

Half-Yearly (2nd Quarter) Financial Statement 2017 (un-audited)

Al-Arafah Islami Bank Limited

Consolidated Cash Flow Statement

Consolidated Bala	Consolidated Profit & Loss Accounts				Consolidated Cash Flow Statement						
As at June 30,	For the half year ended June 30, 2017				For the half year ended June 30, 2017						
PROPERTY AND ASSETS	30-06-17 Taka	31-12-16 Taka		30-06-17 3	-01-16 to 0-06-16 Taka Taka	17 30-06-16			Γ	30-06-17 Taka	30-06-16 Taka
Cash in hand Cash in hand (including foreign currencies) Balance with Bangladesh Bank and its Agents Banks (including foreign currencies) Balance with other Banks and Financial Institutions In Bangladesh	2,771,542,674 31,788,886,024 34,560,428,698 1,465,892,094	2,033,960,977 30,853,508,125 32,887,469,102 3,426,434,934	Investment Income Profit paid on deposits & Borrowing Net Investment Income Income from Investment in Shares /Securities Commission, Exchange and Brokerage Other Operating Income	10,119,649,496 (5,572,109,256) (5,3 4,547,540,240 4,3 207,063,312 1,407,622,024 1,1	758,477,563 5,895,15 187,650,510) (3,484,42) 870,827,053 2,410,73 92,897,034 162,27 109,092,588 715,22 128,403,096 76,46	9,729 (3,481,639,546)(3,481,639,546) (3,481,639,546)(3,481,639,546) (3,481,639,546)(3,481,639,566)(3,481,639,566)(3,481,639,566)(3,481,639,566)(3,481,639,566)(3,481,639,566)(3,481,656)(3,481,656)	Investment inco Profit paid on de Dividend receive Fees & Commiss	ion received in cash written off investmen	ts	10,338,218,492 (5,897,472,861) 18,705,470 1,407,622,024 23,139,577 (1,562,116,508)	8,554,013,483 (5,387,650,510) 1,689,168 1,109,092,588 1,849,869 (1,133,857,518)
Outside Bangladesh Placement with Banks & Other Financial Institutions Investment in Share & Securities Government	9,846,226,826 11,312,118,920 1,500,000,000 7,563,902,769 5,500,000,000	5,703,406,904 9,129,841,838 3,333,450,160 9,158,676,294 6,990,000,000	Total operating income Salaries and allowances & contribution to P.F Directors fees & expenses Shariah Supervisory Committee's fees & expenses Rent, taxes, insurance and lighting etc.	6,302,381,208 5,7 1,552,832,508 8,410,438 317,377	330,392,718 953,96 701,219,771 3,364,69 127,157,518 680,96 9,607,088 (4,24) 108,477 239,738,294 239,738,294 181,31	5,816 2,932,524,758 3,285 572,141,226 2,107) 6,247,096 4,921 5,452	Cash payments Received from o Paid for other op Advance income Operating profit be	o suppliers ther operating activitie perating activities (iten	n-wise) assets and liabilities	(1,52,113,560,641) (75,660,641) 140,155,632 (684,099,325) (1,531,800,847) 2,176,691,013	(56,168,655) 128,403,096 (565,233,476) (1,095,722,875) 1,556,415,170
Others Investments General Investments etc. Bills purchased and discounted	2,063,902,769 202,740,726,236 20,255,136,175 222,995,862,411	2,168,676,294 180,155,243,596 16,364,134,345 196,519,377,941	Postage, telegram, telephone and stamp etc. Legal charges Auditors' fee Salary & Allowances to the Managing Director Depreciation and repairs to the bank's properties Stationery, printing & advertisement etc. Other expenses	3,786,492 216,500 9,284,000 171,975,271 1 75,660,641		2,134 5,748,395 2,000 50,000 4,000 3,030,000 5,854 75,899,226 0,961 30,659,087	Increase/(Decre Increase/(Decre Increase/(Decrease) of Increase/(Decrease) of Increase/(Decrease) of Increase/(Decrease)	ase) of trading securit ase) of placement to o investment and advances to cust ase) of other assets (it: f placement from other bank of Deposits from custome se) of Other liabilities ar	ies ther banks comers (other than Banks) em-wise) s and financial institution rs (other than Banks)	104,773,525 1,833,450,160 (28,326,325,122) (1,703,077,523) 5,454,178,374 22,334,898,519	34,791,370 (50,000,000) (20,808,029,051) 894,503,507 7,097,383,436 20,785,755,190
Fixed assets less Accumulated Depreciation Other Assets Non-Banking Assets Total Assets LIABILITIES AND CAPITAL	3,282,199,803 21,832,575,063 - 303,047,087,664	3,240,185,718 18,631,047,423 - 272,900,048,477	Total operating expenses Profit/(Loss) before Tax & provision Provision against Investments & Contingent Liabilities Provision for diminution in value of investment Other Provision Total provision	3,842,204,612 3,8 1,138,844,423 1,3 (56,249,228) (1,082,595,195 1,3		3,428 1,924,155,756 9,423 1,128,538,137 9,682 (9,134,896) - - 9,105 1,119,403,241	Increase/(Decre Cash receipt fro A. Net Cash fro Cash flows from Proceeds from s	ase) of Trading liabilitie m operating activities m operating activities investing activities: ale of securities		669,496,571 367,394,504 2,544,085,517	44,145,583 7,998,550,035 9,554,965,205
Liabilities Placement from Banks & Other Financial Institutions Deposits and other Accounts	30,538,832,180	25,084,653,806	Profit/(Loss) before Tax Current tax Deferred tax	1,415,381,035 3,841,383	505,704,271 1,377,80 208,980,218 838,97 - (3,75	1,911 550,591,953 7,671) -			nent	(180,314,202)	(83,198,619) - -
Mudaraba Savings Deposits Mudaraba Term Deposits Other Mudaraba Deposits Al-wadeeah Current Accounts and Other Accounts etc. Bills Payable	28,732,481,837 117,839,749,704 47,446,331,052 25,067,443,400 2,627,448,929	26,053,949,961 104,981,785,080 46,027,267,857 20,693,095,761 1,947,821,349	Provision for Taxation Net Profit/(Loss) after tax Net Profit attributable to: Equity holders of the bank Non-controlling Interest Profit for the year Appropriation	1,340,386,998 1,2 1,190,642,744 1,1 149,744,254 1	208,980,218 835,21 296,724,053 542,55 130,171,590 486,45 166,552,463 56,13 296,724,053 542,55	2,083 254,160,563 7,519 165,890,676 4,563 88,269,887	B. Net cash flow Cash flows from Increase in Exch Issue of AIBL Su Dividend paid	s from investing activ financing activities ange Equalization Acco bordinate Bond	eunt	(180,314,202) 1,937,451 - -	(83,198,619) 5,284,079 (946,958,503)
Other Liabilities Deferred tax Liabilities/ (Assets) Total Liabilities AIBL Subordinate Bond Capital/Share holders Equity	221,713,454,922 27,004,303,052 79,297,980 279,335,888,134 3,000,000,000	199,703,920,008 23,698,530,129 75,456,597 248,562,560,539 3,000,000,000	Statutory Reserve Non-Controlling Interest Transfer to Retained Earnings Earning per Ordinary Share	149,744,254 1 581,625,437 5	360,563,639 232,33 166,552,463 56,13 527,116,102 288,46 769,607,951 254,12 1.14 254,12	4,563 88,269,887 5,118 171,673,068	D. Net increase E. Effects of exchar F. Net increase i G. Cash & Cash	s from financing activ in cash and cash equi ge rate changes on cash a n cash and cash equiv Equivalents at the beg Equivalents at the end	valent (A+B+C) nd cash-equivalents alent D+E inning of the year	1,937,451 2,365,708,766 2,365,708,766 49,006,838,852 51,372,547,618	(941,674,424) 8,530,092,162 - 8,530,092,162 39,301,635,835 47,831,727,997
Paid -up Capital Statutory Reserve Revaluation Reserve Retained Earnings Total Equity attributable to equity holders of the bank	9,943,064,280 6,921,969,723 980,007,429 969,727,691 18,814,769,123	9,943,064,280 6,490,088,540 978,069,978 2,199,578,985 19,610,801,783	Chief Flinancial Officer Company Secret	,		Chairman	Chief Rinancial Offic				Chairman
Non-Controlling Interest Total Equity Total Liability and Share holders equity	1,896,430,406 20,711,199,529 303,047,087,664	1,726,686,152 21,337,487,935 272,900,048,477	Particular	a sialem	Paid up Capit	I Statutory Reserve	Retained Earnings	sset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Contingent Liabilities Acceptance and endorsement	8,754,564,951	10,243,938,166	Balance at 1st January, 2017 Changes in accounting policy Off Load share		Taka 9,943,064,2	Taka 30 6,490,088,540 - -	Taka 2,199,578,985 -	Taka 978,069,978 -	Taka 19,610,801,783 -	Taka 1,726,686,152 20,000,000	Taka 21,337,487,935 -
Letters of Guarantee Letters of Credit Bills for Collection Other Contingent Liabilities	6,256,666,090 35,315,318,659 4,705,277,796	4,981,342,733 26,110,933,527 3,652,427,592	Restated Adjustment Restated balance Surplus/deficit on account of revalua Surplus/deficit on account of revalua Currency translation differences recc	tion of investments	9,943,064,2 e	6,490,088,540 - - - - -		- 978,069,978 - 1,937,451	- 19,610,801,783 - - 1,937,451	1,746,686,152	_ 21,337,487,935 _ _ 1,937,451
Total 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	<u>55,031,827,496</u> - - -	44,988,642,018 - - - - -	Share premium Net profit for the year Bonus Share Cash Dividend Issue of share capital of subsidiary Gain on pre acquisition of subsidiary Revaluation of subsidiary Transferred to retained earning	,			1,190,642,744 (1,988,612,856) - -		1,190,642,744 (1,988,612,856) - - - -	- 149,744,254 - - - - - - -	1,340,386,998 (1,988,612,856) - -
Total Off Balance sheet items including Contingent liabilities	en.	44,988,642,018	Appropriations during the year Balance as at June 30,2017 Balance as at June 30,2016	Â	9,943,064,2 9,943,064,2		(431,881,183) 969,727,691 965,157,961	- 980,007,429 996,874,019	- 18,814,769,123 17,706,388,602	1,896,430,406 1,884,735,545	20,711,199,529 19,591,124,147
Chief financial Officer Company Secretary Managing Di			e Financial Stateme		e half ye		une 30, 20)17	Director		Chairman

. 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-Murazal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the percepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchance (DSE) and Chaittagong Stock Exchange (CSE). Presently the bank has 146 Branches and 3 (three] Subsidiary Companies.

The principal activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade finance and other related custody and clearing services to the customers following the provisions of Bank Companies Act, 1991 (as amended), Bangladesh Bank's directives and the principles of Islamic Shariah.

2. 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.

financial statements accorang to prosture. 2.1 AIBL Capital Market Services Limited Al-Arafah Islami Bank Ltd. owned 60.50% shares of AIBL Capital Market Services Ltd. a subsidiary company of Al-Arafah Islami Bank Limited. AIBL Capital Market Services Ltd. incorporated in Bangladesh on 20 September 2010 as a Public Limited Company. The principal activities of subsidiary company is to provide quality services to the prospective institutional and individual investors in the table to the prospective institutions of the company include; L Share trading in Dhaka Stock Market and Childran Brock Market. II. Provide Margin facilities to the client. III. Full service depository participant of Central Depository of Bangladesh Ltd.

22 AIBL Capital Management Limited Al-Arafah Islami Bank Ltd. owned 98% shares of AIBL Capital Management Limited as subsidiary company of Al-Arafah Islami Bank Limited AIBL Capital Management Limited has Al-Ardran Isiami Bank Lria, owned Y8% snares of AlBL Capital Management Limited a subsidiary company of Al-Ardrah Islami Bank Limited AlBL Capital Management Limited has been incorporated under the companies act (Act XVIII) of 1994 as a Private limited Company by share on 25th October 2011. The company was entitled to commence the business also from 25th October 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BD1 2 billion and paid up capital of BD1 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.

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 listefl 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 3.1 Preparation of financial statements

lidated fir 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 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 lows and rules applicable in Bangladesh and International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standard (IAS) and Bangladesh Financial Reporting Standard (BFRS) where relevant to the Bank to the extent that these do not contradict with the applicable strutury provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions. **3.2 Basis of Consolidation**

by the Accounting and Auditing Organization for Islamic Financial Institutions. **3.2 Basis of Consolidation** A separate set of records for consolidating the Statements of Affairs and Income Expenditure Statements of the branches are maintained at the Head Office of the Bank in Dhaka from which the financial statement are dawn up. Subsidiaries and govern the financial and operational policies of an entity, so as to obtain econome benefits from its activities. The consolidated financial statements incorporate the financial statements of Al-Arafah Islami Bank Limited and the financial statements subsidiary companies from the date that control commerces until the date that control ceases. The financial statements of such subsidiary companies and incorporated on a line by line basis and the investments held by the bank is eliminate against the corresponding share capital of subsidiaries in the conspilated financial the construction grant and the statements and by line basis and the investments held by the bank is eliminate against the corresponding share capital of subsidiaries in the conspilated financial statements for the date that control commerces until the date that the construction statements of such subsidiaries in the conseption date that control commerces until the date that incorporated on a line by line basis and the investments held by the bank is eliminate against the corresponding share capital of subsidiaries in the conseptioned such as the su against the corresponding share capital of subsidiaries in the consolidated financial statements. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there are no evidence of impairment.

3.3 Cash flow Statement 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: Investments are stated in the Balance Sheet net of profit receivable/mark-up profit.

vestments 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 off and legal action through the Money Court. These write-offs do not undermine or affect the amount Claimed against the borrower by the bank. The Investment Administration and Recovery Department (IARD) maintain a separate ledger for all individual cases 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: 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 depreciation of fixed Assets The depreciation 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:

4	fixed assets at the followin				
	Name of Assets		Rate of Depreciat	ion	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

10.00% Interior Decoration 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 or 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.

 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 5 Years
 Online Software
 20.00%
 5 rears

 b) On addition of Intangible assets Amortization is charged from the month 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.

3.7 Provision for taxation a. Current tax

Provision for current income tax has been made @ 40.00% as prescribed in the Provision for Certification in the profit made by the bank considering taxable add-back of income and disallowance of expenditure in compliance with BAS-12 " income Taxes". Tax return for the income year 2016 (Assessment year 2017-2018) has been filed but assessment is to be done by the tax authority. Deferred tax The bank recognized deferred tax in accordance with the provision of BAS-12. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognized in the income statement. A temporary difference is the difference between the tax bases of assets or liability and its carrying amount/reported amount in the financial statement. Deferred tax assets or liability is the amount of income tax payable or recoverable in tuture period(s) recognized in the current period. The deferred tax assets/expenses does not create a legal liability/recoverability to and from the income tax authority. The bank recognizes deferred tax on 100% specific provision investment which will be written off as per Bangladesh Bank Circulars.

Diovalative intervention interest Non-controlling interest is that portion of the profit or loss and net assets of the subsidiaries (ABL Capital Market) Services limited and ABL Capital Management Limited) attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent (Al-Arafah Islami Bank Limited).

Reporting period: The financial statements cover from 01 January to 30 June, 2017

Deferred tax

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



 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.
 The figures appearing in these accounts have been rounded off to the nearest taka. Wherever necessary previous years' figures have been rearranged to conform to the current years' presentation.

Note: The Published Half Yearly (2nd Quarter) Financial Statements 2017 can be available in the Web-site of the Bank. The address of the Web-site: www.al-arafahbank.com