



আল-আরাফাহ্ ইসলামী ব্যাংক লিমিটেড
Al-Arafah Islami Bank Limited
মঠদোই সড়িয়াহ

3rd QUARTER FINANCIAL STATEMENTS 2020 (UN-AUDITED)

Consolidated Balance Sheet (Un-Audited)

As at September 30, 2020

PROPERTY AND ASSETS	30-09-2020 Taka	31-12-2019 Taka
Cash in hand		
Cash in hand (including foreign currencies)	2,814,493,149	3,063,284,576
Balance with Bangladesh Bank and its Agent Banks (including foreign currencies)	18,996,046,536	27,705,400,947
Balance with other Banks and Financial Institutions in Bangladesh	21,810,539,685	30,768,685,523
Outside Bangladesh	11,147,395,868	5,473,391,378
	9,033,157,160	6,120,224,007
	20,180,553,028	11,593,615,385
Placement with Banks & Other Financial Institutions Investment in Shares & Securities	15,545,080,000	12,000,000,000
Government	17,000,000,000	16,170,519,662
Others	17,000,000,000	14,500,000,000
Investments	1,716,848,569	1,670,519,662
General Investments etc.		
Bills purchased and discounted	296,583,124,918	274,017,030,403
	12,535,603,032	14,468,993,302
	309,118,727,949	288,486,023,705
Fixed Assets less Accumulated Depreciation	4,334,755,379	4,351,926,988
Other Assets	20,375,021,758	17,630,165,652
Non-Banking Assets	50,875,037	50,875,037
Total Assets	410,132,401,406	381,051,811,953
LIABILITIES AND CAPITAL		
Liabilities		
Placement from Banks & Other Financial Institutions	34,114,051,019	27,546,375,561
Deposits and Other Accounts		
Mudaraba Savings Deposits	50,851,030,837	45,211,429,367
Mudaraba Term Deposits	167,199,333,498	162,587,885,485
Other Mudaraba Deposits	63,376,711,076	55,156,097,027
Al-wadeeah Current Accounts and Other Accounts etc.	32,267,682,241	30,701,538,200
Bills Payable	2,873,035,833	3,584,858,976
	316,567,793,485	297,241,809,055
Other Liabilities	28,937,166,751	25,157,583,719
Deferred tax Liabilities/(Assets)	113,525,328	157,832,964
AIBL Mudaraba Subordinated Bond	6,200,000,000	6,800,000,000
Total Liabilities	385,932,536,582	356,903,601,299
Capital/Shareholders' Equity		
Paid-up Capital	10,649,021,850	10,649,021,850
Statutory Reserve	10,005,698,968	9,379,989,138
Revaluation Reserve	938,615,507	938,618,920
Retained Earnings	957,136,087	1,531,420,060
Total Equity attributable to equity holders of the bank	22,550,472,411	22,499,049,968
Non-Controlling Interest	1,649,392,413	1,649,160,686
Total Equity	24,199,864,824	24,148,210,654
Total Liability and Shareholders' equity	410,132,401,406	381,051,811,953
Net asset value per share (NAV)	21.18	21.13
OFF-BALANCE SHEET ITEMS		
Contingent Liabilities		
Acceptance and endorsement	43,627,172,337	41,925,424,721
Letters of Guarantee	9,043,623,164	8,274,252,532
Letters of Credit	34,993,616,376	27,646,555,499
Bills for Collection	3,671,514,925	2,552,846,825
Other Contingent Liabilities	-	-
Total	91,335,926,802	80,399,079,577
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	91,335,926,802	80,399,079,577

Chief Financial Officer Company Secretary Managing Director Director Chairman

Consolidated Profit or Loss Account (Un-Audited)

For the Period ended September 30,2020

	01-01-2020 to 30-09-2020 Taka	01-01-2019 to 30-09-2019 Taka	01-07-2020 to 30-09-2020 Taka	01-07-2019 to 30-09-2019 Taka
Investment Income	20,440,305,722	21,374,369,140	6,410,531,107	7,252,596,064
Profit paid on Deposits & Borrowing	(12,961,197,693)	(13,984,974,394)	(4,002,765,319)	(5,192,579,179)
Net Investment Income	7,479,108,029	7,389,394,746	2,407,765,788	2,060,016,885
Income from Investment in Shares/Securities	451,936,037	399,963,457	134,649,757	183,990,503
Commission, Exchange and Brokerage	1,887,078,472	2,208,042,164	608,683,803	725,656,512
Other Operating Income	187,702,027	245,611,787	37,262,930	58,282,842
	2,526,716,536	2,853,617,408	780,596,490	967,929,857
Total operating income	10,005,824,565	10,243,012,154	3,188,362,277	3,027,946,742
Salaries and allowances & contribution to P.F	3,697,446,962	3,247,057,468	1,126,358,536	1,068,092,145
Directors' fees & expenses	4,325,150	8,685,348	488,656	790,883
Shariah Supervisory Committee's fees & expenses	179,806	537,127	61,900	145,027
Rent, taxes, insurance and lighting etc.	574,867,260	553,857,780	208,811,821	205,504,939
Postage, telegram, telephone and stamp etc.	58,449,374	63,099,748	18,733,760	23,089,595
Legal charges	10,921,641	9,090,392	3,334,368	2,847,775
Auditors' fee	103,500	243,500	34,500	57,500
Salary & Allowances to the Managing Director	15,024,000	14,628,756	4,880,000	4,350,000
Depreciation and repairs to the bank's properties	484,096,934	447,884,106	171,158,131	166,731,327
Stationery, printing & advertisement etc.	148,204,744	110,701,044	35,154,636	27,290,505
Other expenses	413,175,862	473,517,877	60,428,215	146,553,234
Total operating expenses	5,406,795,232	4,929,303,145	1,629,444,523	1,645,452,931
Profit/(Loss) before Tax & provision	4,599,029,333	5,313,709,009	1,558,917,754	1,382,493,811
Provision against Investments & Contingent Liabilities	1,460,608,716	3,273,917,809	474,874,241	1,147,042,749
Provision for diminution in value of investment	6,690,156	17,488,184	(12,512,034)	3,498,965
Other Provision	-	-	-	-
Total provision	1,467,298,872	3,291,405,993	462,362,207	1,150,541,714
Profit/(Loss) before Tax	3,131,730,461	2,022,303,016	1,096,555,548	231,952,097
Current tax	1,740,007,674	1,869,274,920	599,368,434	565,656,914
Deferred tax	(44,307,637)	(104,963,249)	(39,090,873)	(46,968,779)
Provision for Taxation	1,695,700,036	1,764,311,670	560,277,562	518,688,134
Net Profit/(Loss) after tax	1,436,030,424	257,991,346	536,277,986	(286,736,038)
Net Profit attributable to:				
Equity holders of the bank	1,435,798,697	253,064,016	536,288,198	(286,851,654)
Non-controlling Interest	231,727	4,927,330	(10,212)	115,616
Profit for the year	1,436,030,424	257,991,346	536,277,986	(286,736,038)
Appropriation				
Statutory Reserve	625,709,830	244,768,560	219,072,006	(110,960,531)
Non-Controlling Interest	231,727	4,927,330	(10,212)	115,616
	625,941,557	249,695,890	219,061,794	(110,844,915)
	810,088,867	8,295,456	317,216,192	(175,891,122)
	1.35	0.24	0.50	(0.27)
Transfer to Retained Earnings				
Earnings per Ordinary Share				

Chief Financial Officer Company Secretary Managing Director Director Chairman

Consolidated Cash Flow Statement (Un-Audited)

For the Period ended September 30, 2020

	30-09-2020 Taka	30-09-2019 Taka
Cash flows from operating activities		
Investment income receipts in cash	21,145,498,886	21,694,300,495
Profit paid on deposits and borrowings	(13,650,175,968)	(13,431,220,971)
Dividend received	9,408,411	15,405,189
Fees & Commission receipts in cash	1,887,078,472	2,208,042,164
Recoveries from written off investments	37,276,286	94,363,578
Cash payments to employees	(3,712,470,982)	(3,261,686,224)
Cash payments to suppliers	(148,204,744)	(110,701,044)
Received from other operating activities (item-wise)	187,702,027	245,611,787
Paid for other operating activities (item-wise)	(1,135,162,498)	(1,173,987,320)
Advance income tax paid	(1,944,443,411)	(1,594,929,058)
	2,676,506,500	4,685,198,597
Operating profit before changes in operating assets and liabilities		
Changing in Operating assets & liabilities		
Increase/(Decrease) of trading securities	(46,328,906)	(496,403,248)
Increase/(Decrease) of placement to other banks	(3,545,080,000)	(5,000,000,000)
Increase/(Decrease) of Investment and advances to customers (other than Banks)	(19,995,307,600)	(14,125,920,685)
Increase/(Decrease) of other assets (item-wise)	(1,080,354,517)	(96,854,723)
Increase/(Decrease) of placement from other banks and financial institution	6,567,675,458	6,793,462,559
Increase/(Decrease) of Deposits from customers (other than Banks)	20,014,962,704	18,267,766,008
Increase/(Decrease) of Other liabilities account of customers	-	-
Increase/(Decrease) of Trading liabilities (item-wise)	(111,389,344)	1,392,790,943
Cash receipt from operating activities	1,804,177,795	6,734,840,854
A. Net Cash Flows from operating activities	4,480,684,295	11,420,039,451
Cash flows from investing activities		
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(367,516,236)	(367,516,236)
Sales proceeds of fixed assets	-	-
Purchase-Sale of subsidiary	-	-
B. Net cash flows from investing activities	(367,516,236)	(367,516,236)
Cash flows from financing activities		
Increase in Exchange Equalization Account	(3,414)	59,125
Issue of AIBL Subordinate Bond	(600,000,000)	(600,000,000)
Dividend paid	(1,384,372,840)	(1,566,032,625)
C. Net cash flows from financing activities	(1,984,376,254)	(2,165,973,500)
D. Net increase in cash and cash equivalent (A+B+C)	2,128,791,805	8,886,549,715
E. Effects of exchange rate changes on cash and cash equivalents	-	-
F. Net increase in cash and cash equivalent D+E	2,128,791,805	8,886,549,715
G. Cash & Cash Equivalents at the beginning of the year	56,862,300,908	47,030,078,911
H. Cash & Cash Equivalents period ended	58,991,092,713	55,916,628,626
Net Operating Cash Flow per Share (NOCFPS)	4.21	10.72

Chief Financial Officer Company Secretary Managing Director Director Chairman

Consolidated Statement of Changes in Equity (Un-Audited) For the Period ended September 30, 2020

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Assets Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1 st January, 2020	10,649,021,850	9,379,989,138	1,531,420,060	938,618,920	22,499,049,969	1,649,160,686	24,148,210,655
Changes in accounting policy	-	-	-	-	-	-	-
Offload share	-	-	-	-	-	-	-
Restated Adjustment	-	-	-	-	-	-	-
Restated balance	10,649,021,850	9,379,989,138	1,531,420,060	938,618,920	22,499,049,969	1,649,160,686	24,148,210,655
Deferred tax Adjustment	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	(3,414)	(3,414)	-	(3,414)
Share premium	-	-	1,435,798,697	-	1,435,798,697	231,727	1,436,030,424
Net profit for the year	-	-	(1,384,372,840)	-	(1,384,372,840)	-	(1,384,372,840)
Cash Dividend	-	-	-	-	-	-	-
Bonus Share	-	-	-	-	-	-	-
Issue of share capital of subsidiary	-	-	-	-	-	-	-
Gain on pre-acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transferred to retained earnings	-	-	-	-	-	-	-
Appropriations during the year	-	625,709,830	(625,709,830)	-	-	-	-
Balance as at September 30, 2020	10,649,021,850	10,005,698,968	957,136,087	938,615,507	22,550,472,411	1,649,392,413	24,199,864,824
Balance as at September 30, 2019	10,649,021,850	8,632,812,656	142,421,419	977,642,839	20,401,898,763	1,773,348,338	22,175,247,102

Chief Financial Officer Company Secretary Managing Director Director Chairman

Notes to the Financial Statements For the Period ended September 30, 2020

<p>1. The Bank and its activities</p> <p>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 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 is listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Presently the bank has 182 Branches and 2 (two) Subsidiary Companies.</p> <p>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.</p> <p>2. Subsidiaries of the Bank</p> <p>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 BFRS-10.</p> <p>2.1 AIBL Capital Market Services Limited</p> <p>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;</p> <p>I. Share trading in Dhaka Stock Market and Chittagong Stock Market.</p> <p>II. Provide Margin facilities to the client.</p> <p>III. Full service depository participant of Central Depository of Bangladesh Ltd.</p> <p>2.2 AIBL Capital Management Limited</p> <p>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 200 million 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</p> <p>3. Basis of preparation and significant accounting policies</p> <p>3.1 Preparation of financial statements</p> <p>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.</p> <p>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 Bank 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.</p> <p>3.2 Basis of Consolidation</p> <p>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 operation of the Bank are in strict compliance with the rules of Islamic Law (Shariah) related to 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</p>	<p>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 are 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 is no evidence of impairment.</p> <p>3.3 Cash Flow Statement</p> <p>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.</p> <p>3.4 Investments:</p> <p>Investments are stated in the Balance Sheet net of profit receivable/mark-up profit.</p> <p>a) Investment write-off:</p> <p>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.</p> <p>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.</p> <p>b) Investment in shares and securities:</p> <p>All investment in shares is 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</p> <p>c) Investment in subsidiaries:</p> <p>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 held by others, second one named AIBL Capital Management Ltd</p>
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