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

3rd Quarter (Q3) Financial Statements 2012 (un-audited)

Consolidated Balance Sheet

As at September 30, 2012

PROPERTY AND ASSETS	September/12 Taka	December/11 Taka
Cash in hand		
Cash in hand (including foreign currencies)	1,013,805,209	809,438,237
Balance With Bangladesh Bank and its Agents Banks	14,038,134,956	6,527,355,409
(including foreign currencies)	15,051,940,165	7,336,793,646
Balance with other Banks and Financial Institutions		
In Bangladesh	708,596,424	297,693,562
Outside Bangladesh	3,620,425,843	932,643,431
	4,329,022,267	1,230,336,993
Placement with Banks & Other Financial institutions	8,200,000,000	9,800,000,000
Investment in Shares & Securities		
Government	3,200,000,000	3,000,000,000
Others	1,272,294,534	771,826,073
	4,472,294,534	3,771,826,073
Investments		
General Investments etc.	87,226,724,117	69,140,245,956
Bills purchased and discounted	9,578,795,164	8,574,711,041
	96,805,519,281	77,714,956,997
Fixed assets including Premises	1,572,501,702	968,132,029
Other Assets	8,293,688,807	5,946,135,178
Non-Banking Assets	-	-
Total Assets	138,724,966,756	106,768,180,916
LIABILITIES AND CAPITAL		
Liabilities		
Placement from Banks & Other Financial institutions	5,300,000,000	5,600,000,000
Deposits and other Accounts		
Mudaraba Savings Deposits	9,339,093,269	8,365,529,395
Mudaraba Term Deposits	71,208,829,316	50,030,522,304
Other Mudaraba Deposits	17,063,424,690	13,428,545,310
Al-Wadia Current Accounts and Others Accounts etc.	12,147,749,814	9,609,727,873
Bills Payable	988,573,273	752,651,888
	110,747,670,362	82,186,976,770
Other Liabilities	9,620,249,094	6,960,102,056
Deferred tax Liabilities/ (Assets)	31,992,768	31,992,768
Total Liabilities	125,699,912,224	94,779,071,594
Capital/Share holders Equity		
Paid up Capital	7,130,980,100	5,893,371,990
Non-Controlling Interest	1,647,955,676	2,154,767,685
Statutory Reserve	2,995,583,881	2,372,832,157
Other Reserve	64,603,248	64,603,248
Retained Earnings	1,185,931,627	1,503,534,242
Total Share holders equity	13,025,054,532	11,989,109,322
Total Liability and Share holders equity	138,724,966,756	106,768,180,916
OFF BALANCE SHEET ITEMS	-	-
Contingent Liabilities		
Acceptance and endorsement	11,591,187,535	8,695,810,430
Letters of Guarantee	2,621,791,176	1,812,384,128
Letters of Credit	11,182,169,632	10,023,844,948
Bills for Collection	1,363,474,709	950,742,178
Other Contingent Liabilities	-	-
Total	26,758,623,052	21,482,781,684
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	26,758,623,052	21,482,781,684

Chief Financial Officer   Managing Director

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العرفة اسلامى بنك لميتيد

Al-Arafah Islami Bank Limited

3rd Quarter (Q3) Financial Statements 2012 (un-audited)

Consolidated Profit & Loss Account

For the 3rd Quarter ended September 30, 2012

	01-01-12 to 30-09-12 Taka	01-01-11 to 30-09-11 Taka	01-07-12 to 30-09-12 Taka	01-07-11 to 30-09-11 Taka
Investment Income	10,746,764,283	6,525,652,828	3,754,291,147	2,535,794,450
Profit paid on deposits & Borrowing	(6,890,916,805)	(3,871,661,022)	(2,635,134,727)	(1,580,225,137)
Net Investment Income	3,855,847,478	2,653,991,806	1,119,156,420	955,569,313
Income from Investment in Shares /Securities	609,682,057	45,068,493	453,523,820	7,134,246
Commission, Exchange and Brokerage	1,311,251,172	1,120,296,442	421,100,137	359,030,156
Other Operating Income	117,785,544	166,788,837	33,802,392	46,745,608
	2,038,718,773	1,332,153,772	908,426,349	412,910,010
Total operating income	5,894,566,251	3,986,145,578	2,027,582,769	1,368,479,323
Salaries and allowances & contribution to P.F	1,018,063,309	648,405,006	351,571,879	252,508,106
Directors fees & expenses	5,883,690	5,490,286	1,141,499	1,672,345
Shariah Supervisory Committee's fees & expenses	186,878	140,882	46,625	14,385
Rent, taxes, insurance, lighting etc.	180,280,184	110,792,116	77,007,282	32,191,505
Postage, telegram, telephone and stamp etc.	41,510,535	34,430,236	14,668,289	8,701,810
Legal charges	1,400,340	1,979,779	402,682	(151,967)
Auditors' fee	56,540	-	11,500	-
Salary & Allowances to the Managing Director	8,395,000	8,095,000	2,865,000	2,565,000
Depreciation and repairs to the bank's properties	81,649,028	59,887,842	66,616,167	19,599,196
Stationery, printing, advertisement etc.	39,285,754	28,518,823	9,727,553	5,142,657
Other expenses	186,364,234	184,610,418	69,664,912	56,940,093
Total operating expenses	1,563,075,492	1,082,350,388	593,723,388	379,183,130
Profit/(Loss) before Tax & provision	4,331,490,759	2,903,795,190	1,433,859,381	989,296,193
Provision against Investments & Contingent Liabilities	433,610,139	12,302,059	63,500,020	-
Provision for diminution in value of investment	123,079,689	30,600,000	11,056,902	(1,700,000)
Other Provision	-	-	-	-
Total provision	556,689,828	42,902,059	74,556,922	(1,700,000)
Profit/(Loss) before Tax	3,774,800,931	2,860,893,131	1,359,302,459	990,996,193
Current tax	1,607,843,221	1,163,219,892	493,615,422	401,092,890
Deferred tax	-	-	-	-
Provision for Taxation	1,607,843,221	1,163,219,892	493,615,422	401,092,890
Net Profit/(Loss) after tax	2,166,957,710	1,697,673,239	865,687,037	589,903,303
Retained Earnings brought forward	24,854,055	58,766,804	775,622,252	743,920,293
	2,191,811,765	1,756,440,043	1,641,309,289	1,333,823,596
Appropriation				
Statutory Reserve	622,751,724	470,144,382	247,162,692	157,560,023
Non-Controlling Interest	48,968,176	175,746,530	(125,945,268)	65,714,442
Interim Dividend Paid	334,160,238	-	334,160,238	-
	1,005,880,138	645,890,912	455,377,662	223,274,465
Retained Earnings	1,185,931,627	1,110,549,131	1,185,931,627	1,110,549,131
Earning per Ordinary Share	2.50	2.13	0.92	0.74

Chief Financial Officer

Managing Director

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3rd Quarter (Q3) Financial Statements 2012 (un-audited)

Consolidated Cash Flow Statement

For the 3rd Quarter ended September 30, 2012

	01-01-12 to 30-09-12 Taka	01-01-11 to 30-09-11 Taka
A. Cash flows from operating activities		
Investment income receipt in Cash	11,336,074,235	6,517,051,836
Profit paid on deposits and borrowing	(6,890,916,805)	(3,871,661,022)
Dividend received	9,473,829	-
Fees & Commission received in cash	1,311,251,172	1,120,296,442
Recoveries from written off investments	10,898,276	8,600,992
Cash payments to employees	(1,026,458,309)	(656,500,006)
Cash payments to suppliers	(39,285,754)	(18,245,733)
Received from other operating activities (item-wise)	117,785,544	211,857,330
Paid for other operating activities (item-wise)	(497,331,429)	(359,537,831)
Advance income tax paid	(1,442,232,887)	(639,652,543)
Operating profit before changes in operating assets and liabilities	2,889,257,872	2,312,209,465
Changing in Operating assets & liabilities		
Increase/Decrease of trading securities	(500,468,461)	-
Increase/Decrease of placement to other banks	1,600,000,000	(2,600,000,000)
Increase/Decrease of Investment and advances to customers (other than Banks)	(19,090,562,284)	(12,332,777,682)
Increase/Decrease of other assets (item-wise)	(1,654,320,742)	(902,697,378)
Increase/Decrease of placement from other banks and financial institution	(300,000,000)	320,000,000
Increase/Decrease of Deposits from customers (other than Banks)	28,560,693,592	17,921,621,250
Increase/Decrease of Other liabilities account of customers	-	-
Increase/Decrease of Trading liabilities (item-wise)	499,601,489	762,262,298
Cash receipt from operating activities	9,114,943,594	3,168,408,488
A. Net Cash from operating activities	12,004,201,466	5,480,617,953
Cash flows from investing activities:	-	
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(604,369,673)	(251,143,677)
Sales proceeds of Fixed assets	-	-
Purchase-sale of subsidiary	-	
B. Net cash flows from investing activities	(604,369,673)	(251,143,677)
Cash flows from financing activities	-	
Increase in Exchange Equalization Account	-	-
Increase in Share Capital	-	-
Dividend paid	(386,000,000)	
C. Net cash flows from financing activities	(386,000,000)	-
D. Net increase in cash and cash equivalent (A+B+C)	11,013,831,793	5,229,474,276
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent D+E	11,013,831,793	5,229,474,276
G. Cash & Cash Equivalents at the beginning of the year	11,567,130,639	7,049,904,862
H. Cash & Cash Equivalents at the end of the year	22,580,962,432	12,279,379,138

Chief Financial Officer

Managing Director

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3rd Quarter (Q3) Financial Statements 2012 (un-audited)

Consolidated Statement of Changes In Equity for the 3rd Quarter ended September 30, 2012

Particular	Paid up Capital	Statutory Reserve	Non-Controlling Interest	Retained Earnings	Asset Revaluation Reserve	Total Taka
Balance at 31st December 2011	5,893,371,990	2,372,832,157	2,154,767,685	1,503,534,242	64,603,248	11,989,109,322
Interim Dividend Paid			(224,767,685)	(241,072,077)		(465,839,762)
Changes in accounting policy	-	-			-	-
Buy Back share			(335,000,000)			(335,000,000)
Issue of the share capital	1,237,608,110	-	3,987,500	-	-	1,241,595,610
Restated balance	7,130,980,100	2,372,832,157	1,598,987,500	1,262,462,165	64,603,248	12,429,865,170
Surplus/deficit on account of revaluation of properties	-	-		-	-	-
Surplus/deficit on account of revaluation of investments	-	-		-	-	-
Currency translation differences recognized in the income	-	-		-	-	-
Net gain and losses not recognized in Income Statement	-	-		-	-	-
Net profit for the year	-	-		2,166,957,710	-	2,166,957,710
Cash Dividend						-
Interim Dividend Paid				(334,160,238)		(334,160,238)
Bonus Share	-	-		(1,237,608,110)	-	(1,237,608,110)
Issue of share capital						
Transferred to retained earning	-	-		-	-	-
Appropriations during the year	-	622,751,724	48,968,176	(671,719,900)	-	-
Balance as at September 30,2012	7,130,980,100	2,995,583,881	1,647,955,676	1,185,931,627	64,603,248	13,025,054,532
Balance as at September 30,2011	5,893,371,994	2,151,963,215	2,124,633,807	1,110,549,131	64,603,248	11,345,121,395

Chief Financial Officer

Managing Director

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3rd Quarter (Q3) Financial Statements 2012 (un-audited)

Notes to the Financial Statements For the 3rd Quarter ended September 30, 2012

1. Status of the Bank:

Al-Arafah Islami Bank Limited was established in 1995 under the Companies Act, 1994 as 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. 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, renowned Lawyers and eminent Economists.

2. Subsidiary Companies:

Al-Arafah Islami Bank Ltd. owned 60.125% 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. Another subsidiary company of Al-Arafah Islami Bank Limited named AIBL Capital Management Ltd. Al-Arafah Islami Bank Ltd. owned 98.00% shares of AIBL Capital Management Ltd. The Company has been incorporated under the companies act (Act XVIII) of 1994 as a Private limited Company by share on 25th October2011. The company was entitled to commence the business also from 25th October 2011.

3. Principal Activities:

The Bank provides 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, Bangladesh Bank's directives and the principles of Islamic Shariah.

4. Preparation of financial statements:

The financial statements 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 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.

5. 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.

6. 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.

7. 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. 240.50 crore holding 60.125% shares. The rest of 39.875% shares hold by others and another named AIBL Capital Management Ltd. Tk. 49.00 crore holding 98.00% shares. The rest of 2.00% shares hold by others.

8. 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 charged from the month of acquisition. Whole month depreciation is charged if such assets are acquired in the first half of the month and no depreciation is 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 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.

9. 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.

10. Reporting period:

The financial statements cover from 1 January to 30 September 2012.

11. Consolidated Earnings Per Share (CEPS)

Earnings per share have been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)". Previous year's figures have been adjusted for the issue of bonus shares of 2011 during the year 2012.

Particulars	01-01-12 to 30-09-12	01-01-11 to 30-09-11
Net profit after tax	2,166,957,710	1,697,673,239
Less : Non -Controlling Interest	48,968,176	175,746,530
Less : Interim Dividend Paid	334,160,238	-
Net profit after tax Less Controlling Interest and Interim Dividend Paid	1,783,829,296	1,521,926,709
Weighted average number of ordinary shares outstanding 2012	713,098,010	713,098,010
Consolidated earnings per share (CEPS)	2.50	2.13

Note: The published 3rd quarter Financial Statements can be available in the web-site of the bank. The address of the web-site www.al-arafahbank.com