

1st Quarter (Q1) Financial Statement 2014 (un-audited)

Consolidated Balance Sheet

As at March 31, 2014

	31 March 2014 Taka	31 December 2013 Taka
PROPERTY AND ASSETS		
Cash in hand (including foreign currencies)	1,243,064,971	1,532,281,100
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	18,682,553,379	16,046,314,177
Balance with other Banks and Financial Institutions	19,925,618,350	17,578,595,277
In Bangladesh	2,328,596,941	3,136,879,135
Outside Bangladesh	1,782,250,779	1,561,507,535
Placement with Banks & Other Financial Institutions	4,110,847,720	4,698,386,670
Investment in Share & Securities	8,074,450,654	7,138,935,368
Government	6,480,000,000	5,480,000,000
Others	1,594,450,654	1,658,935,368
Investments	124,911,507,424	117,501,184,858
General Investments etc.	9,093,093,598	8,214,210,561
Bills purchased and discounted	134,004,601,022	125,715,395,419
Fixed assets including Premises	2,511,500,652	2,517,217,793
Other Assets	12,252,054,472	10,113,096,083
Non-Banking Assets	-	-
Total Assets	185,879,072,870	173,161,626,610
LIABILITIES AND CAPITAL		
Liabilities		
Placement from Banks & Other Financial Institutions	1,400,000,000	3,400,000,000
Deposits and other Accounts		
Mudaraba Savings Deposits	12,360,986,235	12,267,376,580
Mudaraba Term Deposits	98,502,737,775	90,041,393,769
Other Mudaraba Deposits	26,105,518,294	24,152,503,796
Al-Wadia Current Accounts and Others Accounts etc.	15,045,665,813	13,566,062,046
Bills Payable	1,047,664,614	953,220,429
Other Liabilities	153,062,572,731	140,980,556,620
Deferred tax Liabilities/(Assets)	14,703,772,534	12,625,221,752
Total Liabilities	169,231,023,503	157,070,456,610
Capital/Share holders Equity		
Paid up Capital	9,469,585,030	8,343,246,710
Statutory Reserve	4,017,710,358	3,849,648,169
Revaluation Reserve	977,548,248	977,548,248
Retained Earnings	522,122,438	1,328,205,351
Total equity attributable to equity holders of the bank	14,986,966,074	14,498,648,478
Non-Controlling Interest	1,661,083,293	1,592,521,522
Total equity	16,648,049,367	16,091,170,000
Total Liability and Share holders equity	185,879,072,870	173,161,626,610
OFF BALANCE SHEET ITEMS		
Contingent Liabilities		
Acceptance and endorsement	11,018,077,178	11,479,081,930
Letters of Guarantee	4,064,462,286	4,006,609,306
Letters of Credit	11,895,677,406	10,953,924,250
Bills for Collection	1,032,456,778	897,260,263
Other Contingent Liabilities	-	-
Total	28,010,673,648	27,336,875,749
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	-	-
Total off Balance sheet items including Contingent liabilities	28,010,673,648	27,336,875,749

Chief Financial Officer

Managing Director

Consolidated Profit & Loss Accounts

For the period from 1st January 2014 to 31st March, 2014

	01-01-2014 to 31-03-2014 Taka	01-01-2013 to 31-03-2013 Taka
Investment Income	4,650,854,570	4,447,578,308
Profit paid on deposits & borrowing	(3,240,712,576)	(3,027,219,904)
Net Investment Income	1,410,141,994	1,420,358,404
Income from Investment in Shares /Securities	54,049,113	29,121,492
Commission, Exchange and Brokerage	481,158,204	251,470,162
Other Operating Income	24,281,367	35,654,232
Total operating income	559,488,684	316,245,886
Salaries and allowances & contribution to P.F	435,650,184	321,505,680
Directors' fees & expenses	2,433,739	2,297,739
Shariah Supervisory Committee's fees & expenses	139,427	52,312
Rent, taxes, insurance, lighting etc.	49,659,100	82,933,027
Postage, telegram, telephone and stamp etc.	20,248,454	11,487,092
Legal charges	981,891	521,484
Auditors' fee	113,250	57,500
Salary & Allowances to the Managing Director	2,750,000	2,940,000
Depreciation and repairs to the bank's properties	51,938,426	42,879,193
Stationery, printing, advertisement etc.	21,560,610	15,993,155
Other expenses	66,657,177	59,280,154
Total operating expenses	652,132,258	539,947,336
Profit/(Loss) before Tax & provision	1,317,498,420	1,196,656,954
Provision against Investments & Contingent Liabilities	198,500,650	807,539,000
Provision for diminution in value of investment	11,014,279	86,400,000
Other Provision	-	-
Total provision	209,514,929	893,939,000
Profit/(Loss) after Tax	1,107,983,491	302,717,954
Current tax	551,104,125	508,073,066
Deferred tax	-	-
Provision for Taxation	551,104,125	508,073,066
Net Profit/(Loss) after tax	556,879,366	(205,355,112)
Net Profit attributable to:		
Equity holders of the bank	488,317,595	(251,206,936)
Non-controlling Interest	68,561,771	45,851,824
Profit for the year	556,879,366	(205,355,112)
Appropriation		
Statutory Reserve	168,062,189	-
Non-Controlling Interest	68,561,771	45,851,824
Transfer to Retained Earnings	236,623,960	45,851,824
Earning per Ordinary Share	0.52	(0.27)

Chief Financial Officer

Managing Director

Consolidated Cash Flow Statement

For the period from 1st January 2014 to 31st March, 2014

	01-01-2014 to 31-03-2014 Taka	01-01-2013 to 31-03-2013 Taka
Cash flows from operating activities		
Investment income receipt in Cash	4,703,292,674	4,473,429,875
Profit paid on deposits and borrowing	(3,240,712,576)	(3,027,219,904)
Dividend received	1,198,011	3,249,500
Fees & Commission received in cash	481,158,204	251,470,162
Recoveries from written off investments	413,000	20,425
Cash payments to employees	(438,400,184)	(324,445,680)
Cash payments to suppliers	(21,560,610)	(15,993,155)
Received from other operating activities (item-wise)	24,281,367	35,654,232
Paid for other operating activities (item-wise)	(147,693,641)	(199,508,501)
Advance income tax paid	(296,107,051)	(438,749,646)
Operating profit before changes in operating assets and liabilities	1,065,869,194	757,907,308
Changing in Operating assets & liabilities		
Increase/Decrease of trading securities	64,484,714	(215,134,654)
Increase/Decrease of placement to other banks	400,000,000	1,000,000,000
Increase/Decrease of investment and advances to customers (other than Banks)	(8,289,205,603)	(3,603,212,748)
Increase/Decrease of other assets (item-wise)	(1,842,851,338)	(370,116,153)
Increase/Decrease of placement from other banks and financial institution	(2,000,000,000)	(80,000,000)
Increase/Decrease of Deposits from customers (other than Banks)	12,082,016,111	5,157,550,793
Increase/Decrease of Other liabilities account of customers	-	-
Increase/Decrease of Trading liabilities (item-wise)	1,273,453,905	(369,858,883)
Cash receipt from operating activities	1,687,897,789	1,519,228,355
A. Net Cash from operating activities	2,753,766,983	2,277,135,663
Cash flows from investing activities:		
Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	5,717,141	(13,234,152)
Sales proceeds of fixed assets	-	-
Purchase-sale of subsidiary	-	-
Cash flows from investing activities	5,717,141	(13,234,152)
B. Net cash flows from investing activities	-	-
Cash flows from financing activities		
Increase in Exchange Equalization Account	-	-
Increase in Share Capital	-	-
Dividend paid	-	-
C. Net cash flows from financing activities	-	-
D. Net increase in cash and cash equivalent (A+B+C)	2,759,484,124	2,263,901,511
E. Effects of exchange rate changes on cash and cash-equivalents	-	-
F. Net increase in cash and cash equivalent D+E	2,759,484,124	2,263,901,511
G. Cash & Cash Equivalents at the beginning of the year	27,756,981,946	19,197,700,572
H. Cash & Cash Equivalents at the end of the year	30,516,466,070	21,461,602,083

Chief Financial Officer

Managing Director

Cosolidated Statement of Changes in Equity For the period from 1st January 2014 to 31st March, 2014

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 1st January 2014	8,343,246,710	3,849,648,169	1,328,205,352	977,548,248	14,498,648,479	1,592,521,522	16,091,170,001
Changes in accounting policy	-	-	-	-	-	-	-
Buy back share	-	-	-	-	-	-	-
Issue of the share capital	1,126,338,320	-	-	-	1,126,338,320	-	1,126,338,320
Restated balance	9,469,585,030	3,849,648,169	1,328,205,352	977,548,248	15,624,986,799	1,592,521,522	17,217,508,321
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 recognized in Income Statement	-	-	-	-	-	-	-
Net profit for the year	-	-	488,317,595	-	488,317,595	68,561,771	556,879,366
Interim Dividend paid	-	-	-	-	-	-	-
Bonus Share - 2013(13.50 %)	-	-	(1,126,338,320)	-	(1,126,338,320)	-	(1,126,338,320)
Issue of share capital	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	168,062,189	(168,062,189)	-	-	-	-
Balance as at March 31, 2014	9,469,585,030	4,017,710,358	522,122,438	977,548,248	14,986,966,074	1,661,083,293	16,648,049,367
Balance as at March 31, 2013	8,343,246,710	3,102,076,966	(225,092,645)	977,548,248	12,197,779,279	1,647,554,625	13,845,333,904

Chief Financial Officer

Managing Director

Notes to the Financial Statements For the period ended March 31, 2014

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-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 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 2 (two) 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 two 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;

- Share trading in Dhaka Stock Market and Chittagong Stock Market.
- Provide Margin facilities to the client.
- 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.

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, (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 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