

Half-Yearly (2nd Quarter) Financial Statement 2016 (un-audited)

Consolidated Balance Sheet

As at June 30, 2016

4,683,625,139

7,927,410,938

9,264,943,026

6.628.599.909

2,636,343,117

166.108.473.234

17,202,699,933

3,140,577,677

21,968,404,883

260,038,226,841

19,893,299,453

22,352,004,493

103,553,317,691

42,085,876,956

20,895,364,176

190,672,836,591

26,798,165,533

237,447,102,696

240,447,102,696

3,000,000,000

9,943,064,280

5,801,292,342

996,874,019

965,157,961

17,706,388,602

19.591.124.147

24,384,732,745

5.030.671.070

11,080,201,878

4,585,269,666

45,080,875,359

1,884,735,545

82,801,119

1,786,273,275

183,311,173,167

3,953,284,997

6,390,176,770

8,851,134,487

6,180,000,000

2,671,134,487

148,484,014,726

14,019,129,402

3,057,379,053

20,473,363,436

229,106,656,939

12,795,916,017

21,905,934,320

92,519,200,283

37.764.527.251

16,457,585,767

169,887,081,401

24,104,783,880

206,870,582,418

209,870,582,418

9,469,585,030

5,440,728,703

991,589,940

1,615,987,762

17,517,891,435

1,718,183,083

19,236,074,517

9,956,571,853 4 471 407 869

16,316,709,625

3,835,366,743

34,580,056,090

229,106,656,939

82,801,120

1,239,833,780

162,503,144,128

PROPERTY AND ASSETS Cash in hand	30-06-16 Taka	31-12-15 Taka
Cash in hand (including foreign currencies)	1,932,606,497	1,779,992,510
Balance With Bangladesh Bank and its Agents Banks	31,343,110,653	24,951,466,555
(including foreign currencies)	33,275,717,150	26,731,459,065
Balance with other Banks and Financial Institutions		
In Bangladesh	3,243,785,799	2,436,891,773

Placement with Banks & Other Financial institutions **Investment in Share & Securities**

Government Others

Investments

Outside Bangladesh

General Investments etc. Bills purchased and discounted

Fixed assets less Accumuladated Depreciation Other Assets **Non-Banking Assets**

Total Assets LIABILITIES AND CAPITAL Liabilities

Placement from Banks & Other Financial institutions Deposits and other Accounts Mudaraba Savings Deposits

Mudaraba Term Deposits Other Mudaraba Deposits Al-Wadia Current Accounts and Others Accounts etc. Bills Payable

Other Liabilities Deferred tax Liabilities/ (Assets) **Total Liabilities**

AIBL Subordinate Bond Total Liabilities Capital/Share holders Equity

Paid up Capital Statutory Reserve **Revaluation Reserve**

Retained Earnings Total Equity attributable to equity holders of the bank Non-Controlling Interest

Total Equity

Total Liability and Share holders equity OFF BALANCE SHEET ITEMS

Contingent Liabilities Acceptance and endorsemen Letters of Guarantee

Letters of Credit Bills for Collection

Other Contingent Liabilities

Other Commitments:

Documentary Credits and other short term trade related transactions Forward Assets Purchased and forward Deposit placed Undraw note issuance and Revolving underwriting Facilities Undraw Formal standing Facilities, Credit lines and others commitments Total off Balance sheet items including Contingent liabilities

Company Secretary

Managing Director

Director

45,080,875,359 34,580,056,090 **Consolidated Profit & Loss Accounts**

For the half year ended June 30, 2016

	01-01-16 to	01-01-15 to	01-04-16 to	01-04-15 to
	30-06-16	30-06-15	30-06-16	30-06-15
	Taka	Taka	Taka	Taka
Investment Income	9,758,477,563	9,241,728,356	5,731,734,327	4,236,054,315
Profit paid on deposits & Borrowing	(5,387,650,510)	(5,461,984,324)	(3,481,639,546)	(2,258,026,315)
Net Investment Income	4,370,827,053	3,779,744,032	2,250,094,781	1,978,028,000
Income from Investment in Shares /Securities		82,133,621	72,666,667	63,110,214
Commission, Exchange and Brokerage	1,109,092,588	1,036,048,060	518,826,498	567,518,130
Other Operating Income	128,403,096	107,114,379	90,936,812	86,489,100
Other Operating meome	1,330,392,718	1,225,296,060	682,429,977	717,117,444
Total according in come				
Total operating income	5,701,219,771	5,005,040,092	2,932,524,758	2,695,145,444
Salaries and allowances & contribution to P.F	1,127,157,518	1,013,873,266	572,141,226	468,432,017
Directors fees & expenses	9,607,088	6,563,893	6,247,096	4,534,578
Shariah Supervisory Committee's fees & expenses	108,477	130,935	5,452	52,425
Rent, taxes, insurance and lighting etc.	239,738,294	191,222,703	155,484,287	78,896,130
Postage, telegram, telephone and stamp etc.	44,223,506	34,472,250	31,386,725	20,303,895
Legal charges	7,818,766	1,572,491	5,748,395	586,079
Auditors' fee	113,000	193,500	50,000	86,250
Salary & Allowances to the Managing Director	6,700,000	5,500,000	3,030,000	3,250,000
Depreciation and repairs to the bank's properties	146,236,125	128,930,579	75,899,226	66,887,498
Stationery, printing & advertisement etc.	56,168,655	52,144,322	30,659,087	24,207,213
Other expenses	233,714,396	194,059,487	127,717,508	109,815,560
Total operating expenses	1,871,585,825	1,628,663,427	1,008,369,002	777,051,645
Profit/(Loss) before Tax & provision	3,829,633,946	3,376,376,666	1,924,155,756	1,918,093,799
Provision against Investments & Contingent Liabilities	1,370,000,000	1,192,849,000	1,128,538,137	614,617,000
Provision for diminution in value of investment	(46,070,325)	69,132,356	(9,134,896)	14,584,650
Other Provision	(40,070,323)	03,132,330	(5,154,656)	14,304,030
Total provision	1,323,929,675	1,261,981,356	1,119,403,241	629,201,650
Profit/(Loss) before Tax	2,505,704,271	2,114,395,310	804,752,515	1,288,892,149
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Current tax	1,208,980,218	1,242,797,976	550,591,953	676,337,998
Deferred tax	4 200 000 240	4 242 707 076		
Provision for Taxation	1,208,980,218	1,242,797,976	550,591,953	676,337,998
Net Profit/(Loss) after tax	1,296,724,053	871,597,334	254,160,563	612,554,151
Net Profit attributable to:				
Equity holders of the bank	1,130,171,590	706,474,113	165,890,676	519,557,118
Non-controlling Interest	166,552,463	165,123,221	88,269,887	92,997,033
Profit for the year	1,296,724,053	871,597,334	254,160,563	612,554,151
Appropriation				
Statutory Reserve	360,563,639	285,398,419	83,403,181	182,473,998
Non-Controlling Interest		165,123,221	88,269,887	92,997,033
	166,552,463	103,123,221	00,203,007	
	166,552,463 527,116,102	450,521,640	171,673,068	275,471,031
Transfer to Retained Earnings				

Managing Director

Consolidated Cash Flow Statement

For the half year ended June 30, 2016

30-06-15 Cash flows from operating activities 8,554,013,483 8,015,618,747 Investment income receipt in Cash Profit paid on deposits and borrowing Dividend received
Fees & Commission received in cash
Recoveries from written off investments
Cash payments to employees 1.689.168 12.571.284 1,036,048,060 1,849,869 (1,019,373,266) 1,109,092,588 1,849,869 (1,133,857,518) (56,168,655) Cash payments to suppliers (52,144,322 107,114,379 Received from other operating activities (item-wise) 128,403,096 Paid for other operating activities (item-wise) Advance income tax paid (565,233,476) (440,678,450) (1,095,722,875) (1,137,035,890) 1,556,415,170 1,061,986,087

34,791,370 (50,000,000)

894,503,507

(20.808.029.051)

7.097.383.436

7,998,550,035

(83,198,619)

(946,958,503)

Operating profit before changes in operating assets and liabilities

Changing in Operating assets & liabilities
Increase/Decrease of trading securities
Increase/Decrease of placement to other banks Increase/Decrease of Investment and advances to customers (other than Banks) Increase/Decrease of other assets (item-wise)
Increase/Decrease of placement from other banks and financial institution Increase/Decrease of Deposits from customers (other than Banks)
Increase/Decrease of Other liabilities account of customers
Increase/Decrease of Trading liabilities (item-wise)

Cash receipt from operating activities

A. Net Cash from operating activities Cash flows from investing activities: Proceeds from sale of securities Payments for purchases of securities Purchase of property, plant and equipment Sales proceeds of Fixed assets Purchase-sale of subsidiary

B. Net cash flows from investing activities Cash flows from financing activities Increase in Exchange Equalization Account Increase in Share Capital Dividend paid

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

H.Cash & Cash Equivalents at the end of the year Thu

8.530.092.162 7.183.279.101 39,301,635,835 31,890,709,305 47,831,727,997 39,073,988,406

(17,826,275)

7,100,000,000

(6,867,059,230)

5,416,852,515

1,533,382,273

7,700,712,296

376,913,416

(253,677,377)

(253,677,377)

(1.325.741.904)

Chief Rinancial Officer Company Secretary Managing Director

Consolidated Statement of Changes in Equity For the half year ended June 30, 2016

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January 2016 Changes in accounting policy	9,469,585,030	5,440,728,703	1,615,987,763	991,589,940	17,517,891,436	1,718,183,082	19,236,074,518
Buy back share Issue of the share capital		_	-	_	-		_
Restated balance	9,469,585,030	5,440,728,703	1,615,987,763	991,589,940	17,517,891,436	1,718,183,082	19,236,074,518
Surplus/deficit on account of revaluation of properties Surplus/deficit on account of revaluation of investments Currency translation differences recognized in the income	-	-		5,284,079	5,284,079	-	5,284,079
Share premium Net profit for the year Cash Dividend paid - 2015(10.00 %) Bonus Share paid-2015 (5%) Gain on pre acquisition of subsidiary Asset revaluation of subsidiary Transferred to retained earning	473,479,250		1,130,171,590 (946,958,503) (473,479,250)	:	1,130,171,590 (946,958,503) - - -	166,552,463 - - - - -	1,296,724,053 (946,958,503) - -
Appropriations during the year	-	360,563,639	(360,563,639)	-	-		-
Balance as at June 30,2016	9,943,064,280	5,801,292,342	965,157,961	996,874,019	17,706,388,602	1,884,735,545	19,591,124,147
Balance as at June 30,2015	9,469,585,030	4,928,715,087	600,316,731	977,586,935	15,976,203,783	1,873,971,767	17,850,175,550

47,831,727,997 39,073,988,406

Notes to the Financial Statements For the half year ended June 30, 2016

1. The Bank and its activities

1. The Bank and its activities
Al-Arafah Islami Bank Limited was established in 1995 under the Companies Act, 1994 as a Banking Company with Limited Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all types of commercial banking services under the regulation of Bank Companies Act, 1991 (as amended 2013). The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and Hire Purchase transactions approved by Bangladesh Bank Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant. operations are substantially ditterent from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the percepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchance (DSE) and Chaittagong Stock Exchange (CSE). Presently the bank has 129 Branches and 3 (three) Subsidiary Companies.

The principal activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade-

financial services including commercial banking, consumer banking, frade finance and other related custody and clearing services to the customers following the provisions of Bank Companies Act, 1991 (as amended), Bangladesh Bank's directives and the principles of Islamic Shariah.

2. Subsidiaries of the Bank
Al-Arafah Islami Bank Ltd has three subsidiary companies. The financial statements of these subsidiary companies are included in the consolidated financial statements according to BFRS-10.

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 ces Ltd. incorporated in Bangladesh on 20 September 2010 as a Public Limited Company The principal activities of subsidiary company is to provide quality services to the prospective institutional and individual investors in the capital market. The main activities and functions of the company include:

I. Share trading in Dhaka Stock Market and Chiltagong Shock Market.
II. Provide Margin facilifies to the client.
III. Full service depository participant of Central Depository of Bangladesh Ltd.

2.2 AIBL Capital Management Limited

2.2. AISL Capital Management Limited
Al-Arafah Islami Bank Ltd. owned 98% shares of AIBL Capital Management Limited
Al-Arafah Islami Bank Ltd. owned 98% shares of AIBL Capital Management Limited
a subsidiary company of Al-Arafah Islami Bank Limited AIBL Capital Management
Limited has been incorporated under the companies act (Act XVIII) of 1994 as a
Private Iimited Company by share on 25th October 2011. The company was
entitled to compense the business class from 25th October 2011. The company was entitled to commence the business also from 25th October 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BDT 2 billion and paid up capital of BDT 500 million. It aims to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking

Services with a high level of professional expertise and integrity

2.3. Millennium Information Solution Limited
Al-Arafah Islami Bank Ltd. owned 51% shares of Millennium Information Solution Limited a subsidiary company of Al-Arafah Islami Bank Limited Millennium Information Solution Limited, a private limited Company was incorporated in Bangladesh under the companies act 1994 on February 11, 2001. The main objective of company is to carry on activities relating to developing software products and providing maintenance and support services both the domestic and international clients. Over the years, MILS has

established itself as the leading software developer, implementation and service provisioning company in Bangladesh which adheres to the rules of Islamic Shariah.

3. Basis of preparation and significant accounting policies

3. Basis of preparation and significant accounting policies
3.1 Preparation of financial statements
The consolidated financial statements of the group and the financial statements of the bank have been prepared on a going concern basis under the historical cost convention and on Generally Accepted Accounting Principles consistently with those of previous years. Although the operation of the Bank are in strict compliance with the rules of Islamic Shariah, the financial statements have been prepared in accordance with the Bank Companies Act 1991, in particular Banking Regulation and Policy Department (BRPD) circular no.15 (09 November 2009) other Bangladesh Bank circulars, the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchanges Listing Regulations, other laws and rules applicable in Bangladesh and International Accounting Standard (IAS) and International Financial Reporting Standard (IRRS) as adopted by the Institute of Chartered Accountarits of Bangladesh (ICAB) into Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BRS) where relevant to the Bank to the extent that these do not contradict with the applicable statutory provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

3.2 Basis of Consolidation

3.2 Basis of Consolidation

A separate set of records for consolidating the Statements of Affairs and Income & A sepanditive Statements of the branches are maintained at the Head Office of the Bank in Dhaka from which the financial statement are dawn up. Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operational policies of an entity, so as to obtain econo financial statements of Al-Arafah Islami Bank Limited and the financial state subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the bank is eliminated against the corresponding share capital of subsidiaries in the consolidated financia 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 v unrealized gains, but only to the extent that there are no evidence of impairment

3.3 Cash flow Statement Cash flow statement is prepared principally in accordance with BAS-7 "Statement of Cash flow" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provision of paragraph is (b) of BAS-7 which provides that enterprise are encouraged to report cash flow from operating activities using the direct method.

3.4 Investments:

nts are stated in the Balance Sheet net of profit receivable/mark-up profit

a) Investment write-off:

Investments are normally written off, when there is no realistic prospect of recovery of these amounts in accordance with BRPD Circular No.2 (13 January 2003). A separate Investment Administration and Recovery Department (IARD) have been set up at the Head Office, which monitors investment written of and legal action through the Money Court. These write-offs do not undermine or affect the amount Claimed against the borrower by the bank. The Investment Administration and Recovery Department (IARD) maintain a

separate ledger for all individual cases written off by each branch. The IARD follow-up on the recovery efforts of these written off investment and reports to management on a periodic basis. Written off investment are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

b) Investment in shares and securities:
All investment in shares are revalued at the year end. Unquoted shares are valued based on book value of the most recent audited financial statement. Provisions are made for any loss arising from diminution in value of investments. c) Investment in subsidiaries:

C) Investment in substidiaries:
The bank has made investment in subsidiary companies named one AIBL
Capital Market Service Ltd Tk. 242.00 crore holding 60.50% shares and the rest
of 39.50% shares hold by others, second one named AIBL Capital
Management Ltd. Tk. 49.00 crore holding 98.00% shares and the rest of 2.00%
shares hold by others and third one Millennium Information Solution Limited Tk.
15.00 crore holding 51.00% shares and the rest of 49.00% shares hold by others.

3.5 Depreciation of Fixed Assets

The depreciable amount of an item of Fixed Assets has been allocated on a systematic basis over its useful life. The depreciation method is reflected the pattern in which the asset's economic benefits are consumed by the enterprise. The depreciation charge for each period should be recognized as an expense unless it is included in the carrying amount of another asset.

a) Depreciation is charged on monthly basis on straight-line method on all fixed assets at the following rates per annum:

inca assers at the following to	ales per armorn.	
Name of Assets	Rate of Depreciation	Useful Life
Furniture Fixture (Wood)	10.00%	10 Years
Furniture Fixture (Steel)	10.00%	10 Years
Computer	20.00%	5 Years
Computer Accessories	20.00%	5 Years
Motor Car	20.00%	5 Years
Machine Equipment & Appliances	20.00%	5 Years
Books & Library	10.00%	10 Years
Online Hardware	20.00%	5 Years
Land	nil	N/A
Buildings	2.50%	40 Years
Interior Decoration	10.00%	10 Years

- b) On addition of fixed assets depreciation is to be charged from the month of acquisition. Whole month depreciation is to be charged if such assets are acquired in the first half of the month and no depreciation is to be charged if such assets are acquired in the second half of the month.

 c) On the month of disposal of fixed assets, no depreciation is to be
- charged. The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement.

3.6 Amortization of Intangible Assets
The depreciable amount of an item of Intangible Assets has been allocated on a systematic basis over the best estimated of its useful life. The amortization should commence when the assets is available for use.

a) Amortization is charged on monthly basis on straight-line method on all Intangible assets at the following rates per annum:

Name of Intangible Assets	Rate of Depreciation	Useful life
Online Software	20.00%	5 Years
b) On addition of Intangible asse		

of acquisition. Whole month Amortization is charged if such assets are acquired in the first half of the month and no Amortization is charged if such assets are acquired in the second half of the month.

c) On the month of disposal of Intangible assets, no Amortization is charged. The cost and accumulated Amortization of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement.

Reporting period:
 he financial statements cover from 01 January to 30 June, 2016.

5. Consolidated Earnings Per Share (CEPS)

Earnings per share have been calculated in accordance with BAS - 33:

"Consolidated Earnings Per Share (CEPS)". 01-01-16 01-01-15 01-04-16 01-04-15

Particulars	30-06-16	30	10	30-06	-16	30-06-15
Consolidated Net profit after tax	1,296,724,053	871	,597,386	254,160	,563	612,554,151
Less: Non-Controlling Interest	166,552,463	165	,123,221	88,269,	887	92,997,033
Net profit after tax Less : Non-Controlling Interest	1,130,171,590	706	,474,165	165,890	,676	519,557,118
Weighted average number of ordinary shares outstanding	994,306,428	994	,306,428	994,306	,428	994,306,428
Consolidated earnings per share (CEPS)	1.14		0.71		7	0.52
Consolidated Net Operating Cash Flows Per Share (CNOCFPS)	9.61		8.81			
Consolidated Net Assets Value Per Share (CNAV Per Share)	17.81		16.07			
6. Retained Earnings			30-06	-2016	30	0-06-2015
Opening balance beginning of the year			1,615,987,763		1,4	90,190,743
Less : Bonus Share	ss : Bonus Share		(473,479,250)			-
Less : Cash Dividend Paid	Dividend Paid		(946,958,503)		(1,3	25,741,904)
Add: Net Profit / (loss) after tax during the year		1,130,171,590		70	6,474,165	
Gain on pre acquisition of Subsidiary				1.	4 700 145	

Less : Bonus Share	(473,479,250)	-
Less : Cash Dividend Paid	(946,958,503)	(1,325,741,904)
Add: Net Profit / (loss) after tax during the year	1,130,171,590	706,474,165
Gain on pre acquisition of Subsidiary	-	14,792,165
Less : transfer to Statutory Reserve	(360,563,639)	(285,398,438)
Closing Balance	965,157,961	600,316,731
7. Cash and Cash Equivalent at the end of the perio	30-06-2016	30-06-2015
7. Cash and Cash Equivalent at the end of the perio Cash in hand	30-06-2016 1,932,606,497	30-06-2015 1,620,548,902
	1,932,606,497	1,620,548,902
Cash in hand	1,932,606,497	1,620,548,902

1. General
1. The financial statements have been prepared in accordance with the formats prescribed under the Banking Companies Act, 1991 and in compliance with the rules of Islamic Law (Shariah) related to the banking business activities.
2. The figures appearing in these accounts have been rounded off to the nearest taka.
3. Wherever necessary previous years' figures have been rearranged to conform to the current years' presentation.