48
etters of Credit	25,414,319,734	26,110,933,527	Surplus/deficit on account of revaluation of properties	9,943,064,280	0,490,088,540	2,199,578,985	310,009,978	19,010,801,783	1,720,080,152	21,337,48
ills for Collection	4,104,825,930	3,652,427,592	Surplus/deficit on account of revaluation of investments				-			
ther Contingent Liabilities	-	-	Currency translation differences recognized in the incom	e -	-	-	39,673,078	39,673,078	-	39,67
otal	47,430,963,162	44,988,642,018	Share premium Net profit for the year	_	_	704,185,225	-	704,185,225	93,609,690	797,79
other Commitments :			Cash	-			-		-	151,15
ocumentary Credits and other short term trade related transactions	-	-	Bonus Share Issue of share capital of subsidiary	-		-	1.1	-	-	
orward Assets Purchased and forward Deposit placed	-	-	Gain on pre acquisition of subsidiary	-	-	-		-	-	
Indraw note issuance and Revolving underwriting Facilities	-	-	Revaluation of subsidiary	-	-	-	-	-	-	
ndraw Formal standing Facilities, Credit lines and others commitments	-	-	Transferred to retained earning Appropriations during the year	1	- 199,550,628	- (199,550,628)		-		r -
otal Off Balance sheet items including Contingent liabilities	47,430,963,162	44,988,642,018	Balance as at March 31.2017	9,943,064,280		2,704,213,582	1,017,743,056	20,354,660,085	1,820,295,843	22,174,9
	,,		Balance as at March 31,2016	9,469,585,030		2,303,179,285	997,507,019	18,488,160,495		20,284,55
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Net Financial Officer Company Secretary Managi	ng Director	or chairman	Chief Financial Officer Com	pany Secretary	L	Managing Director		Director		Sol

Notes to the Financial Statements For the period ended March 31, 2017

The Bank and its activities Aradich Islami Bank Limited was established in 1995 under the Companies Act, 1994 a Banking Company with Limited Liability by shares. It is an interest free Shariah ank of Bangladesh rendering all types of commercial banking services under the gulation of Bank Companies Act, 1991 (as amended 2013). The Bank conducts its siness on the principles of Musharaka, Bal-Murabaha, Bai-Muazal and Hire inchase transactions approved by Bangladesh Bank. Naturally, its modes and perations are substantially different from those of other conventional commercial anks. There is a Shariah Supervisory Committee in the bank who maintains constant gliance to ensure that the activities of the bank are being conducted on the srcepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, puted Bankers. The Bank went for public issue of share in the year 1998 and its share e listed with Dhaka Stock Exchance (DSE) and Chaittagong Stock Exchange (CSE). esently the bank has 140 Branches and 3 (Ihree) Subsidiary Comprehensive range of

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, 1791 (as amended), Bangladesh Bank's directives and the principles of Islamic Sharioh.

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.

statements according to Brks-10. 21. AlBL 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;

Share trading in Dhaka Stock Market and Childragong Stock Market. Provide Margin facilities to the client. I vill service depository participant of Central Depository of Bangladesh Ltd.

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. The company was entitled to BD12 billion and paid up capital of BD1 500 million. It dims 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 and provide limited a private limited Stami Bank Limited 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. Data and providing maintenance and support services both the domestic and international clients. Over the years, MILS has established tisel 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. 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 Chiltagong Stock Exchanges Listing Regulations, other laws and rules applicable in Bangladesh India (IrRS) as adopted by the Institute of Chartered Accountants of Bangladesh Standard (IrRS) as adopted by the Institute of Chartered Accountants of Bangladesh India (IrCAB) 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**

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 attements 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 gatast the corresponding share capital of subsidiaries in the consolidated financial statements. Intra-group balances and transactions, and any unrealized income and statements. Intro-group balances and transactions, and any unrealized income and expenses arising from intro-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 paragraphis (b) of 8AS-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.

Avestments 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. 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 a valued based on book value of the most recent audited financial statemen Provisions are made for any loss arising from diminution in value of investments.

c) Investment in subsidiaries: The bank has made invest 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 rate:	s 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. O of 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 5 Years 20.00% 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 or such 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 (a) 40.00% as prescribed in the Finance Act 2016 of the profil made by the bank considering taxable add-back for income and disallowance of expenditure in compliance with BAS-12 " (income Taxes", Tax return for the income year 2015 (Assessment year 2016-2017) 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

arises due to temporary difference deductible or taxable for the Transaction recognized in the income statement. A temporary atterence is used 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 (ABL 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 (AI-Arafah Islami Bank Limited).

Reporting period: The financial statements cover from 01 January to 31 March, 2017
 Consolidated Earnings Per Share (CEPS), (CEPS), (NOCFPS), (NA)

Particulars	01-01-17 to 31-03-17 Taka	01-01-16 to 30-03-16 Taka	
Net profit after tax (Numerator)	797,794,915.14	1,042,563,490.20	
.ess : Non-Controlling Interest	93,609,690.14	78,211,510.18	
Net profit after tax Less : Non-Controlling Interest	704,185,225.00	964,351,980.02	
Veighted average number of ordinary shares outstanding	994,306,428.00	994,306,428.00	
Consolidated earnings per share (CEPS)	0.71	0.97	
Net Operating Cash Flows Per Share (NOCFPS)	(2.25)	(4.41)	
Net Assets Value (NAV)	20.47	18.59	
Net Assets Value (NAV) includes Cash Dividend			
etained Earnings	31-03-2017 Taka	31-12-2016 Taka	
Opening balance beginning of the year	2,199,578,985	1,615,987,762	
Add: Net Profit / (loss) after tax during the year	704,185,225	3,053,388,813	
.ess : Bonus Share	-	(946,958,503)	
ess : Cash Dividend Paid	-	(473,479,250)	
ess : transfer to Statutory Reserve	(199,550,628)	(1,049,359,837)	
Closing Balance	2,704,213,582	2,199,578,985	
ash and Cash Equivalent at the end of the period	31-03-2017 Taka	31-03-2016 Taka	
Cash in hand	2,009,583,819	1,852,569,606	
alance with Bangladesh Bank & Sonali Bank Ltd.	26,550,950,359	20,357,447,250	
alance with Other Banks	11,890,407,998	6,714,971,229	
angladesh Government Islamic Investment Bond	6,300,000,000	5,920,000,000	
	46,750,942,176	34.844.988.085	

7. C

 The financial statements have been parear and a 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.
 The figure's 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.