



# 1<sup>st</sup> Quarter (Q1) Financial Statement 2018 (un-audited)

## Consolidated Balance Sheet ( Un-Audited)

As at March 31, 2018

PROPERTY AND ASSETS	31-03-2018 Taka	31-12-2017 Taka
<b>Cash in hand</b>		
Cash in hand (including foreign currencies)	2,054,703,335	2,096,407,675
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	32,909,028,889	37,669,574,111
<b>Balance with other Banks and Financial Institutions</b>	<b>34,963,732,224</b>	<b>39,765,981,786</b>
In Bangladesh	2,203,921,363	1,070,656,791
Outside Bangladesh	9,552,653,832	10,327,998,227
<b>Placements with Banks &amp; Other Financial Institutions</b>	<b>11,756,575,195</b>	<b>11,398,655,018</b>
<b>Investment in Share &amp; Securities</b>	<b>6,850,000,000</b>	<b>4,400,000,000</b>
Government	10,140,555,438	10,145,490,279
Others	8,000,000,000	8,000,000,000
<b>Investments</b>	<b>2,140,555,438</b>	<b>2,145,490,279</b>
General Investments etc.	229,334,978,733	216,659,827,253
Bills purchased and discounted	19,669,085,218	19,245,407,271
<b>Fixed assets less Accumulated Depreciation</b>	<b>249,004,063,951</b>	<b>235,905,234,524</b>
<b>Other Assets</b>	<b>3,375,749,395</b>	<b>3,260,376,895</b>
<b>Non-Banking Assets</b>	<b>16,273,335,250</b>	<b>14,379,554,005</b>
<b>Total Assets</b>	<b>332,364,011,453</b>	<b>319,255,292,507</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Placement from Banks &amp; Other Financial Institutions</b>	<b>36,097,752,873</b>	<b>32,218,677,048</b>
Deposits and other Accounts	-	-
Mudaraba Savings Deposits	32,026,276,342	32,130,000,015
Mudaraba Term Deposits	145,266,366,740	135,929,026,231
Other Mudaraba Deposits	46,170,166,251	47,832,419,620
Al-wade'ah Current Accounts and Other Accounts etc.	25,730,500,363	26,435,038,160
Bills Payable	2,014,946,363	2,479,779,449
<b>Other Liabilities</b>	<b>251,208,256,059</b>	<b>244,806,263,475</b>
<b>Deferred tax Liabilities/ (Assets)</b>	<b>19,053,350,106</b>	<b>16,608,728,003</b>
<b>Total Liabilities</b>	<b>306,464,171,270</b>	<b>293,734,617,726</b>
<b>AIBL Subordinate Bond</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>
<b>Capital/Share holders Equity</b>		
Paid-up Capital	9,943,064,280	9,943,064,280
Statutory Reserve	7,773,956,387	7,576,581,114
Revaluation Reserve	980,376,225	980,376,225
Retained Earnings	2,470,462,266	2,259,155,807
<b>Total Equity attributable to equity holders of the bank</b>	<b>21,167,859,158</b>	<b>20,759,177,426</b>
Non-Controlling Interest	1,731,981,025	1,761,497,355
<b>Total Equity</b>	<b>22,899,840,183</b>	<b>22,520,674,781</b>
<b>Total Liability and Share holders equity</b>	<b>332,364,011,453</b>	<b>319,255,292,507</b>
<b>OFF BALANCE SHEET ITEMS</b>		
<b>Contingent Liabilities</b>		
Acceptance and endorsement	14,672,277,951	12,460,678,951
Letters of Guarantee	6,780,205,489	6,443,409,058
Letters of Credit	33,729,254,474	33,529,501,439
Bills for Collection	4,211,624,912	4,608,308,496
Other Contingent Liabilities	-	-
<b>Total</b>	<b>59,393,362,826</b>	<b>57,041,897,944</b>
<b>Other Commitments :</b>		
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	-	-
<b>Total Off Balance sheet items including Contingent Liabilities</b>	<b>59,393,362,826</b>	<b>57,041,897,944</b>

Chief Financial Officer: [Signature] Company Secretary: [Signature] Managing Director: [Signature] Director: [Signature] Chairman: [Signature]

## Consolidated Profit & Loss Accounts ( Un-Audited)

For the period ended March 31, 2018

	31-03-2018 Taka	31-03-2017 Taka
Investment Income	5,848,637,251	4,224,489,767
Profit paid on deposits & Borrowing	(3,782,224,703)	(2,087,683,672)
<b>Net Investment Income</b>	<b>2,066,412,548</b>	<b>2,136,806,095</b>
Income from Investment in Shares /Securities	54,416,147	44,787,151
Commission, Exchange and Brokerage	616,105,282	692,401,123
Other Operating Income	37,638,733	63,690,023
<b>Total operating income</b>	<b>708,160,162</b>	<b>800,878,297</b>
Salaries and allowances & contribution to P.F	996,477,111	871,864,223
Directors fees & expenses	3,887,647	12,652,545
Shariah Supervisory Committee's fees & expenses	560,969	222,456
Rent, taxes, insurance and lighting etc.	193,203,071	96,257,102
Postage, telegram, telephone and stamp etc.	23,920,417	21,873,847
Legal charges	5,542,075	1,624,358
Auditors' fee	50,000	124,500
Salary & Allowances to the Managing Director	5,350,000	5,510,000
Depreciation and repairs to the bank's properties	106,881,581	85,998,417
Stationery, printing & advertisement etc.	52,584,760	41,179,681
Other expenses	164,181,796	110,931,079
<b>Total operating expenses</b>	<b>1,552,639,427</b>	<b>1,248,238,208</b>
<b>Profit/(Loss) before Tax &amp; provision</b>	<b>1,221,933,283</b>	<b>1,689,446,184</b>
Provision against Investments & Contingent Liabilities	314,144,000	364,825,000
Provision for diminution in value of investment	-	(57,178,910)
Other Provision	-	-
<b>Total provision</b>	<b>314,144,000</b>	<b>307,646,090</b>
<b>Profit/(Loss) before Tax</b>	<b>907,789,283</b>	<b>1,381,800,094</b>
Current tax	524,760,849	576,406,125
Deferred tax	3,863,033	7,599,054
<b>Provision for Taxation</b>	<b>528,623,882</b>	<b>584,005,179</b>
<b>Net Profit/(Loss) after tax</b>	<b>379,165,402</b>	<b>797,794,915</b>
<b>Net Profit attributable to:</b>		
Equity holders of the bank	408,681,732	704,185,225
Non-controlling Interest	(29,516,330)	93,609,690
<b>Profit for the year</b>	<b>379,165,402</b>	<b>797,794,915</b>
<b>Appropriation</b>		
Statutory Reserve	197,375,273	199,550,628
Non-Controlling Interest	(29,516,330)	93,609,690
<b>Total</b>	<b>167,858,943</b>	<b>293,160,318</b>
<b>Transfer to Retained Earnings</b>	<b>211,306,459</b>	<b>504,634,597</b>
<b>Earning per Ordinary Share (EPS)</b>	<b>0.41</b>	<b>0.71</b>

Chief Financial Officer: [Signature] Company Secretary: [Signature] Managing Director: [Signature] Director: [Signature] Chairman: [Signature]

## Consolidated Cash Flow Statement ( Un-Audited)

For the period ended March 31, 2018

	31-03-2018 Taka	31-03-2017 Taka
<b>Cash flows from operating activities</b>		
Investment income receipt in Cash	5,679,308,814	4,365,909,316
Profit paid on deposits and borrowing	(2,934,281,110)	(1,953,651,704)
Dividend received	2,856,984	2,952,163
Fees & Commission received in cash	616,105,282	692,401,123
Recoveries from written off investments	7,907,000	90,000
Cash payments to employees	(1,001,827,111)	(877,374,223)
Cash payments to suppliers	(52,584,760)	(41,179,681)
Received from other operating activities (item-wise)	37,638,733	63,690,023
Paid for other operating activities (item-wise)	(420,312,229)	(261,875,359)
Advance income tax paid	460,371,269	(737,746,275)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>2,395,182,873</b>	<b>1,253,215,383</b>
<b>Changing in Operating assets &amp; liabilities</b>		
Increase/(Decrease) of trading securities	4,934,841	559,994
Increase/(Decrease) of placement to other banks	(2,450,000,000)	(209,862,038)
Increase/(Decrease) of Investment and advances to customers (other than Banks)	(12,905,593,124)	(12,233,552,729)
Increase/(Decrease) of other assets (item-wise)	(2,121,171,912)	(402,756,833)
Increase/(Decrease) of placement from other banks and financial institution	3,879,075,825	1,663,118,773
Increase/(Decrease) of Deposits from customers (other than Banks)	5,554,048,990	7,546,513,039
Increase/(Decrease) of Other liabilities account of customers	-	-
Increase/(Decrease) of Trading liabilities (item-wise)	1,317,185,078	143,920,051
<b>Cash receipt from operating activities</b>	<b>(6,721,520,301)</b>	<b>(3,492,059,744)</b>
<b>Cash flow from investing activities:</b>		
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(119,929,407)	(56,725,393)
Sales proceeds of Fixed assets	-	-
Purchase-sale of subsidiary	-	-
<b>Net cash flows from investing activities</b>	<b>(119,929,407)</b>	<b>(56,725,393)</b>
<b>Cash flows from financing activities</b>		
Increase in Exchange Equalization Account	1,937,451	39,673,078
Issue of AIBL Subordinate Bond	-	-
Dividend paid	-	-
<b>Net cash flows from financing activities</b>	<b>1,937,451</b>	<b>39,673,078</b>
<b>Net increase in cash and cash equivalent (A+B+C)</b>	<b>(4,444,329,384)</b>	<b>(2,255,896,676)</b>
<b>E. Effects of exchange rate changes on cash and cash-equivalents</b>		
<b>F. Net increase in cash and cash equivalent D+E</b>	<b>(4,444,329,384)</b>	<b>(2,255,896,676)</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>59,164,636,804</b>	<b>49,006,838,852</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	<b>54,720,307,419</b>	<b>46,750,942,176</b>

Chief Financial Officer: [Signature] Company Secretary: [Signature] Managing Director: [Signature] Director: [Signature] Chairman: [Signature]

## Consolidated Statement of Changes in Equity (Un-Audited) For the period ended March 31, 2018

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January, 2018	9,943,064,280	7,576,581,114	2,259,155,806	980,376,225	20,759,177,425	1,761,497,355	22,520,674,781
Changes in accounting policy	-	-	-	-	-	-	-
offload share	-	-	-	-	-	-	-
Restated Adjustment	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>9,943,064,280</b>	<b>7,576,581,114</b>	<b>2,259,155,806</b>	<b>980,376,225</b>	<b>20,759,177,425</b>	<b>1,761,497,355</b>	<b>22,520,674,781</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Net profit for the year	-	-	408,681,732	-	408,681,732	(29,516,330)	379,165,402
Bonus Share	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	-	-
Issue of share capital of subsidiary	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	197,375,273	(197,375,273)	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>9,943,064,280</b>	<b>7,773,956,387</b>	<b>2,470,462,265</b>	<b>980,376,225</b>	<b>21,167,859,157</b>	<b>1,731,981,025</b>	<b>22,899,840,183</b>
<b>Balance as at March 31, 2017</b>	<b>9,943,064,280</b>	<b>6,689,639,168</b>	<b>2,704,213,582</b>	<b>1,017,743,056</b>	<b>20,354,660,085</b>	<b>1,820,295,843</b>	<b>22,174,955,929</b>

Chief Financial Officer: [Signature] Company Secretary: [Signature] Managing Director: [Signature] Director: [Signature] Chairman: [Signature]

## Notes to the Financial Statements For the period ended March 31, 2018

**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-Murabahah, Bai-Mu'azzal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the precepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, 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 154 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.

**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.  
III. Full service depository participant of Central Depository of Bangladesh Ltd.

**2.2 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 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.

**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**

**3.1 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 (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS) where relevant to the Bank to the extent that these do not contradict with the applicable statutory provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

**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 drawn 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 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**  
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 (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.

**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 by the bank. 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:**  
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:**

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%	1