

# Annual report 2002



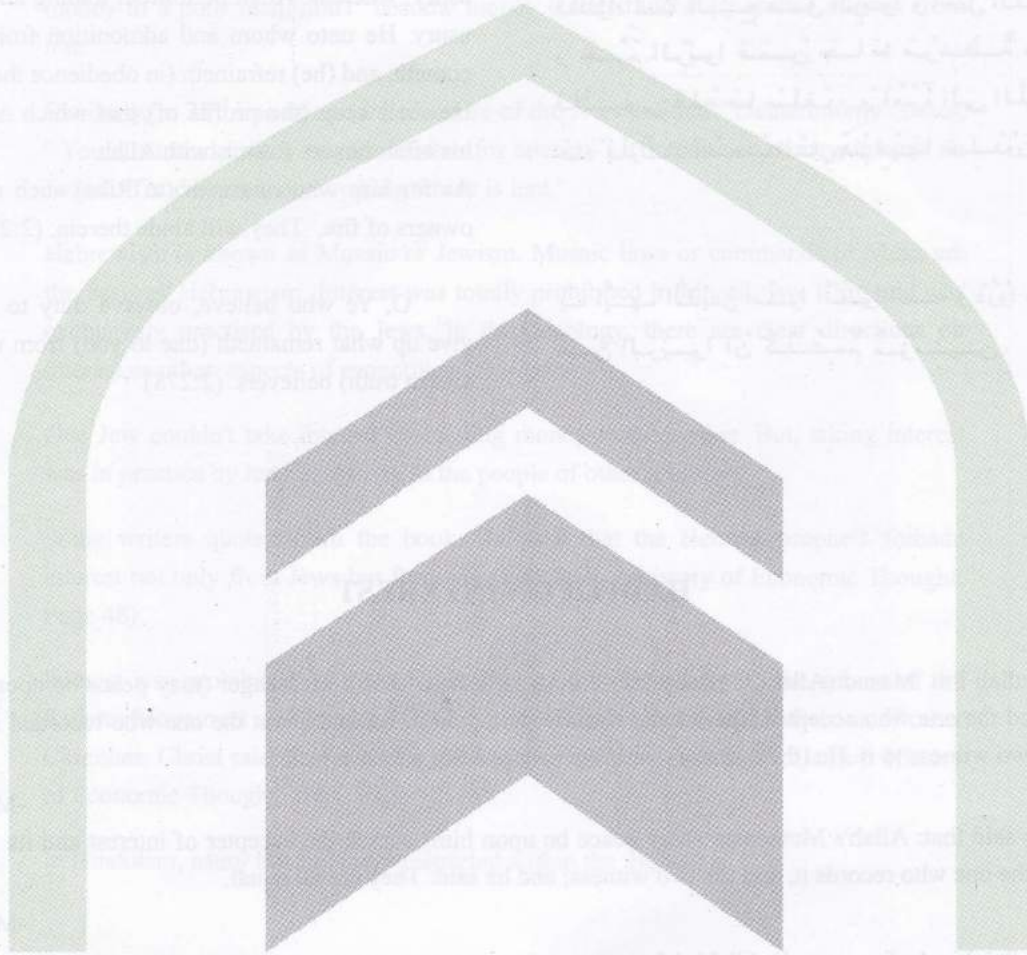
العرفة اسلامى بنك لمينيد  
আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ



AL-ARAFAH ISLAMI BANK LIMITED

*A Rare Combination Of Shariah And Modern Banking*

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## QUR'ANIC VERSES ON INTEREST

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ  
الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ. ذَلِكَ بِأَنَّهُمْ  
قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ  
وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ  
فَانْتَهَى فَلَهُ مَا سَلَفَ. وَأَمْرٌ إِلَى اللَّهِ وَمَنْ  
عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ. (٢<٥)

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ  
مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ. (٨<٢)

Those who swallow Riba (usury) cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say: Trade is just like usury: whereas, Allah permitteth trading and forbideth usury. He unto whom and admonition from his Lord cometh, and (he) refraineth (in obedience thereto).

He shall keep (the profits of) that which is past. And his affair hence- forth is with Allah.

As for him who returneth (to Riba) such are rightful owners of fire. They will abide therein. (2:275)

O, Ye who believe, observe duty to Allah, and give up what remaineth (due to you) from usury, if ye are (in truth) believers. (2:278)

## HADITH ON INTEREST

- Abdullah Ibn. Masud (Allah be pleased with him) said that: Allah's Messenger (may peace be upon him) cursed the one who accepted interest and the one who paid it. I asked about the one who recorded it, and the two witness to it. He (the narrator) said: We narrate what we have heard.

-Muslim

- Jabir said that: Allah's Messenger (may peace be upon him) cursed the accepter of interest and its payer, and the one who records it, and the two witness; and he said: They are all equal.

-Muslim

- Abdullah bin Awfa narrated : Allah's Messenger said, convey the message of the Hell to those who do business of money based on interest.

-Tabranee

## OPINION OF OTHER RELIGIONS AND GREAT MEN ON INTEREST

Interest has been banned in the two books of Hazrat Musa(A.) which are considered as the scriptures of Jews. The 22<sup>nd</sup> line of Exodus goes as saying , " If you lend money to a poor man, don't become money lenders and don't realise interest from him."

Similarly, in 23<sup>rd</sup> line of ancient scripture of the Jews entitled " Deuteronomy" states, " You don't lend money to your brother for interest- i.e. interest on money, interest on foodstuff and interest on anything which is lent."

Hebrewism is known as Mosaic or Jewism. Mosaic laws or commands of Musa are the basis of Hebrewism. Interest was totally prohibited in Mosaic law. This rule was exclusively practised by the Jews. In this ideology, there are clear directions on interest as other aspects of economics.

One Jew couldn't take interest by lending money from another. But, taking interest was in practice by lending money to the people of other religions.

Some writers quoted from the book, 'Talmud' that the Hebrew prophets forbade interest not only from Jews but from all. (Eric Roll, A history of Economic Thought: Page 48)

Interest was prohibited from the beginning of the Christianity to the advent of the Reform Movement and from the Church under Pope in Rome to the division of other Churches. Christ said, "Lend hoping for nothing again." (Luke VI 35, Hanley: History of Economic Thought. 1964, Page 101).

In Hinduism, usury business was restricted within the 'Baithayas.'

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**THE EIGHTH BOARD OF DIRECTORS**

<i>Sl. No.</i>	<i>Sponsor Directors (Group -A)</i>	<i>Occupation</i>	<i>Address</i>
01.	Alhajj Nazmul Ahsan Khaled Chairman	Business	760, Satmasjid Road, Dhanmondi, Dhaka.
02.	Alhajj Abdul Malek Mollah Vice-Chairman	Business	2, New Eskaton, Dhaka Dyeing Garments, Mogbazar, Dhaka
03.	Alhajj A.Z.M. Shamsul Alam	Secretary (Retd.)	15, New Baily Road, (1 <sup>st</sup> Floor), Dhaka
04.	Alhajj Md. Harun-or-Rashid Khan	Business	House # 19/A, Road # 18, Banani, Dhaka.
05.	Alhajj Ahmed Ali	Business	96, Darus Salam, Mirpur, Dhaka.
06.	Alhajj Dr. Bahauddin Mohd. Yousuf	Business	House # 273, Road # 20, New DOHS Mohakhali, Dhaka
07.	Alhajj Dr. D.M. Amanul Hoque	Business	9/A, Bashiruddin Road, Kalabagan Dhanmondi, Dhaka.
08.	Alhajj Mohammad Haroon	Business	1025/B Housing Society, Nasirabad, Chittagong
09.	Alhajj Badsha Meah	Business	1025/C, Housing Society, Nasirabad, Chittagong
10.	Alhajj Hafez Md. Enayetullah	Business	2, Makim Katara, Moulvi Bazar, Dhaka.
11.	Alhajj Md. Anowar Hossain	Business	Road # 1, House # 6, Dhanmondi, Dhaka.
12.	Alhajj Kazi Md. Mofizur Rahman	Business	40/1, Inner Circular Road, New Paltan, Dhaka.
13.	Alhajj Mir Ahmed Sowdagar	Business	234, Mir Ahmed Building, Khatungonj, Chittagong.
14.	Alhajj Mohammed Yahya	Business	WHO Plaza, (1st Floor), 263 Jubilee Road, Chittagong
15.	Alhajj Badiur Rahman	Business	Preapranon, Room No. 0506, 2, Paribag, Dhaka.
16.	Alhajj Mohammad Mahtabur Rahman Alternate Director: Syed Bashir Ahmed	Business Business	Post Box # 13754, Deira, Dubai, UAE 12/2 Tajmahal Road, Mohammadpur, Dhaka
17.	Alhajj Abdul Moktadir Alternate Director: Kazi Shah Mufazzal Hussain (Kaikobad)	Business Business	75/8, Sukhumvit Road Sol-3/1, Bangkok -10110, Thailand. 10, Dilkusha, Jiban Bima Bhaban, (8 <sup>th</sup> Floor), Dhaka
18.	Alhajj Kazi Abu Kawsar	Business	71, Motijheel C/A, Dhaka - 1000
19.	Alhajj Fazlur Rahman Alternate Director: Janab Md. Kafilur Rahman	Business Business	Post Box # 13754, Deira, Dubai, UAE M/S Kazi & Sons, Laldighir Par, Sylhet.
20.	Alhajj Ahammadul Haque	Business	16/1, Amir Market, Khatungonj, Chittagong
21.	Alhajj Abdus Samad <b>Shareholder Director (B Group)</b>	Business	2119 Asadgonj, Chittagong
22.	Alhajj Kh. Mesbahuddin Ahmed	Business	Preapranon, Room # 0505, 2 Paribagh, Dhaka.
23.	Alhajj Md. Seraj-ud-Dowla <b>Ex-Officio Director</b>	Business	Mohammadia Housing, 93, Motijheel C/A, Dhaka.
24.	Alhajj Yousuf Ali Howlader	Managing Director	6-C/13/13 Mirpur, Dhaka - 1216

Md. Mahmudur Rahman  
Company Secretary

5x1250  
12500

**THE SECOND SHARIAH COUNCIL \***

Sl.	Name	Designation	Address	Telephone No.
01	Janab Moulana Mufti Abdur Rahman	Chairman	Founder Principal Islamic Research Center, Boshundhara, Dhaka-1212	8825091 0171-803409 018-258441
02	Janab Moulana Md. Muhiuddin Khan	Member	Editor, Mashik Madina 38/2, Bangla Bazar, Dhaka-1100	9571843 (Off.) 9571348 (Off.) 7412130 (Res.)
03	Janab Moulana Yusuf Abdul Mazid	Member	Khatib, Tara Masjid Armanitola 8, Abul Khairat Road, Dhaka-1100	7310949 (Res.) 019-364018
04	Janab Moulana Ruhul Amin Khan	Member	Executive Editor Daily Inqilab 2/1, R. K. Mission Road, Dhaka-1203	7122771 (Off.) 7122779 (Off.) 9899039 (Res.)
05	Janab Moulana Ruhul Amin	Member	29/A, Rajani Chowdhury Road, Gendaria Jame Masjid Dhaka-1204	7410498 (Res.) 7412936 (Off.) 0171-030915
06	Janab Nazmul Ahsan Khaled	Member	760, Satmasjid Road, Dhanmondi, Dhaka.	9569354 (Off.) 8113607 (Res.)
07	Janab Md. Mokhlesur Rahman	Member Secretary	41/1, Purana Paltan Line (5 <sup>th</sup> floor), Dhaka-1000	9565960 (Off.) 8318416 (Res.)

\* The Shariah Council is formed, vide Bangladesh Bank's letter of intent, BCD(P) 744 (ka) 2323, Dated 6-12-1994

## EXECUTIVES

### Managing Director

Alhajj Md Yousuf Ali Howlader

### Deputy Managing Director

Md. Abdus Samad Shekh

#### Executive Vice President

Nazrul Islam Khan  
Qazi Abdur Razzaque

#### Senior Vice President

A. K. M. Fazlul Haque  
S. A. M. Habibur Rahman  
Muhammad Golam Sarwar  
A. N. M. Abdus Shahid  
Syed Emdadul Haque  
Md. Abdul Gofran  
Md. Anisur Rahman

#### Vice President

Md. Tofazzal Hossain  
Md. Abdul Matin  
A. H. M. Musa  
Md. Awkat Ali  
Md. Wahidur Rahman  
Md. Hazrat Ali Mallic  
Md. Emdadul Haque  
Md. Abdul Jalil Miah  
Md. Nasrul Hoque  
Md. Mofazzal Hossain

#### Assistant Vice President

Md. Mizanur Rahman  
Md. Mahtab Hossain  
Hadi Ferdous Ahmad  
Molla Ali Ahmed  
A. H. M. Zahangir Alam Chowdhury  
Md. Nurul Absar  
Md. Nazir Ahmad Chowdhury  
Md. Shahjahan  
Md. Abul Qusem  
Md. Enamul Haque  
Khondoker Enayet Hossain  
Md. Atiqur Rahman  
Md. Anisur Rahman  
Gazi Golam Mostofa  
Mufizul Islam  
Md. Kamal Uddin Bhuyan  
Mahmudur Rahman Miah  
Mohd. Ziaul Karim Chy.  
Md. Elias Majumder  
Md. Mosharraf Hossain Khan  
Md. Ishaq  
Md. Shahid Hossain  
Md. Israil



**CORPORATE INFORMATION - 2002**

(UP TO 31.12.2002)

**COMPANY SECRETARY**

Md. Mahmudur Rahman

**AUDITORS**

**HOWLADAR, YUNUS & CO**

Chartered Accountants  
67 Dilkusha C/A,  
Dhaka - 1000

**K. M. ALAM & CO**

Chartered Accountants  
85 Motijheel C/A,  
Dhaka - 1000

Date of Registration	:	18 June, 1995
1st branch opening date (Motijheel Branch, Dhaka)	:	27 September, 1995
Opening Ceremony	:	27 September, 1995
Authorised Capital	:	Tk. 1000.00 Million
Paid up Capital	:	253.00 Million
Local partnership of capital	:	100%
Equity	:	4157.67 Million
Number of Branches	:	40
Deposit	:	7163.09 Million
Investment	:	6403.56 Million
Number of Manpower	:	670
Number of Shareholder	:	5557

**REGISTERED OFFICE**

Rahman Mansion  
161, Motijheel Commercial Area  
Dhaka - 1000

Tel: PABX : 9568007, 9560198, 9567885  
9567819, 9569353  
Telex : 632409 AIBMBJ  
Fax : 880-2-9569351  
Cable : JHEELARAFAH  
S.W.I.F.T : ALARBDDH  
e-mail : alarafah @ bangla.net

**AL ARAFAH ISLAMI BANK LIMITED**  
HEAD OFFICE, 161 MOTIJHEEL C/A, DHAKA - 1000  
**NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING**

Notice is hereby given that the 8th Annual General Meeting of Al-Arafah Islami Bank Limited will be held at the BDR Darbar Hall, Peel Khana, Dhaka on Thursday, the 17 April, 2003 at 10-00 a.m. to transact the following businesses:

**AGENDA**

- 1) To receive, consider and adopt the Directors' Report, Audited Statements of Accounts with Auditors' Report thereon for the year ended on 31<sup>st</sup> December, 2002;
- 2) To declare Dividend for the year 2002;
- 3) To elect Directors in place of those who retire from office as per Article 98 and are eligible for re-election as per Article 100 of the Articles of Association of the Bank;
- 4) To elect Alhajj Abdus Samad and Alhajj Md. Ahammadul Haque as director in place of Alhajj Md. Saiful Alam and Alhajj Ezhar Meah.
- 5) To appoint Auditors of the Company for the term until the next Annual General Meeting and to fix their remuneration;
- 6) To transact any other business with the permission of the Chair.

All the Shareholders of the Company are requested to make it convenient to attend the meeting on time.

By order of the Board,

**(Md. Mahmudur Rahman)**

Company Secretary

Phone : 7113694

Date, Dhaka  
6 March, 2003

**NOTES:**

- 1) The Share Transfer Register of the Company will remain closed from 06.04.2003 to 17.04.2003 (both days inclusive);
- 2) A Shareholder of the Company entitled to attend and vote at the General Meeting may appoint a person as his/her proxy to attend and vote in his/her stead. Proxies must be submitted at the Share Department, 125, Motijheel C/A, Dhaka-1000 of the bank at least 48 hours before the Meeting by filling up the proxy form fixing revenue stamp of Tk. 8.00;
- 3) The Shareholders, who are interested to put questions, are requested to send those to Share Department, 125, Motijheel Commercial Area, Dhaka-1000, before 7 (seven) days of the AGM;
- 4) The Shareholders are requested to register their names in the concerned counter within 11:30 a.m. of the day of the AGM. Registration will be closed after 11:30 a.m.

## REPORT OF THE BOARD OF DIRECTORS

IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL

All praise be to Almighty Allah, Lord of the Universe and peace and blessings of Allah be upon the Prophet Mohammad (SM) and his descendants and companions.

Assalamu-Alaikum-Wa-Rahmatullahe-Wa-Barakatuhu

Dear Shareholders,

The Board of Directors has the great pleasure in welcoming you all to the 8<sup>th</sup> Annual General Meeting and placing before you the Annual Report along with the financial statement of the bank for the year ended on 31 December, 2002.

### 1. GLOBAL ECONOMIC TRENDS

The slowing of global economy due to political restlessness created at the end of 2001 changed in 2002 and a positive turn was felt in the economic indices of developed and developing countries of Asia, along with USA and Europe. World Economic Outlook (WEO) of IMF in volume April 2002, predicted global production growth would be 2.8%. But consumer and business confidence was hampered due to fall of share price index which was caused by bankruptcy of several corporate organisations in USA and Europe in the middle of 2002, leaking of scandals in preparing Account Statements, rise in oil price for fear of Iraq war. As a result a downward trend was observed in global production & trade growth.

Economic division of Europe due to increased strength of Euro & US Dollar has taken the turn of political division. The difference of opinion in Security Council in respect of Iraq war and fear of losing oil market of USA in the Middle East caused to strengthen Euro against Dollar.

Recession continues in Japanese economy. This recession may create imbalance in economic growth of major industrialised countries, disparity in current balance of payment and rate of exchange, which in turn will damage the global economic revival process. Besides, recent rise in oil price in international market, especially unyielding Middle East policy of USA will raise the oil price and make the global economy unstable.

### 2. BANGLADESH ECONOMY

Besides the averse global economy, national economy had to face two other major challenges in 2002:

1. Higher budget deficit
2. Lower level of foreign exchange reserve created by internal imbalance

Government took several reform measures to face this situation. The major reform measures are:

1. Reduce the size of budget by canceling projects of less priority and cutting unnecessary expenditures.
2. Strengthen revenue collection program
3. Increase price of power, gas and energy
4. Reduce interest on deposit, which are under National savings Scheme
5. Adopting contracting monetary policy of Bangladesh Bank to resist decrease of foreign exchange reserve
6. Impose margin regulations on import of some goods to control internal consumption
7. Reform of Bank and financial institutions, and
8. Emphasize increase of remittance inflow from overseas Bangladeshis.

Import reduced in terms of export due to adopting corrective revenue and monetary policy. As a result trade deficit reduced. Along with these, remittance flow from overseas Bangladeshis helped to resist decrease in foreign exchange

reserve although decrease in demand and price of export goods in international market and price increase of energy due to instability of global economy hampered over all growth of 2002.

✘ **Agriculture Sector**

Over all growth rate of agricultural sector stood at 2.8% in 2001-2002 fiscal year. It was 3.1% in the last year. Crops production was reduced 0.62 million tons and stood at 26.14 million this year due to bad weather on main crop of Aman. Growth in fisheries sub-sector was much higher where as growth of animal resource sub-sector and forest resource sub-sector was relatively less. As a result, present food production is enough in respect of internal requirement.

✘ **Industry**

Higher growth rate has been achieved in sub-sectors other than medium and large industries in 2001-2002. Contribution of industrial sector to gross domestic product was 26.2% in the last year which stood at 26.5% this year.

✘ **Foreign Exchange**

According to balance of Foreign Exchange report of Bangladesh Bank deficit in foreign exchange trade stood \$2887 million. In the previous year it was \$ 2641 million. Reason of deficit increase of \$246 million is increase of import cost against decrease of export earning.

✘ **Inflation**

Annual rate of inflation in June 2001 was 1.57%, which increased to 2.35% in June 2002.

✘ **Foreign Currency Reserve**

Foreign currency reserve of stood at US\$ 1,583 million at 2001-2002 increasing from US\$ 1,307 million which is 21.1% higher. It has been achieved by strict revenue and monetary policy to contain demand, at the same time strengthening export and encouraging inflow of remittance.

✘ **Balance of Payment**

US\$ 0.37 billion surplus is observed in 2001-2002 as against US\$ 0.23 billion deficit in the previous year in over all balance of payment.

### 3. BANKING SECTOR

There are 50 scheduled banks along with 4 nationalized, 5 specialized, 11 foreign commercial and 30 private banks in Bangladesh. They operated their businesses all over the country in 2002. A momentum has been created in the banks and financial sectors due to finance ministers' some special reform measures. Amongst them the major initiatives are reducing interest rates of deposit and investment, reducing amount of classified loans/advances/investments by changing the rescheduling policy, increasing paid up capital of the banks. Amount of total deposit of the banking sector was 816.53 billion Taka on 30th June 2001. It stood at 920.36 billion Taka at the same time of 2002. Growth rate is 12.72%. Likewise amount of investment was 784.93 billion Taka in previous fiscal year. It stood at 876.32 billion Taka in 2002. Growth rate is 11.64%.

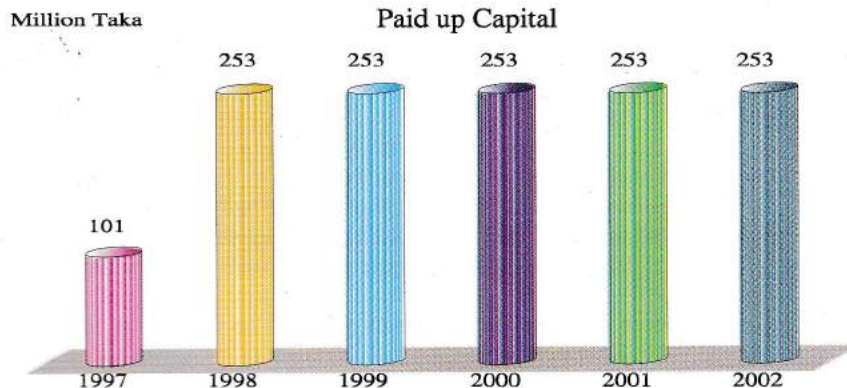
### 4. SPECIAL FEATURES OF THE BANK:

- All activities of the Bank are conducted on interest free system according to Islamic Shariah.
- To invests through different modes, which are legal in the eye of Shariah.
- The bank participates in different activities aiming at creating jobs, implementing development projects taken by the government and developing infrastructure.
- During the period under review, 70% of the investment income has been distributed among the Mudaraba depositors.
- To render improved services to the clients imbued with Islamic spirit of brotherhood, peace and fraternity and by developing an institutional cohesion.
- The bank is contributing parallelly to economic and philanthropic activities. AIBL Kindergarten (English Medium) Madrasah and AIBL library are among other mentionworthy.
- The bank is committed to establish an economic system through social justice and equal distribution of wealth.

Economic upliftment of the low income group of people, create employment opportunities for the adults and to bring about change in the underdeveloped rural areas for ensuring balanced development of the country.

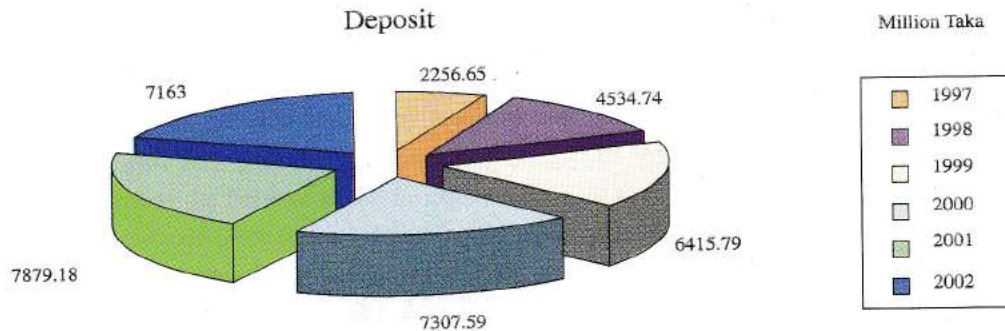
### 5. CAPITAL

As per requirements of the Bank Companies Act, 1991 and the Companies Act, 1994 the Bank issued share for public subscription in 1998 to raise the paid-up capital and it has been increased from Tk. 126.50 million to Tk. 253.00 million. In result, public participation has been increased In 2003, it has been decided that the paid up capital of the bank should be raised from Tk 253 million to Tk 506 million; regarding this, the plan to issue right share has been taken.



**6. DEPOSIT**

On December 31, 2001 the total deposit of the Bank was Tk 789.92 Cr. including the general deposit of Tk 597.08 Cr. Al though the total deposit decreased due to the withdrawal of bank Deposit of Tk 166.24 Cr. uptil December 31, 2002 the general deposit has become Tk 689.99 Cr. Where the growth rate is 15.83%



The Bank has, in the meantime, introduced the following schemes for mobilization of deposits and the schemes are becoming popular day by day:

**a. Mudaraba Terms Savings Deposits:**

Deposit in monthly installment @ Tk.200/-, Tk. 300/-, Tk. 500/-, Tk. 1000/- Tk. 1500/- & Tk. 2000/- is obtained under the aforesaid scheme for a tenure of 5, 8, 10 and 12 years and the same is withdrawable with profit at the end of the tenure.

**b. Monthly Profit Based Term Deposit for 5 Years with Monthly Payment of Profits:**

Under the above scheme, deposits of Tk. 1.00 lac, 1.10 lac, 1.20 lac, 1.25 lac and multiple thereof are accepted for a term of 5(five) years and the bank gave profit thereon Tk. 969 per month per lac and proportionately on the rest amount of deposit under the category during the year under review. The aforesaid rate shall, however, be adjustable at the close of calendar year on finalization of accounts.

**c. Monthly Hajj Deposit:**

Hajj deposits at Monthly installment from 1 (one) year to 20 (twenty) years are accepted under the above scheme to enable the account holder to perform Hajj out of the accumulated savings with profit.

**d. One Time Hajj Deposit:**

Under the above scheme, fixed amount of Hajj deposits are accepted from the clients for particular term and as per rules profit is accumulated thereon per year in this regard. As and when the fixed deposit is matured, Hajj expenses are defrayed by the same. Under the scheme, the guardians may also open Hajj Account to enable their successors to perform Hajj. Highest amount of profit is paid in the above types of deposit by the Bank.

**e. Savings Investment Deposit:**

Deposit under the scheme is accepted by monthly installment and after expiry of the term, double amount of such savings is given as investment in feasible sectors by the Bank as per choice of the depositors without any collateral security. Any one by saving under the scheme can take business venture on utilizing the amount saved under the scheme as well as availing bank investment.

**f. Marriage Savings Deposits and Investment Scheme:**

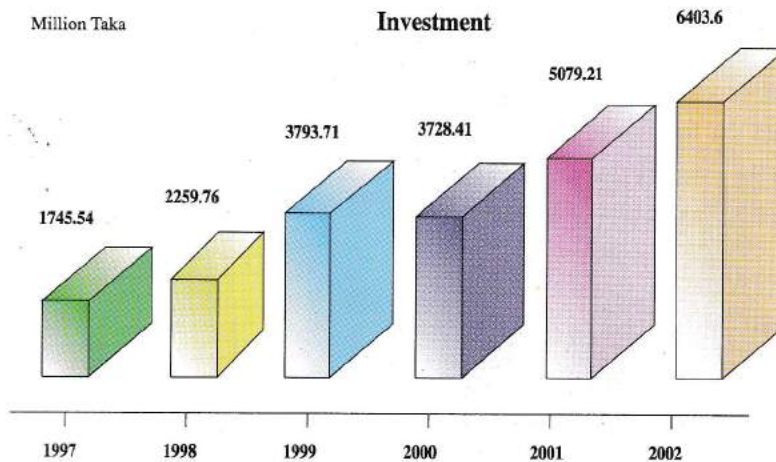
Fixed monthly installment for a particular period is to be deposited to defray the expenses of marriage and the bank allows double of saving or Tk. 30,000/- which is higher as investment to procure ornaments, furniture, fixture, etc. repayable in 24 monthly installment without any collateral security.

**g. Savings Bond Deposit:**

Under this scheme the bank has introduced saving bonds for Tk. 10,000/-, Tk. 25,000/- and Tk. 100,000/- for 3, 5 and 8 years. After the completion of the tenure the deposited money may increase by 1.5 even two times, Inshallah.

**7. INVESTMENT**

The total investment of the bank stood at Tk. 6403.60 million against Tk. 5079.21 million during the corresponding period of last year. The percentage of increase is 26.07. Last year the Growth of Investment in the banking sector was 16.16%



The bank extends investments to the clients under the following modes of investment under Islamic Shariah:

**a. Murabaha:**

Murabaha mode of finance means purchase of commodities as per request of the client permissible by Shariah and sale thereof with profit to the client i.e. cost plus sale of a commodity to the investment client. The commodity is procured at the instance of the investment client from a third party/firm. Purchase price and profit are disclosed to the client. Goods are kept under bank's custody as security and the client lifts the same gradually or at a time on payment of sale price of the commodity.

**b. Bai-Muazzal :**

Bai-Muazzal means cost plus sale of the commodity on deferred payment basis against adequate collateral. The commodity is procured at the instance of the investment client from a third party as per firm agreement between the client and the bank and sale price (bank's dues) is paid by the client within stipulated period of time. After having possession of the goods, the bank delivers the same to the client on credit which is required to be paid at a specified future date (adjust proportionately) with the progress of sale of goods within the given period.

**c. Bai-Salam (Advance Sale):**

Under this mode, the bank buys the goods from the producer/supplier on payment in advance after entering a firm contract and the goods are delivered/supplied to the bank at a future specified date. In the contract of Bai-Salam quantity, quality, shape, size, price and time of delivery of the goods are clearly specified.

**d. Ijara Bil-Bai (Hire Purchase Sirkatul Meelk):**

Durable items, like vehicle, machinery, equipment, etc., are purchased on equity participation by both the bank and the client and the same is handed over to the investment client on rental basis entering into an agreement with the client that principal amount shall be paid within a certain period of time by installments. Rent is to be paid on the principal outstanding till the ownership is transferred to the client on payment of the entire principal amount.

**e. Mudaraba:**

Entire capital is provided by the bank against firm assurances of the entrepreneur that he will manage the business properly and efficiently. The entrepreneur manages the business as Manager. Profit is shared by the bank and entrepreneur as per agreed ration while the loss, if any, is borne by the bank alone. Bank can supervise such investment if and when desired/required but cannot participate in the management of the business.

**f. Musharaka:**

Capital is provided by both bank and investment client on the basis of *Shirkatul Innan* principle of Islamic Shariah (Partnership). Profit is shared as per agreed ratio and loss is shared on equity ratio. The bank supervises the utilization of investment and participates in decision making.

The bank also allows Qard in very special cases on obtaining proper security. Service charge equal to cost of fund is recovered on Qard amount.



**h. Special Investment:**

The bank also closely supervises and reviews the investment operation of the Bank with a view interalia to chalk out policy which would not only be innovative but also cover all sectors of the economy including income-generating activities.

The bank has, in the meantime, introduced the following schemes for upliftment of the fixed wage earners as small traders and for income generating activities of the poor people:

- ☐ Desired Durable Investment Scheme (DDIS)
- ☐ Masjid Madrasah Based Investment Scheme (MMIS)
- ☐ Small Business Investment Scheme (SBIS)
- ☐ Special Pally Biniyog Prakalpa
- ☐ Transport Investment Scheme.

**8. FOREIGN EXCHANGE BUSINESS**

Due to depression in world business during the fiscle year of 2001-2002, both the Import & Export of Bangladesh have decreased. Export income of the Country was \$ 6.47 billion which has stood at \$ 5.99 billion in the following year. Similarly in the fiscle year of 2001 the import expenditure was \$ 9.34 billion which has gone down to \$ 8.54 billion. In 2002 the amount of import expenses and export income of the bank were Tk. 5162.51 million and Tk. 1894.77 Million respectively, in 2001 they were Tk 5559.27 Million and Tk. 2524.63 Million accordingly.



The bank is under correspondence with 35 foreign banks in 170 places of the globe for establishing correspondents and agency relationship. Besides our foreign exchange trade has improved due to introduction of SWIFT.

## 9. PROFIT PAID TO THE DEPOSITORS

The rate of profit given to different types of deposit holders are given below in comparison with preceding years:

Sl. No.	Types of Deposit	Rate of Profit					
		1997	1998	1999	2000	2001	2002
1.	Mudaraba Saving Deposit	7.69%	7.98%	7.93%	7.82%	7.31%	7.33%
2.	3 Month's Term Deposit	9.03%	9.35%	9.30%	9.18%	8.57%	8.60%
3.	6 Month's Term Deposit	9.44%	9.77%	9.72%	9.60%	8.96%	8.99%
4.	12 Month's Term Deposit	9.85%	10.20%	10.15%	10.01%	9.35%	9.38%
5.	24 Month's Term Deposit	10.05%	10.40%	10.36%	10.22%	9.55%	9.58%
6.	36 Month's Term Deposit	10.26%	10.62%	10.57%	10.43%	9.74%	9.77%
7.	Short Notice Deposit	3.59%	3.72%	3.74%	3.74%	3.41%	4.01%
8.	Monthly Hajj Deposit	10.87%	11.27%	11.20%	11.06%	10.33%	10.36%
9.	Monthly Term Savings Deposit	10.77%	11.15%	11.10%	10.95%	10.23%	10.26%
10.	One Time Hajj Deposit	11.31%	11.68%	11.62%	11.47%	10.72%	10.75%
11.	Monthly Profit Based Deposit	10.46%	11.68%	11.63%	11.63%	11.63%	11.63%
12.	Monthly Savings Investment Deposit	10.05%	10.41%	10.36%	10.22%	9.55%	9.58%
13.	Savings Bond				10.95%	10.23%	10.26%

## 10. ELECTION OF DIRECTORS

### A) Rotation of Directors

#### Group-A

As per article 98 of the Articles of Association of the bank, 7 (seven) Directors from Group "A" ( 1. Alhaji Md. Harun-or-Rashid 2. Alhaji Ahmed Ali 3. Alhaji Nazmul Ahsan Khaled 4. Alhaji Dr. Bahauddin Mohd. Yousuf 5. Alhaji Abdul Malek Mollah 6. Alhaji Kazi Md. Mofizur Rahman 7. Alhaji Mir Ahmed Sowdagar) will retire in this Annual General Meeting and as per article 100 all of them will be eligible for re-election.

### B) Election of 2 new sponsor directors

The Honourable Sponsor Directors Alhaji Md. Saiful Alam and Alhaji Md Ezhar Meah have transferred all their shares to Alhaji Abdus Samad and Alhaji Ahammadul Hoque respectively. According to the Articles of Association Sec. 96 and on the basis of their appeal the Board of Directors Elected them as sponsor director for a provisional period. At the 8th AGM the directors, elected temporarily will retire from their post and according to the Articles of Association Sec. 96, they will get the opportunity of being re elected.

## 11. BOARD AND COMMITTEE MEETING

During this year 21 regular and emergency Board Meetings have been held. Besides 22 meetings have been held during the year for Executive Committee and Policy Committee of the Board.

## 12. DIVIDEND

The Board of Directors has recommended 20% dividend for the shareholders for the year 2002. The issue needs ratification by the shareholders and therefore, the same has been placed before the AGM for approval.

## 13. PURCHASING OF LAND

In December 2002 an un-encumbered land of Decimal 27.10 was purchased for building a permanent place for the head office at 63 purana paltan (near Dainik Bangla turn). The construction work on the foundation of building – a highrise multi-stored one is going to begin very soon Inshallah.

## 14. BRANCH EXPANSION

The Bank is very much keen to open new branches in different areas in order to bring as many people as possible under the ambit of Islami banking. Total number of branches stood at 40 this year. In 2002 though there were plans to open 5 new branches, for the concentration on the development of internal management no new branches could be opened.

## 15. CUSTOMER SERVICES

To provide better customer service and to attain operational excellence, the bank is all along attaching importance. With this end in view all the branches have been computerised. The bank has already taken effective steps to provide online banking service.

### (SWIFT)

To develop the Customer Service on Foreign business, The bank has taken the membership of SWIFT (Society for World Inter Bank Financial Telecommunication) in 2001. SWIFT has helped Al Arafah Islami Bank to ensure remittance, L/C, other financial transaction and the service of international standard through world wide network in the field of international trading system and exchange of swift and correct information.

## 16. AUDIT & INSPECTION

In 2002, Audit and Inspection Department of this Bank has inspected 40 branches and Bangladesh Bank has inspected 16 branches including Head Office of the Bank.

## 17. TRAINING & MOTIVATION

Training and motivation are utmost important to bring about positive change in the outlook of the manpower and to increase efficiency. Set of trained and efficient workforce are indispensable for any commercial bank and they are the fundamental strength of the bank. Well trained and highly motivated personnel are a prerequisite for running Islami Bank in a traditional society like Bangladesh. Keeping this view in mind training programmes on banking and motivational programmes are being implemented. In 2002, a total number of 146 officers of different categories have been trained in 6 training courses during 93 working days covering 21313 man-hours. In the previous year, there were 6 training programmes in 182 working days and 22147 man-hours where 71 officers were trained. Darse-i-Quran is being held everyday before starting the normal business. Besides, everyday after Zuhar Prayer teaching on Hadith and other aspects of Islam are being discussed. Training and motivational programmes so implemented result in creating team spirit, increasing efficiency and discipline and rejuvenating moral values of the officers.

### 18. HUMAN RESOURCES

To commensurate with the expansion of the bank, experienced personnel have been recruited. The number of total manpower of the bank as of 31<sup>st</sup> December 2002 was 670 including the Managing Director and the Deputy Managing Director. The number was 659 on the same day of previous year.

The status of manpower as of 31 December 2002 is as follows

Sl. No.	Designation	Nos.
1.	Managing Director	01
2.	Deputy Managing Director	01
3	Executive Vice President	02
4	Senior Vice President	07
5	Vice President	10
6	Asstt. Vice President	24
7	Senior Principal Officer	22
8	Principal Officer	22
9	Senior Officer	69
10	Officer	70
11	Probationary Officer	34
12	Junior Officer	46
13	Junior Officer (Cash)	46
14	Junior Officer (Computer)	22
15	Assistant Officer	96
16	Assistant Officer (Cash)	70
17	Assistant Officer (Computer)	36
18	Assistant Officer (Type)	7
19	MCG - II (Peon)	27
20	MCG - II (A.G.)	39
21	MCG - II (Type)	1
22	MCG - II (Book Binder)	05
23	MCG - II (Electrician)	06
24	Tea Boy	06
25	Cleaner	01
	<b>Total</b>	<b>670</b>

### 19. ACTIVITIES OF SHARIAH COUNCIL

To ensure the implementation of Islamic Shariah in the banking activities along with the guidance of Bangladesh Bank and to check if they are directed on the basis of Qur'an, Sunnah, Isma, Istihad, a Shariah Council consisting of seven (7) members has been built up. The Shariah Council has successfully played an important role to implement Shariah Principles in every sector of banking. The members and Muraquibs of the Council visited 25 branches and gave

solution according to Shariah law on different banking issue. In this year 14 meetings of the Council have been held. In those meetings the Council advised to introduce Shariah Principles and make an out effort to improve customer service. In order to ensure implementation of Shariah Principle in banking operations the Muraquibs of the Council conduct inspection of different branches and in Case of any deviation they have given suggestions to the management authority. Suggestions from the Council have been taken about new investment products.

## 20. ACTIVITIES OF AL-ARAFAH ISLAMI BANK FOUNDATION

A portion of income of the bank is being spent on philanthropic activities. Among other philanthropic activities, running of Al-Arafah English Medium Madrasah and Al-Arafah Islami Bank Library are mentionworthy.

### ✘ Al-Arafah English Medium Madrasah

Al-Arafah English Medium Madrasah has been established by the Al-Arafah Islami Bank Foundation with a view to building next generation according to the ideals of peace and equality of Islam and to establishing banking and other aspects of life in the way of Islam. The prime aim of this madrasah is to contribute towards building human resources and in the broader sense to ensure human welfare. With this in view Al-Arafah Islami Bank Foundation has established an English medium madrasah at Dhanmondi in 1999. Such institution up to seventh grade of its kind is for the first time in Bangladesh.

### ✘ Al-Arafah Islami Bank Library

The bank has established a public library at 32, Topkhana Road, the heart of Dhaka city containing more than 21,000 books with an intention of educating people and to improve their socio-economic condition. Books on religion, economics, banking, computer science, business administration, sociology, English literature, Arabic, Children's literature in Bengali, English, Arabic and Urdu have been procured. Textbooks of school, college and Madrasahs are also available. In the audio-visual section of the library there are educative and character building CDs, films, audio-video cassettes which are regularly shown. Internet facilities are available for the readers/researchers.

## APPRECIATION


The Board of Directors expresses its gratitude to the Almighty Allah for enabling the Bank to achieve remarkable progress in all respect during the year 2002. The Board extends thanks to the Ministry of Finance, the Bangladesh Bank and other Government Agencies for providing assistance, support and co-operation. The Board of Directors also extends compliments to all shareholders, clients and well-wishers for their valuable support and confidence reposed in the Bank.

The Board of Directors also expresses its great appreciation and thanks to all officials of the Bank for their untiring efforts and dedication in bringing about better result during the year under report. The Board also hopes that they shall continue to strive hard to attain a much better result in the coming year.

May the Almighty Allah give us dedication, patience and fortitude to serve the cause of Islam and to go ahead with our mission to run the bank as per the principles of Islamic Shariah.

Date : 17 April, 2003

On behalf of the Board of Directors

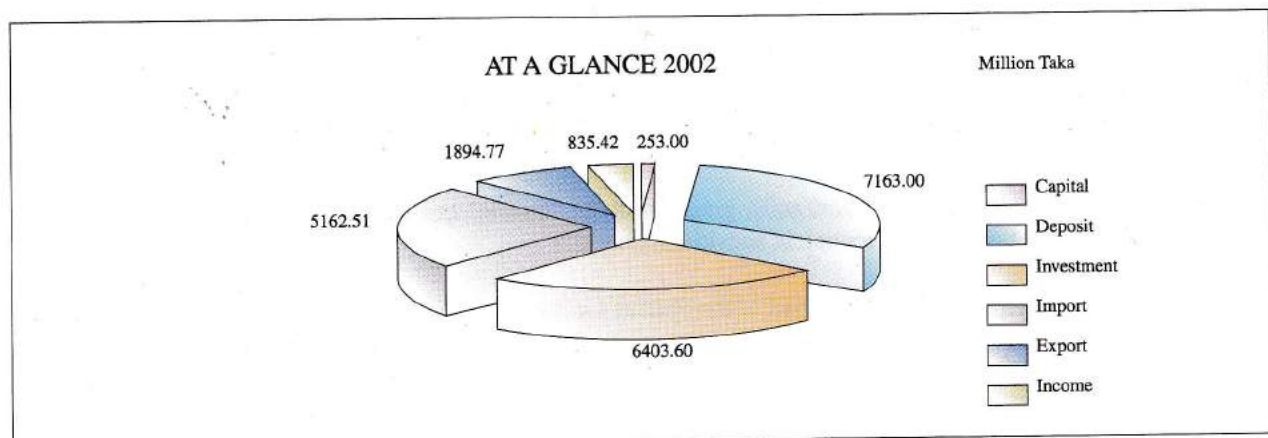
  
Alhajj Nazmul Ahsan Khaled  
Chairman

**AIBL AT A GLANCE**

Million Taka

Particulars	1997	1998	1999	2000	2001	2002
Authorised Capital	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00
Paid up Capital	101.20	253.00	253.00	253.00	253.00	253.00
Reserve Fund	25.32	55.66	145.56	219.55	303.12	322.62
Shareholders Equity	129.09	309.27	299.86	326.07	365.72	415.76
Deposit	2256.65	4534.74	6415.79	7307.59	7879.18	7163.00
Investment	1745.54	2259.76	3793.71	3728.41	5079.21	6403.60
Import	3222.45	5279.50	5555.51	5979.90	5559.27	5162.51
Export	592.12	1103.00	2304.21	3313.20	2524.63	1894.77
Total Income	196.17	322.98	534.76	752.19	800.35	835.42
Total Expenditure	128.93	240.93	464.30	598.45	678.84	671.48
Profit before Tax	62.81	82.06	70.47	67.00	39.48	136.81
Profit After Tax and Provision	26.07	36.93	31.70	30.15	19.53	50.71
Income Tax	24.03	28.72	24.66	23.45	13.82	57.76
Total Assets	3833.25	6749.48	7746.04	8584.95	9253.77	8759.33
Fixed Assets	37.05	47.86	50.35	52.44	58.54	114.83
Earning per Share (Taka)	-	210.82	181.04	172.14	101.43	312.42
Dividend Per Share	25%	15%	12%	12%	7.5%	20%

No. of Shareholders	23	7604	6319	5849	5778	5557
Number of Employees	320	427	664	674	659	670
Number of Branches	20	30	35	37	40	40
Manpower per Branch	16	14	19	18	16	17



**REPORT OF THE SHARIAH COUNCIL**  
**For the year ended on 31.12.2002**

All praise be to Allah, the Lord of the Universe, and peace and blessings of Allah be upon the Prophet Muhammad (SM) and all other Prophets and their companions. The honorable members of the Shariah Council met in 8 general meetings, 2 emergency meetings and 4 sub committee meetings during the year 2002 to review the matters sent to them by the Board and Management Authority along with other functions of the Bank. After reviewing those, they gave necessary advises and guidelines to concerned authorities. To observe the day to day activities of the Bank, whether they are operating according to the Shariah principles, and to give necessary instructions and guidelines in this regard, Muraquibs (Shariah Auditors) of the Council visited 25 branches out of 40 in the reporting year and gave detailed reports to the Council. After reviewing the branch visit reports, the Balance Sheet and over all position of the Bank for the year 2002, the Shariah Council suggests as under:

**Opinion**

- ✘ The Management of the Bank is careful to operate all its functions in the light of Shariah principles by implementing directions and advises given by the Shariah Council.
- ✘ The required level of importance regarding Shariah aspects was not given in the training programs arranged by the Training Wing of Human Resources Division.
- ✘ Shariah principles are violated time and again in some aspects of Bai-Muazzal and Bai-Murabaha transaction is observed. Management should be more careful in this regard.
- ✘ Progress in implementing Shariah decisions in respect of Foreign Exchange is satisfactory.
- ✘ Investment initiatives in Mudaraba mode have been taken in a very small scale and performance of clients is satisfactory in this sector. But no active initiative has been taken to invest in Musharaka mode.
- ✘ All branches of the bank could not be visited within the year concerned due to insufficiency of manpower in Shariah Council Secretariat. As a result, Shariah violations, which happened in the operations of those branches could not be identified and no advises, could be given to rectify those.

**Advise**

- ✘ Related Division should take active step to post required number of skilled personnel in the Shariah Council to achieve the goal of implementing Shariah principles properly in all aspects of Banking operation.
- ✘ The Shariah Council is attracting attention of the Management to publish books regarding Islamic Economics, Banking, research works about trade & business and translation of books of this subject.
- ✘ The Management should Strengthen micro-credit project and introduce rural investment scheme to improve the socio-economic condition of the rural poor.
- ✘ Training Wing of Human Resources Division should incorporate classes/lectures on Shariah matters in all its training programs with an aim to train manpower of all levels of the Bank in Shariah aspects and to encourage them about practicing Islamic lifestyle.
- ✘ To inspire clients to do business based on Islamic Principles & inspire them to lead their life according to Shariah, a client assembly/get together should be arranged in every branches at least once in a year at the presence of Shariah Council's representative.
- ✘ The Bank should give emphasis to invest more in Mudaraba and Musharaka mode of investment.

May Allah, the Lord of honour and dignity, grant us all the 'Tawfiq' and courage to establish Islamic Society through islamizing Banking and economic activities. Ameen!

On behalf of the Shariah Council.



Md. Mokhlesur Rahman  
Member Secretary



Mufti Abdur Rahman  
Chairman

TO THE SHAREHOLDERS OF AL-ARAFAH ISLAMI BANK LIMITED

**AUDITORS' REPORT**

Bismillahir Rahmanir Rahim.


We have audited the accompanying balance sheet of Al-Arafah Islami Bank Limited as of December 31, 2002, and the related profit and loss account and statement of cash flow for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion of these financial statements based on our audit.


We conducted our audit in accordance with **Bangladesh Standards on Auditing (BSA)**. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with **Bangladesh Accounting Standards (BAS)**, give a true and fair view of the state of the company's affairs as on December 31, 2002 and of the results of its operations and its cash flow for the year then ended and comply with the Bank Company Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act, 1994, the Securities and exchange Rules 1987 and other applicable laws and regulations.

**We also report that :**

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company as far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) the bank's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purpose of the bank's operation.
- v) the financial position of the company at December 31, 2002 and the profit for the year then ended have been properly reflected in the financial statements; The financial statements have been prepared in accordance with the generally accepted accounting principles;
- vi) the financial statements have been drawn up in conformity with the Bank Company Act. 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank.
- vii) adequate provisions have been made for investment and other assets which are in our opinion, doubtful of recovery.
- viii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh.
- ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements; and
- x) the information and explanations required by us have been received and found satisfactory.

  
HOWLADAR, YUNUS & CO  
Chartered Accountants  
Dated. 27th February 2003, Dhaka.

  
K. M. ALAM & CO  
Chartered Accountants  
Dated. 27th February 2003, Dhaka.




**BALANCE SHEET**


As at 31 December, 2002

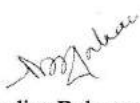
<b>PROPERTY AND ASSETS</b>	<b>Notes</b>	<b>31 December, 2002 (Taka)</b>	<b>31 December, 2001 (Taka)</b>
Cash			
In hand (including foreign currencies)	4	181,415,786	192,089,596
With Bangladesh Bank and Sonali Bank (including foreign currencies)		608,789,431	546,825,007
		790,205,217	738,914,603
Balance with other Banks and Financial Institutions			
In Bangladesh	5	1,234,927,049	3,161,487,885
Outside Bangladesh		946,627	33,924,748
		1,235,873,676	3,195,412,633
Money at Call & Short Notice		-	-
Investment in Shares		-	-
Investment	6		
General Investment etc.		5,934,751,301	4,638,477,866
Bills purchased		468,808,255	440,733,543
		6,403,559,556	5,079,211,409
Fixed Assets (At cost less depreciation)	7	114,828,619	58,537,327
Other Assets	8	214,860,135	181,690,919
Non-Banking Assets		-	-
<b>Total Assets</b>		<b>8,759,327,203</b>	<b>9,253,766,891</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowing from other Banks and Agents			
Deposit and other Accounts			
Current Accounts and Others	9	1,088,401,291	555,303,133
Mudaraba Savings Deposit		2,082,736,147	3,406,120,075
Mudaraba Short Notice Deposit		210,962,190	182,176,616
Mudaraba Term Deposit		2,455,065,451	2,209,877,204
Mudaraba Special Deposit		1,235,448,690	1,407,812,717
Bills Payable		90,482,701	117,887,576
		7,163,096,470	7,879,177,321
Other Liabilities	10	1,187,802,611	1,003,954,604
<b>Total Liabilities</b>		<b>8,350,899,081</b>	<b>8,883,131,925</b>

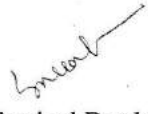
	Notes	31 December, 2002 (Taka)	31 December, 2001 (Taka)
<b>CAPITAL/SHARE HOLDERS EQUITY</b>			
Paid up Capital	11	2,53,000,000	253,000,000
Statutory Reserve	12	95,067,765	66,186,668
Exchange Equalisation Fund		2,047,299	1,562,434
Proposed Dividend		50,600,000	49,335,000
Other Reserves		7,600,000	-
Profit and Loss Account/Retained Earning	13	113,058	550,864
<b>Total Share holders equity</b>		<b>408,428,122</b>	<b>370,634,966</b>
<b>Total Liability and Share holders equity</b>		<b>8,759,327,203</b>	<b>9,253,766,891</b>
<b>CONTRA ENTRIES</b>			
Off Balance Sheet Items and Contingent Liabilities	14		
Acceptance and endorsement			
Letters of Guarantee		207,532,049	185,722,141
Letters of Credit		1,514,063,668	1,203,101,680
Bills for Collection		45,266,240	43,532,174
<b>Total</b>		<b>1,766,861,957</b>	<b>1,432,355,995</b>
Less Margin		(259,498,456)	(165,260,000)
		<b>1,507,363,501</b>	<b>1,267,095,995</b>

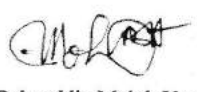
Accompanying notes 1 to 26 form an integral part of these financial statements

  
Nazrul Islam Khan  
Executive Vice President

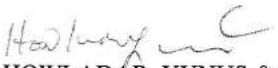
  
Md. Yousuf Ali Howlader  
Managing Director

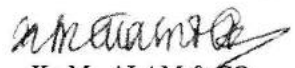
  
Badiur Rahman  
Director

  
Seraj-ud-Dowla  
Director

  
Dr. Bahauddin Mohd. Yousuf  
Director


Signed in terms of our report of even date


  
HOWLADAR, YUNUS & CO  
Chartered Accountants  
Dated. 27th February 2003, Dhaka.

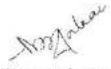
  
K. M. ALAM & CO  
Chartered Accountants  
Dated. 27th February 2003, Dhaka.


**PROFIT & LOSS ACCOUNTS**  
For the Year ended 31 December, 2002

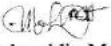
PARTICULARS	Notes	31 December, 2002 (Taka)	31 December, 2001 (Taka)
Investment Income	15	702,325,142	641,574,229
Profit paid on deposits	16	(474,625,774)	(506,899,149)
Net Investment Income		227,699,368	134,675,080
Commission & exchange Income	17	100,122,563	117,743,389
Other Income	18	32,974,698	41,036,704
		133,097,261	158,780,093
Total operating income		360,796,629	293,455,173
Operating Expenses			
Salaries and allowances & Contribution to P.F		92,589,888	84,278,221
Directors and Sharia Council fees and expenses		3,350,654	3,430,281
Rent, taxes, insurance, lighting	19	24,315,914	19,340,701
Postage, telegram, telephone and stamp	20	11,664,935	11,877,526
Law charges		491,238	466,424
Audit fee		80,000	80,000
Salary & Allowances to the Managing Director		1,469,678	1,620,000
Depreciation and repairs to the bank's properties		13,242,616	11,560,498
Stationery, printing, advertisement etc.	21	5,328,743	5,407,698
Other expenses	22	44,325,475	33,884,381
Total operating expenses		196,859,141	171,945,730
Profit before Tax & provision		163,937,488	121,509,443
Provision against Investments	23	19,532,003	79,270,990
Other provisions	24	7,600,000	-
Provision for AIBL Foundation	25	-	2,757,964
Total provision		27,132,003	82,028,954
Profit before Tax		136,805,485	39,480,489
Provision for Taxation		(57,762,194)	(13,818,171)
Profit after tax		79,043,291	25,662,318
Retained earning carried forward		550,864	1,759,644
Distributable profit during the year		79,594,155	27,421,962
Appropriation			
Statutory Reserve		28,881,097	7,896,098
General Reserve		-	-
Proposed Dividend		50,600,000	18,975,000
		79,481,097	26,871,098
Retained earning		113,058	550,864
Earning per share		312.42	101.43


  
Nazrul Islam Khan  
Executive Vice President

  
Md. Yousuf Ali Howlader  
Managing Director

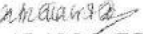
  
Badiur Rahman  
Director

  
Seraj-ud-Dowla  
Director

  
Dr. Bahauddin Mohd. Yousuf  
Director

  
HOWLADAR, YUNUS & CO  
Chartered Accountants

Dated. 27th February 2003, Dhaka.


  
K. M. ALAM & CO  
Chartered Accountants


Dated. 27th February 2003, Dhaka.


## CASH FLOW STATEMENT


For The Year Ended December 31, 2002

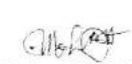
PARTICULARS	Notes	31 December, 2002 (Taka)	31 December, 2001 (Taka)
Cash Flows from Operating Activities			
Investment Income	15	702,325,142	641,574,229
Profit Paid on Deposit	16	(474,625,774)	(506,899,149)
Receipts from other operating activities		133,097,261	158,780,093
Cash Payments to Employees		(122,256,486)	(101,215,988)
Cash Payments to Suppliers		-	-
Payment for other activities		(65,742,514)	(62,338,049)
A. Operating Profit before changes in Operating Assets and Liabilities		172,797,629	129,901,136
(Increase)/Decrease in Operating Assets			
Investment to Customers	6	(1,324,348,147)	(1,350,802,327)
Other Short Term Assets		(33,169,216)	298,272,228
B. Sub Total		(1,357,517,363)	(1,052,530,099)
Increase/(Decrease) in Operating Liabilities			
Deposit from Customers		(716,080,851)	571,587,634
C. Sub Total		(716,080,851)	571,587,634
D. Net Cash from Operating Activities (A+B+C)		(1,900,800,585)	(351,041,329)
Cash Flows from Investing Activities			
Dividend received		-	-
Sale of Share/Securities		-	-
Purchase of Share / Securities		-	-
Purchase of Property, Plants & Equipments	7	(65,562,033)	(6,094,533)
Sale of Fixed Assets		410,600	220,811
E. Net Cash from Investing Activities		(65,151,433)	(5,873,722)
Cash flows from Financing Activities			
Increase/(Decrease) in Equity		-	-
Increase in Exchange Equalization Account		484,865	521,253
Provision for Dividend		(49,335,000)	(18,975,000)
Other Liabilities		106,553,810	(14,435,939)
F. Net cash from financing activities		57,703,675	(32,889,686)
G. Net Increase/(Decrease) in Cash & Cash Equivalents (D + E + F)		(1,908,248,343)	(389,804,737)
H. Cash & Cash Equivalents at the beginning of the year		3,934,327,236	4,324,131,973
Cash & Cash equivalent at 30th Dec 2002. (G + H)	26	<b>2,026,078,893</b>	<b>3,934,327,236</b>

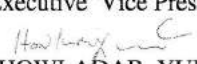
  
Nazrul Islam Khan  
Executive Vice President

  
Md. Yousuf Ali Howlader  
Managing Director

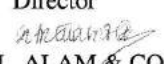
  
Badiur Rahman  
Director

  
Seraj-ud-Dowla  
Director

  
Dr. Bahauddin Mohd. Yousuf  
Director

  
HOWLADAR, YUNUS & CO  
Chartered Accountants

Dated. 27th February 2003, Dhaka.

  
K. M. ALAM & CO  
Chartered Accountants

Dated. 27th February 2003, Dhaka.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended December 31, 2002

	Paidup Capital	Statutory Reserve	General Reserve	Other Reserve	Retained Earnings	Exchange Equalisation Fund	Total Taka
Balance at 1st Jan. 2002	253,000,000	66,186,668	44,424,000	-	550,864	1,562,434	365,723,966
Addition during the year	-	28,881,097	13,503,046	7,600,000	50,162,194	484,865	100,631,202
Dividend	-	-	-	-	(50,600,000)	-	(50,600,000)
Balance as on 31/12/2002	<b>253,000,000</b>	<b>95,067,765</b>	<b>57,927,046</b>	<b>7,600,000</b>	<b>113,058</b>	<b>2,047,299</b>	<b>415,755,168</b>



Nazrul Islam Khan  
Executive Vice President



Md. Yousuf Ali Howlader  
Managing Director



Badiur Rahman  
Director



Seraj-ud-Dowla  
Director



Dr. Bahauddin Mohd. Yousuf  
Director



HOWLADAR, YUNUS & CO  
Chartered Accountants  
Dated. 27th February 2003, Dhaka.



K. M. ALAM & CO  
Chartered Accountants  
Dated. 27th February 2003, Dhaka.

Signed in terms of our report of even date

**AL-ARAFAH ISLAMI BANK LIMITED**  
**NOTES TO THE ACCOUNTS**

For the year ended December 31, 2002

**1.0 STATUS OF THE BANK**

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 **Musaraka, 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 Council 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 Council consists of prominent Ulema, reputed Bankers, renowned Lawyers and eminent Economist.

**2.0 NATURE OF BUSINESS**

All kinds of commercial banking services are provided by the bank to the customers following the provisions of Banking Companies Act, 1991, Bangladesh Bank's directives and the principles of Islamic Shariah.

**3.0 SIGNIFICANT ACCOUNTING PRINCIPLES**

**3.1 Preparation of financial statement**

These accounts have been prepared on a going concern basis under the historical cost convention and on Generally Accepted Accounting Principles consistently with those of previous year. Although the operation of the Bank are in strict compliance with the rules of Islamic Shariah, the Financial Statements have been prepared basically as per Bank Company Act 1991, Bangladesh Accounting Standard (BAS), Financial Accounting Standard issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

A separate set of records for consolidating the statement of Affairs and Income & Expenditure Statement of the Branches are maintained at the Head Office of the Bank in Dhaka from which the financial statement are drawn up.

**3.2 Investments**

- a) Investments are stated in the Balance Sheet at net unearned income.
- b) Income from investments has been accounted for on accrual basis except investment under Musharaka. Income in case of Musharaka is accounted for on realisation basis. Besides, fees and commission income are recognised when earned. The Bank does not charge any rent during the gestation/interim period of investment under hire purchase, but it fixes the sale price of the assets at a higher level in such a way to cover its expected rate of return. Such income is recognised on realisation basis.
- c) Profit/rent/compensation accrued on classified investment are suspended and accounted for as per Circulars issued by the Bangladesh Bank. Moreover, income which are irregular (doubtful) as per Shariah are also not included in the distributable income of the Bank. Bank charges compensation on unclassified overdue Bai-Murabaha and Bai-Muazzal investment. Such compensation is not permissible by Shariah to take into regular income of the Bank. Therefore, the amount of compensation is treated as a component of provision against bad & doubtful investment. Interest received due to legal obligation is also not taken into regular income of the Bank.
- d) Income was calculated on daily product basis but charged quarterly.

**3.3 Fixed assets and depreciation**

- A Furniture and fixtures are stated at cost less accumulated depreciation.
- B Depreciation is charged at the following rates on a reducing balance method on all fixed assets other than motor vehicles which are depreciated on a straight line basis:

Particulars	Percentage
1. Furniture and Fixture	10%
2. Computer	15%
3. Motor Vehicles	20%
4. Mechanical Appliances	15%
5. Books	20%
6. Land and Building	-

- C Depreciation at the applicable rates has not been charged on addition to fixed assets during the year for the days of use.
- D Maintenance and repairs cost when incurred are charged to Profit and Loss Account.

**3.4 Allocation of distributable profit**

The investment income earned through development of Mudaraba fund is shared by the Bank and the Mudaraba Depositors at 70% of total income of the bank (except exchange and commission income)

**3.5 Exchange rates**

- A The transactions in foreign currencies are converted into equivalent taka currency using the ruling exchange rates prevailed on the dates of such transactions.
- B The assets and liabilities denominated in foreign currencies as on 31 December 2002 are translated into Taka currencies at the prevailing selling and buying rates of the concerned foreign currencies.
- C Gains and loss of translation are dealt with through exchange account.

**3.6 Basic Earning per share**

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding during the year. Diluted earning per share is required to be calculated for the year, as there is scope for dilution during the year under review.

**3.7 Retirement benefit and staff welfare schemes**

The Bank operates a contributory Provident fund, Social Security Fund, Gratuity Fund and a Benevolent Fund. These funds are managed by separate Board of Trustees.

**3.8 General**

- A 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.
- B The figures appearing in these accounts have been rounded off to the nearest taka.
- C Wherever necessary previous year's figures have been rearranged to conform to the current year's presentation.

4. CASH	31 December, 2002 (Taka)	31 December, 2001 (Taka)
<b>a Cash in hand</b>		
In local currency	172,093,731	190,827,629
In Foreign currency	9,322,055	1,261,967
	181,415,786	192,089,596
<b>b Balance with Bangladesh Bank</b>		
In local currency	462,532,551	392,515,659
In Foreign currency	65,711,613	55,760,767
	528,244,164	448,276,426
<b>c Balance with Sonali Bank</b>		
In local currency	80,545,267	98,548,581
In Foreign currency	-	-
	80,545,267	98,548,581
<b>Total</b>	790,205,217	738,914,603

	31 December, 2002 (Taka)	31 December, 2001 (Taka)
<b>5. BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</b>		
a. In Bangladesh:		
Dhaka Bank Ltd.	38,595,007	1,874,116,998
Prime Bank Ltd.	16,194,363	2,934,640
Social Investment Bank Ltd.	336,195,909	612,572,359
Social Investment Bank Ltd.	1,874,055	1,773,975
Social Investment Bank Ltd.	-	105,000,000
Shamil Bank of Bahrain E.C.	2,871,094	144,897
Shamil Bank of Bahrain E.C.	-	10,000,000
Al-Baraka Bank Bangladesh Ltd.	67,415,766	153,938,634
Al-Baraka Bank Bangladesh Ltd.	560,000,000	350,000,000
Islami Bank Bangladesh Ltd.	4,241,217	18,281,440
Islami Bank Bangladesh Ltd.	454,170	-
Dutch Bangla Bank Ltd.	651,838	3,029,450
National Bank Ltd.	27,815,147	27,793,762
IFIC Bank Ltd.	4,165,483	1,901,730
Shahjalal Bank Ltd.	153,830,000	-
EXIM Bank Ltd.	20,623,000	-
Total	1,234,927,049	3,161,487,885
b. Outside Bangladesh		
Nostro Accounts	946,627	33,924,748
Grand Total	1,235,873,676	3,195,412,633
<b>6. INVESTMENTS</b>		
a. Maturity grouping of Investment		
Payable on demand	-	-
With a residual maturity of :		
Not more then 3 months	268,146,113	391,270,422
Over 3 months but not more than 1year	4,841,726,443	3,805,861,877
Over 1 year but not more than 5 year	531,374,000	72,982,723
Over 5 years	762,313,000	809,096,387
	6,403,559,556	5,079,211,409
b. Investments		
General Investment :		
Murabaha, Bai-Muazzal , Hire Purchase, Musharaka etc.	5,934,751,301	4,638,477,866
Bill Purchased :		
Payable in Bangladesh	420,054,874	334,317,876
Payable out side Bangladesh	48,753,381	106,415,667
	6,403,559,556	5,079,211,409
c. An analysis to disclose following Significant concentration :		
Investment to Directors and others	103,552,000	222,773,000
Investment to Managing Director	-	-
Investment to customer (Group - wise)	5,813,307,556	3,986,738,409
Industrial Investment	486,700,000	869,700,000
	6,403,559,556	5,079,211,409
d. Investment Classified as per Bangladesh Bank Circular		
Unclassified (Including investments to staff )	5,792,704,556	4,464,210,409
Sub Standard	37,168,000	56,556,000
Doubtful	70,557,000	62,213,000
Bad & Loss	503,130,000	496,232,000
	6,403,559,556	5,079,211,409



	<b>31 December, 2002</b> (Taka)	<b>31 December, 2001</b> (Taka)
<b>e. Particulars of Investments</b>		
i. Investment considered good in respect of which bank is fully secured	6,378,987,653	5,036,526,279
ii. Investment considered good for which the bank holds no other security then the debtors personal security.	-	-
iii. Investment considered good and secured by the personal liabilities of one or more persons in addition to the personal security of the debtors	24,571,903	42,685,130
iv. Investment considered bad or doubtful not provided for (This should be read in conjunction with 6.d, 10 a & b)	-	-
	<b>6,403,559,556</b>	<b>5,079,211,409</b>
v. Investment due by directors or employees of the Bank or any of them either Severally or Jointly with any other persons.	-	267,890,000
vi. Investment due by companies or firms in which the directors of the bank are interested as directors, partners, Managing agents or in the case of private companies as members.	103,552,000	222,773,000
vii. Maximum total amount of investments including temporary Investments made at any time during the year to directors or employees of the bank or any of them either severally or jointly with any other persons	-	62,183,000
viii. Maximum total amount of investment including temporary Investment granted during the year to companies or firms in which any of the directors of bank are interested as directors, partners or managing agents or in case of private companies as members.	-	120,000,000
ix. Due from other banking companies	-	-
x. Classified Investment on which no profit charge	503,130,000	496,232,000

**7. FIXED ASSETS :**

SL No.	Particulars	Balance as on 31.12.01	Addition during the year	Transfer/ Disposal	Total 31.12.02	Depreciation during the year	Total 31.12.02	Written down value as on 31.12.02
1.	Furniture & Fixture (Wood)	10,346,321	579,500	46,962	16,238,278	957,810	6,317,228	9,921,050
2.	Furniture & Fixture (Steel)	13,900,554	1,204,687	4,200	20,460,459	1,379,457	6,738,875	13,721,584
3.	Computer	7,309,059	953,770	-	15,850,828	1,159,438	8,747,437	7,103,391
4.	Motor Car	5,780,067	754,407	288,213	10,550,376	1,330,683	5,634,798	4,915,578
5.	Machine equipment & appliance	17,280,133	4,755,293	71,225	30,306,289	3,234,936	11,577,024	18,729,265
6.	Books & Library	3,921,193	58,124	-	7,714,543	797,817	4,533,043	3,181,500
7.	Land	-	57,256,252	-	57,256,252	-	-	57,256,252
	<b>Total</b>	58,537,327	65,562,033	410,600	158,377,024	8,860,141	43,548,405	114,828,619

	31 December, 2002 (Taka)	31 December, 2001 (Taka)
<b>8. OTHER ASSETS</b>		
Advance Rent	18,412,152	21,998,228
Stock of Stationery	11,239,595	10,988,863
AIB General Account	-	4,701,183
Suspense Account	7,165,195	6,830,862
DD payable without advice	15,822,299	7,215,288
Stamp in hand	107,740	97,803
Clearing adjustment	-	3,568,384
Prepaid Expenditure	140,276	349,402
Advance deposit	2,148,108	2,059,758
Adjustment A/C Dr.	4,590,509	310,723
Protested Bills	7,624,800	6,124,800
WES Fund purchased	23,971,170	2,907,446
Accrued Income	10,066,433	29,455,000
Advance Income Tax & TDS	113,195,638	85,083,179
Foreign Cheque Draft Purchase (FCDP)	376,220	-
	<b>214,860,135</b>	<b>181,690,919</b>
<b>9 DEPOSIT AND OTHER ACCOUNTS</b>		
a) Repayable on demand		
Bank deposits	265,980,000	1,928,371,000
Other deposits	3,206,564,329	2,333,116,400
	3,472,544,329	4,261,487,400
b) Others (with agreed maturity dates or period of notice by residual maturity)		
Mudaraba Term Deposits	2,455,065,451	2,209,877,204
Mudaraba Special Deposits	1,235,486,690	1,407,812,717
Grand Total	<b>7,163,096,470</b>	<b>7,879,177,321</b>
<b>10. OTHER LIABILITIES</b>		
Unearned profit on Investment	495,176,073	407,130,634
Provision on Investment (a)	322,654,433	303,122,430
Compensation due (Profit Suspense) (b)	105,867,240	102,519,497
Provision for Income Tax	119,694,262	61,932,068
Zakat fund	3,278,833	3,277,333
Provided fund	28,180,597	20,692,318
WES Fund held	16,333,234	1,682,012
Social Security and Benevolent Fund	400,000	400,000
Adjusting Account (Cr)	1,433,336	4,624,919
F.C Charges	86,273	107,674
F.C held against back to back L/C	51,574,522	75,702,943
F.C Deposit Account	-	11,959,968
Provision for AIBL Foundation	2,757,964	2,757,964
Profit/Rent Suspense	168,004	-
Incentive Bonus	13,223,172	7,800,000
Hajj Foundation.	69,000	69,000
Compensation Realised	39,859	175,844
AIBL General Account (Net)	23,765,809	-
Provision for Gratuity	600,000	-
Provision for donation to Prime Minister's relief fund	2,500,000	-
Total	<b>1,187,802,611</b>	<b>1,003,954,604</b>

**31 December, 2002  
(Taka)**

**31 December, 2001  
(Taka)**

**a) Provision for classified and unclassified investments**

**i) Provision for Classified Investment**

Opening Balance		258,698,430	188,498,430
Addition during the year		6,028,957	70,200,000
Written off during the year		-	-
Closing Balance		264,727,387	258,698,430

**ii) Provision for Unclassified Investment**

Opening Balance		44,424,000	31,053,010
Addition during the year		13,503,046	13,370,990
Closing Balance		57,927,046	44,424,000

**b) Compensation & Profit Rent Suspense**

Balance at the beginning of the year		102,519,497	68,941,353
Addition during the year		15,030,387	37,878,144
Amount recovered during the year		(11,682,644)	(4,300,000)
Amount written off during the year.		-	-
Balance at the end of the year		105,867,240	102,519,497

**11. CAPITAL**

**(a) Authorised Capital**

The Authorized Capital of the Bank is 1,000,000 Ordinary Share of Tk. 1000 each.

**(b) Issued and paid up Capital**

Description	No. of Shares	Value per Share	Total Taka
Sponsors / Promoters	126,500	1000	126,500,000
General public	126,500	1000	126,500,000
<b>Total</b>	<b>253,000</b>		<b>253,000,000</b>

Total 2,53,000 no of Shares of Tk. 1000 each.

**(c) Break-up of Shares**

Particulars	No. of Share holder	No. of Shares	% of Total Shares
Less than 500	5501	84,760	33.50%
501 - 5,000	41	68,365	27.02%
5,001 - 10,000	15	99,875	39.48%
10,001 - 20,000	-	-	-
20,001 - 30,000	-	-	-
30,001 - 40,000	-	-	-
<b>Total</b>	<b>5557</b>	<b>253,000</b>	<b>100.00%</b>

	31 December, 2002 (Taka)	31 December, 2001 (Taka)
<b>12. STATUTORY RESERVE</b>		
Opening balance beginning of the year	66,186,668	58,290,570
Add. Reserve @ 20% (on pre-tax profit)	28,881,097	7,896,098
Balance at the end of the year.	<u>95,067,765</u>	<u>66,186,668</u>
<b>13. PROFIT &amp; LOSS ACCOUNT</b>		
Profit before tax	136,805,485	39,480,489
Less : Provision for Taxation	57,762,194	13,818,171
Net Profit after Tax	<u>79,043,291</u>	<u>25,662,318</u>
Add : Retained earning brought forward	550,864	1,759,644
	<u>79,594,155</u>	<u>27,421,962</u>
Less : Statutory Reserve	28,881,097	7,896,098
	<u>50,713,058</u>	<u>19,525,864</u>
Less : Proposed Dividend (20%)	50,600,000	18,975,000
Retained earnings	<u>113,058</u>	<u>550,864</u>
<b>14. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
(a) The claims against the Bank not acknowledged as debt		
(b) Money for which the bank is contingently liable in respect of guarantees given favouring :		
Directors	-	5,369,000
Government	-	-
Bank and other financial institution	-	-
others	1,766,861,957	1,426,986,995
	<u>1,766,861,957</u>	<u>1,432,355,995</u>
Less: Margin	(259,498,456)	(165,260,000)
Total	<u>1,507,363,501</u>	<u>1,267,095,995</u>
<b>15. INVESTMENT INCOME</b>		
(i) In Bangladesh :		
Income from general Investment	537,106,790	368,948,399
Income from other Investment	165,218,352	272,625,830
	<u>702,325,142</u>	<u>641,574,229</u>
(ii) Outside Bangladesh :		
Income from general Investment	-	-
Income from other Investments	-	-
Total	<u>-</u>	<u>-</u>

		31 December, 2002 (Taka)	31 December, 2001 (Taka)
<b>16.</b>	<b>PROFIT PAID ON DEPOSIT</b>		
	Mudaraba Savings Deposit	166,861,421	215,063,466
	Mudaraba Short Term Deposit	5,412,863	5,280,194
	Mudaraba Term Deposit	185,392,428	187,997,649
	Other Mudaraba Deposit	116,959,062	98,557,840
	<b>Total</b>	<b><u>474,625,774</u></b>	<b><u>506,899,149</u></b>
<b>17</b>	<b>COMMISSION &amp; EXCHANGE INCOME</b>		
	Commission	50,633,110	54,138,731
	Exchange	49,489,453	63,604,658
	<b>Total</b>	<b><u>100,122,563</u></b>	<b><u>117,743,389</u></b>
<b>18</b>	<b>OTHER INCOME</b>		
	Locker Rent	45,800	45,800
	Telex charge	6,095,259	8,323,783
	Postage & Telegram charge	4,920,845	4,838,924
	Legal expense	30	3,330
	Telephone and fax charges	914,084	863,562
	SWIFT	3,952,290	476,010
	Miscellaneous earnings	17,046,390	26,485,295
	<b>Total</b>	<b><u>32,974,698</u></b>	<b><u>41,036,704</u></b>
<b>19</b>	<b>RENT, TAXES, INSURANCE, LIGHTING</b>		
	Rent and Taxes	16,440,005	14,033,354
	Insurance	3,638,616	1,891,238
	Lighting & Electricity	4,237,293	3,416,109
	<b>Total</b>	<b><u>24,315,914</u></b>	<b><u>19,340,701</u></b>
<b>20</b>	<b>POSTAGE, TELEGRAM, TELEPHONE, FAX &amp; STAMPS.</b>		
	Stamps	1,118	2,738
	Postages	1,722,256	2,132,139
	Telegram	6,565	6,182
	Telex	2,186,072	2,393,752
	Telephone	5,936,766	7,079,832
	Fax & Internet	39,197	262,883
	Rent, rates	2,000	-
	SWIFT	1,770,961	-
	<b>Total</b>	<b><u>11,664,935</u></b>	<b><u>11,877,526</u></b>

		31 December, 2002 (Taka)	31 December, 2001 (Taka)
<b>21</b>	<b>STATIONARY, PRINTING &amp; ADVERTISEMENT</b>		
	Printing & Stationery	2,934,321	3,430,778
	Paper & Table Stationery	1,049,689	958,799
	Advertisement & Publicity Expenses	1,344,733	1,018,121
	Taka	<b>5,328,743</b>	<b>5,407,698</b>
<b>22.</b>	<b>OTHER EXPENDITURE</b>		
	House Maintenance Allowances	6,075,311	5,434,203
	Charge Allowances	614,500	599,250
	Risk Allowances	316,967	319,037
	Saturday Allowances	-	2,177,575
	Corporate Allowances	89,032	240,000
	Utilities	386,490	402,441
	Honourarium	257,989	24,000
	Car Allowances	2,895,579	1,678,360
	Wages	5,403,814	4,434,201
	Consultancy fee	-	450,000
	Incentive Bonus	12,000,000	7,800,000
	Social Security & Benevolent fund	400,000	400,000
	Local Conveyance Allowance	703,463	526,223
	Petroleum oil & Lubricant	1,961,003	1,347,930
	Entertainment	1,628,734	1,029,533
	Travelling Allowances	1,117,647	818,038
	Bank Charge	197,070	144,222
	Liveries/Uniform	68,725	8,434
	Donations (including contribution to PM relief fund Tk 25,00,000/-)	2,509,399	6305
	Subscription	589,250	300,250
	Banks Clearing House Charge	41,435	39,961
	Transportation Charge	331,191	323,102
	Evening Banking Allowances	137,600	98,209
	News paper, Jurnal & Periodicals	325,230	262,991
	WASA/Gas Charge	470,627	392,544
	Washing Charges	160,158	153,006
	Direct Expenses on Investment	(988,002)	(56,539)
	Training Expenses	277,795	121,114
	Upkeep of Branch (Office Premises)	135,043	110,751
	Computer Charges	1,466,513	1,095,534
	Excise duty	93,500	53,082
	Misc. Expenses	4,659,412	3,150,624
	Taka	<b>44,328,475</b>	<b>33,884,381</b>

	<b>31 December, 2002 (Taka)</b>	<b>31 December, 2001 (Taka)</b>
<b>23. PROVISION AGAINST INVESTMENTS AS PER</b>		
Bangladesh Bank Circular		
On classified Investment	6,028,957	70,200,000
On Un-classified Investment	13,503,046	9,070,990
	<u>19,532,003</u>	<u>79,270,990</u>
<b>24. OTHER PROVISIONS</b>		
Opening Balance	-	-
Add: Appropriation made during this year	7,600,000	-
Total	<u>7,600,000</u>	<u>-</u>
<b>25. PROVISION FOR AIBL FOUNDATION</b>	-	2,757,964
Total	<u>-</u>	<u>2,757,964</u>
<b>26. CASH &amp; CASH EQUIVALENT</b>		
Cash in hand	181,415,786	192,089,596
Balance with Bangladesh Bank	528,244,164	448,276,426
Balance with Other Banks	1,316,418,943	3,293,961,214
Total	<u>2,026,078,893</u>	<u>3,934,327,236</u>



Nazrul Islam Khan  
Executive Vice President



Md. Yousuf Ali Howlader  
Managing Director



Badiur Rahman  
Director



Seraj-ud-Dowla  
Director



Dr. Bahauddin Mohd. Yousuf  
Director

LIST OF THE BRANCHES

Sl No.	Name of the Branches	Opening Date	Address	Telephone No.	Telex
1	Motijheel	27 September 1995	161, Motijheel C/A, Dhaka-1000	(02) 9569350 018-252006	632409
2	Moulvi Bazar, Dhaka	9 December 1995	3, Moulvibazar, Dhaka	(02) 7311989,7313900 018-211828	632467
3	Laldighir Par	21 December 1995	1438-1439, Laldighirpar, Sylhet	(0821) 710809 710265	
4	Agrabad	23 December 1995	34, Agrabad C/A, Chittagong	(031) 713372, 713373 018-310770	633128
5	Khulna	27 December 1995	144, Sir Iqbal Road, Khulna	(041) 722499, 722399	627265
6	Rajshahi	7 August 1996	239, Shahib Bazar Road, Rajshahi	(0721) 775161 775171	671619
7	Bogra	8 August 1996	21/1, Thana Road (1st Fl.) Kotwali, Bogra	(051) 73465 73561	633714
8	Khatungonj	7 October 1996	146, Chan Miah Lane (1st Floor) Khatungonj, Kotwali, Chittagong	(031) 622229, 622230	633087
9	Barisal	30 October 1996	45, Sadar Road (1st Floor), Barishal	(0431) 53148, 54276	
10	Shatkhira	28 September 1996	2386, Main Road, Khan Market (1st Floor), Sadar, Satkhira	(0471) 3606	
11	Nawabpur Road	23 July 1997	85-87, Nawabpur Road, Dhaka	(018) 212743,7119494 018-212745	671613
12	Benapole	30 July 1997	Plot No. 283-294, Benapole, Jessore	(04228) 8062 0171-431176	
13	VIP Road	1 August 1997	86, VIP Road, Shantinagar Dhaka-1000	(02) 9345871-2 018-212743	
14	Motijheel Corporate	26 August 1997	125, Motijheel C/A, Dhaka	(02) 9563873 9563884 018-212748	
15	New Elephant Road	7 September 1997	91, New Elephant Road, Dhaka	91, (02) 9665323-4 018-244902	
16	Uttara Model Town	15 September 1997	House #13, Road # 14/A Sector#4 Uttara Model Town, Dhaka	(02) 8916454 018-219538	
17	Jubilee Road	7 October 1997	221, Kader Plaza, Jubilee Road, Chittagong	(031) 63768 018-319480	
18	North-South Road	22 October 1997	23, Malitola Lane, North South Road,, Bangshal, Dhaka	(02) 9667460 9667419	
19	Mohakhali	12 November 1997	56-59, Amtali, Mohakhali, Dhaka	(02) 8810587,8810419 018-235587	
20	Mirpur	21 December 1997	5/H-C, Darus Salam Road, Mirpur, Dhaka	(02) 9008123,9010623 018-211459	



## LIST OF THE BRANCHES

Sl No.	Name of the Branches	Opening Date	Address	Telephone No.	Telex
21	Mymensingh	7 June 1998	12 Choto Bazar, Kotowali, Mymensingh	(091) 53614	632409
22	Zindabazar	23 July 1998	Jalalabad House Jindabazar Main Road, Kotowali, Sylhet	(0821) 722078-9	
23	Mouchak	3 August 1998	76, DIT Road, Mouchak, Dhaka	(02) 8322373 9339006	
24	Saidpur	8 October 1998	13 Railway Engineering Plot, Zikrul Hoque Road, Saidpur, Nilphamari	0552-2804, 688145 0171-313921	633128
25	OR Nizam Road	18 October 1998	943, O.R. Nizam Road Chittagong	031-656567-8 0171-749883,	627265
26	Moulvibazar (Syl)	22 November 1998	99-100, Central Road, Moulvibazar, Sylhet	(0861) 54106-7	671619
27	Chaumuhani	25 November 1998	857, 858 Hazipur, Feni Road Chowmuhani, Noakhali	(0321) 51000 51105	633714
28	Comilla	29 November 1998	257, 240 Hazi Mansion, Monoharpur, Kotoawali, Comilla	64546, 64647	
29	Jessore	8 December 1998	30, M.K. Road, Jessore	(0421) 73494, 73569 0171-431060	633087
30	Dhanmondi	15 December 1998	Ahmed Tower, House # 54, Road # 4/A, Dhanmondi, Dhaka	8610913 018-255906	
31	Mohadebpur	8 December 1999	Plot No.-425, Mohadebpur Noogaon	07425-810420 0171-425675	671613
32	Madhabdi	18 December 1999	691-694 Madhabdi Bazar, Madhabdi, Narshingdhi	9351805, 06251318 0171-613484	
33	Pagla	23 December 1999	Plot No.-573, Pagla, Fatullah Narayanganj	7604356 018-253591	
34	Ruposhpur	28 December 1999	Plot No.-1021, Rupashpur, Srimangal, Moulvibazar	08626-88130 0171-431175	
35	Joydebpur	30 December 1999	Nasir Super Market (1st Floor) Chandra Chourasta, Gazipur	9256196 018-212745	
36	Mohammadpur Krishi Market	19 December 2000	38/Ka Tajmahal Road, Block-C, (West) Mohammadpur, Dhaka-1207	9112329, 8119811 018-25587	
37	Narayanganj	21 December 2000	71, Bangabandhu Road, DIT Plot no. 11, Narayanganj	7615821-2	
38	Companigonj	1 August 2001	Companigonj Bazar, Muradnagar, Comilla	081-77308-167 011-811711	
39	Gallai	6 August 2001	Abeda Nur Foundation Complex, Gallai, Chandina, Comilla	011-811263	
40	Islampur	5 September 2001	Rowshan Plaza, 29/31, Islampur Road, Dhaka-1100	7393800 7392588	



**AL-ARAFAH ISLAMI BANK LIMITED**

**161, Motijheel C/A, Dhaka-1000**

**(PROXY FORM)**

Folio No :

No. of Shares

I/We ..... being shareholder(s) of Al-Arafah Islami Bank Limited do hereby appoint Mr. /Mrs. .... of ..... as my / our/ proxy, to attend and vote on my / our behalf at the Eighth Annual General Meeting of the Company to be held on 17 April 2003, Thursday, 10.00 a.m. at BDR Darbar Hall, Peel Khana, Dhaka and at any adjournment thereof.

Signed this in my / our presence on ..... day of ..... 2003.

Revenue  
Stamp

Signature of Proxy .....

Folio No. :

.....  
Signature of Shareholder(s)

**N.B:**

1. This form of proxy, duly completed, must be deposited at least 48 hours before the meeting at the Company's Share Department, 125, Motijheel C/A, Dhaka-1000, Proxy is invalid if not signed and stamped as shown above.
2. Signature of the shareholder should agree with the specimen signature registered with the Company.



**AL-ARAFAH ISLAMI BANK LIMITED**

**(ATTENDANCE SLIP)**

I hereby record my attendance of the Eighth Annual General Meeting of the Company being held on 17 April 2003, Thursday, 10.00 a.m. at BDR Darbar Hall, Peel Khana, Dhaka.

Name of the Shareholder / Proxy .....

Folio No. :

Signature of Shareholder .....

No. of Shares :

Date .....

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall. Seats in the auditorium are reserved only for the shareholders/proxies.

