

# 1<sup>st</sup> Quarter (Q1) Financial Statement 2016 (un-audited)

## Consolidated Balance Sheet

As at March 31, 2016

	31-03-16 Taka	31-12-15 Taka
<b>PROPERTY AND ASSETS</b>		
<b>Cash in hand</b>		
Cash in hand (including foreign currencies)	1,852,569,606	1,779,992,510
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	20,357,447,250	24,951,466,555
<b>Balance with other Banks and Financial Institutions In Bangladesh</b>	<b>22,210,016,856</b>	<b>26,731,459,065</b>
Outside Bangladesh	2,987,878,324	2,436,891,773
	3,727,092,905	3,953,284,997
<b>Placement with Banks &amp; Other Financial Institutions Investment in Share &amp; Securities</b>	<b>6,714,971,229</b>	<b>6,390,176,770</b>
Government	2,100,000,000	1,100,000,000
Others	8,591,134,487	8,851,134,487
<b>Investments</b>	<b>5,920,000,000</b>	<b>6,180,000,000</b>
General Investments etc.	156,282,443,825	148,484,014,726
Bills purchased and discounted	14,187,863,003	14,019,129,402
	170,470,306,828	162,503,144,128
<b>Fixed assets less Accumulated Depreciation</b>	<b>3,077,181,645</b>	<b>3,057,379,053</b>
<b>Other Assets</b>	<b>21,560,290,474</b>	<b>20,473,363,436</b>
<b>Non-Banking Assets</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>234,723,901,520</b>	<b>229,106,656,939</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Placement from Banks &amp; Other Financial Institutions</b>	<b>16,741,671,113</b>	<b>12,795,916,017</b>
Deposits and other Accounts	21,846,652,494	21,905,934,320
Mudaraba Savings Deposits	90,243,632,066	92,519,200,283
Mudaraba Term Deposits	38,366,040,837	37,764,527,251
Other Mudaraba Deposits	17,353,713,085	16,457,585,767
Al-wadeeah Current Accounts and Other Accounts etc.	1,310,598,671	1,239,833,780
Bills Payable	169,120,637,153	169,887,081,401
<b>Other Liabilities</b>	<b>25,494,237,047</b>	<b>24,104,783,880</b>
Deferred tax Liabilities/ (Assets)	82,801,120	82,801,120
<b>Total Liabilities</b>	<b>211,439,346,433</b>	<b>206,870,582,418</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	9,469,585,030	9,469,585,030
Statutory Reserve	5,717,889,161	5,440,728,703
Revaluation Reserve	997,507,019	991,589,940
Retained Earnings	2,303,179,285	1,615,987,762
<b>Total Equity attributable to equity holders of the bank</b>	<b>18,488,160,495</b>	<b>17,517,891,435</b>
Non-Controlling Interest	1,796,394,592	1,718,183,083
<b>Total Equity</b>	<b>20,284,555,087</b>	<b>19,236,074,518</b>
<b>Total Liability and Share holders equity</b>	<b>234,723,901,520</b>	<b>229,106,656,939</b>
<b>OFF BALANCE SHEET ITEMS</b>		
<b>Contingent Liabilities</b>		
Acceptance and endorsement	10,623,982,697	9,956,571,853
Letters of Guarantee	4,773,116,380	4,471,407,869
Letters of Credit	20,405,587,537	16,316,709,625
Bills for Collection	4,136,345,384	3,835,366,743
Other Contingent Liabilities	-	-
<b>Total</b>	<b>39,939,031,998</b>	<b>34,580,056,090</b>
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	-	-
<b>Total Off Balance sheet items including Contingent liabilities</b>	<b>39,939,031,998</b>	<b>34,580,056,090</b>

Chief Financial Officer    Company Secretary    Managing Director    Director    Chairman

## Consolidated Profit & Loss Accounts

For the period ended March 31, 2016

	31-03-16 Taka	31-03-15 Taka
Investment Income	4,026,743,236	5,005,674,041
Profit paid on deposits & Borrowing	(1,906,010,964)	(3,203,958,009)
<b>Net Investment Income</b>	<b>2,120,732,272</b>	<b>1,801,716,032</b>
Income from Investment in Shares /Securities	20,230,367	19,023,407
Commission, Exchange and Brokerage	590,266,090	468,529,930
Other Operating Income	37,466,284	20,625,279
<b>647,962,741</b>	<b>508,178,616</b>	
<b>Total operating income</b>	<b>2,768,695,013</b>	<b>2,309,894,648</b>
Salaries and allowances & contribution to P.F	555,016,292	545,441,249
Directors fees & expenses	3,359,992	2,029,315
Shariah Supervisory Committee's fees & expenses	103,025	78,510
Rent, taxes, insurance and lighting etc.	84,254,007	112,326,573
Postage, telegram, telephone and stamp etc.	12,836,781	14,168,355
Legal charges	2,070,371	986,412
Auditors' fee	63,000	107,250
Salary & Allowances to the Managing Director	3,670,000	2,250,000
Depreciation and repairs to the bank's properties	70,336,899	62,043,081
Stationery, printing & advertisement etc.	25,509,568	27,937,109
Other expenses	105,996,888	84,243,836
<b>Total operating expenses</b>	<b>863,216,823</b>	<b>851,611,690</b>
<b>Profit/(Loss) before Tax &amp; provision</b>	<b>1,905,478,190</b>	<b>1,458,282,958</b>
Provision against Investments & Contingent Liabilities	241,461,863	578,232,000
Provision for diminution in value of investment	(36,935,429)	54,547,706
Other Provision	-	-
<b>Total provision</b>	<b>204,526,434</b>	<b>632,779,706</b>
<b>Profit/(Loss) before Tax</b>	<b>1,700,951,756</b>	<b>825,503,252</b>
Current tax	658,388,266	566,460,016
Deferred tax	-	-
<b>Provision for Taxation</b>	<b>658,388,266</b>	<b>566,460,016</b>
<b>Net Profit/(Loss) after tax</b>	<b>1,042,563,490</b>	<b>259,043,236</b>
<b>Net Profit attributable to:</b>		
Equity holders of the bank	964,351,980	186,917,048
Non-controlling Interest	78,211,510	72,126,188
<b>Profit for the year</b>	<b>1,042,563,490</b>	<b>259,043,236</b>
<b>Appropriation</b>		
Statutory Reserve	277,160,458	102,924,439
Non-Controlling Interest	78,211,510	72,126,188
	355,371,968	175,050,627
<b>Transfer to Retained Earnings</b>	<b>687,191,522</b>	<b>83,992,609</b>
<b>Earning per Ordinary Share (EPS)</b>	<b>1.02</b>	<b>0.20</b>

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## Consolidated Cash Flow Statement

For the period ended March 31, 2016

	31-03-16 Taka	31-03-15 Taka
<b>Cash flows from operating activities</b>		
Investment income receipt in Cash	4,079,642,302	5,018,650,114
Profit paid on deposits and borrowing	(2,174,109,222)	(3,203,958,009)
Dividend received	4,280,152	4,245,467
Fees & Commission received in cash	590,266,090	468,529,930
Recoveries from written off investments	225,254	1,801,869
Cash payments to employees	(558,686,292)	(547,691,249)
Cash payments to suppliers	(25,509,568)	(27,937,109)
Received from other operating activities (item-wise)	37,466,284	20,625,279
Paid for other operating activities (item-wise)	(221,226,451)	(217,410,665)
Advance income tax paid	(2,285,983,099)	(1,783,357,485)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>(553,634,551)</b>	<b>(266,501,858)</b>
<b>Changing in Operating assets &amp; liabilities</b>		
Increase/Decrease of trading securities	-	(17,392,375)
Increase/Decrease of placement to other banks	(1,000,000,000)	1,800,000,000
Increase/Decrease of investment and advances to customers (other than Banks)	(7,967,162,706)	(3,484,692,175)
Increase/Decrease of other assets (item-wise)	1,161,881,958	5,523,490,030
Increase/Decrease of placement from other banks and financial institution	3,945,755,096	(4,600,000,000)
Increase/Decrease of Deposits from customers (other than Banks)	(498,345,989)	(123,084,323)
Increase/Decrease of Other liabilities account of customers	-	-
Increase/Decrease of Trading liabilities (item-wise)	526,538,468	1,486,124,636
<b>Cash receipt from operating activities</b>	<b>(3,831,333,174)</b>	<b>584,445,793</b>
<b>A. Net Cash from operating activities:</b>	<b>(4,384,967,725)</b>	<b>317,943,935</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(77,597,104)	(278,593,024)
Sales proceeds of Fixed assets	-	-
Purchase-sale of subsidiary	-	-
<b>B. Net cash flows from investing activities</b>	<b>(77,597,104)</b>	<b>(278,593,024)</b>
<b>Cash flows from financing activities:</b>		
Increase in Exchange Equalization Account	5,917,079	-
Issue of AIBL Subordinate Bond	-	-
Dividend paid	-	(1,325,741,904)
<b>C. Net cash flows from financing activities</b>	<b>5,917,079</b>	<b>(1,325,741,904)</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>	<b>(4,456,647,750)</b>	<b>(1,286,390,993)</b>
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
<b>F. Net increase in cash and cash equivalent D+E</b>	<b>(4,456,647,750)</b>	<b>(1,286,390,993)</b>
<b>G. Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>39,301,635,835</b>	<b>30,516,466,070</b>
<b>H. Cash &amp; Cash Equivalents at the end of the year</b>	<b>34,844,988,085</b>	<b>29,230,075,077</b>

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## Consolidated Statement of Changes in Equity For the period ended March 31, 2016

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January 2016	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
Changes in accounting policy	-	-	-	-	-	-	-
Buy back share	-	-	-	-	-	-	-
Issue of the share capital	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>9,469,585,030</b>	<b>5,440,728,703</b>	<b>1,615,987,763</b>	<b>991,589,940</b>	<b>17,517,891,436</b>	<b>1,718,183,082</b>	<b>19,236,074,518</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	-	-	964,351,980	5,917,079	970,269,059	78,211,510	1,048,480,569
Net profit for the year	-	-	-	-	-	-	-
Cash-2015	-	-	-	-	-	-	-
Bonus Share	-	-	-	-	-	-	-
Issue of share capital of subsidiary	-	-	-	-	-	-	-
Gain on pre acquisition of subsidiary	-	-	-	-	-	-	-
Revaluation of subsidiary	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	277,160,458	(277,160,458)	-	-	-	-
<b>Balance as at March 31,2016</b>	<b>9,469,585,030</b>	<b>5,717,889,161</b>	<b>2,303,179,285</b>	<b>997,507,019</b>	<b>18,488,160,495</b>	<b>1,796,394,592</b>	<b>20,284,555,087</b>
<b>Balance as at March 31,2015</b>	<b>9,469,585,030</b>	<b>4,746,241,089</b>	<b>248,441,447</b>	<b>977,548,248</b>	<b>15,441,815,814</b>	<b>1,654,499,417</b>	<b>17,096,315,230</b>

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## Notes to the Financial Statements For the period ended March 31, 2016

**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. The Bank conducts its business on the principles of Musharaka, Bai-Murabahah, 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 precepts of Islam. The Shariah Supervisory Committee consists of prominent Ulema, reputed Bankers, renowned Lawyers and eminent Economists. 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 100 Branches and 3 (Three) Subsidiary Companies.

The principle 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, 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 BAS-27.

**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 on 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 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.

**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 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:**  
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 held by others, second one named AIBL Capital Management Ltd. Tk. 49.00 crore holding 98.00% shares and the rest of 2.00% shares held by others and third one Millennium Information Solution Limited Tk. 15.00 crore holding 51.00% shares and the rest of 49.00% shares held 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 in 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%	10 Years
Online Hardware	20.00%	