

HALF YEARLY

FINANCIAL STATEMENTS 2020 (UN-AUDITED)

Consolidated Balance Sheet (Un-Audited)

As at June 30, 2020

30-06-2020

3.026.074.959

18,111,496,070

21,137,571,029

9,755,101,326

22.704.651.972

11,018,200,000

16,572,660,048

15.000.000.000

286.038.199.808

300,065,063,059

4.260.154.358

19,227,724,747

395.036.900.251

37,643,936,321

50,875,037

1,572,660,048

PROPERTY AND ASSETS

Cash in hand Cash in hand (including foreign currencies)

Balance with Bangladesh Bank and its Agent Banks

Balance with other Banks and Financial Institutions

In Bangladesh

Placement with Banks & Other Financial Institutions

Others

General Investments etc. Bills purchased and discounted

Fixed Assets less Accumulated Depreciation Other Assets Non-Banking Assets

Total Assets

LIABILITIES AND CAPITAL

Placement from Banks & Other Financial Institutions Deposits and Other Accounts

Mudaraba Savings Deposits

Mudaraba Term Deposits Other Mudaraba Deposits

Al-wadeeah Current Accounts and Other Accounts etc. Bills Payable

Other Liabilities Deferred tax Liabilities/(Assets)

AIBL Mudaraba Subordinated Bond

Total Liabilities Capital/Shareholders' Equity

Paid-up Capital

Revaluation Reserve Retained Earnings

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

Total Equity Total Liability and Shareholders' equity

Net asset value per share (NAV)

OFF-BALANCE SHEET ITEMS

Contingent Liabilities Acceptance and endorsement

Letters of Guarantee Letters of Credit Bills for Collection

Other Contingent Liabilities

Other Commitments:

Documentary Credits and other short-term trade related transactions Forward Assets Purchased and forward Deposit placed Undraw note issuance and Revolving underwriting Facilities Undraw Formal standing Facilities, Credit lines and others commitments















Postage, telegram, telephone and stamp etc. Legal charges Salary & Allowances to the Managing Director Depreciation and repairs to the bank's properties Stationery, printing & advertisement etc

288,486,023,705 4.351.926.988 17,630,165,652 381,051,811,953 27,546,375,561

Transfer to Retained Earnings

Earnings per Ordinary Share

47,575,755,796 45,211,429,367 157 371 801 080 162,587,885,485 55,156,097,027 59,333,806,992 29,481,844,391 30,701,538,200 3,602,805,059 3.584.858.976 297,366,013,318 297,241,809,055 28,026,374,441 25,157,583,719

3 063 284 576

27,705,400,947

5,473,391,378

6,120,224,007

11 593 615 385

12,000,000,000

16,170,519,662

14.500.000.000

274.017.030.403

14.468.993.302

1,670,519,662

152.616.200 157.832.964 6,800,000,000 6,800,000,000 10,649,021,850 10,649,021,850 9.786,626,962 9,379,989,138 938,615,799 938.618.920 1,531,420,060 2.024.292.735

22,499,049,968 23,398,557,346 1 649 402 625 1.649.160.686 25.047,959,971 24,148,210,654

39.996.515.993 41.925.424.721 9.265.946.859 32,168,453,502 2,684,875,825 2,552,846,825

84,115,792,180 80,399,079,577

84,115,792,180 80,399,079,577



Consolidated Profit or Loss Account (Un-Audited)

For the Period ended June 30, 2020

01-01-2020 to 01-01-2019 to 01-04-2019 to 01-04-2020 to Taka 14,029,774,615 14,121,773,076 6,536,358,573 7,219,812,181 Investment Income Profit paid on Deposits & Borrowing Net Investment Income
Income from Investment in Shares/Securities 180,523,443 671,799,597 317,286,280 1,278,394,669 215,972,954 1,482,385,652 306,783,299 540,054,001 Commission, Exchange and Brokerage Other Operating Income 1.746.120.046 1.885.687.55 949 624 542 939.050.29 **Total operating income** Salaries and allowances & contribution to P.F Directors' fees & expenses 3.836.494 7,894,465 665,616 2.717.188 Shariah Supervisory Committee's fees & expenses Rent, taxes, insurance and lighting etc. 117,906 (742.108) 7,359,08 7,587,273 6,242,617 2,054,820 2,581,912 69,000 10,144,000 312,938,803 113,050,108 83,410,538 19,243,76 Total operating expenses
Profit/(Loss) before Tax & provision
Provision against Investments & Contingent Liabilities 1,677,018,883 2,017,825,003 3,040,111,578 3,931,215,198 Provision for diminution in value of investment 19.202.191 13.989.218 100.627 (1.342.158) Total provision
Profit/(Loss) before Tax 1.004.936.665 1,234,671,432 2,035,174,913 1,790,350,919 1,303,618,006 **866,118,142** 559,769,319 783,153,572 755,149,214 Current tax Deferred tax (57.994.470 (46.322.657

Provision for Taxation Net Profit/(Loss) after tax 504 566 153 Net Profit attributable to: 73.897.400 Equity holders of the bank Non-controlling Interest 99.510.499 539.915.669 361.540.369 429,614 **74,327,01**4 Appropriation 406.637.824 355.729.091 173.216.861 156.568.004 429,614 **156,997,618**

2000



492,872,675



188,323,508

184,186,578



(82,670,604)

Consolidated Cash Flow Statement (Un-Audited)

For the Period ended June 30, 2020

	30-00-2020	30-00-2013
	Taka	Taka
Cash flows from operating activities		
Investment income receipts	14,626,287,426	14,266,401,544
Profit paid on deposits and borrowings	(8,745,017,589)	(9,004,801,726)
Dividend received	8,761,766	13,518,681
Fees & Commission receipts	1,278,394,669	1,482,385,652
Recoveries from written off investments	11,953,527	87,562,470
Cash payments to employees	(2,581,232,426)	(2,189,244,079)
Cash payments to suppliers	(113,050,108)	(83,410,538)
Receipts from other operating activities (item-wise)	150,439,097	187,328,945
Payment for other operating activities (item-wise)	(811,617,324)	(760,335,370)
Advance income tax paid	(1,666,596,324)	(1,266,077,964)
Operating profit before changes in operating assets and liabilities	2,158,322,715	2,733,327,615
Change in Operating assets & liabilities		

Change in Operating assets & liabilities Increase/(Decrease) of trading securities Increase/(Decrease) of placement to other banks 97 859 614 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 316,061,391 Increase/(Decrease) of Trading liabilities (item-wise)

Cash receipt from operating activities Cash flows from investing activities Proceeds from sale of securities Payments for purchases of securities Purchase of property, plant and equipments Sales proceeds of Fixed assets

Sale/(Purchase) of subsidiary B. Net cash flows from investing activities Cash flows from financing activities Increase in Exchange Equalization Account Issue of AIBL Subordinate Bond 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 Net Operating Cash Flow per Share (NOCFPS)

2080

The W

(367,516,236)

(367,516,236)

1,979,922,092

1,979,922,092

58,842,223,000



30-06-2020 30-06-2019

(480 526 140)

(1.097.704.306)

3 334 615 121

174,044,466

101,483,706

101.483.706

1.565.976.858)

10,245,042,505

57,275,121,415

8.976.208.042

11,709,535,657

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

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Assets Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2020 Changes in accounting policy Offload share Restated Adjustment	10,649,021,850	9,379,989,138	1,531,420,060 - -	938,618,920 - - -	22,499,049,969 - - -	1,649,160,686	24,148,210,655 - - - -
Restated balance	10,649,021,850	9,379,989,138	1,531,420,060	938,618,920	22,499,049,969	1,649,160,686	24,148,210,655
Deferred tax Adjustment Surplus/deficit on account of revaluation of investments Currency translation differences recognized in the income	-			(3,121)	(3,121)	-	(3,121)
Share premium Net profit for the year Cash Dividend		-	899,510,499 -	- - -	899,510,499 -	241,939	899,752,438
Bonus Share Issue of share capital of subsidiary Gain on pre-acquisition of subsidiary	-	-	-		-	[]	=
Revaluation of subsidiary Transferred to retained earnings			<u>-</u>	-	-		-
Appropriations during the year Balance as at June 30, 2020	10,649,021,850	406,637,824 9,786,626,962	(406,637,824) 2,024,292,735	938,615,799	23,398,557,346	1,649,402,625	25,047,959,971
Balance as at June 30, 2019	10,649,021,850	8,743,773,187	318,312,540	977,639,481	20,688,747,058	1,773,232,722	22,461,979,781









31-12-2019 Taka

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

1. The Bank and its activities
Al-Arafah Islami Bank Limited was established in 1995 under the Companies Act, 1994 as a Banking
Company with Limited Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all
types of commercial banking services under the regulation of Bank Companies Act, 1991 (as amended
2013). The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and
Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are
substantially different from those of other conventional commercial banks. There is a Shariah Supervisory
Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being
conducted on the percepts of Islam. The Shariah Supervisory Committee consists of prominent Ulena,
reputed Bankers. The Bank went for public issue of share in the year 1998 and its share are listed with
Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Presently the bank has 168 Branches
and 3 (three) Subsidiary Companies.

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 are

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.

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 capital market The main activities and functions of the company include;
I. Share trading in Dhaka Stock Market and Chittagong Stock Market.
II. Provide Margin facilities to the client.

Provide Margin facilities to the client.
 Full-service depository participant of Central Depository of Bangladesh Ltd.

2.2 ABL Capital Management Limited
A-Arafah Islami Bank Ltd. owned 98% shares of AIBL Capital Management Limited a subsidiary company
of Al-Arafah Islami Bank Limited AIBL Capital Management Limited has been incorporated under the
companies act (Act XVIII) of 1994 as a Private limited Company by share on 25th October 2011. The
company was entitled to commence the business also from 25th October 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BDT 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

3. Basis of 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 Banaldadesh and International Exchanges Listing Regulations, other laws and rules applicable in Bangladesh and International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standard (IAS) and Bangladesh Financial Reporting Standard (IBFRS) 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.

As exparate 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 statements

are dawn up. Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operational policies of an entity, so as to obtain economic benefits from its activities. The consolidated financial statements incorporate the financial statements of Al-Arafah Islami Bank Limited and the financial statements of subsidiary companies from the date that control commences until the date that control 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 financial statements. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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

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

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

adia Begaraction through the money occurs mass many one of the 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 and the proposal bank.

The Investment are reported to the proposal bank of the proposal bank of the proposal bank of the proposal bank. investment and reports to management on a periodic basis. Written off investment are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

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

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 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 depreciable mount 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

lame of Assets	Rate of Depreciation	Useful Life
urniture Fixture (Wood)	10.00%	10 Years
urniture Fixture (Steel)	10.00%	10 Years
Computer	20.00%	5 Years
Computer Accessories	20.00%	5 Years
Notor Car	20.00%	5 Years
Nachine Equipment & Appliances	20.00%	5 Years
Books & Library	10.00%	10 Years

Useful Life 10.00% b. Depreciation is charged on the addition of fixed assets and intangible assets are amortized

depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such depreciation of disposed assets are eliminated from the inxed assets surreduce and gold of 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

date of use. c) On the month of disposal of fixed assets, no depreciation is to be charged. The cost and accumulated

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 ***

profit made by the bank considering taxable add-back of income and disallowance of expenditure compliance with BAS-12 "Income Taxes". Tax return for the income year 2018 (Assessment vi 2019-2020) has been filed but assessment is to be done by the tax authority.

b. Deferred tax
The bank recompliance sion for current income tax has been made @ 37.50% as prescribed in the Finance Act 2020 of the

The bank recognized deferred tax in accordance with the provision of BAS-12. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognized in the income statement. A temporary difference is the difference between the tax bases of assets or liability and its carrying amount/reported amount in the financial statement. Deferred tax assets or liability is the amount of income tax payable or recoverable in future period(s) recognized in the current period. The deferred tax assets/expenses do 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.

Calculation of Deferred Tax for period ended 30th June 2020:							
Particulars	As Per Books of Account				As Per Tax	Deferred Tax	
Items giving rise temporary Difference	Carrying Amount	Assets not Depreciable	Net Carrying Amount	Tax Base	Temporary Difference Taxable /(Deductible)	Tax Rate	Liability/ (Assets)
1. Fixed Assets	4,253,322,379	1,367,350,691	2,885,971,688	2,429,474,281	456,497,406	37,50%	171,186,527
Net deferred tax liability (asset)							171,186,528

Deferred tax Assets (Income)/Liability Expenses

ginterest is that portion of the profit or loss and net assets of the subsidiaries (AIBL Capital as Limited and AIBL Capital Management Limited) attributable to equity interests that are not ned, directly or indirectly through subsidiaries, by the parent (Al-Arafah Islami Bank Limited).

The financial statements cover from 01 January to 30 June, 2020.

5. Consolidated Earnings Per Share (CEPS), (CEPS), (NOCFPS), (NAV)

annings per snare have been calculated in accordance with bas-35: Consolidated Earnings Per Snare (CEPS).					
Particular	01-01-20 to 30-06-20 Taka	01-01-19 to 30-06-19 Taka	01-04-20 to 01-06-20 Taka	01-04-19 to 30-06-19 Taka	
Net profit after tax (Numerator)	899,752438	544,727,383	361,551,989	74,327,014	
Less: Non-Controlling Interest	241,393	4,811,714	11,620	429614	
Net profit after tax Less: Non-Controlling Interest	899,510,499	539,915,669	361,540,369	73,897,400	
Weighted average number of ordinary shares outstanding	1,064,902,185	1,064,902,185	1,064,902,185	1,064,902,185	
Consolidated Earnings Per Share (CEPS)	0.84	0.51	0.34	0.07	
Net Operating Consolidated Cash Flows Per Share (NOCFPS)	2.20	11.00			
Constituted Not Asset Value (ONA) Con Change	01.07	10.40			

1,908,962,939 2,423,824,148 Restated Adjustment Less: Bonus Share Less: Cash Dividend Paid sfer to Statutory Reserve (991,945,042) 1,531,420,060 (406637824) 2,024,292,735 Closing Balance 7. Cash and Cash Equivalent at the end of the period 30-06-2019

57.275.121.415 58.842.223.000

9. Net Operating Consolidated Cash Flows Per Share (NOCEPS) in the reporting period has been significantly decreased as Deposit from customer (other than banks) decreased by (8.92) crore in this

period compared to increase by 2089.11 crore in previous corresponding period.						
10. Reconciliation of net profit with cash flow from operating activities						
	30-06-2020	30-06-2019				
Profit before provision & tax (A)	3,040,111,578	3,931,215,198				
Adjustment of Non-Cash Items (B):						
Depreciation	271,253,748	250,414,132				
Net loss/(gain) on sale of fixed assets	(7,000)	(32,100)				
Foreign Exchange gain/loss	(11,691,401)	(19,748,987)				
Total Non-Cash Items (B)	259,555,347	230,633,045				
Adjustment of accrued income /expenses (C):						
(increase)/decrease of profit income receivable on investment	217,287,160	135,836,922				
Increase/(decrease) of profit payable on deposits	213,414,784	(300,185,432)				
Increase/(decrease) of accrued expenses payable	94,550,170	1,905,846				
Total adjustment of accrued income/expenses (C)	525,252,114	(162,442,664)				
Income tax payment (D)	(1,666,596,324)	(1,266,077,964)				
Cash flows before changes in operating assets and liabilities (A+B+C+D)	2,158,322,715	2,733,327,615				

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in e financial statements have been prepared in accordance with the formats prescribed under the
king Companies Act, 1991 and in compliance with the rules of Islamic Law (Shariah) related to the Dalliving Dushiess 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'