

# HALF-YEARLY ACCOUNTS

As at 30th June, 2010  
(Un-audited)



Al-Arafah Islami Bank Limited

A rare combination of Shariah & modern banking



# Al-Arafah Islami Bank Limited

A rare combination of Shariah & modern banking

To

ALL-SHAREHOLDERS/STATUTORY AGENCIES

Half-Yearly Accounts

(Un-audited)

As at 30th June, 2010

As per Rule 13 of the Securities and Exchange Rules, 1987 and SEC Notification No. SEC/ Section 7/SER/03/132 dated October 22, 1997, the Management of the Bank is pleased to enclose un-audited Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity of the Bank for the half year ended on June 30, 2010.

M.A. Samad Sheikh

Managing Director

July 14, 2010

# Balance Sheet

As at June 30, 2010

(Un-audited)

	JUNE-2010 Taka	DECEMBER-2009 Taka
<b>PROPERTY AND ASSETS</b>		
<b>Cash in hand</b>		
Cash in hand (including foreign currencies)	481,038,291	392,891,238
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)	4,759,128,512	3,250,671,446
	5,240,166,803	3,643,562,684
<b>Balance with other Banks and Financial Institutions</b>		
In Bangladesh	624,969,438	387,636,488
Outside Bangladesh	444,779,455	600,768,090
	1,069,748,893	988,404,578
<b>Placement with Banks &amp; Other Financial Institutions</b>		
	3,600,000,000	2,800,000,000
<b>Investment in Share &amp; Securities</b>		
Government	1,702,000,000	1,502,000,000
Others	1,600,000,000	1,500,000,000
	102,000,000	2,000,000
<b>Investments</b>		
General Investments etc.	39,259,800,588	32,854,774,321
Bills purchased and discounted	4,729,219,542	3,279,310,472
	43,989,020,130	36,134,084,793
<b>Fixed assets including Premises</b>		
	508,148,855	466,297,269
<b>Other Assets</b>		
	4,287,656,527	2,981,438,060
<b>Non-Banking Assets</b>		
	-	-
<b>Total Assets</b>	<u>60,396,741,208</u>	<u>48,515,787,384</u>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Placement from Banks &amp; Other Financial Institutions</b>		
	4,930,000,000	2,620,000,000
<b>Deposits and other Accounts</b>		
Mudaraba Savings Deposits	6,723,276,676	5,489,241,144
Mudaraba Term Deposits	23,529,712,660	19,205,134,180
Other Mudaraba Deposits	10,866,884,643	8,454,911,262
Al-Wadia Current Accounts and Others Accounts etc.	4,894,100,280	4,701,413,636
Bills Payable	618,328,750	504,796,598
	46,632,303,009	38,355,496,820
<b>Other Liabilities</b>		
	4,485,533,190	3,986,072,408
<b>Deferred Tax Liabilities/ (Assets)</b>		
	(10,510,310)	(10,510,310)
<b>Total Liabilities</b>	<u>56,037,325,890</u>	<u>44,951,058,918</u>
<b>Capital/Share holders Equity</b>		
Paid up Capital	2,338,639,680	1,798,953,600
Statutory Reserve	1,396,634,556	1,156,515,307
Other Reserve	66,660,446	66,660,446
Retained Earnings	557,480,636	542,599,113
<b>Total Share holders Equity</b>	<u>4,359,415,318</u>	<u>3,564,728,466</u>
<b>Total Liability and Share holders Equity</b>	<u>60,396,741,208</u>	<u>48,515,787,384</u>
<b>OFF BALANCE SHEET ITEMS</b>		
<b>Contingent Liabilities</b>		
Acceptance and endorsement	4,951,777,000	3,144,718,420
Letters of Guarantee	2,981,897,450	2,841,321,534
Letters of Credit	5,567,660,838	5,981,510,500
Bills for Collection	542,137,918	495,635,244
Other Contingent Liabilities	-	-
<b>Total</b>	<u>14,043,473,206</u>	<u>12,463,185,698</u>
<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>	<u>14,043,473,206</u>	<u>12,463,185,698</u>

Chief Financial Officer

Managing Director

# Profit and Loss Account

For the half year ended June 30, 2010

(Un-audited)

	JAN-JUN 2010 Taka	JAN-JUN 2009 Taka	APR-JUN 2010 Taka	APR-JUN 2009 Taka
Investment Income	2,276,717,159	1,967,086,408	1,199,185,138	1,025,586,693
Profit paid on deposits & Borrowing	(1,389,173,513)	(1,342,870,643)	(726,499,956)	(680,588,959)
<b>Net Investment Income</b>	<b>887,543,646</b>	<b>624,215,765</b>	<b>472,685,182</b>	<b>344,997,734</b>
Income from Investment in Shares/Securities	200,000	84,624,494	200,000	83,727,730
Commission, Exchange and Brokerage	871,663,775	383,781,774	519,829,425	220,448,036
Other Operating Income	124,073,468	65,100,219	90,751,342	51,547,383
	995,937,243	533,506,487	610,780,767	355,723,149
<b>Total operating income</b>	<b>1,883,480,889</b>	<b>1,157,722,252</b>	<b>1,083,465,949</b>	<b>700,720,883</b>
Salaries and allowances & contribution to P.F	352,374,193	234,683,440	223,607,970	146,486,393
Directors fees & expenses	2,977,457	2,363,706	1,533,882	1,586,853
Shariah Supervisory Committee's fees & expenses	48,874	-	-	-
Rent, taxes, insurance, lighting etc.	61,941,221	38,414,681	43,529,862	24,301,108
Postage, telegram, telephone and stamp etc.	21,149,798	13,028,686	11,996,301	7,921,340
Legal charges	1,947,873	1,127,068	1,145,918	819,293
Auditors' fee	500,000	-	500,000	-
Salary & Allowances to the Managing Director	2,400,000	2,400,000	1,200,000	1,200,000
Depreciation and repairs to the bank's properties	32,049,144	10,263,935	28,140,528	3,721,710
Stationery, printing, advertisement etc.	16,352,029	9,851,645	8,832,889	4,067,713
Other expenses	112,538,147	43,085,362	56,758,649	32,691,420
<b>Total operating expenses</b>	<b>604,278,736</b>	<b>355,218,523</b>	<b>377,246,000</b>	<b>222,795,830</b>
<b>Profit/(Loss) before Tax &amp; provision</b>	<b>1,279,202,154</b>	<b>802,503,729</b>	<b>706,219,950</b>	<b>477,925,053</b>
Provision against Investments & Contingent Liabilities	78,605,913	18,176,547	76,292,913	18,176,547
Provision for diminution in value of investment	-	-	-	-
Other Provision	-	-	-	-
<b>Total provision</b>	<b>78,605,913</b>	<b>18,176,547</b>	<b>76,292,913</b>	<b>18,176,547</b>
<b>Profit/(Loss) before Tax</b>	<b>1,200,596,241</b>	<b>784,327,182</b>	<b>629,927,037</b>	<b>459,748,506</b>
Current tax	405,909,390	341,064,085	219,270,314	203,118,148
Deferred tax	-	-	-	-
<b>Provision for Taxation</b>	<b>405,909,390</b>	<b>341,064,085</b>	<b>219,270,314</b>	<b>203,118,148</b>
<b>Net Profit/(Loss) after tax</b>	<b>794,686,851</b>	<b>443,263,097</b>	<b>410,656,722</b>	<b>256,630,358</b>
Retained Earnings brought forward	2,913,033	1,459,551	812,495,401	538,319,655
	797,599,884	444,722,648	1,223,152,123	794,950,013
<b>Appropriation</b>				
Statutory Reserve	240,119,248	156,865,436	125,985,407	91,949,701
	240,119,248	156,865,436	125,985,407	91,949,701
<b>Retained Earnings</b>	<b>557,480,636</b>	<b>287,857,211</b>	<b>1,097,166,715</b>	<b>703,000,311</b>
Earning per Ordinary share (EPS)	3.40	1.90	1.76	1.10



Chief Financial Officer




Managing Director

# Cash Flow Statement

For the half year ended June 30, 2010  
(Un-audited)

	JUNE-2010 Taka	JUNE-2009 Taka
<b>Cash flows from operating activities</b>		
Investment income receipt in cash	2,276,717,159	1,967,086,408
Profit paid on deposits and borrowing	(1,389,173,513)	(1,342,870,634)
Dividend received	200,000	84,624,494
Fees & Commission received in cash	871,663,775	383,781,774
Recoveries from written off investments	21,394,087	10,463,239
Cash payments to employees	(354,774,193)	(237,083,440)
Cash payments to suppliers	(7,378,121)	(8,385,482)
Received from other operating activities (item-wise)	124,073,468	54,636,980
Paid for other operating activities (item-wise)	(217,040,443)	(109,749,241)
Advance income tax paid	(350,000,000)	(330,000,000)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>975,682,219</b>	<b>472,504,098</b>
<b>Changing in Operating assets &amp; liabilities</b>		
Increase/Decrease of trading securities	-	48,207,991
Increase/Decrease of placement to other banks	(800,000,000)	(500,000,000)
Increase/Decrease of Investment and advances to customers (other than Banks)	(7,854,935,337)	(3,774,233,965)
Increase/Decrease of other assets (item-wise)	(1,462,127,854)	(307,384,606)
Increase/Decrease of placement from other banks and financial institution	2,310,000,000	570,000,000
Increase/Decrease of Deposits from customers (other than Banks)	8,276,806,189	5,703,185,988
Increase/Decrease of Other liabilities account of customers	-	-
Increase/Decrease of Trading liabilities (item-wise)	499,460,782	709,934,090
<b>Cash receipt from operating activities</b>	<b>969,203,780</b>	<b>2,449,709,498</b>
<b>A. Net Cash from operating activities</b>	<b>1,944,885,999</b>	<b>2,922,213,596</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of securities	-	-
Payments for purchases of securities	(100,000,000)	-
Purchase of property, plant and equipment	(66,937,565)	(60,347,044)
Sales proceeds of Fixed assets	-	-
Purchase-sale of subsidiary	-	-
<b>B. Net cash flows from investing activities</b>	<b>(166,937,565)</b>	<b>(60,347,044)</b>
<b>Cash flows from financing activities</b>		
Increase in Exchange Equalization Account	-	-
Increase in Share Capital	-	-
Dividend paid	-	-
<b>C. Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
<b>D. Net increase in cash and cash equivalent (A+B+C)</b>	<b>1,777,948,434</b>	<b>2,861,866,552</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>1,777,948,434</b>	<b>2,861,866,552</b>
G. Cash & Cash Equivalents at the beginning of the year	6,131,967,262	4,852,258,985
<b>H. Cash &amp; Cash Equivalents at the end of the period</b>	<b>7,909,915,696</b>	<b>7,714,125,537</b>

  
Chief Financial Officer

  
Managing Director



# Statement of Changes in Equity

As at June 30, 2010  
(Un-audited)

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	General/ Other Reserves	Asset Revaluation Reserve	Total Taka
Balance at 31st December 2009	1,798,953,600	1,156,515,307	542,599,113	2,057,198	64,603,248	3,564,728,466
Changes in accounting policy	-	-	-	-	-	-
Issue of the share capital	539,686,080	-	-	-	-	539,686,080
<b>Restated balance</b>	<b>2,338,639,680</b>	<b>1,156,515,307</b>	<b>542,599,113</b>	<b>2,057,198</b>	<b>64,603,248</b>	<b>4,104,414,546</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-
Net gain and losses not recognised in Income Statement	-	-	-	-	-	-
Net profit for the year	-	-	554,567,602	-	-	554,567,602
Cash Dividend	-	-	-	-	-	-
Bonus Share- 2009	-	-	(539,686,080)	-	-	(539,686,080)
Issue of share capital	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-
Appropriations during the year	-	240,119,249	-	-	-	240,119,249
<b>Balance as at June 30, 2010</b>	<b>2,338,639,680</b>	<b>1,396,634,556</b>	<b>557,480,636</b>	<b>2,057,198</b>	<b>64,603,248</b>	<b>4,359,415,318</b>
<b>Balance as at June 30, 2009</b>	<b>1,798,953,500</b>	<b>995,532,697</b>	<b>287,857,213</b>	<b>2,057,198</b>	<b>64,603,248</b>	<b>3,149,003,856</b>

# CREDIT RATING REPORT

Credit Rating Agency of Bangladesh (CRAB) Limited has upgraded the long term rating of Al-Arafah Islami Bank Limited to A<sub>2</sub> and retained the short term rating at ST-2 based on audited financials up to 31 December 2009

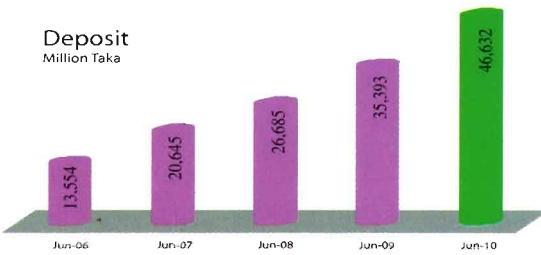
Rating (2008)	Rating (2009)	Definition
Long Term <b>A<sub>3</sub></b>	Long Term <b>A<sub>2</sub></b>	The Bank rated 'A <sub>2</sub> ' in the long term belong to "Strong capacity & high quality" cohort. Banks Rated 'A <sub>2</sub> ' have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than the Bank in higher-rated categories. 'A <sub>2</sub> ' rated Banks are judged to be of high quality and are subject to low credit risk.
Short Term <b>ST-2</b>	Short Term <b>ST-2</b>	The Bank rated in the short term 'ST-2' category is considered to have strong capacity for timely repayment of obligations. Banks rated in this category are characterised with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds.
Date of Rating		22 June, 2010

## আল-আরাফাহ্ ইসলামী ব্যাংক লিঃ-এর নিম্নলিখিত সঞ্চয় প্রকল্পগুলো আপনাদের সেবায় নিয়োজিত

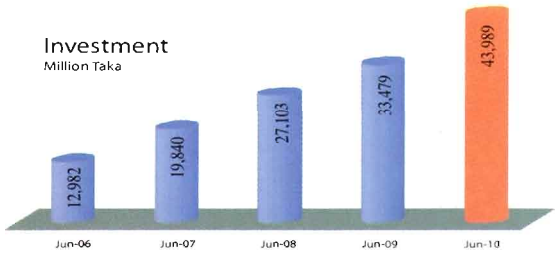
- ☉ মুদারাবা কোটিপতি ডিপোজিট স্কীম
- ☉ মুদারাবা মিলিয়নিয়ার ডিপোজিট স্কীম
- ☉ মুদারাবা লাখপতি ডিপোজিট স্কীম
- ☉ মুদারাবা বিশেষ সঞ্চয় (পেনশন) স্কীম
- ☉ মুদারাবা দ্বিগুণ বৃদ্ধি আমানত প্রকল্প
- ☉ মাসিক জমা ভিত্তিক মেয়াদী সঞ্চয় হিসাব
- ☉ মাসিক মুনাফা প্রদান ভিত্তিক মেয়াদী জমা হিসাব
- ☉ মাসিক জমা ভিত্তিক বিবাহ সঞ্চয় ও বিনিয়োগ প্রকল্প
- ☉ আল-আরাফাহ্ মাসিক কিস্তি ভিত্তিক হজ্জ একাউন্ট
- ☉ আল-আরাফাহ্ এককালীন হজ্জ জমা হিসাব
- ☉ আল-আরাফাহ্ সেভিংস বন্ড
- ☉ পেনশনভোগী জমা প্রকল্প
- ☉ ক্যাশ ওয়াক্ফ ডিপোজিট স্কীম
- ☉ মুদারাবা মেয়াদী জমা হিসাব
- ☉ মুদারাবা তিনগুণ বৃদ্ধি আমানত প্রকল্প
- ☉ মুদারাবা প্রবাসী কল্যাণ ডিপোজিট পেনশন স্কীম

# Performance Over the Year

Deposit  
Million Taka



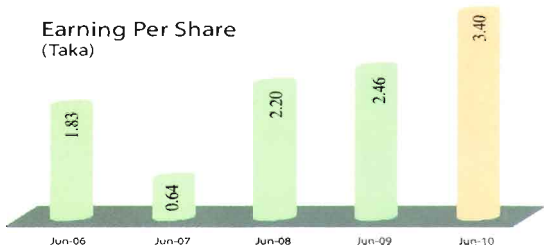
Investment  
Million Taka



Profit After Tax  
Million Taka



Earning Per Share  
(Taka)



**Al-Arafah Islami Bank Limited**

**A rare combination of Shariah & modern banking**

Head Office :

36, Dilkusha (6<sup>th</sup>-9<sup>th</sup> floor) C/A, Dhaka- 1000.