

# 3<sup>rd</sup> Quarter (Q3) Financial Statement 2013 (un-audited)

## Consolidated Balance Sheet

As at September, 2013

PROPERTY AND ASSETS	30-09-13 Taka	31-12-12 Taka
<b>Cash in hand</b>		
Cash in hand (including foreign currencies)	1,158,239,068	1,082,941,132
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	12,051,023,536	11,601,779,123
<b>Balance with other Banks and Financial Institutions</b>	<b>13,209,262,604</b>	<b>12,684,720,255</b>
In Bangladesh	4,217,302,573	1,055,597,112
Outside Bangladesh	1,915,103,970	1,257,383,205
<b>Placement with Banks &amp; Other Financial institutions</b>	<b>6,132,406,543</b>	<b>2,312,980,317</b>
<b>Investment in Share &amp; Securities</b>	<b>7,150,000,000</b>	<b>11,300,000,000</b>
Government	5,180,000,000	4,200,000,000
Others	1,606,495,907	1,311,242,916
<b>Investments</b>		
General Investments etc.	109,971,387,120	95,820,214,960
Bills purchased and discounted	7,652,491,233	10,830,210,720
<b>Fixed assets including Premises</b>	<b>117,623,878,353</b>	<b>106,650,425,680</b>
Other Assets	2,529,542,549	2,394,620,839
<b>Non-Banking Assets</b>	<b>9,700,499,830</b>	<b>8,466,374,155</b>
<b>Total Assets</b>	<b>163,132,085,786</b>	<b>149,320,364,162</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Placement from Banks &amp; Other Financial institutions</b>	<b>3,310,000,000</b>	<b>6,230,000,000</b>
Deposits and other Accounts		
Mudaraba Savings Deposits	11,244,348,797	9,998,519,808
Mudaraba Term Deposits	84,760,976,192	76,618,032,206
Other Mudaraba Deposits	21,683,743,569	18,208,830,719
Al-Wadia Current Accounts and Others Accounts etc.	14,100,254,486	12,898,844,570
Bills Payable	992,981,646	959,167,532
<b>Other Liabilities</b>	<b>132,782,304,690</b>	<b>118,683,394,835</b>
<b>Deferred tax Liabilities/ (Assets)</b>	<b>11,476,508,087</b>	<b>10,307,395,260</b>
<b>Total Liabilities</b>	<b>147,617,697,828</b>	<b>135,269,675,146</b>
<b>Capital/Share holders Equity</b>		
Paid up Capital	8,343,246,710	7,130,980,100
Statutory Reserve	3,509,479,247	3,102,076,966
Revaluation Reserve	977,548,248	977,548,248
Retained Earnings	932,680,623	1,238,380,901
<b>Total equity attributable to equity holders of the bank</b>	<b>13,762,954,828</b>	<b>12,448,986,215</b>
Non-Controlling Interest	1,751,433,130	1,601,702,801
<b>Total equity</b>	<b>15,514,387,958</b>	<b>14,050,689,016</b>
<b>Total Liability and Share holders equity</b>	<b>163,132,085,786</b>	<b>149,320,364,162</b>
<b>OFF BALANCE SHEET ITEMS</b>		
<b>Contingent Liabilities</b>		
Acceptance and endorsement	11,206,681,215	9,057,403,774
Letters of Guarantee	2,168,405,856	1,955,716,112
Letters of Credit	9,077,713,508	10,259,719,879
Bills for Collection	981,838,780	892,886,654
Other Contingent Liabilities	-	-
<b>Total</b>	<b>23,434,639,359</b>	<b>22,165,726,419</b>
<b>Other Commitments :</b>		
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	-	-
<b>Total off Balance sheet items including Contingent liabilities</b>	<b>23,434,639,359</b>	<b>22,165,726,419</b>

Chief Financial Officer

Managing Director

## Consolidated Profit & Loss Accounts

For the period From 1 January, 2013 to 30 September, 2013

	01-01-2013 to 30-09-2013 Taka	01-01-2012 to 30-09-2012 Taka	01-07-2013 to 30-09-2013 Taka	01-07-2012 to 30-09-2012 Taka
Investment Income	13,174,366,796	10,746,764,283	4,391,862,200	3,754,291,147
Profit paid on deposits & Borrowing	(9,127,872,583)	(6,890,916,805)	(3,082,636,639)	(2,635,134,727)
<b>Net Investment Income</b>	<b>4,046,494,213</b>	<b>3,855,847,478</b>	<b>1,309,225,561</b>	<b>1,119,156,420</b>
Income from Investment in Shares /Securities	149,245,155	275,521,819	57,389,500	119,363,582
Commission, Exchange and Brokerage	844,206,289	1,311,251,172	308,227,798	741,011,726
Other Operating Income	127,488,885	117,785,544	(2,697,519)	(286,109,197)
<b>Total operating income</b>	<b>1,120,940,329</b>	<b>1,704,558,535</b>	<b>362,919,779</b>	<b>574,266,111</b>
Salaries and allowances & contribution to P.F	1,265,421,992	1,018,063,309	381,029,303	351,571,879
Directors' fees & expenses	7,881,360	5,883,690	1,882,138	1,141,499
Shariah Supervisory Committee's fees & expenses	156,361	186,878	49,240	46,625
Rent, taxes, insurance, lighting etc.	195,349,345	180,280,184	60,381,613	77,007,282
Postage, telegram, telephone and stamp etc.	44,625,633	41,510,535	17,543,005	14,668,289
Legal charges	2,267,358	1,400,340	243,474	402,682
Auditors' fee	207,000	56,540	132,250	11,500
Salary & Allowances to the Managing Director	8,780,000	8,395,000	3,250,000	2,865,000
Depreciation and repairs to the bank's properties	155,224,770	81,649,028	53,464,265	66,616,167
Stationery, printing, advertisement etc.	46,626,319	39,285,574	11,926,351	9,727,553
Other expenses	240,018,205	186,364,234	92,609,074	69,664,912
<b>Total operating expenses</b>	<b>1,966,558,343</b>	<b>1,563,075,492</b>	<b>622,510,713</b>	<b>593,723,388</b>
<b>Profit/(Loss) before Tax &amp; provision</b>	<b>3,200,876,199</b>	<b>3,997,330,521</b>	<b>1,049,634,627</b>	<b>1,099,699,143</b>
Provision against Investments & Contingent Liabilities	384,884,557	433,610,139	(121,882,178)	63,500,020
Provision for diminution in value of investment	94,600,000	123,079,689	94,600,000	11,056,902
Other Provision	-	-	-	-
<b>Total provision</b>	<b>479,484,557</b>	<b>556,689,828</b>	<b>(27,282,178)</b>	<b>74,556,922</b>
<b>Profit/(Loss) before Tax</b>	<b>2,721,391,642</b>	<b>3,440,640,693</b>	<b>1,076,916,805</b>	<b>1,025,142,221</b>
Current tax	1,242,692,700	1,607,843,221	387,059,423	493,615,422
Deferred tax	-	-	-	-
<b>Provision for Taxation</b>	<b>1,242,692,700</b>	<b>1,607,843,221</b>	<b>387,059,423</b>	<b>493,615,422</b>
<b>Net Profit/(Loss) after tax</b>	<b>1,478,698,942</b>	<b>1,832,797,472</b>	<b>689,857,382</b>	<b>531,526,799</b>
<b>Net Profit attributable to:</b>				
Equity holders of the bank	1,313,968,613	1,783,829,296	625,625,292	657,472,067
Non-controlling Interest	164,730,329	48,968,176	64,232,090	(125,945,268)
<b>Profit for the year</b>	<b>1,478,698,942</b>	<b>1,832,797,472</b>	<b>689,857,382</b>	<b>531,526,799</b>
<b>Appropriation</b>				
Statutory Reserve	407,402,281	622,751,724	163,769,885	247,162,692
Non-Controlling Interest	164,730,329	48,968,176	64,232,090	(125,945,268)
<b>Transfer to Retained Earnings</b>	<b>572,132,610</b>	<b>671,719,900</b>	<b>228,001,975</b>	<b>121,217,424</b>
<b>Earning per Ordinary Share</b>	<b>906,566,332</b>	<b>1,161,077,572</b>	<b>461,855,407</b>	<b>410,309,375</b>
	1.57	2.14	0.75	0.79

Chief Financial Officer

Managing Director

## Consolidated Cash Flow Statement

For the period From 1 January, 2013 to 30 September, 2013

	01-01-2013 to 30-09-2013 Taka	01-01-2012 to 30-09-2012 Taka
<b>Cash flows from operating activities</b>		
Investment income receipt in Cash	13,309,336,864	11,336,074,235
Profit paid on deposits and borrowing	(9,127,872,583)	(6,890,916,805)
Dividend received	12,734,746	9,473,829
Fees & Commission received in cash	844,206,289	1,311,251,172
Recoveries from written off investments	1,540,341	10,898,276
Cash payments to employees	(1,274,201,992)	(1,026,458,309)
Cash payments to suppliers	(46,626,319)	(39,285,754)
Received from other operating activities (item-wise)	127,488,885	117,785,544
Paid for other operating activities (item-wise)	(645,730,032)	(497,331,429)
Advance income tax paid	(900,364,848)	(1,442,232,887)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>2,300,511,351</b>	<b>2,889,257,872</b>
<b>Changing in Operating assets &amp; liabilities</b>		
Increase/Decrease of trading securities	(295,252,991)	(500,468,461)
Increase/Decrease of placement to other banks	4,150,000,000	1,600,000,000
Increase/Decrease of investment and advances to customers (other than Banks)	(10,973,452,673)	(19,090,562,284)
Increase/Decrease of other assets (item-wise)	(333,760,827)	(1,654,320,742)
Increase/Decrease of placement from other banks and financial institution	(2,920,000,000)	(300,000,000)
Increase/Decrease of Deposits from customers (other than Banks)	14,083,872,355	28,560,693,592
Increase/Decrease of Other liabilities account of customers	-	-
Increase/Decrease of Trading liabilities (item-wise)	(553,026,930)	499,601,489
<b>Cash receipt from operating activities</b>	<b>3,158,341,434</b>	<b>9,114,943,594</b>
<b>A. Net Cash from operating activities</b>	<b>5,458,852,785</b>	<b>12,004,201,466</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(134,921,710)	(604,369,673.00)
Sales proceeds of Fixed assets	-	-
Purchase-sale of subsidiary	-	-
<b>B. Net cash flows from investing activities</b>	<b>(134,921,710)</b>	<b>(604,369,673)</b>
<b>Cash flows from financing activities</b>		
Increase in Exchange Equalization Account	-	-
Increase in Share Capital	-	-
Dividend paid	-	(386,000,000)
<b>C. Net cash flows from financing activities</b>	<b>-</b>	<b>(386,000,000)</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>	<b>5,323,931,075</b>	<b>11,013,831,793</b>
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>	<b>-</b>	<b>-</b>
<b>F. Net increase in cash and cash equivalent D+E</b>	<b>5,323,931,075</b>	<b>11,013,831,793</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>19,197,700,572</b>	<b>11,567,130,639</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	<b>24,521,669,147</b>	<b>22,580,962,432</b>

Chief Financial Officer

Managing Director

## Consolidated Statement of Changes in Equity For the period From 1 January, 2013 to 30 September, 2013

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 31st December 2012	7,130,980,100	3,102,076,966	1,238,380,901	977,548,248	12,448,986,215	1,601,702,801	14,050,689,016
Changes in accounting policy	-	-	-	-	-	-	-
Buy back share	-	-	-	-	-	(15,000,000)	(15,000,000)
Issue of the share capital	1,212,266,610	-	-	-	1,212,266,610	-	1,212,266,610
<b>Restated balance</b>	<b>8,343,246,710</b>	<b>3,102,076,966</b>	<b>1,238,380,901</b>	<b>977,548,248</b>	<b>13,661,252,825</b>	<b>1,586,702,801</b>	<b>15,247,955,626</b>
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	-	-	1,313,968,613	-	1,313,968,613	164,730,329	1,478,698,942
Cash Dividend	-	-	-	-	-	-	-
Bonus Share - 2012( 17.00 %)	-	-	(1,212,266,610)	-	(1,212,266,610)	-	(1,212,266,610)
Issue of share capital	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	407,402,281	(407,402,281)	-	-	-	-
<b>Balance as at September 30, 2013</b>	<b>8,343,246,710</b>	<b>3,509,479,247</b>	<b>932,680,623</b>	<b>977,548,248</b>	<b>13,762,954,828</b>	<b>1,751,433,130</b>	<b>15,514,387,958</b>
<b>Balance as at September 30, 2012</b>	<b>7,130,980,100</b>	<b>2,995,583,881</b>	<b>1,185,931,627</b>	<b>64,603,248</b>	<b>11,377,098,856</b>	<b>1,647,955,676</b>	<b>13,025,054,532</b>

Chief Financial Officer

Managing Director

## Notes to the Financial Statements For the period ended 30 September, 2013

### 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. 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 precepts of Islam. The Shariah Supervisory Committee consists of prominent Ulama, reputed Bankers, renowned Lawyers and eminent Economists. 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 100 Branches and 2 (two) Subsidiary Companies.

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

### 2. Subsidiaries of the Bank

Al-Arafah Islami Bank Ltd has two subsidiary companies. The financial statements of these subsidiary companies are included in the consolidated financial statements according to BAS-27.

#### 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.

### 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 drawn 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 unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there are no evidence of impairment.