

3rd Quarter (Q3) Financial Statement 2018 (un-audited)

Consolidated Balance Sheet (Un-Audited)

As at September 30, 2018

PROPERTY AND ASSETS
Cash in hand
0 1 1 1 1 1 1 1 1 1

Cash in hand (including foreign currencies) Balance with Bangladesh Bank and its Agents Banks

(including foreign currencies)

Balance with other Banks and Financial Institutions

In Bangladesh Outside Bangladesl

Placement with Banks & Other Financial Institutions Investment in Share & Securities

Government

Others

Investments

General Investments etc. Bills purchased and discounted

Fixed assets less Accumulated Depreciation

Other Assets

Non-Banking Assets Total Assets

LIABILITIES AND CAPITAL

Placement from Banks & Other Financial Institutions

Deposits and other Accounts

Mudaraba Savings Deposits Mudaraba Term Deposits

Other Mudaraba Deposits

Al-wadeeah Current Accounts and Other Accounts etc.

Other Liabilities

Deferred tax Liabilities/ (Assets)

Total Liabilities AIBL Subordinate Bond

Capital/Share holders Equity Paid -up Capital

Statutory Reserve

Revaluation Reserve

Retained Earnings Total Equity attributable to equity holders of the bank

Non-Controlling Interest Total Equity

Total Liability and Share holders equity

OFF BALANCE SHEET ITEMS **Contingent Liabilities**

Acceptance and endorsement Letters of Guarantee

Letters of Credit Bills for Collection

Other Contingent Liabilities

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









64,253,820,412 57,041,897,944



31-12-2017

Taka

2,096,407,675

37,669,574,111

39,765,981,786

1,070,656,791

11,398,655.018

4,400,000,000

10,145,490,279

2,145,490,279

3.260.376.895 14,379,554,005

135 929 026 231

47,832,419,620

26,435,038,160

2.479.779.449

100 949 200

9,943,064,280

980,376,225 2,259,155,807

1,761,497,355 **22,520,674,781**

12,460,678,951

6,443,409.058

4,608,308,496

30-09-2018

Taka

2,768,794,762

6,197,219,360

17.380.277.246

6,000,000,000

11,883,093,547

883,093,547

4.514.885.801

17,290,938,669

34,889,508,309

155.028.081.533

49,001,611,151

25.669.648.000

2 059 265 660

114.534.600

2,400,000,000

10,440,217,500

980,427,093

670,913,392

20,037,032,119

21,803,383,294

21.176.074.863

6,878,634,357

3,217,189,816

1.766.351.174

238,138,022,305 216,659,827,253 14,263,881,734 19,245,407,271

337.557.824.372 319.255.292.507

25,407,157,714 32,218,677,048

266.648.114.653 244.806.263.475

21,184,634,112 16,608,728,003

313,354,441,078 293,734,617,726

Consolidated Profit & Loss Accounts (Un-Audited)

01-01-2018 01-01-2017 01-07-2018 01-07-17

For the period ended September 30,2018

	to 30-09-2018	to 30-09-2017	to 30-09-2018	to 30-09-17
Investment Income	18,652,152,816	15,216,862,294	6,596,056,654	5,097,212,798
Profit paid on deposits & Borrowing	(12,803,120,480)	(8,466,411,356)	(4,368,057,443)	(2,894,302,100)
Net Investment Income	5,849,032,336	6,750,450,938	2,227,999,211	2,202,910,698
Income from Investment in Shares /Securities	273,555,878	284,390,745	93,303,003	77,327,433
Commission, Exchange and Brokerage	1,988,217,367	2,171,044,332	691,407,616	763,422,308
Other Operating Income	227,645,581	210,879,540	58,470,233	70,723,908
	2,489,418,826	2,666,314,617	843,180,852	911,473,649
Total operating income	8,338,451,162	9,416,765,555	3,071,180,064	3,114,384,347
Salaries and allowances & contribution to P.F	3,055,880,422	2,798,540,959	1,078,882,797	1,245,708,451
Directors fees & expenses	11,273,438	11,723,148	4,681,124	3,312,710
Shariah Supervisory Committee's fees & expenses	560,969	439,773	-	122,396
Rent, taxes, insurance and lighting etc.	545,601,221	465,886,612	220,571,021	188,315,424
Postage, telegram, telephone and stamp etc.	70,884,564	68,220,464	23,142,804	19,087,835
Legal charges	12,459,377	6,303,477	3,120,184	2,516,985
Auditors' fee	207,250	262,500	46,000	46,000
Salary & Allowances to the Managing Director	12,754,000	12,914,000	3,630,000	3,630,000
Depreciation and repairs to the bank's properties	349,230,102	259,674,536	140,255,496	87,699,265
Stationery, printing & advertisement etc.	140,226,402	102,955,944	47,054,908	27,295,303
Other expenses	467,699,659	412,437,242	150,336,112	101,447,691
Total operating expenses	4,666,777,403	4,139,358,655	1,671,720,446	1,679,182,059
Profit/(Loss) before Tax & provision	3,671,673,758	5,277,406,900	1,399,459,618	1,435,202,288
Provision against Investments & Contingent Liabilit	es 1,813,271,280	1,462,568,523	688,663,500	323,724,100
Provision for diminution in value of investment	-	(173,799,456)	-	(117,550,228)
Other Provision	-	-	-	-
Total provision	1,813,271,280	1,288,769,067	688,663,500	206,173,872
Profit/(Loss) before Tax	1,858,402,478	3,988,637,833	710,796,118	1,229,028,416
Current tax	1,070,699,792	1,985,526,276	310,827,799	570,145,241
Deferred tax	13,585,400	12,072,207	8,017,337	8,230,823
Provision for Taxation	1,084,285,192	1,997,598,482	318,845,137	578,376,064
Net Profit/(Loss) after tax	774,117,287	1,991,039,351	391,950,981	650,652,353
Net Profit attributable to:				
Equity holders of the bank	769,263,468	1,787,998,441	324,605,760	597,355,697
Non-controlling Interest	4,853,819	203,040,910	67,345,221	53,296,656
Profit for the year	774,117,287	1,991,039,351	391,950,981	650,652,353
Appropriation				
Statutory Reserve	368,893,020	641,844,870	105,472,038	209,963,687
Non-Controlling Interest	4,853,819	203,040,910	67,345,221	53,296,656
	373,746,839	844,885,780	172,817,259	263,260,343
Transfer to Retained Earnings	400,370,448	1,146,153,571	219,133,722	387,392,010
Earning per Ordinary Share	0.74	1.71	0.31	0.60
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Consolidated Cash Flow Statement (Un-Audited)

For the period ended September 30,2018

	30-09-2018	30-09-2017
	Taka	Taka
Cash flows from operating activities		
Investment income receipt in Cash	18,572,012,390	14,174,317,161
Profit paid on deposits and borrowing	(11,933,498,956)	(8,408,779,888)
Dividend received	16,456,984	18,705,470
Fees & Commission received in cash	1,988,217,367	2,171,044,332
Recoveries from written off investments	124,258,720	23,139,577
Cash payments to employees	(3,068,634,422)	(2,811,454,959)
Cash payments to suppliers	(140,226,402)	(102,955,944)
Received from other operating activities (item-wise)	227,645,581	210,879,540
Paid for other operating activities (item-wise)	(1,183,825,565)	(1,018,330,291)
Advance income tax paid	(511,150,667)	(2,243,694,466)
Operating profit before changes in operating assets and liabilities	4,091,255,031	2,012,870,532
Changing in Operating assets & liabilities		
Increase/(Decrease) of trading securities	1,262,396,732	1,367,313,772
Increase/(Decrease) of placement to other banks	(1,600,000,000)	(3,566,549,840)
Increase/(Decrease) of Investment and advances to customers (other than Banks)	(17,859,241,004)	(36,664,310,117)
Increase/(Decrease) of other assets (item-wise)	(2,167,253,396)	6,792,082,563
Increase/(Decrease) of placement from other banks and financial institution	(6,811,519,334)	263,113,687
Increase/(Decrease) of Deposits from customers (other than Banks)	20,972,229,653	37,362,243,520
Increase/(Decrease) of Other liabilities account of customers	-	-
Increase/(Decrease) of Trading liabilities (item-wise)	2,160,415,509	(5,025,672,695)
Cash receipt from operating activities	(4,042,971,839)	528,220,891
A Net Cash from operating activities	12 222 102	2 5/11 001 //22

Payments for purchases of securities Purchase of property, plant and equipment Sales proceeds of Fixed assets Purchase-sale of subsidiary . Net cash flows from investing activities (1,254,508,906) Cash flows from financing activities Increase in Exchange Equalization Account Issue of AIBL Subordinate Bond Dividend paid

C. Net cash flows from financing activities D. Net increase in cash and cash equivalent (A+B+C)
E. Effects of exchange rate changes on cash and cash-equivalents F. Net increase in cash and cash equivalent D+E G. Cash & Cash Equivalents at the beginning of the year
H. Cash & Cash Equivalents period ended

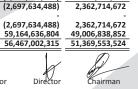
Cash flows from investing activities:

Proceeds from sale of securities



(1,254,508,906)

50.868



(180,314,202)

1.937.451

Consolidated Statement of Changes in Equity (Un-Audited) For the period ended September 30, 2018

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revalua- tion Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2018 Changes in accounting policy	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
offload share Restated Adjustment	-	-	-	-	Z	1	-
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		:	-	50,869	50,869	-	50,869
Share premium Net profit for the year Cash Dividend Bonus Share	497,153,220	-	769,263,468 (1,491,459,642) (497,153,220)	-	769,263,468 (1,491,459,642)	4,853,819 - -	774,117,287 (1,491,459,642)
Issue of share capital of subsidiary Gain on pre acquisition of subsidiary Revaluation of subsidiary	-	- - -		-		-	
Transferred to retained earning Appropriations during the year		368,893,020	(368,893,020)	-	-	7	
Balance as at September 30,2018	10,440,217,500	7,945,474,134	670,913,393	980,427,093	20,037,032,119	1,766,351,174	21,803,383,294
Balance as at September 30,2017	9,943,064,280	7,131,933,410	1,357,119,700	980,405,278	19,412,522,668	1,949,727,062	21,362,249,730

Notes to the Financial Statements For the period ended September 30, 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 Exchange (CSE). Presently the bank has 162 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.

2.1 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. 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

JUSTIGIARY COMPANY IS to provide quality Services to the prospective institutional and indiversers in the capital market The main activities and functions of the company include;

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

III. 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 AP-Ardain Islam Bank Ittl. Gwined 98% Starts to Albic Capital Management Limited a substitute of Albardain Islam Bank Limited Albic 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 BBT 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 Limite company of Al-Arafah Islami Bank Limited Millennium Information Solution Limited, a Company on Al-Ardiant Islamin Bails Limited millerimin mormation Solution Limited, a private imited company has 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 rorvoiding maintenance and support services both the domestic and international clients. Over the rears, MILS has established itself as the leading software developer, implementation and service rovisioning company in Bangladesh which adheres to the rules of Islamic Shariah.

3. Basis of preparation and significant accounting policies

3. Basis or preparation and argument according points.

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.

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 (IAS) 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 commences 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

but only to the extent that there are in venuence or implement.

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.

a) Investment write-off:
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 ledge 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 of investment are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

Investment in shares and securities:
All investment in shares are revalued at the year end. Unquoted shares are valued based or
All investment in shares are revalued at the year end. Unquoted shares are valued based or
All investment in shares are revalued at the year end. Unquoted shares are valued based or
All investment in shares and securities:

of 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

of 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.

Name of Intangible Assets Rate of Depreciation b) On addition of Intangible assets Amortization is charged from the month of acquisiti Whole month Amortization is charged if such assets are acquired in the first half of the moand 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

b. Deferred tax

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.

Deferred tax Assets (income)/Liability Expenses Calculation of Deferred Tax for period ended 30th September 2018:

Particulars	As per l	As per Books of Account			As Per Tax		
Items arising from temporary	Caring Amount	Asset not	Net caring	Tax Base	Temporary difference	Tax Rate	Liability/(Asset)
Difference		Depreciable Amount	ian base	Taxable/ (Deductible)	.ax nate	Eddinty (100ct)	
1.Fixed Asset	4,337,161,986	1,659,275,149	2,677,886,836	2,372,461,239	305,425,597	37.50%	114,534,599
Net deferred tax liability (asset)							114,534,599

100,949,199

Balance as on 1st January 2018 Provision required as on 30th September 2018 Balance as on 30th September 2018

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

(AI-Arafah Islami Bank Limited).

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

Particulars	01-01-18 to 30-09-18	01-01-17 to 30-09-17	01-07-18 to 30-09-18	01-07-17 to 30-09-17
Net profit after tax (Numerator)	774,117,287	1,991,039,351	391,950,981	650,652,353
Less : Non-Controlling Interest	4,853,819	203,040,910	67,345,221	53,296,656
Net profit after tax Less : Non-Controlling Interest	769,263,468	1,787,998,441	324,605,760	597,355,697
Weighted average number of ordinary shares outstanding	1,044,021,750	1,044,021,750	1,044,021,750	1,044,021,750
Consolidated earnings per share (CEPS)	0.74	1.71	0.31	0.60
Net Operating Consolidated Cash Flows Per Share (NOCFPS)	0.05	2.43	-	-
Consolidated Net Assets Value (CNAV) Per Share	19.19	18.59	-	-
			- 24	12 2017

Opening balance beginning of the year Add: Net Profit / (loss) after tax during the year 2,259,155,806 2,199,578,988 1,988,612,85 Less: Cash Dividend Paid 30-09-2018 7. Cash and Cash Equivalent at the end of the period

Balance with Bangladesh Bank & Sonali Bank Ltd. 25,317,930,308 31,148,355,874 Balance with Other Banks Bangladesh Government Islamic Investment Bond

8.Earnings per share (EPS) in the reporting period has been significantly affected due to the following reasons compared to corresponding period:

a) On solo basis Bank's Operating profit before tax and provision has decreased by TK. 74.44 crore for 9 months compare to corresponding period due to volatile situation of the money market which has put an adverse impact on deposits generation which added extra cost due to additional profit paid.

b) There was mismatch between investment income earned and profit paid on de bank could not adjust previous investment deals which was made at lower rate to higher rate in order to comply with shariah rules.

c) The Bank's subsidiary company AIBL Capital Market Services Ltd has earned profit TK. 0.84 Crore for the 9 month against profit Tk. 92.71 Crrore in the corresponding period. d) Provision has been made Tk. 181.33 crore in this period against Tk. 128.88 crore in the

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.

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

Note: The published 3rd Quarter Financial Statements 2018 can be available in the Web-site of the bank. The address of the Web-site www.al-arafahbank.com