

AB Bank Limited and Its Subsidiaries

**Auditor's Report and Audited Consolidated & Separate
Financial Statements**

For the year ended 31 December 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AB BANK LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of AB Bank Limited and its subsidiaries ("the Group") as well as the separate financial statements of AB Bank Limited ("the Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2014 and the consolidated and separate Profit & Loss Accounts, consolidated and separate Statements of Changes in Equity and consolidated and separate Cash Flow Statements for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note # 1.13 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company (Amendment upto 2013) Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2014, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note # 1.13.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company (Amendment upto 2013) Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note # 1.15 to the financial statements appeared to be materially adequate;
 - ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (c) financial statements of the subsidiaries of the Bank have been audited by other auditors except Cashlink Bangladesh Limited which has been audited by us and have been properly reflected in the consolidated financial statements;
- (d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (f) the expenditure incurred was for the purposes of the Bank's business;
- (g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

- (i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (j) the information and explanation required by us have been received and found satisfactory;
and
- (k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,950 person hours for the audit of the books and accounts of the Bank.

Dhaka,
12 April 2015

-Sd-
ACNABIN
Chartered Accountants

AB Bank Limited & its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2014

	Notes	31.12.2014 Taka	31.12.2013 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	3(a)	13,950,476,378	11,362,379,912
In hand (including foreign currencies)	3.1(a)	1,140,708,758	1,328,232,066
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	12,809,767,620	10,034,147,846
Balance with other banks and financial institutions	4(a)	6,555,722,116	5,983,961,130
In Bangladesh	4.1(a)	4,214,889,208	4,746,243,512
Outside Bangladesh	4.2(a)	2,340,832,909	1,237,717,618
Money at call and on short notice	5(a)	2,456,985,298	991,387,500
Investments	6(a)	31,717,883,909	29,617,297,504
Government	6.1(a)	25,305,839,814	22,327,865,346
Others	6.2(a)	6,412,044,095	7,289,432,157
Loans, advances and lease/investments		184,737,891,930	147,128,880,056
Loans, cash credits, overdrafts, etc./Investments	7(a)	181,936,611,502	144,545,643,251
Bills purchased and discounted	8(a)	2,801,280,428	2,583,236,805
Fixed assets including premises, furniture and fixtures	9(a)	4,940,112,222	4,741,796,955
Other assets	10(a)	12,455,465,235	9,923,067,614
Non-banking assets		-	-
Total Assets		<u>256,814,537,088</u>	<u>209,748,770,671</u>
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	11,385,667,525	10,391,319,243
AB Bank Subordinated Bond	12	2,500,000,000	-
Deposits and other accounts	13(a)	198,116,757,714	161,609,892,233
Current account and other accounts		17,645,003,388	15,746,417,142
Bills payable		1,195,054,117	1,140,175,156
Savings bank deposits		19,427,515,775	17,093,460,022
Fixed deposits		117,532,923,933	91,742,137,914
Other deposits		42,316,260,501	35,887,701,999
Other liabilities	14(a)	26,062,452,061	20,454,511,794
Total Liabilities		<u>238,064,877,300</u>	<u>192,455,723,269</u>
Capital/Shareholders' Equity			
Equity attributable to equity holders of the parent company		18,759,103,870	17,308,687,827
Paid-up capital	15	5,324,591,520	4,976,253,760
Statutory reserve	16	5,582,440,229	5,564,799,391
Other reserve	17(a)	1,817,451,907	1,596,508,461
Retained earnings	18(a)	6,034,620,214	5,171,126,214
Minority interest	18(b)	(9,444,084)	(15,640,425)
Total Equity		<u>18,749,659,786</u>	<u>17,293,047,402</u>
Total Liabilities and Shareholders' Equity		<u>256,814,537,088</u>	<u>209,748,770,671</u>

Off-Balance Sheet Items**Contingent liabilities**

Acceptances and endorsements
Letters of guarantee
Irrevocable letters of credit
Bills for collection
Other contingent liabilities

Other commitments

Documentary credits and short term trade-related transactions
Forward assets purchased and forward deposits placed
Undrawn note issuance and revolving underwriting facilities
Undrawn formal standby facilities, credit lines and other commitments

Total

Notes	31.12.2014 Taka	31.12.2013 Taka
19	77,068,505,153	83,216,543,057
	27,020,988,453	26,948,988,710
	13,845,332,265	16,393,076,675
	21,987,317,194	30,225,132,651
	7,738,447,692	9,649,345,020
	6,476,419,550	-
	-	-
	-	-
	-	-
	-	-
	77,068,505,153	83,216,543,057

The annexed notes form an integral part of these financial statements.

-Sd-

Shamim Ahmed Chaudhury
Managing Director

-Sd-

Feroz Ahmed
Director

-Sd-

Dr. M. Imtiaz Hossain
Director

-Sd-

M. Wahidul Haque
Chairman

This is the consolidated balance sheet referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-

ACNABIN
Chartered Accountants

AB Bank Limited and its Subsidiaries
Consolidated Profit and Loss Account
For the year ended 31 December 2014

	Notes	2014 Taka	2013 Taka
OPERATING INCOME			
Interest income/profit on investments	21(a)	21,920,292,843	18,365,001,635
Interest/profit paid on deposits and borrowings, etc.	22(a)	(15,461,349,909)	(14,281,076,850)
Net interest income		6,458,942,935	4,083,924,785
Investment income	23(a)	2,807,058,380	2,715,057,334
Commission, exchange and brokerage	24(a)	3,338,084,877	3,159,603,231
Other operating income	25(a)	174,251,078	163,206,015
		6,319,394,336	6,037,866,580
Total operating income (a)		12,778,337,270	10,121,791,365
OPERATING EXPENSES			
Salary and allowances	26(a)	2,690,415,930	2,146,756,426
Rent, taxes, insurance, electricity, etc.	27(a)	595,082,065	481,603,988
Legal expenses	28(a)	18,846,738	14,043,869
Postage, stamps, telecommunication, etc.	29(a)	140,417,297	132,462,923
Stationery, printing, advertisement, etc.	30(a)	164,378,344	166,314,652
Chief executive's salary and fees		12,143,560	11,434,501
Directors' fees	31(a)	9,852,619	3,058,243
Auditors' fees	32(a)	3,227,431	3,404,536
Depreciation and repairs of Bank's assets	33(a)	550,593,350	650,702,451
Other expenses	34(a)	1,219,962,960	967,027,569
Total operating expenses (b)		5,404,920,294	4,576,809,158
Profit before provision (c = (a-b))		7,373,416,977	5,544,982,207
Provision against loans and advances	35(a)	2,290,252,325	1,667,125,000
Provision for diminution in value of investments	36(a)	42,427,238	464,446,127
Other provisions	37(a)	660,085,311	240,149,814
Total provision (d)		2,992,764,874	2,371,720,941
Profit before tax (c-d)		4,380,652,103	3,173,261,266
Provision for taxation		2,879,069,724	2,074,819,159
Current tax		2,849,439,168	2,065,632,307
Deferred tax		29,630,556	9,186,852
Net profit after tax		1,501,582,379	1,098,442,107
Appropriations			
Statutory reserve		22,074,774	574,478,006
General reserve		-	-
Dividends, etc.		-	-
		22,074,774	574,478,006
Retained surplus		1,479,507,605	523,964,101
Minority interest		6,369,325	4,744,929
Net Profit attributable to the shareholders of parent company		1,473,138,280	519,219,172
Consolidated Earnings Per Share (EPS)	39(a)	2.81	2.05

The annexed notes form an integral part of these financial statements.

-Sd-
Shamim Ahmed Chaudhury
Managing Director

-Sd-
Feroz Ahmed
Director

-Sd-
Dr. M. Imtiaz Hossain
Director

-Sd-
M. Wahidul Haque
Chairman

This is the consolidated profit & loss account referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-
ACNABIN
Chartered Accountants

AB Bank Limited and its Subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2014

Cash Flows from Operating Activities

Interest receipts
Interest payments
Dividend receipts
Fee and commission receipts
Recoveries on loans previously written off
Payments to employees
Payments to suppliers
Income taxes paid
Receipts from other operating activities
Payments for other operating activities

Operating profit before changes in operating assets & liabilities

Increase/decrease in operating assets and liabilities

Loans and advances to customers
Other assets
Deposits from other banks
Deposits from customers
Trading liabilities (short-term borrowings)
Other liabilities

Net cash flow from operating activities (a)

Cash Flows from Investing Activities

Purchase of government securities
(Purchase)/Sale of trading securities, shares, bonds, etc.
Purchase of property, plant and equipment

Net cash used in investing activities (b)

Cash Flows from Financing Activities

Increase/(decrease) of long-term borrowings
Dividend paid

Net cash flow from/ (used in) financing activities (c)

Net increase/(decrease) in cash (a+b+c)
Effects of exchange rate changes on cash and cash equivalents
Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year(*)

(*) Cash and cash equivalents:

Cash
Prize bonds
Money at call and on short notice
Balance with Bangladesh Bank and its agent bank(s)
Balance with other banks and financial institutions

2014 Taka	2013 Taka
21,143,540,381	17,868,906,709
(15,281,174,882)	(13,660,160,838)
90,775,253	92,382,323
2,299,041,481	2,302,351,297
16,283,250	4,151,397
(2,702,559,490)	(2,158,190,927)
(164,378,344)	(166,314,652)
(2,379,015,184)	(1,694,163,208)
3,913,294,351	3,638,981,563
(2,182,603,451)	(1,862,628,891)
4,753,203,366	4,365,314,773
(38,555,980,411)	(32,969,799,431)
(345,945,577)	1,045,630,998
5,977,464,576	601,235,941
30,349,225,879	20,479,696,573
1,055,806,238	6,278,478,986
1,617,613,620	711,482,081
98,184,325	(3,853,274,852)
4,851,387,691	512,039,921
(2,749,734,158)	(2,585,559,073)
877,388,062	(83,289,752)
(553,681,516)	(269,770,988)
(2,426,027,612)	(2,938,619,813)
2,438,542,045	(4,141,904)
(239,084,776)	(939,542)
2,199,457,268	(5,081,446)
4,624,817,347	(2,431,661,338)
-	-
18,341,599,343	20,773,260,680
22,966,416,693	18,341,599,343
1,140,708,758	1,328,232,066
3,232,900	3,870,800
2,456,985,298	991,387,500
12,809,767,620	10,034,147,846
6,555,722,117	5,983,961,131
22,966,416,693	18,341,599,343
9.11	0.96

Net Operating Cash Flow Per Share (NOCFPS)

-Sd-
Shamim Ahmed Chaudhury
Managing Director

-Sd-
Feroz Ahmed
Director

-Sd-
Dr. M. Imtiaz Hossain
Director

-Sd-
M. Wahidul Haque
Chairman

This is the consolidated cash flow statement referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-
ACNABIN
Chartered Accountants

AB Bank Limited and its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Minority interest	Retained earnings	Total
Balance at 01 January 2014	4,976,253,760	5,564,799,391	118,018,430	1,326,815,807	6,035,603	145,638,620	(15,640,425)	5,171,126,214	17,293,047,401
Adjustment	-	-	-	-	-	-	-	-	-
Dividend for 2013:									
5 % Cash Dividend	-	-	-	-	-	-	-	(248,812,688)	(248,812,688)
7 % Stock Dividend	348,337,760	-	-	-	-	-	-	(348,337,760)	-
	-	-	-	-	-	-	-	-	-
Restated Opening Balance	5,324,591,520	5,564,799,391	118,018,430	1,326,815,807	6,035,603	145,638,620	(15,640,425)	4,573,975,766	17,044,234,713
Net profit after taxation for the year ended	-	-	-	-	-	-	6,369,325	1,495,213,054	1,501,582,379
Addition/(Adjustment) made during the year	-	22,074,774	-	(3,248,322)	-	228,788,775	(172,984)	(21,966,892)	225,475,352
Foreign exchange rate fluctuation	-	(4,433,937)	157,289	-	(4,754,296)	-	-	(12,601,714)	(21,632,660)
Balance at 31 December 2014	5,324,591,520	5,582,440,229	118,175,719	1,323,567,485	1,281,307	374,427,395	(9,444,084)	6,034,620,214	18,749,659,786
Balance at 31 December 2013	4,976,253,760	5,564,799,391	118,018,430	1,326,815,807	6,035,603	145,638,620	(15,640,425)	5,171,126,214	17,293,047,402

-Sd-

Shamim Ahmed Chaudhury
Managing Director

-Sd-

Feroz Ahmed
Director

-Sd-

Dr. M. Imtiaz Hossain
Director

-Sd-

M. Wahidul Haque
Chairman

This is the Consolidated Statement of Changes in Equity referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-

ACNABIN
Chartered Accountants

AB Bank Limited
Balance Sheet
As at 31 December 2014

	Notes	31.12.2014 Taka	31.12.2013 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	3	13,947,708,945	11,359,517,250
In hand (including foreign currencies)	3.1	1,137,941,325	1,325,369,404
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	12,809,767,620	10,034,147,846
Balance with other banks and financial institutions	4	6,488,688,322	5,978,973,559
In Bangladesh		4,171,808,425	4,744,159,686
Outside Bangladesh		2,316,879,897	1,234,813,873
Money at call and on short notice	5	3,862,958,626	2,251,404,000
Investments	6	30,778,575,066	28,675,696,033
Government	6.1	25,305,839,814	22,327,865,346
Others	6.2	5,472,735,252	6,347,830,687
Loans, advances and lease/investments		177,570,797,390	140,121,297,505
Loans, cash credits, overdrafts, etc./Investments	7.2	176,387,446,062	139,067,739,439
Bills purchased and discounted	8	1,183,351,328	1,053,558,066
Fixed assets including premises, furniture and fixtures	9	4,404,994,528	4,172,564,367
Other assets	10	17,614,433,173	15,446,091,023
Non-banking assets		-	-
Total Assets		254,668,156,050	208,005,543,738
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	10,976,810,430	9,987,492,032
AB Bank Subordinated Bond	12	2,500,000,000	-
Deposits and other accounts	13	198,189,197,221	161,846,275,315
Current accounts and other accounts		17,639,785,113	15,742,024,927
Bills payable		1,195,054,117	1,140,175,156
Savings bank deposits		19,427,515,775	17,093,460,022
Fixed deposits		117,532,923,933	91,742,137,914
Other deposits		42,393,918,283	36,128,477,296
Other liabilities	14	24,845,034,825	19,231,727,325
Total Liabilities		236,511,042,476	191,065,494,672
Capital/Shareholders' Equity			
Total Shareholders' Equity		18,157,113,573	16,940,049,066
Paid-up capital	15	5,324,591,520	4,976,253,760
Statutory reserve	16	5,582,440,229	5,564,799,391
Other reserve	17	1,638,259,155	1,412,629,267
Retained earnings	18	5,611,822,670	4,986,366,647
Total Liabilities and Shareholders' Equity		254,668,156,050	208,005,543,738

	Notes	31.12.2014 Taka	31.12.2013 Taka
Off-Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements	19	77,068,505,153	83,216,543,057
Letters of guarantee	19.1	27,020,988,453	26,948,988,710
Irrevocable letters of credit		13,845,332,265	16,393,076,675
Bills for collection		21,987,317,194	30,225,132,651
Other contingent liabilities		7,738,447,692	9,649,345,020
		6,476,419,550	-
Other commitments		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		<u>77,068,505,153</u>	<u>83,216,543,057</u>

The annexed notes form an integral part of these financial statements.

-Sd-
Shamim Ahmed Chaudhury
Managing Director

-Sd-
Feroz Ahmed
Director

-Sd-
Dr. M. Imtiaz Hossain
Director

-Sd-
M. Wahidul Haque
Chairman

This is the balance sheet referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-
ACNABIN
Chartered Accountants

AB Bank Limited
Profit and Loss Account
For the year ended 31 December 2014

	Notes	2014 Taka	2013 Taka
OPERATING INCOME			
Interest income/profit on investments	21	21,398,789,847	17,953,048,673
Interest paid/profit on deposits and borrowings, etc.	22	(15,320,011,707)	(14,173,526,482)
Net interest income		6,078,778,141	3,779,522,191
Investment income	23	2,878,403,934	2,841,538,159
Commission, exchange and brokerage	24	3,067,520,866	3,020,517,974
Other operating income	25	130,103,586	113,557,511
		6,076,028,386	5,975,613,644
Total operating income (a)		12,154,806,527	9,755,135,835
OPERATING EXPENSES			
Salary and allowances	26	2,613,952,361	2,081,594,761
Rent, taxes, insurance, electricity, etc.	27	579,339,843	467,485,269
Legal expenses	28	17,949,057	13,260,716
Postage, stamps, telecommunication, etc.	29	131,289,042	139,468,741
Stationery, printing, advertisement, etc.	30	161,986,227	164,680,619
Chief executive's salary and fees		12,143,560	11,434,501
Directors' fees	31	9,251,619	2,513,743
Auditors' fees	32	2,314,903	2,455,328
Depreciation and repairs of Bank's assets	33	514,522,719	576,298,293
Other expenses	34	1,187,212,523	1,006,285,515
Total operating expenses (b)		5,229,961,854	4,465,477,486
Profit before provision (c = (a-b))		6,924,844,673	5,289,658,349
Provision against loans and advances	35	2,286,220,170	1,667,125,000
Provision for diminution in value of investments	36	-	397,900,000
Other provisions	37	659,995,730	240,000,000
Total provision (d)		2,946,215,900	2,305,025,000
Profit before taxation (c-d)		3,978,628,773	2,984,633,350
Provision for taxation		2,718,595,044	1,973,636,035
Current tax		2,691,503,054	1,976,443,810
Deferred tax		27,091,990	(2,807,775)
Net profit after taxation		1,260,033,729	1,010,997,315
Appropriations			
Statutory reserve		22,074,774	574,478,006
General reserve		-	-
Dividends, etc.		-	-
		22,074,774	574,478,006
Retained surplus		1,237,958,955	436,519,309
Earnings Per Share (EPS)	39	2.37	1.90

The annexed notes form an integral part of these financial statements.

-Sd-
Shamim Ahmed Chaudhury
Managing Director

-Sd-
Feroz Ahmed
Director

-Sd-
Dr. M. Imtiaz Hossain
Director

-Sd-
M. Wahidul Haque
Chairman

This is the profit & loss account referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-
ACNABIN
Chartered Accountants

AB Bank Limited
Cash Flow Statement
For the year ended 31 December 2014

	Notes	2014 Taka	2013 Taka
Cash Flows from Operating Activities			
Interest receipts		20,622,037,385	17,456,953,748
Interest payments		(15,139,836,680)	(13,552,610,471)
Dividend receipts		170,582,438	203,264,167
Fee and commission receipts		2,016,785,206	2,157,327,618
Recoveries on loans previously written off		16,283,250	4,151,397
Payments to employees		(2,626,095,921)	(2,093,029,262)
Payments to suppliers		(161,986,227)	(164,680,619)
Income taxes paid		(2,300,909,738)	(1,489,851,305)
Receipts from other operating activities	40	3,872,377,491	3,610,870,462
Payments for other operating activities	41	(2,120,696,679)	(1,911,516,399)
Operating profit before changes in operating assets & liabilities		4,348,540,524	4,220,879,335
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(38,396,468,423)	(33,559,443,656)
Other assets	42	(7,488,422)	1,202,074,557
Deposits from other banks		5,977,464,576	601,235,941
Deposits from customers		30,185,282,304	20,598,169,472
Trading liabilities (short-term borrowings)		1,050,776,353	6,342,372,154
Other liabilities	43	1,779,579,241	845,322,731
		589,145,629	(3,970,268,801)
Net cash flow from operating activities (a)		4,937,686,154	250,610,534
Cash Flows from Investing Activities			
Purchase of government securities		(2,749,734,158)	(2,585,559,073)
(Purchase)/Sale of trading securities, shares, bonds, etc.		875,095,435	23,502,086
Purchase of property, plant and equipment		(553,681,516)	(266,430,377)
Net cash used in investing activities (b)		(2,428,320,240)	(2,828,487,364)
Cash Flows from Financing Activities			
Increase/(decrease) of long-term borrowings		2,438,542,045	(4,141,904)
Dividend paid		(239,084,776)	(939,542)
Net cash flow from/(used in) financing activities (c)		2,199,457,268	(5,081,446)
Net Increase/(decrease) in cash (a+b+c)		4,708,823,182	(2,582,958,276)
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		19,593,765,610	22,176,723,886
Cash and cash equivalents at end of the year (*)		24,302,588,793	19,593,765,610
(*) Cash and cash equivalents:			
Cash		1,137,941,325	1,325,369,405
Prize bonds		3,232,900	3,870,800
Money at call and on short notice		3,862,958,626	991,387,500
Balance with Bangladesh Bank and its agent bank(s)		12,809,767,620	10,034,147,846
Balance with other banks and financial institutions		6,488,688,322	7,238,990,059
		24,302,588,793	19,593,765,610
Net Operating Cash Flow Per Share (NOCFPS)		9.27	0.47

The annexed notes form an integral part of these financial statements.

-Sd-
Shamim Ahmed Chaudhury
Managing Director

-Sd-
Feroz Ahmed
Director

-Sd-
Dr. M. Imtiaz Hossain
Director

-Sd-
M. Wahidul Haque
Chairman

This is the cash flow statement referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-
ACNABIN
Chartered Accountants

AB Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2014

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Investment revaluation reserve	Retained earnings	Total
Balance at 01 January 2014	4,976,253,760	5,564,799,391	42,199,200	1,326,815,807	43,614,260	4,986,366,647	16,940,049,066
Adjustment							
Dividend for 2013:							
5% Cash Dividend	-	-	-	-	-	(248,812,688)	(248,812,688)
7% Stock Dividend	348,337,760	-	-	-	-	(348,337,760)	-
	-	-	-	-	-	-	-
Restated Opening Balance	5,324,591,520	5,564,799,391	42,199,200	1,326,815,807	43,614,260	4,389,216,199	16,691,236,378
Net profit after taxation for the year ended	-	-	-	-	-	1,260,033,729	1,260,033,729
Addition/(Adjustment) made during the year	-	22,074,774	-	(3,248,322)	228,878,209	(22,074,774)	225,629,888
Foreign exchange rate fluctuation	-	(4,433,937)	-	-	-	(15,352,484)	(19,786,422)
Balance at 31 December 2014	5,324,591,520	5,582,440,229	42,199,200	1,323,567,486	272,492,469	5,611,822,670	18,157,113,573
Balance at 31 December 2013	4,976,253,760	5,564,799,391	42,199,200	1,326,815,807	43,614,260	4,986,366,647	16,940,049,066

-Sd-
Shamim Ahmed Chaudhury
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This is the Statement of Changes in Equity referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-
ACNABIN
Chartered Accountants

AB Bank Limited
Liquidity Statement
Analysis of Maturity of Assets and Liabilities
As at 31 December 2014

	(Amount in Taka)					
	Up to 1 month's maturity	1-3 months' maturity	3-12 months' maturity	1-5 years' maturity	More than 5 years' maturity	Total
Assets						
Cash in hand & with banks	2,579,733,355	-	-	-	11,367,975,590	13,947,708,945
Balance with Other banks and financial institutions	5,098,688,322	980,000,000	410,000,000	-	-	6,488,688,322
Money at Call & Short Notice	944,442,804	414,735,699	944,792,123	1,558,988,000	-	3,862,958,626
Investments	526,705,837	658,487,248	7,300,588,163	7,238,903,591	15,053,890,227	30,778,575,066
Loans & advances	16,957,054,452	63,502,277,669	62,598,062,666	32,638,991,004	1,874,411,598	177,570,797,389
Fixed assets including premises, furniture and fixture	-	-	-	-	4,404,994,528	4,404,994,528
Other assets	1,640,343,985	773,501,514	4,642,016,617	4,899,942,740	5,658,628,317	17,614,433,173
Non-banking assets	-	-	-	-	-	-
Total Assets	27,746,968,755	66,329,002,130	75,895,459,569	46,336,825,335	38,359,900,260	254,668,156,050
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	3,234,749,255	7,205,690,232	377,127,398	1,571,823,332	1,087,420,213	13,476,810,430
Deposit and other accounts	21,312,435,514	58,444,519,368	68,685,397,994	47,761,942,498	1,984,901,847	198,189,197,221
Provision and other Liabilities	350,388,282	214,967,978	6,593,152,978	17,641,567,779	44,957,808	24,845,034,825
Total Liabilities	24,897,573,051	65,865,177,577	75,655,678,370	66,975,333,609	3,117,279,868	236,511,042,476
Net Liquidity Excess/(shortage)	2,849,395,704	463,824,553	239,781,199	(20,638,508,274)	35,242,620,392	18,157,113,573

-Sd-
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Director

-Sd-
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Director

-Sd-
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Chairman

This is the liquidity statement referred to in our separate report of even date.

Dhaka,
April 12, 2015

-Sd-
ACNABIN
Chartered Accountants

AB Bank Limited
Notes to the Financial Statements
For the year ended 31 December 2014

1.1 The Bank and its activities

AB Bank Limited (the Bank) is one of the first generation Private Commercial Banks (PCBs) incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and is governed by the Bank Company Act 1991 (Amendment upto 2013). The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. AB Bank Limited has 93 Branches including one (1) Islami Banking Branch and one (1) Overseas Branch in Mumbai, India. The Bank has six subsidiary companies namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, Arab Bangladesh Bank Foundation all incorporated in Bangladesh, AB International Finance Limited, incorporated in Hong Kong and AB Exchange (UK) Limited, incorporated in United Kingdom.

AB Investment Limited (ABIL) and AB Securities Limited (ABSL) were incorporated as subsidiary companies after obtaining the approvals from Bangladesh Bank following guidelines of the Bangladesh Securities and Exchange Commission (BSEC). These two subsidiaries are being put into operations to cater the merchant banking and brokerage business which were previously carried out by the Bank itself.

The Bank through its Branches and non-banking subsidiaries provides a diverse range of financial services and products in Bangladesh and in certain international markets. The Bank has expanded its capital market oriented service horizon to its customers through AB Investment Limited. The Bank obtained permission from BSEC to embark upon merchant banking vide its certificate no. MB-1.02/2001-30 dated 15 May 2001 under the Securities and Exchange Commission Act 1993. Subsequently, the Bank has formed a subsidiary company named AB Investment Limited in accordance with the approval of Bangladesh Bank vide letter no. BRPD(R-1)717/2009-538 dated 09 December 2009 and the Bangladesh Securities and Exchange Commission vide letter no. Sec/Reg/MB-79/2010/73 dated 10 March 2010 for dealing the Merchant Banking business.

Brokerage business of Arab Bangladesh Bank Foundation (ABBF) was transferred on 01 August 2010 to AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009.

AB Bank Limited started its Islami Banking operation through its Dilkusha Islami Banking Branch, Dhaka on 23 December 2004 following the permission of Bangladesh Bank vide letter no. BRPD (P) 745 (12)/2004-2702 dated 08 July 2004. Subsequently the Branch was shifted to Kakrail, Dhaka on 18 October 2006.

The Bank obtained permission to work as a security custodian from the Bangladesh Securities and Exchange Commission vide its certificate no. SC-05/2007 dated 22 January 2007 under the Securities and Exchange Commission (Securities Custodian Service) Rules 2003.

In the year 2009, the Bank obtained permission to operate Off Shore Banking Unit (OBU) vide letter # BRPD (P-3)744/(106)/2009-4486 dated 06 December 2009 of Bangladesh Bank. OBU operation has been carried out from 28 April 2010 through the Bank's EPZ Branch, Chittagong.

The Bank has a dedicated philanthropic unit named Arab Bangladesh Bank Foundation (the Foundation) which has been operating since 2002. Foundation has obtained brokerage licenses from BSEC on 15 August 2006 and 23 October 2006 for Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) respectively and started its operation from 28 August 2006 and 05 December 2006 on DSE and CSE respectively. However, in view of the decision of Bangladesh Bank and upon due agreement to that effect the Board of Directors of ABBL and ABBF respectively, launched a new subsidiary company AB Securities Limited for the operation of brokerage business. The business of ABBF is now being conducted by AB Securities Limited.

1.2 Significant accounting policies and basis of preparation of the financial statements

Presentation of the financial statements

Consolidated financial statements and separate financial statements of the Bank comprise of Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and relevant notes and disclosures.

AB Bank Limited

Notes to financial statements for the year ended 31 December 2014

Presentation of the financial statements (Cont.)

Consolidated financial statements and financial statements of the Bank were made as at 31 December 2014 and were prepared under the historical cost convention except investments categorised under held for trading and in accordance with the Bank Company Act 1991 (Amendment upto 2013), BRPD circular no. 14 dated 25 June 2003, the Companies Act 1994, the Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987 and other laws and rules applicable for the Bank.

Consolidated financial statements and financial statements of the Bank have been prepared in accordance with the measurement and recognition requirements of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).

Basis of consolidation

Separate set of records for consolidating the financial statements of the Branches including Mumbai Branch, India, AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, AB International Finance Limited, Hong Kong and AB Exchange (UK) Limited are maintained at the Head Office of the Bank, based on which these financial statements have been prepared. The consolidated financial statements have been prepared in accordance with the BFRS 10 "Consolidated Financial Statements". The Consolidated Financial Statements have been prepared to a common reporting period ended on 31 December 2014.

Mumbai Branch, India

The assets and liabilities of Mumbai Branch, India have been incorporated in the accounts at year end exchange rate. Income and expenditures have been incorporated in the accounts by each line item. The Balance Sheet and Profit and Loss Account of the Mumbai Branch have been shown separately in Annex-F.

Islami Banking Branch

Islami Banking Branch has been maintaining separate set of books and records for its operations following Bangladesh Bank guidelines. All assets-liabilities and income-expenses of this Branch have been incorporated in similar heads of account of the Bank's financial statements. Balance Sheet and Profit and Loss Account of Islami Banking Branch is shown separately in Annex-G as per Bangladesh Bank BRPD Circular No. 15 dated 09 November 2009. Distribution of profit under Islamic Banking Operation and fixation of final rate for the year 2014 has also been disclosed separately in Annex-H.

Custodian Wing

Financial statements of Custodian Wing have been separately audited by the auditors of the Bank. Income-expenditures of Custodian Wing have been incorporated in similar heads of account of the Bank's Profit and Loss Account. Profit and Loss Account of Custodian Wing has been shown separately in Annex-I.

Off-Shore Banking Unit (OBU)

This particular unit of the Bank started its operation in the year 2010. Assets-liabilities and income-expenditures of Off-Shore Banking Unit are incorporated in similar heads of account of the Bank's Balance Sheet and Profit and Loss Account. The Balance Sheet and Profit and Loss Account of the Off-Shore Banking Unit (OBU) have been shown separately in Annex-J.

Subsidiaries Operation

The financial statements of subsidiaries (except Arab Bangladesh Bank Foundation-ABBF) have been consolidated following BFRS 10 "Consolidated Financial Statements". ABBF operated only for philanthropic purpose and its profit is not distributable to the shareholders. Thus, for ensuring the fair presentation of the Financial Statements of the Parent Company (the Bank), the Financial Statements of ABBF has not been consolidated.

AB Bank Limited

Notes to financial statements for the year ended 31 December 2014

AB Investment Limited (ABIL)

AB Investment Limited (ABIL) started its operation from 10 March 2010 for Merchant Banking Operation. AB Bank Limited holds 99.99% shares in ABIL.

The Balance Sheet and Profit and Loss Account of the ABIL have been shown separately in [Annex-K](#).

AB Securities Limited (ABSL)

Brokerage business of Arab Bangladesh Bank Foundation has been transferred to AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009. AB Bank Limited at present holds 99.91% shares in ABSL.

The Balance Sheet and Profit and Loss Account of the ABSL have been shown separately in [Annex-L](#).

Cashlink Bangladesh Limited (CBL)

Cashlink Bangladesh Limited (CBL) was incorporated on 24 September 2008 with an authorised capital of Taka 1,000,000,000 divided into 100,000,000 ordinary shares of Taka 10 each. The Bank at present holds 90% shares in CBL.

The Balance Sheet and Profit and Loss Account of the CBL have been shown separately in [Annex-M](#).

AB International Finance Limited (ABIFL)

AB International Finance Limited (ABIFL) is a company incorporated in Hong Kong. Its registered office and principal place of business is situated at Unit 1201-B, 12/F, Admiralty Centre, Tower One, 18 Harcourt, Hong Kong. It is a fully owned (100%) Subsidiary of AB Bank Limited.

The Balance Sheet and Profit and Loss Account of the ABIFL have been shown separately in [Annex-N](#).

AB Exchange (UK) Limited

AB Exchange (UK) Limited (ABEL) is a company incorporated and domiciled in United Kingdom (UK) vide registration no. 07272766 (England & Wales). The registered office is situated at 69 Whitechapel High Street, London, E1 7PL. ABEL is a fully owned (100%) Subsidiary of AB Bank Limited.

The Balance Sheet and Profit and Loss Account of the ABEL have been shown separately in [Annex-O](#).

Arab Bangladesh Bank Foundation (ABBF)

Arab Bangladesh Bank Foundation (ABBF) has maintained separate set of books and records for its operation. The Balance Sheet and Profit and Loss Account of the ABBF have been shown separately in [Annex - P](#).

Use of estimates and judgments

The preparation of consolidated financial statements and financial statements of the Bank required management to make judgments, estimates and assumptions that affected the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions have been reviewed considering business realities. Revisions of accounting estimates have been recognised in the period in which the estimates have been revised and in the future periods affected, if applicable.

All intergroup balances, transactions, income and expenses are fully eliminated while preparing the consolidated financial statements.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Materiality, aggregation and offsetting**

The Bank aggregates each material class of similar items and separately which are dissimilar in nature or function unless those are immaterial. The Bank did not offset assets and liabilities or income and expense, unless required or permitted by BAS/ BFRS.

Foreign currency transactions**Functional and presentational currency**

Financial statements of the Bank have been presented in Taka, which is the Bank's functional and presentational currency.

Foreign currency translation

Foreign currency transactions have been converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transactions as per BAS 21 "The Effects of Changes in Foreign Exchange Rates".

Assets and liabilities in foreign currencies as at 31 December 2014 have been converted into Taka currency at the average of the prevailing buying and selling rates of the relevant foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no. BRPD (R) 717/2004-959 dated 21 November 2004.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

Commitment

Commitments for outstanding forward foreign exchange contracts disclosed in the consolidated financial statements and financial statements of the Bank have been translated at contracted rates. Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies have been expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

Translation gain and losses

Gains or losses arising out of translation of foreign exchange have been included in the Profit and Loss Account, except those arising on the translation of net investment in foreign branch and subsidiaries.

Foreign operations

The results of financial statements of the Bank whose functional currency is not Bangladesh Taka are translated into Bangladesh Taka as follows:

- a. assets and liabilities for each items of Balance Sheet have been translated at the closing rate on the date of Balance sheet.
- b. income and expenses for Profit and Loss Account have been translated at an monthly average rate of the year; and
- c. all resulting exchange differences have been recognized in the P&L or as a separate components of equity, where appropriate.

Cash flow statement

Cash Flow Statement is prepared principally in accordance with BAS 7 "Statement of Cash Flows" under direct method as per the guidelines of BRPD circular no. 14 dated 25 June 2003. The Statement of Cash Flows show the structure of and changes in cash and cash equivalents during the year. Cash Flows during the year have been classified as operating activities, investing activities and financing activities.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Statement of changes in equity**

Statement of Changes in Equity has been prepared in accordance with BAS 1 "Presentation of Financial Statements" and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

Liquidity statement

The basis of the liquidity statement of assets and liabilities as on the reporting date is given below:

Particulars	Basis used
Balance with other banks and financial institutions	Maturity term
Investments	Respective maturity terms
Loans and advances	Repayment schedule basis
Fixed assets	Useful life
Other assets	Realization/ amortization basis
Borrowing from other banks, financial institutions and agents	Maturity/ repayments terms
Deposits and others accounts	Maturity term/ Previous trend
Other liabilities	Payments/ adjustments schedule basis

1.3 Assets and basis of their valuation**Cash and cash equivalents**

Cash comprises cash in hand and demand deposits in the banks.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Loans and advances

- Loans and advances/investments in Islamic Banking Branch are stated at gross amounts at 31 December 2014.
- Interest/profit is calculated on a daily product basis but charged and accounted for on accrual basis. Interest/profit on classified loans and advances/ investment is kept in suspense account as per Bangladesh Bank instructions and such interest/ profit is not accounted for as income until realized from borrowers. Interest/profit is not charged on bad and loss loans/ investments as per guideline of Bangladesh Bank.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- Provision for loans and advances is made on the basis of quarter-end review by the management and as per instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013 and BRPD Circular No. 16 dated 18 November, 2014. The rates for provisions are stated below:

Types of loans and advances		General Provision		Specific Provision		
		UC	SMA	SS	DF	BL
Consumer	House Financing and professionals to setup business	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
Loan to brokerage house, merchant banks, stock dealers		2%	2%	20%	50%	100%
Short-term agri-credit and micro credit		2.50%	0.00%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Other advances		1%	1%	20%	50%	100%
Off balance sheet items		1%	0%	0%	0%	0%

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Investment**

Investments have been initially recognised at cost, including acquisition charges associated with the investment. Premium have been amortised and discount accredited, using the effective or historical yield method. Government Treasury Bills and Bonds (categorized as HFT or/and HTM) are accounted for as per Bangladesh Bank DOS circular letter no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January 2009.

The valuation methods of investment used are:

Government securities**Held to Maturity (HTM)**

Investments which are intended to be held to maturity are classified as "Held to Maturity". These are measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Amortised amount of such premium are booked into Profit and Loss Account or discount is booked to reserve until maturity/disposal.

Held for Trading (HFT)

Investment primarily held for selling or trading is classified in this category. After initial recognition, investments are mark to market weekly. Decrease in the book value is recognised in the Profit and Loss Account and any increase is transferred to revaluation reserve account.

Value of investments has been enumerated as follows:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Treasury Bill / Bond (HFT)	Cost	Market value	Loss to Profit and Loss Account (P&L), gain to revaluation reserve
Treasury Bill / Bond (HTM)	Cost	Amortised value	Increase in value to equity and decrease in value to P&L
Debenture	Face value	None	None
Prize bond	Cost	None	None
Shares	Cost	Lower of cost and market value	Realised gain or loss is recognised in P&L. Unrealized gain is not recognized in accounts. Provision is maintained for unrealized loss, if any.

Investment in listed securities

These securities are brought and held primarily for the purpose of selling them in future or held for dividend income. These are reported at cost. Unrealised gains are not recognised in the Profit and Loss Account as per BAS 18 "Revenue".

In Accordance with BRPD Circular no. 14 dated 25 June 2003, provisions should be made for any loss arising from the diminution in value of investments. Subsequently as per DOS Circular No.04 dated 24 November 2011, provisions may be made for any loss arising from the diminution in value of investments after netting of gain.

Investment in unlisted securities

Investment in unlisted securities is reported at cost under cost method.

Investment in subsidiaries

Investment in subsidiaries is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the BAS 27 "Separate Financial Statements".

AB Bank Limited

Notes to financial statements for the year ended 31 December 2014

Fixed assets

- i. All fixed assets are stated at cost less accumulated depreciation as per BAS 16 "Property, Plant and Equipment". The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of the BFRS.
- ii. The cost of an item of property, plant and equipment is recognised as an asset if-

it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

- iii. Depreciation on fixed assets is charged using reducing balance method except motor vehicles, computers & computer equipments and photocopiers for which straight-line method is used. The rates of depreciation are as follows:

<u>Category of asset</u>	<u>Rate of depreciation</u>
Land	Nil
Building	2.5%
Furniture and fixtures	10%
Electrical appliances	20%
Motor vehicles	20%
Leasehold assets - vehicles	20%

- iv. Depreciation on fixed assets acquired during the year is charged from the month of their acquisition. Full month's depreciation is charged in the month of addition irrespective of the date of acquisition and no depreciation is charged in the month of their disposal.
- v. The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the Profit and Loss Account.
- vi. Useful lives and method of depreciation of fixed assets are reviewed periodically. If useful lives of assets do not differ significantly as these were previously estimated, revaluation of assets does not consider to be done.
- vii. Bank capitalised items value of which is over Taka 50,000 and the items below Taka 50,000 were booked as non-capitalised items under the broader head of other expenses with effect from 01 March 2009 in accordance with the relevant policy of the Bank.
- viii. Bank also follows a policy for amortisation of expenditure considering the durability and useful lives of items. These are treated as intangible assets and are booked under the head "Fixed Assets" and amortised over their estimated useful lives by charging under the broad head "Depreciation".

Intangible assets

An intangible asset is recognised if-

- a. It is probable that the expected future economic benefits that are attributable to the assets will flow to the entity; and
- b. The cost of the assets can be measured reliably.

Other assets

Other assets include all balance sheet items not covered specifically in other areas.

Leasing

Where property, plant and equipment have been financed by lease arrangement under which substantially all the risks and rewards of ownership are transferred to the lessees are treated as finance leases as per BAS 17 "Leases". All other leases are classified as operating leases as per BAS 17 "Leases"

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Bank as lessee**

Assets held under finance lease are recognised as assets of the Bank at their fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Bank as lessor

The Bank did not grant any lease finance.

Stock of stationery

Stock of stationery has been shown under other assets and is valued at cost.

1.4 Capital, reserve, liabilities and provision and basis of their valuation**Share capital**

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

Statutory reserve

As per Section 24 of the Bank Company Act 1991 (Amendment upto 2013), 20% of current year's profit of the Bank is required to be transferred to Statutory Reserve until such reserve together with share premium account equals to its paid up capital. The Statutory Reserve of AB Bank Limited (excluding Mumbai Branch) was higher than the paid up capital as of December 31, 2014. So, the Bank did not transfer any amount to Statutory Reserve for the year. The Mumbai Branch of the Bank has maintained Statutory Reserve according to Reserve Bank of India's (RBI) guidelines/instructions.

Revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the increased amount should be credited directly to equity under the head revaluation surplus/ reserve as per BAS 16 "Property, Plant and Equipment".

Deposits and other accounts

Deposits are recognised when the Bank enters into contractual arrangements with the counterparties, which are generally on trade date and initially measured at the amount of consideration received.

Borrowing

Borrowed funds include call money, term borrowings and re-finance from different commercial banks, non-banking financial institutions and central bank.

Provision for taxation

Income tax represents the sum of the current tax and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Provision for current income tax has been made @ 42.5% on the accounting profit made by the Bank after considering taxable allowances and disallowances as per income tax laws applicable for the Bank.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Deferred Tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the Profit and Loss Account as per BAS-12 "Income Taxes" (note 14.3).

Retirement benefits to the employees

The retirement benefits accrued for the employees of the Bank as on the reporting date have been accounted for in accordance with the provision of BAS 19 "Employee Benefits". Bases of enumerating the retirement benefits schemes operated by the Bank are outlined below:

Provident fund

There is a provident fund scheme under the defined contribution plan. The fund is operated by a separate board of trustees approved by the National Board of Revenue as per Income Tax Ordinance, 1984. All eligible employees contribute 10% of their basic pay to the fund. The Bank also contributes equal of employee's contribution to the fund. These contributions are invested separately. Benefits from the fund are given to eligible employees at the time of retirement/resignation as per approved rules of the fund.

Staff gratuity

The Bank has a separate Board of Trustees for operating the staff gratuity fund approved by the National Board of Revenue. Employees of the Bank, who served the Bank for ten years or above are entitled to get gratuity benefit at rates determined by the Service Rules of the Bank.

Superannuation fund

The Bank operates a Superannuation Fund as death-cum-retirement benefit for its employees. The fund is operated by a separate Board of Trustees.

Provision for liabilities

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Provision for liabilities (cont..)**

No provision is recognised for any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank, or any present obligation that arises from past events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimates of the amount of obligation cannot be made.

However, certain provisions on assets and liabilities are maintained in accordance with relevant Bangladesh Bank Circulars issued from time to time.

Provision for nostro accounts

Provision for nostro accounts is maintained as per circular letter no. FEPD(FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank.

Minority Interest

Minority Interest is the equity in a subsidiary not attributable, directly or indirectly, to parent.

As per BFRS 10 'Consolidated Financial Statements' Bank presents Minority Interest separately in financial statements.

Profit or loss and each component of other shareholders equity are attributed to the owners of the parent and to the Minority Interest. Total shareholders equity is attributed to the owners of the parent and to the Minority Interest even if this result in the Minority Interest having a deficit balance.

1.5 Revenue recognition**Interest income**

According to the BAS 18 "Revenue", the interest income is recognised on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified or treated as Sub Standard (SS) as per BRPD circular no. 14 dated 23 September 2012 and is kept in interest suspense account. Interest on classified advances is accounted for as income when realised.

Profit on investment (Islami Banking Branch)

Profit on investment is taken into income account from profit receivable account. Overdue charges/ compensation on classified investment is transferred to profit suspense/ compensation receivable account instead of income account.

Investment income

Interest income on investments is recognised on accrual basis except treasury bills. Capital gains on investments in shares are also included in investment income. Capital gains are recognized when these are realised.

Fees and commission income

Fees and commission income on services provided by the Bank are recognised as and when the services are rendered. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of affecting the transactions.

Dividend income on shares

As per BAS 18 "Revenue", dividend income from investment in shares is recognised when the Bank's right to receive dividend is established. It recognised when:

- a. It is probable that the economic benefits associated with the transaction will flow to the entity; and
- b. the amount of the revenue can be measured reliably.

Interest paid on deposits and borrowings

Interest paid on deposits, borrowings, etc. is accounted for on accrual basis according to the BAS 1 "Presentation of Financial Statements".

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Profit paid on deposits (Islami Banking Branch)**

Profit paid to different Mudaraba depositors is recognised on accrual basis as per provisional rate. However, the final rate of profit is determined and to be paid to the depositors as per Annex H.

Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the BAS 1 "Presentation of Financial Statements".

1.6 Reconciliation of books of account

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) and inter-branch transactions are reconciled and no material difference was found which may affect the financial statements significantly. There exist no un-reconciled items in NOSTRO accounts as at 31 December 2014.

1.7 Earnings Per Share (EPS)**Basic earnings per share**

Basic earnings per share have been calculated in accordance with BAS 33 "Earnings per Share" which has been shown in the face of the Profit and Loss Account. This has been calculated by dividing the basic earnings by the total ordinary outstanding shares. EPS of previous year was restated giving effect of issue of bonus shares for 2013.

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

1.8 Off-balance sheet items

Off-Balance Sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank's guidelines.

In accordance with BRPD circular no.14 dated 23 September 2012, general provision @ 1% has been made on the outstanding balances of Off-Balance Sheet exposure of the Bank as at 31 December 2014. Provision is made on the total exposure and amount of cash margin or value of eligible collateral is not deducted while computing Off-Balance sheet exposure.

1.9 Memorandum items

Memorandum items are maintained for those items for which the Bank has only a business responsibility and no legal commitment.

1.10 Reporting period

These financial statements cover calendar year ended 31 December 2014. Segmental reporting period shown in below:

SI no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2014 to 31 December 2014
2	Off Shore Banking Unit	01 January 2014 to 31 December 2014
3	Mumbai Branch, India	01 January 2014 to 31 December 2014
4	AB Investment Limited	01 January 2014 to 31 December 2014
5	AB Securities Limited	01 January 2014 to 31 December 2014
6	Cashlink Bangladesh Limited	01 January 2014 to 31 December 2014
7	AB International Finance Limited	01 January 2014 to 31 December 2014
8	AB Exchange (UK) Limited	01 January 2014 to 31 December 2014
9	Arab Bangladesh Bank Foundation	01 January 2014 to 31 December 2014

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014

1.11 Segment Reporting

The Bank reports its operations under the following two business segments as per Bangladesh Financial Reporting Standards (BFRS)-8 "Operating Segment".

By Geographical Location & Segment Business

Particulars	AB Bank Limited							Subsidiaries					Adjustment	AB Bank & it's subsidiaries
	Inside Bangladesh				India (Mumbai Branch)	Adjustment	Total	Inside Bangladesh			AB Exchange (UK) Ltd.	AB Int. Finance Ltd. (Hong Kong)		
	Conventional Banking	Islamic Banking	Investment Banking	Off- Shore Banking Unit				AB Investment Limited	AB Securities Ltd.	Cash Link Bangladesh Ltd.				
Profit and Loss Account for the year ended 31 December 2014														
Interest income	2,066.70	76.86	-	56.80	7.49	(67.98)	2,139.88	55.24	9.24	-	-	8.70	(21.04)	2,192.03
Interest paid on deposits and borrowings, etc.	1,440.40	61.19	53.61	40.12	2.21	(65.52)	1,532.00	26.82	7.37	-	-	1.28	(21.33)	1,546.13
Net interest income	626.31	15.67	(53.61)	16.68	5.28	(2.45)	607.88	28.42	1.88	-	-	7.43	0.29	645.89
Investment income	269.26	0.41	14.94	-	3.23	-	287.84	1.71	0.30	(0.41)	-	-	(8.74)	280.71
Commission, exchange and brokerage	273.29	2.13	-	0.41	32.06	(1.14)	306.75	6.94	8.01	7.85	0.52	4.03	(0.29)	333.81
Other operating income	12.36	0.26	-	0.07	0.32	-	13.01	0.95	0.26	0.13	-	3.99	(0.92)	17.43
Total operating income	1,181.22	18.47	(38.67)	17.16	40.89	(3.59)	1,215.48	38.01	10.45	7.57	0.52	15.45	(0.92)	1,277.83
OPERATING EXPENSES														
Salary and allowances	257.27	2.76	-	0.59	1.99	-	262.61	1.57	2.63	0.02	0.40	3.03	-	270.26
Rent, taxes, insurance, electricity, etc.	52.18	0.14	0.00	0.01	5.60	-	57.93	0.27	0.80	-	0.23	0.69	(0.41)	59.51
Legal expenses	1.79	-	-	-	0.00	-	1.79	0.03	0.00	-	0.01	0.05	-	1.88
Postage, stamps, telecommunication, etc.	12.14	0.04	-	0.03	0.92	-	13.13	0.09	0.16	0.01	0.04	0.61	-	14.04
Stationery, printing, advertisement, etc.	15.88	0.07	-	0.00	0.24	-	16.20	0.04	0.08	0.00	-	0.12	-	16.44
Directors' fees	0.91	0.01	-	-	-	-	0.93	0.01	0.02	0.02	-	-	-	0.99
Auditors' fees	0.16	-	-	-	0.07	-	0.23	0.01	0.01	0.02	0.02	0.03	-	0.32
Charges on loan losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and repairs of Bank's assets	50.38	0.31	0.02	0.01	0.74	-	51.45	1.59	0.65	1.01	0.31	0.05	-	55.06
Other expenses	106.56	0.69	0.23	0.11	11.13	-	118.72	1.43	1.77	0.02	0.16	0.40	(0.50)	122.00
Total operating expenses	497.28	4.01	0.25	0.76	20.70	-	523.00	5.04	6.13	1.09	1.17	4.98	(0.92)	540.49
Profit before provision	683.94	14.46	(38.92)	16.40	20.19	(3.59)	692.48	32.98	4.32	6.48	(0.65)	10.47	-	737.34
Provision against loans and advances							228.62							229.03
Provision for diminution in value of investments							-							4.24
Other provisions							66.00							66.01
Total provision							294.62							299.28
Profit before taxation							397.86							438.07
Provision for taxation							271.86							287.91
Net profit after taxation							126.00							150.16

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014

Balance Sheet

Particulars	AB Bank Limited							Subsidiaries					Adjustment	AB Bank & it's subsidiaries
	Inside Bangladesh				India (Mumbai Branch)	Adjustment	Total	Inside Bangladesh			AB Exchange (UK) Ltd.	AB Int. Finance Ltd. (Hong Kong)		
	Conventional Banking	Islamic Banking	Investment Banking	OBU				AB Investment Limited	AB Securities Ltd.	Cash Link Bangladesh Ltd. (CBL)				

PROPERTY AND ASSETS

Cash	1,370.95	23.52	-	-	0.30	-	1,394.77	0.00	0.00	0.00	0.27	-	-	1,395.05
Balance with other banks and financial i	195.19	396.86	-	13.86	66.11	(23.15)	648.87	0.05	11.44	0.64	0.40	2.01	(7.85)	655.57
Money at call and on short notice	593.15	-	-	296.50	29.80	(533.15)	386.30	-	-	-	-	-	(140.60)	245.70
Investments	2,587.65	19.60	435.62	-	36.98	(1.99)	3,077.86	74.69	16.83	2.41	-	-	-	3,171.79
Loans and advances	16,483.78	358.16	-	825.79	89.35	-	17,757.08	710.71	104.68	-	-	161.79	(260.48)	18,473.79
Fixed assets	436.85	1.10	0.14	0.30	2.12	-	440.50	52.35	0.74	0.02	0.38	0.02	-	494.01
Other assets	1,746.60	5.91	4.56	0.17	43.55	(39.34)	1,761.44	46.20	9.79	2.84	0.13	1.37	(576.23)	1,245.55
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	23,414.17	805.15	440.32	1,136.61	268.20	(597.63)	25,466.82	884.01	143.49	5.92	1.18	165.20	(985.15)	25,681.45

LIABILITIES AND CAPITAL

Liabilities

Borrowings from other banks, fin. institutions and agents	720.15	50.00	-	1,111.08	-	(533.55)	1,347.68	240.66	29.97	18.32	-	140.77	(388.84)	1,388.57
Deposits and other accounts	18,953.42	749.86	0.00	9.01	131.37	(24.74)	19,818.92	-	-	-	-	0.60	(7.85)	19,811.68
Other liabilities	1,989.65	5.29	438.39	-	26.34	24.83	2,484.50	81.48	65.61	1.25	0.30	5.87	(32.77)	2,606.25
Total Liabilities	21,663.22	805.15	438.39	1,120.09	157.71	(533.46)	23,651.10	322.14	95.58	19.57	0.30	147.25	(429.45)	23,806.49
Total Shareholders' Equity	1,750.94	-	1.93	16.52	110.49	(64.16)	1,815.71	561.87	47.91	(13.65)	0.89	17.95	(554.75)	1,875.91
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	(0.94)	(0.94)
Total Liabilities and Shareholders'	23,414.17	805.15	440.32	1,136.61	268.20	(597.63)	25,466.82	884.01	143.49	5.92	1.18	165.20	(985.15)	25,681.45

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****1.12 Compliance of Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS)**

While preparing the financial statements, Bank applied most of the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh as applicable to the Bank:

SI #	Name of BAS	No. of BAS	Status
1	Presentation of Financial Statements	1	Complied
2	Inventories	2	Complied
3	Statement of Cash Flows	7	Complied
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Complied
5	Events after the Reporting Period	10	Complied
6	Construction Contracts	11	N/A
7	Income Taxes	12	Complied
8	Property, Plant and Equipment	16	Complied
9	Leases	17	Complied
10	Revenue	18	Complied
11	Employee Benefits	19	Complied
12	Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
13	The Effects of Changes in Foreign Exchanges Rates	21	Complied
14	Borrowing Costs	23	Complied
15	Related Party Disclosures	24	Complied
16	Accounting and Reporting by Retirement Benefit Plans	26	Complied
17	Separate Financial Statements	27	Complied
18	Investments in Associates and Joint Ventures	28	N/A
19	Interests in Joint Ventures	31	N/A
20	Financial Instruments: Presentation	32	*
21	Earnings Per Share	33	Complied
22	Interim Financial Reporting	34	Complied
23	Impairment of Assets	36	Complied
24	Provisions, Contingent Liabilities and Contingent Assets	37	Complied
25	Intangible Assets	38	Complied
26	Financial Instruments: Recognition and Measurement	39	*
27	Investment Property	40	Complied
28	Agriculture	41	N/A

SI #	Name of the BFRS	No. of BFRS	Status
1	First-time Adoption of International Financial Reporting Standards	1	N/A
2	Share Based Payment	2	N/A
3	Business Combinations	3	Complied
4	Insurance Contracts	4	N/A
5	Non-Current Assets Held for Sale and Discontinued Operations	5	N/A
6	Exploration for and Evaluation of Mineral Resources	6	N/A
7	Financial Instruments: Disclosures	7	*
8	Operating Segments	8	Complied
9	Consolidated Financial statements	10	Complied
10	Joint Arrangements	11	Complied
11	Disclosure of interests in other Entities	12	Complied
12	Fair Value Measurement	13	Complied

* Relevant disclosures are made according to the requirement of Bangladesh Bank.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****1.13 Compliance of Bangladesh Bank regulations over BAS/BFRS:**

SI No.	Issues	BAS/BFRS	Bangladesh Bank
1	Presentation	As per BAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a single Comprehensive income statement and there is no requirement to show appropriation of profit in the face of statement of comprehensive income. Again, Intangible assets must be identified, recognised, presented in the face of the balance sheet and the disclosures to be given as per BAS 38.	In accordance with BRPD Circular no. 14 dated 25 June 2003 financial statements do not require to include the statement of Other Comprehensive Income and appropriation of profit is provided in the face of Profit and Loss Account. Intangible assets are provided under the head Fixed Assets.
2	Cash and cash equivalent	As per BAS-7 cash comprises cash in hand & demand deposits and Cash equivalents recognises the short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Therefore, some items like- Balance with Bangladesh Bank on account of CRR/ SLR are not part of cash and cash equivalents as those are not readily available.	Balance with Bangladesh Bank is treated as cash and cash equivalents as per BRPD Circular no. 14 dated 25 June 2003.
3	Investment in shares and securities	As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.	As per BRPD Circular no. 14 dated 25 June 2003, provisions should be made for any loss arising from the diminution in value of investments. But, as per DOS Circular No.04 dated 24 November 2011, provisions can be made for any loss arising from the diminution in value of investments after netting of gain.
4	Revaluation gains/losses on Government securities	As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of Held For Trading (HFT) assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.	As per Bangladesh Bank DOS circular letter no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January 2009. HTM measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Amortised amount of such premium are booked into Profit and Loss Account or discount is booked to reserve until maturity/disposal. In case of HFT after initial recognition, investments are revalued at mark to market on weekly basis. Decrease in the book value is recognised in the Profit and Loss Account and any increase is transferred to revaluation reserve account.
5	Repo and reverse repo transactions	When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar asset) at a fixed price on a future date (REPO), the arrangements is accounted for as a deposit as oppose to a sale, and the underlying asset continues to be recognized in the entity's financial statements. Such transaction do not satisfy derecognition criteria specified in BAS 39. Same rule applies to the opposite side of the transaction (reverse REPO).	As per Bangladesh bank Circulars / guidelines, when a Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on future date (REPO), the arrangement is accounted for as a normal sales transactions and the financial assets should be derecognized in the seller's book and recognized in the buyer's book.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****1.13 Compliance of Bangladesh Bank regulations over BAS/BFRS (cont.)**

SI No.	Issues	BAS/BFRS	Bangladesh Bank
6	Provision on loans and advances/ investments	As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis. Such provision shall be netted off against loans and advances.	As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39. Also for disclosure such provision shall be shown as liability as opposed to netting of against loans and advances.
7	Recognition of interest in suspense	Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.	As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified; interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to interest suspense account, which is presented as liability in the balance sheet.
8	Non-banking asset	No indication of Non-banking asset is found in any BFRS.	As per BRPD circular No. 14, dated 25 June 2003 there must exist a face item named Non-banking asset.
9	Cash flow statement	The cash flow statement can be prepared using either the direct method or the indirect method as per BAS-7. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per BRPD circular No. 14, dated 25 June 2003 cash flow is the mixture of direct and indirect methods.
10	Financial Guarantee	Financial guarantee liabilities are recognised initially at their fair value (as measured in accordance with BFRS 13), and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included under other liabilities.	As per BRPD Circular no. 14 dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee, Acceptance and Endorsement, etc. will be treated as off balance sheet items.

1.14 Regulatory and legal compliance

The Bank complied with the requirement of the following regulatory and legal authorities:

- The Bank Company Act 1991 (Amendment upto 2013)
- The Companies Act, 1994
- Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- The Securities and Exchange Rules, 1987
- The Securities and Exchange Ordinance, 1969
- The Securities and Exchange Commission Act, 1993
- The Securities and Exchange Commission (Public Issues) Rules, 2006
- The Income Tax Ordinance, 1984 and Rules
- The Value Added Tax (VAT) Act, 1991 and Rules
- Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****1.15 Risk management**

As a financial intermediary, the Bank is exposed to various types of risks. Risk is defined as uncertainties resulting in adverse variation of profitability or in losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking as defined by Bangladesh Bank as well as Pillar 2 risks. The core risks are credit risk, asset liability risks, money laundering risks, internal control and compliance risks, information technology risks and foreign exchange risks. Some other risks those also affect banking business are liquidity risk, market risk interest rate risk, equity risk, operational risk, reputation risk, strategic risks, credit concentration risks, environmental and climate change risks etc. The objective of the risk management framework at the bank is that the Bank understands, evaluates and takes well calculative risks and thereby safeguarding the Bank's capital, its financial resources and profitability from various business risks through its own measures, policies and procedures established to address these risks and also implementing Bangladesh Bank's guidelines and following some of the best practices as under:

Credit risk

It arises mainly from lending, trade finance and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his/ her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

The Bank has segregated duties of the officers / executives involved in credit related activities. A separate Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, two separate divisions have been formed within the Credit Division. These are (a) Credit Risk Management Division and (b) Credit Administration Division. Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy / strategy for lending operation, etc. Adequate provision has been made on classified loans / investments.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Division. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process starts at Corporate Division by the Relationship Manager / Officer and ends at Credit Risk Management Division when it is approved / declined by the competent authority. Credit approval authority has been delegated to the credit committee.

In determining single borrower / large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines. Concentration of single borrower / large loan limit is shown in note-7.6.

Operational risk

Operational risk address the risk associated with fraud, forgery, unauthorised activities, error, omission, system failure and external events among others. Bank is managing these risk through written procedures, regular training and awareness programs. Departmental Control Function Checklist (DCFCL), Quarterly Operations Report, Loan Documentation Checklist etc. are in place covering all probable risks associated with bank's business and operations. Surprise inspections are also made on a regular basis to make sure that all control tools are functioning properly.

Market risk

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity position risk.

Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014**

Financial Institution and Treasury (FIT) Division independently conducted the foreign exchange transactions and the Mid office and the Back office of Treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Market rate as determined by Bangladesh Bank at the month end. All nostro accounts are reconciled on a monthly basis and outstanding entry is reviewed by the management for its settlement. The position maintained by the Bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

Interest rate risk may arise from trading portfolio and non- trading portfolio. The trading portfolio of the bank consists of government treasury bills, bond, etc. The short term movement in interest rate is negligible or nil. Interest rate risk of non trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

Equity risk

Equity risk arises from movement in market value of equities held. The risks are monitored by the Investment Banking Division under a well designed policy framework. Adequate provision was maintained by the Bank for diminution of market value of Investments.

Liquidity risk

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Financial Institution and Treasury (FIT) Division under approved guidelines. FIT front office is supported by a very structured Mid Office and Back Office. The liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

Risk arising from money laundering

AB Bank Limited considers prevention of money laundering risk not only as a compliance requirement imposed by the law of the country but also as one of its core business values. The board of directors and senior management are firmly committed to combat money laundering. Every year, a message from the President and Managing Director's office goes to all employees' of the Bank reiterating the importance of the issue. There is a high profile Central Compliance Unit (CCU) in place to oversee the anti money laundering activities. The president and managing director himself supervise the function of CCU's. Operation has separated and dedicated headcount for surveillance of the anti money laundering functions across the bank. Training and awareness programs are regularly held to make all employees' aware of the issue. Bank has also undertaken campaign against money laundering in electronic media.

Internal Control and Compliance Risk

Internal Control and Compliance Division (ICCD) of the bank performs three core functions - Internal Audit, Monitoring and Compliance in order to mitigate the internal control and compliance risk. ICCD conducts Risk Based Audit and Annual Audit of the Branches. Audit of Head Office Divisions also come under ICCD. ICCD monitors compliance of Internal as well as Bangladesh Bank Audit Reports including Bangladesh Bank Special Audit Reports on Core Risks. Besides, Special Audit on some specific issues like year-end Cash Position, Security Stock verification etc. are also done by ICCD.

Information and Communication Technology (ICT) Security Risk

IT division of AB Bank took several initiatives to minimize the ICT related risk. Among those ATM Switch Migration from Euronet iTM to ECS iTx, Automatic Voltage Regulator for Head Office Data Center and Disaster Recovery Site, CISCO IronPort Web Security implementation to protect Internet threat, Building Management System (BMS) expanded to protect AB Bank Data Center and Disaster Recovery Site from fire and water and Implemented CISCO Nexus 7009 Switch into DC and DR which is the first time for any financial institution in Bangladesh.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****1.16 Environment Risk Management (ERM)**

Bangladesh Bank issued Guidelines on Environment Risk Management (ERM) to streamline solutions for managing the environmental risks in the financial sector – Ref: BRPD Circular No.01/2011 dated 30.01.2011 and BRPD Circular no.02 dated 27 February, 2011 respectively. Bank accordingly introduced the Guideline on Environment Risk Management on June 15, 2011. These ERM guidelines are an attempt to incorporate the environmental impact of a business into the lending process, so that the environment gets due consideration in the appraisal process.

Environmental risk is a facilitating element of credit risk arising from such environmental issues. These can be due to environmental impacts caused by and / or due to the prevailing environmental conditions. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

The Bank is complying with Bangladesh Bank Guidelines to the above effect from time to time and reporting activities on ERM and Green Banking every quarter.

1.17 Credit Rating of the Bank

Credit rating of the Bank in last five years are:

Year	Date of Rating	Long term	Short term
Jan to Dec 2013	March 27, 2014	AA ₃	ST-2
Jan to Dec 2012	May 26, 2013	AA ₃	ST-2
Jan to Dec 2011	June 21, 2012	AA ₃	ST-2
Jan to Dec 2010	May 26, 2011	AA ₃	ST-2
Jan to Dec 2009	June 15, 2010	AA ₃	ST-1

1.18 Events after the Reporting Period

As per BAS -10 "Events after the Reporting Period" events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

There was no material events which have occurred after the reporting period which could affect the values stated in the financial statements.

1.19 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Related party disclosures (cont.)**

a) Significant contracts where the Bank is a party and wherein Directors have interest:

Name of contract	Name of the Party	Name of Director and Related by	Relationship
Lease agreement with AB Bank Limited	Elite International Ltd.	Salim Ahmed, Feroz Ahmed & B.B. Saha Roy	Common Director

b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in Taka
Elite International Ltd.	Common Director	Office Rent	1,795,230

1.20 Audit Committee of the Board of Directors**i) Particulars of Audit Committee**

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD Circular No. 11 dated October 27, 2013 issued by Bangladesh Bank. The Committee was formed comprising 5 (five) members of the Board:

Sl no.	Name	Status with Bank	Status with Committee	Duration	Educational/ Professional Qualification
1	Mr. Shishir Ranjan Bose, FCA	Independent Director	Chairman	With effect from 16 July 2008	Fellow of Chartered Accountants
2	Mr. M. Wahidul Haque	Chairman	Member	With effect from 04 February 2008	B.A., LLB
3	Ms. Runa Zakia Shahrood Khan (Up to August 25, 2014)	Director	Member	With effect from 27 December 2013	B.A. (Hons.)
4	Mr. Syed Afzal Hasan Uddin (Up to May 08, 2014)	Director	Member	With effect from 12 July 2011	Barrister-at-Law
5	Mr. Salim Ahmed	Vice Chairman	Member	With effect from 08 May 2014	B.A (Hons.) M.A. (History)
6	Mr. M.A. Awal	Director	Member	With effect from 12 July 2011	B.Com.

The Company Secretary acts as Secretary of the Audit Committee of the Board.

ii) Meeting held with Audit Committee

During the year 2014, the Audit Committee conducted 17(seventeen) meetings in which, among others, the following issues were reviewed and discussed:

- comprehensive inspection report of Bangladesh Bank including status of compliance thereof;
- inspection reports of branches/Head Office conducted by Bank's internal inspection team;
- financial statements of the Bank;
- quarterly and half-yearly accounts of the Bank for the year 2014;
- review of the financial statements of the subsidiary companies; and
- status of compliance of different rules and regulations.

iii) Steps taken for implementation on effective internal control procedure of the Bank

The Committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of good governance within the organization.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****1.21 Shariah Council**

Members of AB Bank Shariah Supervisory Committee are as under:

Sl no.	Name	Status with the Committee	Educational/ Professional Qualification
1	Jb. M. Azizul Huq	Chairman	Prominent Islamic Scholar & Banker. M.A (Economics) Dhaka University.
2	Jb. Md. Shouquat Ali Advocate, Bangladesh Supreme Court	Vice-Chairman	B.A (Hons.) M.A (Eco.), LLB (1st class). Ex-Company Secretary & Head of Law Division, IBBL
3	Jb. Mukhlesur Rahman	Member	Kamil, Madrasah Edu. Board, B.A (Hons) & M.A in Islamic Studies, Dhaka University. Higher Diploma in Arabic Language, Dhaka University.
4	Jb. Mawlana Muhammad Musa	Member	Prominent author and research Scholar in Quran & Hadith. Kamil, Madrasah Edu. Board, B.Com (Hons) M.Com, Dhaka University,
5	Jb. M. Wahidul Haque (Chairman, Board of Directors, ABBL)	Member	BA, LLB
6	Jb. Shamim Ahmed Chaudhury (President & MD, ABBL)	Member	MBA with Major in Finance
7	Jb. Mohd. Haroon Rashid	Member Secretary	M.A, M. Phil PhD Aligar University, India. Mufti (1st Class) Darul Ulum Dewband, India

During the Year 2014, AB Bank Shariah Supervisory Committee met in 03 (Three) meetings and reviewed different operational issues, including those referred to it by the Management of the Bank and gave opinion & decisions related to Islamic Shariah.

During the year 2014, the AB Bank Shariah Supervisory Committee discussed and gave guidance/opinion on different issues among which important ones are as under:

- Reviewing the Yearly Shariah Audit Report (April-December, 2013) of Islami Banking Branch and its observations.
- Approving the Financial Statements, 2013 of Islami Banking Branch.
- Approving the Annual Report of Shariah Supervisory Committee for the year 2013 on Islamic banking operation of the Bank.
- Approving the Mudarabah Manual of the Bank.
- Approving the Service/Product for the Off-Shore Banking (OB) under Islamic banking operation of the Bank.

2. General

- i. Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- ii. Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- iii. These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014

		31.12.2014 Taka	31.12.2013 Taka
3. Cash			
Cash in hand	(Note: 3.1)	1,137,941,325	1,325,369,404
Balance with Bangladesh Bank and its agent bank(s)	(Note: 3.2)	12,809,767,620	10,034,147,846
		13,947,708,945	11,359,517,250
3(a) Consolidated Cash			
AB Bank Limited		13,947,708,945	11,359,517,250
AB Investments Limited		25,000	25,000
AB International Finance Limited		-	-
AB Securities Limited		6,190	16,319
Cashlink Bangladesh Limited (CBL)		23,096	26,941
AB Exchange (UK) Ltd.		2,713,147	2,794,402
		13,950,476,378	11,362,379,912
3.1 Cash in hand			
In local currency		1,110,821,477	1,306,186,571
In foreign currency		27,119,848	19,182,833
		1,137,941,325	1,325,369,404
3.1(a) Consolidated Cash in hand			
AB Bank Limited		1,137,941,325	1,325,369,404
AB Investments Limited		25,000	25,000
AB International Finance Limited		-	-
AB Securities Limited		6,190	16,319
Cashlink Bangladesh Limited (CBL)		23,096	26,941
AB Exchange (UK) Ltd.		2,713,147	2,794,402
		1,140,708,758	1,328,232,066
3.2 Balance with Bangladesh Bank and its agent bank(s)			
Balance with Bangladesh Bank			
In local currency		11,858,151,070	9,351,408,862
In foreign currency		563,838,581	254,257,224
		12,421,989,650	9,605,666,086
Sonali Bank Limited (as an agent bank of Bangladesh Bank) - local currency		387,777,970	428,481,760
		12,809,767,620	10,034,147,846
3.2.1 Balance with Bangladesh Bank- local currency			
Balance as per Bank Ledger		11,858,151,070	9,351,408,862
<u>Unresponded debit entries:</u>		26,767,121	89,675,190
Bangladesh Bank statement		26,767,121	89,675,190
AB Bank's ledger		-	-
<u>Unresponded credit entries:</u>		132,747,435	223,377,542
Bangladesh Bank statement		40,815,281	5,913,808
AB Bank's ledger		91,932,154	217,463,734
		11,964,131,383	9,485,111,214

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014**

Bangladesh Bank Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as of 31.12.2014 is given below:

Period of Unreconciliation	Number of		Unresponded Amount	
	Dr.	Cr.	Dr.	Cr.
Less than 3 months	13	13	26,267,121	132,557,435
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	1	1	500,000	190,000
Total	14	14	26,767,121	132,747,435

3.2.2 Balance with Bangladesh Bank-Foreign currency**Balance as per Bank Ledger**

Unresponded debit entries:
Bangladesh Bank statement
AB Bank's ledger

Unresponded credit entries:
Bangladesh Bank statement
AB Bank's ledger

Balance as per Bangladesh Bank Statement

31.12.2014	31.12.2013
Taka	Taka
563,838,581	254,257,224
4,985,182	23,359,910
4,985,182	23,359,910
-	-
242,379,951	220,878,091
71,164,115	79,227,947
171,215,836	141,650,144
801,233,350	451,775,405

Bangladesh Bank Account represents outstanding transactions (net) originated but yet to be responded at the Balance sheet date. However, the status of unresponded entries as of 31.12.2014 is given below:

Period of Unreconciliation	Number of		Unresponded Amount	
	Dr.	Cr.	Dr.	Cr.
Less than 3 months	4	166	4,985,182	238,352,849
3 months to less than 6 months	-	2	-	98,528
6 months to less than 12 months	-	8	-	3,928,574
12 months and more	-	-	-	-
Total	4	176	4,985,182	242,379,951

3.2(a) Consolidated Balance with Bangladesh Bank and its agent bank(s)

AB Bank Limited
AB Investments Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

12,809,767,620	10,034,147,846
-	-
-	-
-	-
-	-
-	-
12,809,767,620	10,034,147,846

3.3 Statutory deposits**Conventional Banking (Inside Bangladesh)****Cash Reserve Requirement and Statutory Liquidity Ratio**

Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 33 of the Banking Companies Act 1991 (Amendment up to 2013) and Bangladesh Bank's MPD circular no. 05 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014 and DOS circular no. 01 dated 19 January 2014.

The statutory cash reserve requirement is on the Bank's time and demand liabilities at the rate of 6.50% and has been calculated and maintained with Bangladesh Bank in current account while statutory liquidity ratio of 13.00% is required, on the same liabilities is also maintained in the form of treasury bills, bonds and debentures including foreign currency balance with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014****(a) Cash Reserve Requirement (CRR)**

As per Bangladesh Bank MPD Circular No. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.5% on fortnightly cumulative average basis and minimum CRR @ 6% on daily basis.

i. Daily Position as on the reporting date

	31.12.2014 Taka	31.12.2013 Taka
Required reserve	11,138,537,332	8,941,240,067
Actual reserve maintained	11,716,558,324	9,252,441,427
Surplus	578,020,992	311,201,360

As per Bank ledger, balance with Bangladesh Bank (local currency) is Tk 11,626,197,977 while as per Bangladesh Bank Statements balance is Tk.11,732,178,291. Difference between the balance as per Bank Ledger and as per the Bangladesh Bank Statement is properly reconciled and adjusted accordingly.

ii. Fortnightly cumulative Position

As per Bangladesh Bank MPD Circular No. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.5% on fortnightly cumulative average basis.

Required reserve (6.5% of total time & demand liabilities)	189,355,134,644	152,001,081,145
Actual reserve maintained	191,003,842,243	153,399,300,644
Surplus	1,648,707,599	1,398,219,499

(b) Statutory Liquidity Ratio (SLR)

Required reserve (13% of total time & demand liabilities)	22,277,074,664	28,313,926,880
Actual reserve maintained	27,005,008,364	32,904,213,205
Total surplus	4,727,933,700	4,590,286,325

As per Bangladesh Bank MPD circular no. 05 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014 and Bangladesh Bank DOS circular no. 01 dated 19 January 2014 all scheduled Banks have to maintain CRR and SLR @ 6.50% and @ 13.00% respectively of their total time and demand liabilities on bi-weekly average basis, where the Bank maintained @ 6.84% and @ 15.76% respectively at the year end.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand	1,131,735,000	1,318,900,000
Balance with Bangladesh Bank	-	9,252,438,766
Balance with Sonali Bank	387,777,000	428,500,000
HTM Securities	15,973,346,093	16,099,330,147
HFT Securities	8,929,129,280	5,795,044,292
Excess Reserve of CRR	578,020,992	-
Other Eligible Security	5,000,000	10,000,000
	27,005,008,364	32,904,213,205

Islamic Banking**Cash Reserve Requirement and Statutory Liquidity Ratio**

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Banking Companies Act 1991 and subsequent Bangladesh Bank (BB) MPD's circular no. 01 dated: 23 June 2014.

The Statutory Cash Reserve is required on the Bank's Time and Demand Liabilities at the rate of 6.50% which has been calculated and maintained with Bangladesh Bank in Al-Wadeeah Current Account while Statutory Liquidity Ratio of 5.50% is required including excess amount of CRR on the same liabilities. The required amount maintained in the form of Bangladesh Government Islami Investment Bond (BGIIB), Cash Balance in the Vault and Foreign Currency (FC) Balance with Bangladesh Bank. Both the reserves (CRR & SLR) are maintained in excess, as shown below:

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014**

	31.12.2014 Taka	31.12.2013 Taka
(a) Cash Reserve Requirement (CRR)		
Required reserve	229,438,260	207,540,320
Actual reserve maintained	231,953,093	222,669,787
Surplus	2,514,833	15,129,467
(b) Statutory Liquidity Ratio (SLR)		
Total required reserve	194,140,070	397,785,620
Total actual reserve held	201,739,017	416,775,049
Total surplus	7,598,947	18,989,429

Mumbai Branch**Cash reserve ratio and statutory liquidity ratio**

Cash reserve ratio and statutory liquidity ratio have been calculated and maintained in accordance with Section 24 of the Banking Companies Act 1949, Section 42 (2) of the RBI Act 1934 and RBI circular nos. DBOD. No.Ret. BC.22/12.01.001/2012-13.

The statutory cash reserve ratio is required on the Bank's time and demand liabilities at the rate of 4.00% for 31.12.2014 & 31.12.2013 and has been maintained with RBI in current account while statutory liquidity ratio of 22.00 % for 31.12.2014 & 23.00 % for 31.12.2013 is required, on the same liabilities is also maintained in the form of treasury bills, and bonds including foreign currency balance with RBI. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below :

(a) Cash Reserve Ratio (CRR)		
Required reserve	10,522,167	13,804,595
Actual reserve maintained	16,866,506	16,619,195
Surplus	6,344,338	2,814,600
(b) Statutory Liquidity Ratio (SLR)		
Required reserve	302,149,255	230,525,386
Actual reserve maintained	335,151,337	327,552,189
Surplus	33,002,082	97,026,803
Total required reserve	312,671,422	244,329,981
Total actual reserve held	352,017,842	344,171,384
Total surplus	39,346,420	99,841,403

4. Balance with other banks and financial institutions

In Bangladesh	4,171,808,425	4,744,159,686
Outside Bangladesh	2,316,879,897	1,234,813,873
	6,488,688,322	5,978,973,559

4(a) Consolidated balance with other banks and financial institutions

In Bangladesh	(Note: 4.1.a)	4,214,889,208	4,746,243,512
Outside Bangladesh (Nostro Accounts)	(Note: 4.2.a)	2,340,832,909	1,237,717,618
		6,555,722,116	5,983,961,130

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014****4.1 In Bangladesh****Current Deposits**

Standard Chartered Bank, Dhaka City Centre Branch
Agrani Bank Ltd., VIP Road Branch, Sylhet
Agrani Bank Ltd., Local Office, Dhaka
Islami Bank Bangladesh Ltd., Local Office
Agrani Bank Ltd., Bhairab Bazar Branch
Janata Bank Ltd., Jessore Branch
Agrani Bank Ltd., Mymensingh Branch
Janata Bank Ltd., Corporate Branch, Bogra
Rupali Bank Ltd., Bogra Branch
Agrani Bank Ltd., Thana Road Branch, Bogra
RAKUB, Bogra Branch
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi
Janata Bank Ltd., Rajshahi Branch
IFIC Bank Ltd., Rajshahi Branch
Rupali Bank Ltd., Rajshahi Branch
Janata Bank Ltd., Rangpur Branch
RAKUB, Rangpur Branch
Rupali Bank Ltd., Rangpur Branch
Janata Bank Ltd., Chapai Nawabganj Branch
Agrani Bank Ltd., Brahmanbaria Branch

31.12.2014	31.12.2013
Taka	Taka
3,695,559	978,435
18,214	16,145
24,885	24,885
17,277	17,277
30,000,534	534
5,049	5,800
10,030,464	10,054,087
2,328	2,497
4,425	-
4,580	5,012,016
13,620	4,075
5,000	5,000
5,000	2,257
840	840
10,000	10,000
59,041,800	45,037,086
111,818	35,223
169,394	10,074,374
1,316	1,323
1,970	-
103,164,073	71,281,854

Special Notice Deposits

Agrani Bank Ltd., Rangpur Branch
Agrani Bank Ltd., Saidpur Branch
Agrani Bank Ltd., VIP Road Branch, Sylhet
Agrani Bank Ltd., Bogra Branch
Agrani Bank Ltd., Jhikargachha Branch
Agrani Bank Ltd., Sir Iqbal Road Branch, Khulna
Agrani Bank Ltd., Naogaon Branch
Agrani Bank Ltd., Jessore Branch
Agrani Bank Ltd., Moulvi Bazar Branch
Agrani Bank Ltd., Satkhira Branch
Agrani Bank Ltd., Court Road Branch, Narayanganj
Southeast Bank Ltd., Principal Branch
Agrani Bank Ltd., Principal Branch, Dhaka
Agrani Bank Ltd., Barisal Branch
Bangladesh Krishi Bank, Barisal Branch
Janata Bank Ltd., Barisal Branch
Standard Chartered Bank, Dhaka City Centre Branch
Islami Bank Bangladesh Ltd., Head Office Complex Corporate Br.
Bank Asia Ltd., Islami Banking Window, Shantinagar Branch
First Security Islami Bank Ltd, Dilkusha Br.
Al-Arafah Islami Bank Ltd, Dilkusha Branch
Shahjalal Islami Bank Ltd, Dhaka Main Branch
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka
Bank Alfalah Ltd, Main Branch, Dhaka
Southeast Bank Ltd., Motijheel Branch (Islami Banking)
ICB Islamic Bank Ltd., Principal Br, Motijheel
Agrani Bank Ltd., Islami Banking Window, Amin Court Corp. Br.
Jamuna Bank Ltd. Nayabazar Islami Banking Br.
Union Bank Ltd., Dilkusha Branch

85,396,350	32,606,372
15,307	16,482,198
33,756	32,798
7,530	7,530
50,955,001	26,004,011
7,622	95,974
12,802,674	103,612
12,015,582	32,098,627
12,158,103	5,617,075
11,168	13,318
-	963
48,120	48,120
90,683	9,500,215
72,077	26,153
3,356	13,042
4,735	4,536
1,042,033	1,043,033
448,957	16,196,533
1,320,235	1,275,359
154,289	10,290,853
208,835,048	157,620,783
78,359	7,434,472
967,141	630,732
255,805,569	309,442,146
110,608,819	6,452,949
100,000,000	-
725,493,021	666,503,196
17,534,226	10,906,565
384,082	-
1,596,293,843	1,310,451,165

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Savings Deposits**

Social Islamic Bank Ltd. Principal Branch
EXIM Bank Ltd, Motijheel Branch

31.12.2014 Taka	31.12.2013 Taka
2,080,821	594,072
269,689	192,595
2,350,510	786,668

Fixed Deposits

The Premier Bank Ltd.
Hajj Finance Company Ltd.
Southeast Bank Ltd.
First Security Islami Bank Ltd.
Shahjalal Islami Bank Ltd.
Social Islami Bank Ltd.
Phoenix Finance and Investment Ltd.
Al-Arafah Islami Bank Limited
EXIM Bank Ltd.
The City Bank Ltd.
Agrani Bank Ltd.
ICB Islamic Bank Ltd.
Jamuna Bank Ltd.
Union Bank Ltd.
Islamic Finance & Investment Ltd.
Union Capital Ltd.

-	200,000,000
250,000,000	200,000,000
200,000,000	400,000,000
-	200,000,000
-	400,000,000
200,000,000	-
100,000,000	-
300,000,000	100,000,000
500,000,000	-
200,000,000	411,640,000
-	400,000,000
50,000,000	-
-	500,000,000
450,000,000	400,000,000
120,000,000	150,000,000
100,000,000	-
2,470,000,000	3,361,640,000
4,171,808,425	4,744,159,686

4.1.a Consolidated In Bangladesh

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

4,171,808,425	4,744,159,686
544,019	443,555
-	-
114,444,709	235,022,444
6,384,834	8,030,892
-	-
4,293,181,988	4,987,656,577
78,292,780	241,413,065
4,214,889,208	4,746,243,512

Less: Inter company transaction

4.2 Outside Bangladesh**Current Deposits**

The Bank of Tokyo Mitsubishi Ltd.
HSBC Plc
HSBC AUST
JP Morgan Chase Bank
Sonali Bank (Kolkata)
Sonali Bank (UK)
Myanmar Economic Bank
Citibank NA
Hatton National Bank Ltd.
Commerz Bank AG
HABIB Zurich
NIB Bank Ltd.
Mashreq Bank Psc

707,665	894,135
-	16,830,487
923,416	3,151,006
198,961,345	141,546,295
3,279,358	3,310,777
123,120,793	167,328,099
31,959	31,878
50,449,931	75,332,176
8,160,962	192,465
40,148,266	21,396,747
4,719,240	-
6,017,517	1,226,799
36,560,861	28,820,563

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Outside Bangladesh (cont..)**

	31.12.2014 Taka	31.12.2013 Taka
Nepal Bangladesh Bank Ltd.	2,054,142	2,923,964
Bank of Bhutan	24,440,385	7,857,287
Habib Bank UK	-	10,844,372
Wachovia Bank/Wells Fargo N.A	35,987,587	39,081,544
Habib America Bank	37,454,925	31,814,528
Commerz Bank AG	34,496,508	27,109,939
Hypovereins Bank	4,499,051	5,081,425
National Commercial Bank Ltd.	29,866,788	28,511,749
Habib Metro Bank	13,408,724	29,036,435
Habib Bank AG	703,347	785,816
COMMERZ BK CAD	3,594,551	6,343,841
COMMERZ BK CHF	10,098,144	13,222,299
JPMC NY-OB	34,796,121	938,469
HSBC, New York	768,564,087	-
Reserve Bank of India	16,866,506	16,619,195
HDFC BANK CSDL	303,823	525,996
HDFC Bank Ltd.	7,836,735	22,770,443
Commerz Bank AG (Euro)	10,560,432	6,175,319
Commerz Bank AG (ACU)	7,966,631	-
Kotak Mahindra Bank	9,585,173	-
HSBC (Euro)	-	3,717,213
HSBC (GBP)	-	1,157,427
HSBC (USD)	69,269,827	12,650,631
HSBC (ACUD)	526,831,239	401,048,987
Habib American Bank Ltd.	7,313,278	7,402,943
HSBC NY (OB)	103,738,518	30,166,661
Standard Chartered Bank	79,026,001	518,888
JP Morgan Chase Bank	4,536,060	68,447,077
(Details are given in Annex - A)	2,316,879,897	1,234,813,873

4.2.a Consolidated Outside Bangladesh (Nostro Accounts)

AB Bank Limited	2,316,879,897	1,234,813,873
AB Investment Limited	-	-
AB International Finance Limited	20,114,404	1,395,886
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	4,003,394	1,563,984
	2,340,997,695	1,237,773,743
Less: Inter company transactions	164,787	56,124
	2,340,832,909	1,237,717,618

4.3 Account-wise/grouping of balance with other banks and

Current deposits	2,420,043,970	2,566,112,226
Savings deposits	2,350,510	7,239,617
Short-Notice Deposits	1,596,293,843	1,303,998,215
Fixed deposits	2,470,000,000	3,361,640,000
	6,488,688,322	7,238,990,059

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014
4.4 Maturity grouping of balance with other banks

	31.12.2014 Taka	31.12.2013 Taka
Repayable – on demand	2,420,043,970	3,119,318,559
– up to 3 months	3,658,644,353	1,119,450,250
– over 3 months but below 1 year	410,000,000	3,000,221,250
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	6,488,688,322	7,238,990,059

5. Money at call and on short notice

In Bangladesh	(Note: 5.1)	600,000,000	800,000,000
Outside Bangladesh	(Note: 5.2)	3,262,958,626	1,451,404,000
		3,862,958,626	2,251,404,000

5.1 In Bangladesh

<u>With banking companies</u>	-	-
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With non-banking financial institutions

Industrial and Infrastructure Development Finance Company (IIDFC)	50,000,000	-
IDLC BD Ltd.	-	150,000,000
Lanka Bangla Finance Ltd.	-	50,000,000
Delta Brac Housing Ltd.	-	50,000,000
People's Leasing and Financial Services Ltd.	100,000,000	100,000,000
International Leasing & Financial Services Ltd.	450,000,000	450,000,000
	600,000,000	800,000,000
	600,000,000	800,000,000

At short notice

-	-
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On calls and placements

Industrial and Infrastructure Development Finance Company (IIDFC)	50,000,000	-
IDLC BD Limited	-	150,000,000
Lanka Bangla Finance Limited	-	50,000,000
Delta Brac Housing Limited	-	50,000,000
People's leasing and financial services Limited	100,000,000	100,000,000
International Leasing & Financial Services Limited	450,000,000	450,000,000
	600,000,000	800,000,000
	600,000,000	800,000,000

5.2 Outside Bangladesh

Pinnacle Global Fund Pte Limited	1,558,988,000	-
AB International Finance Limited	1,405,973,328	1,260,016,500
Kotak Mahindra Bank	88,754,500	-
HDFC Bank Limited	209,242,798	191,387,500
	3,262,958,626	1,451,404,000

5(a) Consolidated money at call and on short notice

AB Bank Limited	3,862,958,626	2,251,404,000
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Limited	-	-
	3,862,958,626	2,251,404,000
Less: Inter-group transaction	(1,405,973,328)	(1,260,016,500)
	2,456,985,298	991,387,500

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014

		31.12.2014 Taka	31.12.2013 Taka
6. Investments			
Nature wise (Bangladesh Operation):			
Held for Trading		8,929,129,280	5,795,044,292
Held to Maturity		16,169,346,093	16,291,330,147
Others		5,310,303,497	6,226,252,905
		30,408,778,870	28,312,627,344
Nature wise (Mumbai Branch):			
Held for Trading		-	-
Held to Maturity		369,796,197	363,068,689
Others		-	-
		369,796,197	363,068,689
Claim wise:			
Government securities	(Note: 6.1)	25,305,839,814	22,327,865,346
Other investments	(Note: 6.2)	5,472,735,252	6,347,830,687
		30,778,575,066	28,675,696,033
6 (a) Consolidated investments			
AB Bank Limited		30,778,575,066	28,675,696,033
AB International Finance Limited		-	-
AB Investment Limited		746,884,485	747,286,336
AB Securities Limited		168,307,740	169,743,904
Cashlink Bangladesh Limited (CBL)		24,116,618	24,571,231
AB Exchange (UK) Ltd.		-	-
		31,717,883,909	29,617,297,504
6.1 Government securities			
Treasury bills		2,612,978,291	2,011,667,653
30 days Bangladesh Bank bills		-	499,364,774
Treasury bonds		22,488,628,622	19,610,962,119
Debentures - Bangladesh House Building Finance Corporation (Maturity date: 14 March 2015, interest rate: 5.50%)		5,000,000	10,000,000
Bangladesh Bank Islami Investment bonds		196,000,000	192,000,000
Prize bonds		3,232,900	3,870,800
		25,305,839,814	22,327,865,346
6.1.1 Maturity wise Treasury Bills & Bonds			
(a) 30 Days Bangladesh Bank Bill		-	499,364,774
(b) Treasury Bill			
(i) 91 Days Treasury Bill		343,307,751	398,408,433
(ii) 182 Days Treasury Bill		-	477,346,392
(iii) 364 Days Treasury Bill		2,269,670,540	1,135,912,828
Total Treasury Bill		2,612,978,291	2,011,667,653
(c) Treasury Bond			
(i) 02 Years Treasury Bond		975,367,599	-
(ii) 05 Years Treasury Bond		3,709,863,326	3,477,187,767
(iii) 10 Years Treasury Bond		11,380,898,191	9,579,943,175
(iv) 15 Years Treasury Bond		3,919,230,562	4,252,816,238
(v) 20 Years Treasury Bond		2,304,137,404	2,073,394,832
Total Treasury Bond		22,289,497,082	19,383,342,012
Treasury Bond Adjustment		199,131,541	227,620,107
Total (a)+(b)+(c)		25,101,606,914	22,121,994,546

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014**

	31.12.2014 Taka	31.12.2013 Taka
6.1(a) Consolidated Government securities		
AB Bank Limited	25,305,839,814	22,327,865,346
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	25,305,839,814	22,327,865,346
6.2 Other investments		
Shares	4,972,939,056	5,844,761,998
Bond	130,000,000	140,000,000
	5,102,939,056	5,984,761,998
Investments -ABBL, Mumbai Branch		
Treasury bills	335,151,337	327,552,189
Debentures and Bonds	34,644,860	35,516,500
	369,796,197	363,068,689
Total Other investments	5,472,735,252	6,347,830,687
6.2 (a) Consolidated other investments		
AB Bank Limited	5,472,735,252	6,347,830,687
AB Investment Limited	746,884,485	747,286,336
AB International Finance Limited	-	-
AB Securities Limited	168,307,740	169,743,904
Cashlink Bangladesh Limited (CBL)	24,116,618	24,571,230
AB Exchange (UK) Ltd.	-	-
	6,412,044,095	7,289,432,157
6.2.1 Investments in shares		
Quoted (Publicly Traded)	4,074,932,211	4,546,755,153
Unquoted	898,006,845	1,298,006,845
	4,972,939,056	5,844,761,998
Detailed are given in Annexure-B		
6.2.2 Investment in subordinated bonds		
Prime Bank Limited	90,000,000	90,000,000
Trust Bank Limited	40,000,000	50,000,000
	130,000,000	140,000,000
6.3 Maturity grouping		
Repayable – on demand	-	227,620,107
– upto 3 months	1,185,193,085	1,496,146,238
– over 3 months but below 1 year	7,300,588,163	6,004,105,500
– over 1 year but below 5 years	7,238,903,591	6,582,170,904
– over 5 years	15,053,890,227	14,365,653,285
	30,778,575,066	28,675,696,033

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014
6.4 Disclosure of uniform accounting procedures for REPO transactions under DOS circular no 06 dated 15 July 2010 is given below :
a.(i) Disclosure regarding outstanding Repo as on 31 December 2014:

Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
Bangladesh Bank (Liquidity Support)	30 Dec 2014	01 Jan 2015	1,398,760,000
Basic Bank Ltd (Interbank REPO)	30 Dec 2014	01 Jan 2015	3,513,138,834
Sonali Bank Ltd (Interbank REPO)	30 Dec 2014	01 Jan 2015	1,044,085,236
Total			5,955,984,070

(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2014:

Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
None	N/A	N/A	N/A

b. Disclosure regarding overall transaction of Repo and Reverse repo:

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	-	4,630,435,000	750,530,096
ii) with other banks & FIS	-	7,020,466,861	1,913,724,393
Securities purchased under reverse repo:			
i) from Bangladesh Bank	NIL	800,000,000	2,191,781
ii) from other banks & FIS	NIL	501,737,137	1,374,622

7. Loans, advances and lease/investments

31.12.2014 Taka	31.12.2013 Taka
177,570,797,390	140,121,297,505

7.1 Maturity grouping

Repayable – on demand

- upto 3 months
- over 3 months but below 1 year
- over 1 year but below 5 years
- over 5 years

3,121,047,452	2,133,556,712
77,338,284,669	54,989,812,944
62,598,062,666	56,676,768,431
32,638,991,004	22,858,233,012
1,874,411,599	3,462,926,405
177,570,797,390	140,121,297,505

7.2 Broad category-wise breakup
In Bangladesh

 Loans
Overdrafts
Cash credits

151,973,642,894	118,527,054,842
24,257,058,709	20,328,225,615
-	-
176,230,701,603	138,855,280,458

Outside Bangladesh: ABBL, Mumbai Branch

 Loans
Overdrafts
Cash credits

118,290,492	186,434,730
173,447	13,640,801
38,280,520	12,383,450
156,744,459	212,458,981
176,387,446,062	139,067,739,439

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014****7.3 Product wise Loans and Advances**

	31.12.2014 Taka	31.12.2013 Taka
Overdraft	24,258,189,159	20,344,462,888
Cash Credit	37,995,893	12,383,450
Time loan	54,883,861,279	41,464,803,500
Term loan	76,409,640,764	53,937,687,644
Bills under LC	597,494,835	315,517,044
Trust Receipt	12,033,291,210	13,153,607,322
Packing credit	469,070,866	403,227,357
Loan against accepted bills	5,659,662,347	7,353,921,361
Consumer Loan	1,315,552,111	1,438,967,224
Staff Loan	722,687,599	643,161,648
Bills Purchased & Discounted	1,183,351,328	1,053,558,066
	177,570,797,390	140,121,297,505

7.4 Net loans, advances and lease/investments

Gross loans and advances	177,570,797,390	140,121,297,505
Less:		
Interest suspense	2,889,551,303	1,774,784,880
Provision for loans and advances	4,853,671,957	3,980,331,722
	7,743,223,260	5,755,116,603
	169,827,574,130	134,366,180,902

7.5 Significant concentration

Advances to industries	84,929,595,774	58,383,212,206
Advances to customer groups	92,641,201,616	81,738,085,299
Advances to allied concerns of Directors	-	-
Advances to Chief Executive	-	-
	177,570,797,390	140,121,297,505

7.6 Advances to customers for more than 10% of Bank's total capital

Total capital of the Bank	22,798,623,509	18,772,259,345
Number of clients	34	35
Amount of outstanding advances	60,681,015,326	43,997,312,467
Amount of classified advances	-	-
Measures taken for recovery	Not applicable	Not applicable

7.7 Industry-wise loans, advances and lease/investments

Agriculture	2,801,651,097	2,803,250,230
Large and medium scale industry	47,768,695,594	30,111,835,287
Working capital	35,187,549,617	27,645,068,600
Export	1,091,168,593	1,329,836,620
Commercial lending	40,693,652,705	35,030,324,376
Small and cottage industry	1,010,622,049	626,415,950
Others	49,017,457,735	42,574,566,442
	177,570,797,390	140,121,297,505

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014
7.8 Geographical location-wise (division) distribution
In Bangladesh
Urban Branches

Dhaka
Chittagong
Khulna
Sylhet
Barisal
Rajshahi
Rangpur

31.12.2014 Taka	31.12.2013 Taka
117,399,668,828	87,657,115,729
41,645,368,181	34,619,147,376
4,812,452,773	4,834,496,931
2,126,304,984	2,090,420,112
390,486,202	380,231,607
3,466,971,019	3,588,080,320
3,172,244,903	2,652,948,789
173,013,496,891	135,822,440,864

Rural Branches

Dhaka
Chittagong
Khulna
Sylhet
Barisal
Rajshahi
Rangpur

3,141,994,538	3,069,394,405
461,678,607	446,593,289
-	-
60,156,085	78,373,582
-	-
-	-
-	-
3,663,829,229	3,594,361,276

Outside Bangladesh

ABBL, Mumbai Branch

893,471,270	704,495,365
177,570,797,390	140,121,297,506

7.9 Classification of loans, advances and lease/investments
In Bangladesh
Unclassified

Standard
Special Mention Account

169,504,238,421	134,277,476,780
418,500,342	502,457,360
169,922,738,763	134,779,934,140

Classified

Sub-Standard
Doubtful
Bad/Loss

691,700,000	128,254,000
331,100,000	761,605,000
5,731,787,357	3,747,009,000
6,754,587,357	4,636,868,000
176,677,326,120	139,416,802,140

Outside Bangladesh-Mumbai Branch

Unclassified Loan
Classified Loan

792,109,246	621,442,443
101,362,024	83,052,922
893,471,270	704,495,365
177,570,797,390	140,121,297,505

7.10 Particulars of Loans, advances and lease/investments

- (i) Loans considered good in respect of which the Bank is fully secured
- (ii) Loans considered good against which the Bank holds no security other than the debtors' personal guarantee
- (iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors
- (iv) Loans adversely classified but provision not maintained there against

169,292,299,227	136,108,015,393
-	-
8,278,498,163	4,013,282,112
-	-
177,570,797,390	140,121,297,505

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014

	31.12.2014 Taka	31.12.2013 Taka
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	722,687,599	642,414,253
(vi) Loans due from companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members	-	-
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other persons [note 7.10 (a)]	729,638,094	645,075,360
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	-	-
(ix) Due from other banking companies	-	-
(x) Amount of classified loans on which interest has not been charged:	-	-
(a) Increase/(decrease) of provision (specific)	2,119,762,675	1,114,400,000
(b) Amount of loan written off	1,723,925,000	-
(c) Amount realised against loan previously written off	16,283,000	4,151,397
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	2,711,082,000	2,003,400,000
(e) Interest creditable to interest suspense account	5,537,277,863	4,735,669,400
(xi) Written off loan:		
During the year	1,723,925,000	-
Cumulative to-date (as per Bangladesh Bank guidelines)	7,188,963,000	5,464,993,000
Cumulative to-date (in amicable settlement)	2,696,192,000	2,677,402,985
The amount of written off loans for which lawsuits have been filed for its recovery	2,696,192,000	2,677,402,985

7.10 (a) The amount represents loans Tk. 729,638,094 crore due by the employees of the Bank.

7.11 Securities wise Loans, advances and lease/investments
Nature of security

Collateral of movable/immovable assets	142,142,104,460	107,514,203,681
Cash collateral	4,186,307,061	2,978,767,369
Banks and financial institutions guarantee	1,146,804,952	736,912,409
Personal guarantee	9,533,339,592	7,209,910,563
Corporate guarantee	3,236,279,187	444,386,889
Other securities	17,325,962,138	21,237,116,594
	177,570,797,390	140,121,297,505

7(a) Consolidated Loans, advances and lease/investments

AB Bank Limited	176,387,446,062	139,067,739,439
AB Investment Limited	7,107,095,221	7,136,710,118
AB International Finance Limited	-	-
AB Securities Limited	1,046,831,154	1,042,520,416
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	184,541,372,437	147,246,969,973
Less: Inter company transaction	2,604,760,935	2,701,326,722
	181,936,611,502	144,545,643,251

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014

	31.12.2014 Taka	31.12.2013 Taka
8 Bills purchased and discounted		
In Bangladesh	446,624,517	561,521,682
Outside Bangladesh - ABBL, Mumbai Branch	736,726,811	492,036,384
	1,183,351,328	1,053,558,066
8.1 Maturity grouping		
Repayable – within 1 month	419,259,690	422,367,371
– over 1 month but within 3 months	515,478,050	606,588,875
– over 3 months but within 6 months	248,598,380	24,601,820
– over 6 months	-	-
	1,183,336,120	1,053,558,066
8(a) Consolidated Bills purchased and discounted		
AB Bank Limited	1,183,351,328	1,053,558,066
AB Investment Limited	-	-
AB International Finance Limited	1,617,929,100	1,529,678,739
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	2,801,280,428	2,583,236,805
9. Fixed assets including premises, furniture and fixtures		
Cost:		
Land and Building	3,341,682,082	3,263,321,411
Furniture and fixtures	218,512,340	205,265,735
Office appliances	62,061,284	61,255,451
Electrical appliances	1,443,497,994	1,411,987,344
Motor vehicles	567,752,028	484,488,318
Intangible Assets	571,032,453	249,255,099
	6,204,538,180	5,675,573,357
Less: Accumulated depreciation and amortization	1,799,543,653	1,503,008,990
	4,404,994,528	4,172,564,367
A schedule of fixed assets is given in Annexure-C		
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Cost:		
AB Bank Limited	6,204,538,180	5,675,573,357
AB Investments Limited	574,374,720	574,374,720
AB International Finance Limited	7,623,595	9,082,746
AB Securities Limited	29,069,045	28,819,670
Cashlink Bangladesh Limited (CBL)	250,270,879	250,270,883
AB Exchange (UK) Ltd.	15,359,298	15,592,870
	7,081,235,717	6,553,714,247
Accumulated depreciation:		
AB Bank Limited	1,799,543,653	1,503,008,990
AB Investments Limited	50,853,564	35,242,257
AB International Finance Limited	7,452,313	8,783,455
AB Securities Limited	21,667,677	16,482,964
Cashlink Bangladesh Limited (CBL)	250,021,004	239,907,170
AB Exchange (UK) Ltd.	11,585,284	8,492,456
	2,141,123,495	1,811,917,292
	4,940,112,222	4,741,796,955

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014

	31.12.2014 Taka	31.12.2013 Taka
10. Other assets		
Income generating-Equity Investment		
In Bangladesh:		
AB Investment Limited (99.99% owned subsidiary company of ABBL)	99,899,000	99,899,000
AB Securities Limited (99.91% owned subsidiary company of ABBL)	199,898,000	34,898,000
Cashlink Bangladesh Limited (CBL) (90% owned subsidiary company of ABBL)	212,581,228	212,581,228
	512,378,228	347,378,228
Outside Bangladesh:		
AB International Finance Ltd., Hong Kong (wholly owned subsidiary company of ABBL)	5,203,944	5,203,944
AB Exchange (UK) Limited (wholly owned subsidiary company of ABBL)	50,423,392	38,425,620
	55,627,337	43,629,564
	568,005,565	391,007,792
Non-income generating		
Advance corporate income tax (note: 10.1)	9,357,440,764	7,060,657,451
Arab Bangladesh Bank Foundation (99.60% owned subsidiary company of ABBL)	19,920,000	19,920,000
Share Money Deposits - AB Investment Limited	4,900,100,000	4,900,100,000
Share Money Deposits - AB Securities Limited	-	165,000,000
Accounts receivable	730,277,969	626,469,027
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	507,327,670	828,594,917
Exchange for clearing	459,660,909	351,479,645
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	695,096,286	708,821,651
Security deposits	175,578,647	219,257,237
Advance rent and advertisement	171,597,362	143,568,488
Stationery, stamps, printing materials, etc.	29,273,384	29,375,102
Inter-branch adjustment	154,618	1,839,710
	17,046,427,609	15,055,083,229
	17,614,433,173	15,446,091,023
10(a) Consolidated Other assets		
AB Bank Limited	17,614,433,173	15,446,091,023
AB Investment Limited	461,991,430	411,820,752
AB International Finance Limited	13,749,068	7,060,521
AB Securities Limited	97,885,973	152,033,578
Cashlink Bangladesh Limited (CBL)	28,405,366	36,866,958
AB Exchange (UK) Ltd.	1,319,511	1,346,818
	18,217,784,520	16,055,219,650
Less: Inter-group transaction	5,762,319,285	6,132,152,037
	12,455,465,235	9,923,067,614

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014**

	31.12.2014	31.12.2013
	Taka	Taka
10.1 Advance corporate income tax		
In Bangladesh:		
Balance at 01 January 2014	6,925,302,663	5,514,493,945
Add: Paid during the year	1,948,549,059	1,187,716,325
Tax withheld during the year	251,607,320	223,255,192
	2,200,156,379	1,410,971,517
Less: Transfer/Adjustment during the year	91,572	162,799
Balance at 31 December	9,125,367,470	6,925,302,663
Advance tax of ABBL, Mumbai Branch	232,073,293	135,354,788
	9,357,440,763	7,060,657,451

11. Borrowings from other banks, financial institutions and agents

In Bangladesh	(Note: 11.1)	7,313,322,021	6,096,695,016
Outside Bangladesh	(Note: 11.2)	3,663,488,409	3,890,797,017
		10,976,810,430	9,987,492,032

11.1 In Bangladesh:**11.1.1 Bangladesh Bank**

ADB loan	17,107,125	32,214,175
Islamic Investment Bonds	500,000,000	1,810,228,912
Refinance against IPFF	105,176,850	-
Refinance against Women Entr., Small Enterprise, ETP & Others	126,633,297	172,984,202
	748,917,272	2,015,427,290

11.1.2 Call & Term Borrowing from

Basic Bank Limited	950,000,000	800,000,000
Rupali Bank Limited	-	700,000,000
Dutch Bangla Bank Limited	1,565,293,240	638,750,000
Dhaka Bank Limited	-	250,000,000
National Bank Limited	-	899,750,000
CITI Bank NA	420,000,000	-
HSBC	300,000,000	-
ICB Islami Bank Limited	470,000,000	-
Brac Bank Limited	1,000,000,000	-
United Commercial Bank Limited	1,300,000,000	777,500,000
Commercial Bank of Ceylon	390,422,237	-
Bangladesh Commerce Bank Limited	155,957,262	-
Accrued interest	12,732,010	15,267,726
	6,564,404,749	4,081,267,726
	7,313,322,021	6,096,695,016

11.2 Outside Bangladesh

Sonali Bank UK	616,893,327	1,009,467,125
HSBC BK NY	-	36,369,504
SCB, NY, USA	-	123,710,388
International Finance Corporation	2,732,718,832	2,721,250,000
Banca UBAE	313,876,251	-
	3,663,488,409	3,890,797,017

A Schedule of Borrowings from other banks, financial institutions and agents outside Bangladesh is given in **Annex - D**.

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014

	31.12.2014 Taka	31.12.2013 Taka
11.3 Analysis by security		
Secured (assets pledge as security for liabilities)	-	-
Unsecured	10,976,810,430	9,987,492,032
	10,976,810,430	9,987,492,032
11.4 Repayment pattern		
Repayable on demand	1,670,000,000	2,000,000,000
Repayable on maturity (Note: 11.4.1)	9,306,810,430	7,987,492,032
	10,976,810,430	9,987,492,032
11.4.1 Repayable on maturity		
<u>Bangladesh Bank refinance:</u>		
ADB loan	17,107,125	32,214,175
Refinance against IPFF	105,176,850	-
Refinance against Women Entr., Small Enterprise, ETP & Others	126,633,297	172,984,202
	248,917,272	205,198,377
<u>Term borrowings:</u>		
Islamic Investment Bonds	500,000,000	1,810,228,912
National Bank Limited	-	899,750,000
International Finance Corporation	2,732,718,832	2,721,250,000
Sonali Bank UK	-	1,009,467,125
HSBC BK NY	-	36,369,504
SCB, NY, USA	-	123,710,388
Banca UBAE	313,876,251	-
Commercial Bank of Ceylon	390,422,237	-
Bangladesh Commerce Bank Ltd	155,957,262	-
ICB Islami Bank Ltd	470,000,000	-
Brac Bank Limited	1,000,000,000	-
United Commercial Bank Ltd.	1,300,000,000	777,500,000
Sonali Bank UK	616,893,327	-
Dutch Bangla Bank Ltd	1,565,293,240	388,750,000
Accrued interest	12,732,010	15,267,726
	9,057,893,158	7,782,293,655
	9,306,810,430	7,987,492,032
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
AB Bank Limited	10,976,810,430	9,987,492,032
AB Investment Limited	2,406,573,816	2,454,862,230
AB International Finance Limited	1,407,722,530	1,259,280,748
AB Securities Limited	299,693,825	299,613,357
Cashlink Bangladesh Limited (CBL)	183,241,029	268,241,029
AB Exchange (UK) Ltd.	-	-
	15,274,041,630	14,269,489,397
	3,888,374,105	3,878,170,154
	11,385,667,525	10,391,319,243
Less: Intercompany transactions		

12. AB Bank Subordinated Bond
Subordinated Bond

2,500,000,000	-
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The Board of Directors of AB Bank Limited in its 546th meeting held on March 12, 2014 approved the 7 years Non-Convertible Subordinated Bond BDT 250 crore for enhancing the Bank capital strength and subsequently approved by the shareholders in an Extra-ordinary General Meeting on April 21, 2014.

Accordingly, Bangladesh Securities and Exchange Commission vide their letter # BSEC/CI/DS – 12/2014/471 dated July 01, 2014 and Bangladesh Bank vide their letter # BRPD (BIC) 661/14B(P)/2014-4724 dated July 21, 2014 gave consent to raise capital of AB Bank Limited through issuance of Non-convertible Subordinated Bond.

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014

	31.12.2014 Taka	31.12.2013 Taka
13. Deposit and other accounts		
Inter-bank deposits	10,007,738,867	4,030,274,291
Other deposits	188,181,458,354	157,816,001,023
	198,189,197,221	161,846,275,315
13(a) Consolidated Deposit and other accounts		
AB Bank Limited	198,189,197,221	161,846,275,315
AB Investment Limited	-	-
AB International Finance Limited	6,018,236	5,086,140
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	198,195,215,457	161,851,361,455
Less: Inter-group transaction	78,457,744	241,469,221
	198,116,757,714	161,609,892,233
13.1 Maturity analysis of inter-bank deposits		
Repayable – on demand	1,098,483,242	337,310,488
– within 1 month	3,060,220,903	2,343,721,850
– over 1 month but within 3 months	5,646,584,722	1,011,931,465
– over 3 months but within 1 year	202,450,000	337,310,488
– over 1 year but within 5 years	-	-
– over 5 years but within 10 years	-	-
– over 10 years	-	-
	10,007,738,867	4,030,274,291
13.2 Maturity analysis of other deposits		
Repayable – on demand	1,750,254,292	1,935,942,496
– within 1 month	15,403,477,078	19,437,674,463
– over 1 month but within 3 months	52,797,934,646	33,776,922,098
– over 3 months but within 1 year	68,482,947,994	67,025,189,928
– over 1 year but within 5 years	47,761,942,498	34,252,352,458
– over 5 years	1,984,901,847	1,387,919,580
	188,181,458,354	157,816,001,023
13.3 Demand and time deposits		
a) Demand Deposits	20,583,315,650	18,420,611,485
Current accounts and other accounts	17,639,785,113	15,742,024,927
Savings Deposits (9%)	1,748,476,420	1,538,411,402
Bills Payable	1,195,054,117	1,140,175,156
b) Time Deposits	177,605,881,571	143,425,663,830
Savings Deposits (91%)	17,679,039,355	15,555,048,620
Short Notice Deposits	27,253,775,501	22,968,769,304
Fixed Deposits	117,532,923,933	91,742,137,914
Other Deposits	15,140,142,782	13,159,707,991
Total Demand and Time Deposits	198,189,197,221	161,846,275,315

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014
13.4 Sector-wise break up of deposits and other accounts

	31.12.2014 Taka	31.12.2013 Taka
Government	897,413,533	457,073,000
Deposit money Banks	10,007,738,867	4,030,274,291
Autonomous & Semi-Autonomous Bodies	4,264,224,627	3,027,972,099
Public Non-Financial Organisation	32,677,381,012	22,900,850,230
Other Public	2,256,073,419	1,013,434,469
Foreign Currency	4,765,892,912	3,306,827,378
Private	143,320,472,851	127,109,843,848
	198,189,197,221	161,846,275,315

14. Other liabilities

Accumulated provision against loans and advances	(Note 14.1)	4,853,671,957	3,980,331,722
Provision for current tax	(Note 14.2)	12,339,190,786	9,650,912,245
Deferred tax liabilities	(Note 14.3)	136,219,062	109,050,939
Interest suspense account	(Note 14.4)	2,889,551,303	1,774,784,880
Provision against other assets	(Note 14.5)	614,228,969	292,234,553
Provision for outstanding debit entries in NOSTRO accounts		200,000	200,000
Accounts payable - Bangladesh Bank		163,907,636	47,656,432
Accrued expenses		361,528,702	38,724,384
Provision for off balance sheet items	(Note 14.6)	1,010,000,000	810,000,000
Provision against investments	(Note 14.7)	1,995,053,000	1,995,053,000
Others (*)		481,483,411	532,779,169
		24,845,034,825	19,231,727,325

(*) Others includes provision for audit fee, excise duty, income tax and VAT deducted at source, unclaimed dividend, accounts payable for safe keeping, earnest and security money.

14.1 Accumulated provision against loans and advances
The movement in specific provision for bad and doubtful debts

Balance at 01 January		2,244,104,159	1,015,379,159
Fully provided debts written off during the year	(-)	1,412,080,675	-
Recovery of amounts previously written off	(+)	-	-
Specific provision made for the year	(+)	2,059,300,000	1,228,725,000
Transferred from other assets provisions	(+)	-	-
Transfer from general provision	(+)	-	-
Recoveries and provision no longer required	(-)	-	-
Net charge to Profit and Loss Account	(+)	-	-
		647,219,325	1,228,725,000
Balance at 31 December		2,891,323,484	2,244,104,159
Provision made by ABBL, Mumbai Branch		32,808,560	28,802,250
Total provision on classified loans and advances		2,924,132,044	2,272,906,409

On unclassified loans

Balance at 01 January		1,703,660,313	1,265,260,313
Recoveries and provision no longer required	(-)	-	-
Transfer to specific provision during the year	(-)	-	-
General provision made for the year	(+)	222,207,000	438,400,000
		222,207,000	438,400,000
Balance at the year ended		1,925,867,313	1,703,660,313
Provision made by ABBL, Mumbai Branch		3,672,600	3,765,000
Total provision on un-classified loans and advances		1,929,539,913	1,707,425,313
Total provision on loans and advances		4,853,671,957	3,980,331,722

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014**

Provision for	Required
Un-classified loans and advances	1,653,872,600
Classified loans and advances	2,921,190,560
	4,575,063,160

2014	
Maintained	Excess
1,929,539,913	275,667,313
2,924,132,044	2,941,484
4,853,671,957	278,608,797

14.1.1 Details of provision for loans and advances**General Provision**

Standard	
Special Mention Account	

Specific Provision

Substandard	
Doubtful	
Bad/Loss	

Provision for 2014	
Required	Maintained
1,653,872,600	1,929,539,913
1,646,772,600	1,922,439,913
7,100,000	7,100,000
2,921,190,560	2,924,132,044
105,208,560	105,208,560
104,900,000	104,900,000
2,711,082,000	2,714,023,484

Excess provision maintained at 31 December 2014**278,608,797****14.2 Provision for current tax**

Balance at 01 January	
Add: Provision made during the year	
Balance at the year ended	
Provision held by ABBL, Mumbai Branch	

9,519,523,785	7,618,313,733
2,613,913,258	1,901,210,052
12,133,437,043	9,519,523,785
205,753,743	131,388,460
12,339,190,786	9,650,912,245

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2012 (Assessment Year 2013-14). Corporate income tax return for the year 2013 submitted under section 82BB corresponding to Assessment Year 2014-15. Tax assessment for income years 2010, 2011 and 2012 are under appeal. Tax assessments for income years 1995, 1996, 1997, 2007 and 2009 were completed but these were referred to the Hon'ble High Court on the application made by the Bank for some disputed points.

14.3 Deferred tax liabilities

Balance at 01 January	
Add/(less): Provision made during the year	
Add/(Less): Adjustment/Rate Fluctuation during the year	

109,050,939	112,104,056
27,091,990	(2,807,775)
76,133	(245,342)
136,219,062	109,050,939

14.4 Interest suspense account

Balance at 01 January	
Transfer during the year	(+)
Recovery during the year	(-)
Write off during the year	(-)
Balance at 31 December	
Mumbai Branch	

1,751,626,029	868,286,638
1,605,582,737	964,080,962
178,595,000	80,741,571
311,844,325	-
2,866,769,441	1,751,626,029
22,781,862	23,158,851
2,889,551,303	1,774,784,880

14.5 Provision against other assets**Provision for**

Prepaid legal expenses	
Protested bills	
London Representative Office	
Myanmar Representative Office	
Others	

66,030,000	60,030,000
26,065,610	22,565,610
-	1,708,494
-	1,112,430
522,133,359	206,818,019
614,228,969	292,234,553

Provision against other assets was made as per BRPD Circular # 14 dated 25 June 2001 issued by Bangladesh Bank.

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014
14.5.1 Calculation of Provision against other assets

	Outstanding amount	Base for Provision	Rate	Provisions Requirement	Provisions Maintained
Prepaid legal expenses	65,540,895	65,540,895	50% & 100%	33,286,451	66,030,000
Protested bills	25,607,792	25,607,792	100%	25,607,792	26,065,610
Others	80,000,000	80,000,000	100%	80,000,000	522,133,359
Required provision for other assets				138,894,243	614,228,969
Total provision requirement					138,894,243
Total provision maintained					614,228,969
Excess provision maintained at 31 December 2014					475,334,726

31.12.2014	31.12.2013
Taka	Taka

14.6 Provision for off balance sheet items

Balance at 01 January	810,000,000	580,000,000
Add: Provision made during the year	200,000,000	230,000,000
	1,010,000,000	810,000,000

14.6.1 Particulars of required provision for Off-Balance Sheet Items

	Base for Provision	Rate (%)	31.12.2014	31.12.2013
Acceptances and endorsements	26,787,952,637	1%	267,879,526	268,384,334
Letters of guarantee	13,845,332,265	1%	138,453,323	163,930,767
Irrevocable letters of credit	21,987,317,194	1%	219,873,172	302,251,327
Bills for collection	6,058,898,303	1%	60,588,983	75,372,764
Others	6,476,419,550	1%	64,764,196	-
Required provision	75,155,919,949		751,559,199	809,939,192
Provision maintained			1,010,000,000	810,000,000
Excess provision at 31 December 2014			258,440,801	60,808

No provision has been maintained against Off Balance Sheet items of Mumbai Branch amounting Tk. 1,912,585,204 as per Reserve Bank of India (RBI) guidelines.

14.7 Provision against investments

Balance at 01 January	1,995,053,000	1,597,153,000
Add: Provision made during the year	-	397,900,000
	1,995,053,000	1,995,053,000

14(a) Consolidated Other liabilities

AB Bank Limited	24,845,034,825	19,231,727,325
AB Investment Limited	814,831,811	931,141,087
AB International Finance Limited	58,743,830	67,419,361
AB Securities Limited	656,127,920	848,099,741
Cashlink Bangladesh Limited (CBL)	12,450,906	11,673,480
AB Exchange (UK) Ltd.	2,959,224	9,733,594
	26,390,148,516	21,099,794,588
Less: Inter-group transaction	327,696,455	645,282,794
	26,062,452,061	20,454,511,794

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014
15. Share Capital
15.1 Authorised Capital

600,000,000 ordinary shares of Taka 10 each

31.12.2014	31.12.2013
Taka	Taka
5,324,591,520	4,976,253,760

6,000,000,000	6,000,000,000
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15.2 Issued, Subscribed and Paid-up Capital

10,000,000 ordinary shares of Taka 10 each issued for cash

5,000,000 ordinary shares of Taka 10 each issued for rights

517,459,152 ordinary shares of Taka 10 each issued as bonus shares

100,000,000	100,000,000
50,000,000	50,000,000
5,174,591,520	4,826,253,760
5,324,591,520	4,976,253,760

15.3 Percentage of shareholding

	As at 31 December 2014	
	No. of shares	%
Sponsors and public	529,407,041	99.43
Government	3,052,111	0.57
	532,459,152	100.00

	As at 31 December 2013	
	No. of shares	%
	494,772,935	99.43
	2,852,441	0.57
	497,625,376	100

15.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2014	2013	2014	2013
Upto 500	65,079	70,601	66.06	64.22
501 to 5,000	28,380	34,156	28.81	31.07
5,001 to 10,000	2,626	2,789	2.67	2.54
10,001 to 20,000	1,252	1,319	1.27	1.20
20,001 to 30,000	395	353	0.40	0.32
30,001 to 40,000	184	147	0.19	0.13
40,001 to 50,000	110	104	0.11	0.09
50,001 to 100,000	218	201	0.22	0.18
100,001 to 1,000,000	224	216	0.23	0.20
Over 1,000,000	52	43	0.05	0.04
	98,520	109,929	100	100

15.5 Names of the Directors and their shareholding as at 31 December 2014

Name of the Director	Status	No of Shareholding	
		As at 31 Dec 2014	As at 31 Dec 2013
Mr. M. Wahidul Haque	Chairman	115,196	107,662
Mr. Salim Ahmed	Vice-Chairman	12,576,868	11,754,084
Mr. Feroz Ahmed	Director	11,047,823	10,325,069
Mr. M. A. Awal	Director	3,336	3,118
Mr. Shishir Ranjan Bose FCA	Independent Director	-	2,214
Mr. Faheemul Huq,	Director	456,851	426,964
Barrister - at -Law			
Mr. Syed Afzal Hasan Uddin,	Director	2,368	2,214
Barrister - at -Law			
Mr. Gholam Sarwar	Director	12,768	11,933
Mr. Md. Mesbahul Hoque	Director	2,368	2,214
Mr. B. B. Saha Roy	Director	2,065	1,930
Dr. M. Imtiaz Hossain	Independent Director	-	-
Mr. Md. Anwar Jamil Siddiqui	Ex-Director	N/A	2,214
(Expired on June 10, 2014)			
Ms. Runa Zakia Shahrood Khan	Ex- Independent Director	-	-
(Directorship Upto Aug 25, 2014)			
Mr. Shamim Ahmed Chaudhury	President & Managing Director	-	-

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****15.6 Capital Adequacy Ratio - As per BASEL II****Consolidated - Capital Adequacy Ratio**

In terms of section 13(2) of the Bank Company (Amendment upto 2013) Act, 1991 and Bangladesh Bank BRPD Circular no. 35 dated 29 December 2010, required capital of the Bank on Consolidated basis at the close of business on 31 December 2014 is Taka 22,374,628,492 as against available core capital of Taka 17,040,423,599 and supplementary capital of Taka 6,376,991,210 that is, a total of Taka 23,417,414,809 thereby showing surplus capital/equity of Taka 1,042,786,317 at that date. Details are shown below:

	31.12.2014 Taka	31.12.2013 Taka
Core capital (Tier I)		
Fully Paid-up Capital/Capital Deposited with BB	5,324,591,520	4,976,253,760
Statutory Reserve	5,582,440,229	5,564,799,391
Non-repayable share premium account	-	-
General Reserve	118,175,719	118,018,431
Retained earnings	6,034,620,214	5,171,126,214
Minority interest in Subsidiaries	(9,444,084)	(15,640,425)
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	17,050,383,599	15,814,557,372
Deductions from Tier-1 (Core Capital)		
Book value of Goodwill	-	-
Shortfall in provisions required against classified assets	-	-
Shortfall in provisions required against investment in shares	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on	-	-
Reciprocal crossholdings of bank capital/subordinated debt	-	-
Any investment exceeding the approved limit under section 26(2) of Bank Company (Amendment upto 2013) Act, 1991.	-	-
Investments in subsidiaries which are not consolidated	9,960,000	9,960,000
Other if any	-	-
	9,960,000	9,960,000
Total Eligible Tier-I Capital	17,040,423,599	15,804,597,372
Supplementary capital (Tier II)		
General Provision for Unclassified Loans	2,027,313,116	1,801,166,361
General Provision for off Balance Sheet exposure	1,010,000,000	810,000,000
Assets Revaluation Reserves up to 50%	662,424,396	666,425,705
Revaluation Reserves of Securities (Up to 50%)	187,213,697	72,819,310
Revaluation Reserve for equity instruments up to 10%	-	-
All other preference shares	-	-
Balance of Exchange Equalisation Fund	-	-
Subordinated debt	2,500,000,000	-
Sub-Total	6,386,951,210	3,350,411,376
Deductions if any	9,960,000	9,960,000
Total Eligible Tier-II Capital	6,376,991,210	3,340,451,376
Capital eligible for market risk (Tier-III)	-	-
Short-term subordinated debt	-	-
A. Total Eligible Capital	23,417,414,809	19,145,048,748
Total assets including off-Balance Sheet items	333,883,042,242	292,965,313,728
Total risk-weighted assets (RWA)	223,746,284,916	176,396,044,173
B. Total required capital (10% of Total RWA)	22,374,628,492	17,639,604,417
Capital Surplus / (Shortfall) [A-B]	1,042,786,317	1,505,444,331
Capital Adequacy Ratio	10.47%	10.85%

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****Solo - Capital Adequacy Ratio**

In terms of section 13(2) of the Bank Company (Amendment upto 2013) Act, 1991 and Bangladesh Bank BRPD Circular no. 35 dated 29 December 2010, required capital of the Bank on Solo basis at the close of business on 31 December 2014 is Taka 22,086,224,310 as against available core capital of Taka 16,561,053,618 and supplementary capital of Taka 6,237,569,890 that is, a total of Taka 22,798,623,509 thereby showing surplus capital/equity of Taka 712,399,199 at that date. Details are shown below:

	31.12.2014 Taka	31.12.2013 Taka
Core capital (Tier I)		
Fully Paid-up Capital/Capital Deposited with BB	5,324,591,520	4,976,253,760
Statutory Reserve	5,582,440,229	5,564,799,391
Non-repayable share premium account	-	-
General Reserve	42,199,200	42,199,200
Retained earnings	5,611,822,670	4,986,366,647
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	16,561,053,618	15,569,618,999
Deductions from Tier-1 (Core Capital)		
Book value of Goodwill	-	-
Shortfall in provisions required against classified assets	-	-
Shortfall in provisions required against investment in shares	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on	-	-
Reciprocal crossholdings of bank capital/subordinated debt	-	-
Any investment exceeding the approved limit under section 26(2) of Bank Company (Amendment upto 2013)	-	-
Investments in subsidiaries which are not consolidated	-	-
Other if any	-	-
	16,561,053,618	15,569,618,999
Total Eligible Tier-I Capital	16,561,053,618	15,569,618,999
Supplementary capital (Tier II)		
General Provision for Unclassified loans	1,929,539,913	1,707,425,313
General Provision for off Balance Sheet exposure	1,010,000,000	810,000,000
Assets Revaluation Reserves up to 50%	661,783,743	663,407,904
Revaluation Reserves of Securities (Up to 50%)	136,246,235	21,807,130
Revaluation Reserve for equity instruments up to 10%	-	-
All other preference shares	-	-
Balance of Exchange Equalisation Fund	-	-
Subordinated debt	2,500,000,000	-
Sub-Total	6,237,569,890	3,202,640,347
Deductions if any	-	-
Total Eligible Tier-II Capital	6,237,569,890	3,202,640,347
Capital eligible for market risk (Tier-III)	-	-
Short-term subordinated debt	-	-
A. Total Eligible Capital	22,798,623,509	18,772,259,345
Total assets including off-Balance Sheet items	331,736,661,203	291,222,086,794
Total risk-weighted assets (RWA)	220,862,243,100	173,871,198,712
B. Total required capital (10% of Total RWA)	22,086,224,310	17,387,119,871
Capital Surplus / (Shortfall) [A-B]	712,399,199	1,385,139,474
Capital Adequacy Ratio	10.32%	10.80%

Detailed Disclosure under Pillar III of Basel II is presented in (Annex- E).

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014

		31.12.2014 Taka	31.12.2013 Taka
16. Statutory reserve			
In Bangladesh			
Opening balance		5,384,130,846	4,824,544,671
Add: Addition during the year		-	559,586,175
		5,384,130,846	5,384,130,846
Outside Bangladesh - ABBL, Mumbai Branch			
Opening balance		180,668,545	180,770,130
Add: Addition during the year		22,074,774	14,891,830
Add: Transferred from Investment fluctuation reserve		-	10,175,540
Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation		(4,433,937)	(25,168,955)
		198,309,382	180,668,545
		5,582,440,229	5,564,799,391
17. Other reserve			
General reserve	(Note 17.1)	42,199,200	42,199,200
Assets revaluation reserve	(Note 17.2)	1,323,567,486	1,326,815,807
Investment revaluation reserve	(Note 17.3)	272,492,469	43,614,260
		1,638,259,155	1,412,629,267
17.1 General reserve		42,199,200	42,199,200
Opening balance		42,199,200	42,199,200
Add: Addition during the year		-	-
		42,199,200	42,199,200
17.2 Assets revaluation reserve			
Opening balance		1,326,815,807	1,335,395,306
Add: Addition during the year		-	-
Less: Adjustment during the year		3,248,321	8,579,499
		1,323,567,486	1,326,815,807
17.3 Investment revaluation reserve (Treasury Bills & Treasury Bonds)			
<u>In Bangladesh</u>			
Revaluation Reserve for:			
Held to Maturity (HTM)	Note (17.3.1)	3,946,258	2,589,612
Held for Trading (HFT)	Note (17.3.2)	268,546,211	41,024,648
		272,492,469	43,614,260
<u>Outside Bangladesh</u>			
ABBL, Mumbai Branch		-	-
		272,492,469	43,614,260
17.3.1 Revaluation Reserve for Held to Maturity (HTM)			
Opening balance		2,589,612	1,235,476
Add: Addition during the year		1,356,646	1,354,136
		3,946,258	2,589,612
Less: Adjustment during the year		-	-
		3,946,258	2,589,612

AB Bank Limited**Notes to financial statements for the year ended 31 December 2014****17.3.2 Revaluation Reserve for Held for Trading (HFT)**

	31.12.2014 Taka	31.12.2013 Taka
Opening balance	41,024,648	3,789,583
Add: Addition during the year	227,521,563	37,235,065
	268,546,211	41,024,648
Less: Adjustment during the year	-	-
	268,546,211	41,024,648

Revaluation reserve of HTM and HFT securities transferred to Revaluation Reserve Account as per Bangladesh Bank

DOS Circular No. 05 dated 26 May 2008 of which 50% of revaluation reserve is treated as Supplementary Capital.

17(a) Consolidated Other reserve

AB Bank Limited	1,638,259,155	1,412,629,267
AB Investment Limited	-	-
AB International Finance Limited	77,257,827	81,854,834
AB Securities Limited	101,934,926	102,024,360
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	1,817,451,907	1,596,508,461

18. Retained earnings

Opening balance	4,986,366,647	5,158,900,828
Add: Post-tax profit for the year	1,260,033,729	1,010,997,314
Less: Transfer to statutory reserve	22,074,774	574,478,006
Cash dividend	248,812,688	-
Bonus shares issued	348,337,760	552,917,080
	5,627,175,154	5,042,503,057
Add/(Less): Retained earnings adjustment of Mumbai Br.	-	-
Add: Foreign Exchange Translation gain/(loss)	(15,352,484)	(56,136,410)
	5,611,822,670	4,986,366,647

18(a) Consolidated Retained earnings

AB Bank Limited	5,611,822,670	4,986,366,647
AB Investment Limited	443,830,684	449,414,907
AB International Finance Limited	93,455,537	120,802,557
AB Securities Limited	142,031,030	161,935,908
Cashlink Bangladesh Limited (CBL)	(378,712,146)	(442,254,774)
AB Exchange (UK) Ltd.	(39,518,318)	(35,353,595)
	5,872,909,457	5,240,911,650
Less: Adjustment during the year	(123,968,489)	113,529,860
Minority Interest	(37,742,268)	(43,744,425)
	6,034,620,214	5,171,126,214

18(b) Minority Interest

AB Investment Limited	7,193	5,499
AB Securities Limited	419,938	579,554
Cashlink Bangladesh Limited	(9,871,215)	(16,225,477)
	(9,444,084)	(15,640,425)

AB Bank Limited
Notes to financial statements for the year ended 31 December 2014
19. Contingent liabilities

31.12.2014	31.12.2013
Taka	Taka

77,068,505,153	83,216,543,057
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19.1 Letters of guarantee

Money for which the Bank is contingently liable in respect of guarantees issued favoring:

Directors
Government
Banks and other financial institutions
Others

-	-
-	-
258,800,000	319,439,000
13,586,532,265	16,073,637,675
13,845,332,265	16,393,076,675

2014	2013
Taka	Taka

20. Profit and loss account
Income:

Interest, discount and similar income
Dividend income
Fee, commission and brokerage
Gains less losses arising from investment securities
Gains less losses arising from dealing in foreign currencies
Other operating income
Gains less losses arising from dealing securities
Income from non-banking assets
Profit less losses on interest rate changes

23,778,605,203	20,421,030,959
170,582,438	203,264,167
2,016,785,206	2,157,327,618
66,152,608	90,570,362
1,050,735,660	863,190,356
130,103,586	113,557,511
261,853,532	79,721,345
-	-
-	-
27,474,818,233	23,928,662,318

Expenses:

Interest, fee and commission
Administrative expenses
Other operating expenses
Depreciation and amortization on banking assets
Losses on loans and advances

15,320,011,707	14,173,526,482
3,721,566,305	3,139,460,036
1,187,212,523	1,006,285,515
321,183,026	319,731,935
-	-
20,549,973,560	18,639,003,968
6,924,844,673	5,289,658,349

21. Interest income/profit on investments
Interest on loans and advances:

Loans and advances
Bills purchased and discounted

20,251,138,469	16,788,672,367
671,943,255	459,424,260
20,923,081,724	17,248,096,627

Interest on:

Calls and placements
Balance with foreign banks
Reverse Repo
Balance with Bangladesh Bank

466,213,165	688,687,073
8,678,051	15,581,213
337,876	-
479,030	683,760
475,708,123	704,952,046
21,398,789,847	17,953,048,673

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014

	2014 Taka	2013 Taka
21(a). Consolidated Interest income/profit on investments		
AB Bank Limited	21,398,789,847	17,953,048,673
AB International Finance Limited	87,040,560	106,723,450
AB Investment Limited	552,380,899	496,099,614
AB Securities Limited	92,446,612	95,771,014
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	22,130,657,918	18,651,642,751
Less: Intercompany Transactions	210,365,075	286,641,116
	21,920,292,843	18,365,001,635
22. Interest/profit paid on deposits, borrowings, etc.		
Interest on deposits:		
Fixed deposits	10,299,236,627	10,057,873,407
Savings deposits	746,204,017	671,280,022
Special notice deposits	1,655,410,987	1,580,605,285
Other deposits	1,637,245,939	1,239,321,458
	14,338,097,571	13,549,080,173
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	869,519,615	624,446,310
Subordinated Bond	112,394,521	-
	15,320,011,707	14,173,526,482
22(a). Consolidated Interest/profit paid on deposits, borrowings, etc.		
AB Bank Limited	15,320,011,707	14,173,526,482
AB Investment Limited	268,176,700	309,363,880
AB International Finance Limited	12,760,792	14,641,669
AB Securities Limited	73,693,437	73,113,588
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	15,674,642,637	14,570,645,619
Less: Intercompany Transactions	213,292,728	289,568,769
	15,461,349,909	14,281,076,850
23. Investment income		
Capital gain on sale of shares	66,152,608	90,570,362
Interest on treasury bills	277,929,189	554,376,344
Dividend on shares	170,582,438	203,264,167
Interest on debentures	2,887,500	2,887,500
Interest on treasury bonds	2,076,039,553	1,881,378,565
Gain/(Loss) on treasury bills and treasury bonds	261,853,532	79,721,345
Interest on other bonds & others	22,959,114	29,339,877
	2,878,403,934	2,841,538,159
23(a). Consolidated Investment income		
AB Bank Limited	2,878,403,934	2,841,538,159
AB Investment Limited	17,098,670	(11,408,937)
AB International Finance Limited	-	-
AB Securities Limited	3,028,636	76,744
Cashlink Bangladesh Limited (CBL)	(4,102,327)	-
AB Exchange (UK) Ltd.	-	-
	2,894,428,913	2,830,205,966
Less: Intercompany Transactions (*)	87,370,533	115,148,632
	2,807,058,380	2,715,057,334

(*) Inter-company transactions includes dividend income from AB International Finance Limited.

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014**

	2014 Taka	2013 Taka
24. Commission, exchange and brokerage		
Other fees, commission and service charges	1,075,650,066	1,080,561,751
Commission on letters of credit	762,510,662	807,454,980
Commission on letters of guarantee	178,624,477	269,310,888
Exchange gains less losses arising from dealings in FC	1,050,735,660	863,190,356
	3,067,520,866	3,020,517,974
24(a). Consolidated Commission, exchange and brokerage		
AB Bank Limited	3,067,520,866	3,020,517,974
AB Investment Limited	69,358,655	37,385,863
AB International Finance Limited	40,299,029	43,523,416
AB Securities Limited	80,096,226	51,560,311
Cashlink Bangladesh Limited (CBL)	78,450,148	105,208,938
AB Exchange (UK) Ltd.	5,235,541	5,775,138
	3,340,960,464	3,263,971,640
Less: Intercompany Transactions	2,875,587	104,368,410
	3,338,084,877	3,159,603,231
25. Other income		
Locker rent, insurance claim and others	6,641,163	6,708,965
Recoveries on loans previously written off	16,283,250	4,151,397
Recoveries on telex, telephone, fax, etc.	80,062,496	79,557,329
Recoveries on courier, postage, stamp, etc.	25,335,463	22,603,379
Gain on sale of Bank property	-	-
Non-operating income (*)	1,781,214	536,441
	130,103,586	113,557,511
(*) Non-operating income includes sale of scrap items.		
25(a). Consolidated other income		
AB Bank Limited	130,103,586	113,557,511
AB Investment Limited	9,475,966	8,310,421
AB International Finance Limited	39,922,052	45,946,982
AB Securities Limited	2,612,123	2,431,472
Cashlink Bangladesh Limited (CBL)	1,344,802	1,187,352
AB Exchange (UK) Ltd.	-	-
	183,458,529	171,433,738
Less: Inter company transactions	9,207,451	8,227,723
	174,251,078	163,206,015
26. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	2,134,056,129	1,883,846,706
Festival and incentive bonus	479,896,232	197,748,055
	2,613,952,361	2,081,594,761
26(a). Consolidated salary and allowances		
AB Bank Limited	2,613,952,361	2,081,594,761
AB Investment Limited	15,651,036	14,054,087
AB International Finance Limited	30,322,873	24,196,617
AB Securities Limited	26,287,208	22,499,392
Cashlink Bangladesh Limited (CBL)	171,816	98,930
AB Exchange (UK) Ltd.	4,030,635	4,312,640
	2,690,415,930	2,146,756,426

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014**

	2014 Taka	2013 Taka
27. Rent, taxes, insurance, electricity, etc.		
Rent, rates and taxes	364,020,444	276,876,101
Electricity, gas, water, etc.	128,613,611	78,624,885
Insurance	86,705,788	111,984,283
	579,339,843	467,485,269
27(a). Consolidated Rent, taxes, insurance, electricity, etc.		
AB Bank Limited	579,339,843	467,485,269
AB Investment Limited	2,685,998	1,637,363
AB International Finance Limited	6,865,222	6,283,396
AB Securities Limited	7,984,860	7,688,089
Cashlink Bangladesh Limited (CBL)	-	1,530,844
AB Exchange (UK) Ltd.	2,343,532	2,279,097
	599,219,455	486,904,058
Less: Inter company transactions	4,137,390	5,300,070
	595,082,065	481,603,988
28. Legal expenses		
Legal expenses	17,949,057	13,260,716
28(a). Consolidated Legal expenses		
AB Bank Limited	17,949,057	13,260,716
AB Investment Limited	304,465	164,900
AB International Finance Limited	500,356	414,074
AB Securities Limited	22,000	5,000
Cashlink Bangladesh Limited (CBL)	-	155,250
AB Exchange (UK) Ltd.	70,859	43,929
	18,846,738	14,043,869
29. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	88,962,021	97,630,806
Telephone	12,142,597	12,247,740
Postage, stamp and shipping	30,184,424	29,590,195
	131,289,042	139,468,741
29(a). Consolidated Postage, stamp, telecommunication, etc.		
AB Bank Limited	131,289,042	139,468,741
AB Investment Limited	925,219	955,371
AB International Finance Limited	6,101,638	7,150,061
AB Securities Limited	1,633,989	1,563,350
Cashlink Bangladesh Limited (CBL)	92,291	343,413
AB Exchange (UK) Ltd.	375,118	364,463
	140,417,297	149,845,399
Less: Inter company transactions	-	17,382,476
	140,417,297	132,462,923
30. Stationery, printing, advertisements, etc.		
Printing and stationery	122,651,024	133,387,162
Publicity, advertisement, etc.	39,335,204	31,293,458
	161,986,227	164,680,619

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014**

	2014	2013
	Taka	Taka
30(a). Consolidated Stationery, printing, advertisements, etc.		
AB Bank Limited	161,986,227	164,680,619
AB Investment Limited	383,514	609,350
AB International Finance Limited	1,205,716	422,694
AB Securities Limited	801,818	564,215
Cashlink Bangladesh Limited (CBL)	1,068	13,210
AB Exchange (UK) Ltd.	-	24,564
	164,378,344	166,314,652

31. Directors' fees

Directors' fees	2,070,000	1,741,100
Meeting expenses	7,181,619	772,643
	9,251,619	2,513,743

Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee and Shariah Council. Each director was remunerated @ Tk.5,000 per meeting.

31(a). Consolidated Directors' fees

AB Bank Limited	9,251,619	2,513,743
AB Investment Limited	149,500	126,500
AB International Finance Limited	-	-
AB Securities Limited	241,500	373,000
Cashlink Bangladesh Limited (CBL)	210,000	45,000
AB Exchange (UK) Ltd.	-	-
	9,852,619	3,058,243

32. Auditors' fees

Statutory	1,114,877	1,098,535
Others	1,200,026	1,356,793
	2,314,903	2,455,328

32(a). Consolidated Auditors' fees

AB Bank Limited	2,314,903	2,455,328
AB Investment Limited	115,000	159,850
AB International Finance Limited	300,214	301,712
AB Securities Limited	95,000	108,000
Cashlink Bangladesh Limited (CBL)	172,500	160,000
AB Exchange (UK) Ltd.	229,814	219,646
	3,227,431	3,404,536

33. Depreciation and repairs of Bank's assetsDepreciation:

Electrical appliances	163,946,363	177,828,306
Furniture and fixtures	13,121,989	13,660,189
Office appliances	2,549,637	2,724,234
Building	18,489,172	15,154,566
Motor vehicles	48,830,463	52,237,746
	246,937,625	261,605,041

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014**

	2014	2013
	Taka	Taka
<u>Repairs:</u>		
Motor vehicles	29,806,115	19,890,227
Electrical appliances	73,193,556	112,947,467
Office premises and others	83,313,604	116,839,751
Furniture and fixtures	1,966,343	1,874,633
Office appliances	5,060,074	5,014,279
	<u>193,339,693</u>	<u>256,566,358</u>
	440,277,317	518,171,400
Amortization of Intangible Assets	<u>74,245,401</u>	<u>58,126,893</u>
	514,522,719	576,298,293

33(a). Consolidated Depreciation and repairs of Bank's assets

AB Bank Limited	514,522,719	576,298,293
AB Investment Limited	15,863,979	16,443,221
AB International Finance Limited	464,234	533,515
AB Securities Limited	6,535,758	6,004,616
Cashlink Bangladesh Limited (CBL)	10,113,832	48,196,260
AB Exchange (UK) Ltd.	3,092,828	3,226,546
	550,593,350	650,702,451

34. Other expenses

Contractual service	413,073,911	370,967,057
Petrol, oil and lubricant	67,318,807	68,457,953
Software expenses	152,518,440	143,650,199
Entertainment	63,414,615	64,075,098
Travelling	37,660,653	48,957,476
Subscription, membership and sponsorship	39,368,888	22,476,543
Training, seminar and workshop	40,181,389	11,191,287
Local conveyance	9,549,090	10,585,643
Professional charges	62,459,693	47,355,803
Books, newspapers and periodicals	1,350,780	1,290,580
Branch opening expenses	15,420	77,529
Bank Charges	32,242,658	30,123,775
Sundry expenses (*)	268,058,179	187,076,572
	1,187,212,523	1,006,285,515

(*) Sundry expenses includes business promotion, rebate to foreign correspondents, donation & dress employees etc.

34(a). Consolidated other expenses

AB Bank Limited	1,187,212,523	1,006,285,515
AB Investment Limited	14,291,365	13,166,926
AB International Finance Limited	4,025,028	3,847,582
AB Securities Limited	17,695,625	21,376,481
Cashlink Bangladesh Limited (CBL)	179,012	7,967,322
AB Exchange (UK) Ltd.	1,577,403	1,369,677
	1,224,980,955	1,054,013,503
Less: Inter company transactions	<u>5,017,995</u>	<u>86,985,934</u>
	1,219,962,960	967,027,569

35. Provision against loans and advances

On un-classified loans	222,207,000	438,400,000
On classified loans	2,064,013,170	1,228,725,000
	2,286,220,170	1,667,125,000

AB Bank Limited**Notes to the financial statements for the year ended 31 December 2014**

	2014 Taka	2013 Taka
35(a). Consolidated provision against loans and advances		
AB Bank Limited	2,286,220,170	1,667,125,000
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	4,032,155	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	2,290,252,325	1,667,125,000

36. Provisions for diminution in value of investments

In quoted shares	-	397,900,000
------------------	---	--------------------

36(a). Consolidated provisions for diminution in value of investments

AB Bank Limited	-	397,900,000
AB Investment Limited	40,994,842	65,922,332
AB International Finance Limited	-	-
AB Securities Limited	450,000	623,795
Cashlink Bangladesh Limited (CBL)	982,396	-
AB Exchange (UK) Ltd.	-	-
	42,427,238	464,446,127

37. Other provision

Provision for off balance sheet items	200,000,000	230,000,000
Provision for Other assets	459,995,730	10,000,000
	659,995,730	240,000,000

Provision for other assets included prepaid legal expenses, protested bills and others has been made as per Bangladesh Bank BRPD Circular # 14 dated 25 June 2001.

37(a). Consolidated other provisions

AB Bank Limited	659,995,730	240,000,000
AB Investment Limited	-	-
AB International Finance Limited	89,581	149,814
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	660,085,311	240,149,814

38. Appropriations

Retained earnings - brought forward	4,986,366,648	5,158,900,829
Less: Adjustment for prior year	-	-
Add: Post-tax profit for the year	1,260,033,729	1,010,997,314
	6,246,400,377	6,169,898,143
Less: Dividend-		
Cash dividend	248,812,688	-
Bonus shares issued	348,337,760	552,917,080
	5,649,249,929	5,616,981,063

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014

	2014 Taka	2013 Taka
Appropriations (cont.)		
Transferred to		
Statutory reserve	22,074,774	574,478,006
General reserve	-	-
Proposed dividend	-	-
	22,074,774	574,478,006
Retained earnings	5,627,175,154	5,042,503,057
Less: Adjustment during the year	-	-
Add: Foreign Exchange translation gain/(Loss)	(15,352,484)	(56,136,410)
	5,611,822,670	4,986,366,648

39. Earnings Per Share (EPS)

Profit after taxation	1,260,033,729	1,010,997,315
Number of ordinary shares outstanding	532,459,152	532,459,152
Earnings Per Share	2.37	1.90

39.(a) Consolidated Earnings Per Share

Net Profit attributable to the shareholders of parent company	1,495,213,054	1,093,697,178
Number of ordinary shares outstanding	532,459,152	532,459,152
Earnings Per Share	2.81	2.05

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2014 in terms of Bangladesh Accounting Standard (BAS)-33. According to BAS-33, EPS for the year ended 31 December 2013 was restated for the issues of bonus share in 2013.

40. Receipts from other operating activities

Interest on treasury bills, bonds, debenture and others	2,707,821,496	2,638,273,992
Exchange earnings	1,050,735,660	863,190,356
Recoveries on telex, telephone, fax, etc.	80,062,496	79,557,329
Recoveries on courier, postage, stamp, etc.	25,335,463	22,603,379
Gain on sale of Bank properties	-	-
Non-operating income	1,781,214	536,441
Others	6,641,163	6,708,965
	3,872,377,491	3,610,870,462

40(a). Consolidated Receipts from other operating activities

AB Bank Limited	3,872,377,491	3,610,870,462
AB Investment Limited	26,574,636	(3,098,516)
AB International Finance Limited	39,922,052	45,946,982
AB Securities Limited	5,640,759	2,508,216
Cashlink Bangladesh Limited (CBL)	(2,757,525)	1,187,352
	3,941,757,413	3,657,414,497

41. Payments for other operating activities

Rent, taxes, insurance, electricity, etc.	579,339,843	467,485,269
Postage, stamps, telecommunication, etc.	131,289,042	139,468,741
Repairs of Bank's assets	193,339,693	256,566,358
Legal expenses	17,949,057	13,260,716
Auditor's fees	2,314,903	2,455,328
Directors' fees	9,251,619	2,513,743
Other Expenses	1,187,212,523	1,029,766,244
	2,120,696,679	1,911,516,399

AB Bank Limited
Notes to the financial statements for the year ended 31 December 2014

	2014 Taka	2013 Taka
41(a). Consolidated payment from other operating activities		
AB Bank Limited	2,120,696,679	1,911,516,399
AB Investment Limited	18,609,219	-
AB International Finance Limited	17,763,176	1,601,553
AB Securities Limited	28,929,019	-
Cashlink Bangladesh Limited (CBL)	481,303	-
AB Exchange (UK) Ltd.	4,366,912	-
	2,190,846,308	1,913,117,952
42. Decrease in other assets		
Investment in Subsidiaries	5,468,105,565	5,456,107,792
Advance rent and advertisement	171,597,362	143,568,488
Stationery, stamps, printing materials, etc.	29,273,384	29,375,102
Security deposits	175,578,647	219,257,237
Commission and brokerage receivable on shares and debentures, and other income receivables	-	-
Accounts receivable	695,096,286	708,821,651
Preliminary, formation, organizational, renovation, development and prepaid expenses	730,277,969	626,469,027
Exchange for clearing	507,327,670	828,594,917
Arab Bangladesh Bank Foundation	459,660,909	351,479,645
Inter-branch adjustment	19,920,000	19,920,000
	154,618	1,839,710
	8,256,992,410	8,385,433,570
Add. Adjustment for write-off	135,929,582	-
	8,392,921,991	8,385,433,570
Net Decrease	7,488,422	1,202,074,557
43. Increase/(decrease) in other liabilities		
Accumulated provision against loans and advances	4,853,671,957	3,980,331,722
Provision for current tax	12,339,190,786	9,650,912,245
Deferred tax liabilities	136,219,062	109,050,939
Interest suspense account	2,889,551,303	1,774,784,880
Accounts payable - Bangladesh Bank	163,907,636	47,656,432
Provision against other assets	614,228,969	292,234,553
Accrued expenses	361,528,702	38,724,384
Provision against investments	1,995,053,000	1,995,053,000
Provision against off balance sheet items	1,010,000,000	810,000,000
Provision for outstanding debit entries in NOSTRO accounts	200,000	200,000
Others	481,483,411	532,779,169
	24,845,034,825	19,231,727,325
Less: Adjustment for provision & others	20,953,490,555	17,119,762,295
	3,891,544,270	2,111,965,030
Net Increase/(Decrease)	1,779,579,241	845,322,731

45 Highlights of the overall activities of the Bank

SI #	Particulars	2014 Taka	2013 Taka
1	Paid-up capital	5,324,591,520	4,976,253,760
2	Total capital	22,798,623,509	18,772,259,345
3	Capital surplus	712,399,199	1,385,139,474
4	Total assets	254,668,156,050	208,005,543,738
5	Total deposits	198,189,197,221	161,846,275,315
6	Total loans and advances	177,570,797,390	140,121,297,505
7	Total contingent liabilities and commitments	77,068,505,153	83,216,543,057
8	Credit-deposit ratio	89.60	86.58
9	Ratio of classified loans against total loans and advances	3.86%	3.37%
10	Profit after tax and provision	1,260,033,729	1,010,997,315
11	Loans Classified during the Year	3,841,644,357	1,199,114,300
12	Provision kept against classified loans	2,924,132,044	2,272,906,409
13	Provision surplus/ (deficit)	278,608,797	359,364,850
14	Cost of fund	10.63%	11.82%
15	Interest earning assets	215,691,391,977	175,977,549,246
16	Non-interest earning assets	38,976,764,073	32,027,994,492
17	Return on investments (ROI)	9.68%	10.37%
18	Return on assets (ROA)	0.54%	0.53%
19	Income from investments	2,878,403,934	2,841,538,159
20	Earnings per share	2.37	1.90
21	Net Income per share	2.37	1.90
22	Price-earnings ratio (Times)	12.64	13.80

Dhaka,
April 12, 2015

-Sd-
Shamim Ahmed Chaudhury
Managing Director

-Sd-
Feroz Ahmed
Director

-Sd-
Dr. M. Imtiaz Hossain
Director

-Sd-
M. Wahidul Haque
Chairman

AB Bank Limited
Currency wise Balances
As at 31 December 2014

Name of the bank	Location	Name of currency	As at 31 December 2014		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka
The Bank of Tokyo Mitsubishi Ltd.	Japan	JPY	1,095,626.00	0.6459	707,664.83
HSBC AUST	Australia	AUD	14,565.80	63.3962	923,416.37
JP Morgan Chase Bank	USA	USD	2,552,442.29	77.9494	198,961,345.04
Sonali Bank (Kolkata)	India	ACU	42,070.34	77.9494	3,279,357.76
Sonali Bank (UK)	UK,London	USD	1,107,224.23	77.9494	86,307,464.39
Sonali Bank (UK)	UK,London	GBP	304,436.37	120.9229	36,813,328.73
Myanmar Economic Bank	Myanmar	ACU	410.00	77.9494	31,959.25
Citibank NA	USA	USD	647,213.85	77.9494	50,449,931.28
Hatton National Bank Ltd.	Srilanka	ACU	104,695.64	77.9494	8,160,962.32
Commerz Bank AG	Germany	USD	515,055.49	77.9494	40,148,266.41
NIB Bank Ltd.	Pakistan	ACU	77,197.73	77.9494	6,017,516.73
Mashreq Bank Psc	USA	USD	469,033.26	77.9494	36,560,861.20
Nepal Bangladesh Bank Ltd.	Nepal	ACU	26,352.25	77.9494	2,054,142.08
Bank of Bhutan	Bhutan	ACU	313,541.67	77.9494	24,440,385.05
HABIB Zurich	Germany	EUR	49,825.00	94.7163	4,719,239.65
Wachovia Bank/Wells Fargo N.A	USA	USD	461,678.82	77.9494	35,987,587.01
Habib America Bank	USA	USD	480,503.06	77.9494	37,454,925.23
Commerz Bank AG	Germany	EURO	364,208.78	94.7163	34,496,508.07
Hypovereins Bank	Germany	EUR	47,500.28	94.7163	4,499,050.77
National Commercial Bank Ltd	KSA	USD	383,156.10	77.9494	29,866,788.10
Habib Metro Bank	Pakistan	ACU	172,018.31	77.9494	13,408,724.05
Habib Bank AG	Dubai	AED	33,142.82	21.2217	703,346.98
COMMERZ BK CAD	Germany	CAD	53,699.63	66.9381	3,594,551.20
COMMERZ BK CHF	Germany	CHF	128,251.90	78.7368	10,098,144.20
HSBC-OBU	USA	USD	1,330,844.34	77.9494	103,738,517.80
JPMC NY-OBU	USA	USD	446,393.70	77.9494	34,796,121.08
HSBC, New York	USA	USD	9,859,781.95	77.9494	768,564,087.13
Reserve Bank of India	Mumbai	INR	13,777,573.57	1.2242	16,866,505.56
HDFC Bank Ltd.	Mumbai	INR	6,649,696	1.2242	8,140,557.67
Commerz Bank AG (Euro)	Frankfurt	EURO	111,495.40	94.7163	10,560,432.15
Commerz Bank AG (ACU)	Frankfurt	ACU	102,202.59	77.9494	7,966,630.56
Kotak Mahindra Bank	India	INR	7,829,744.47	1.2242	9,585,173.18
HSBC (USD)	New York	USD	888,651.19	77.9494	69,269,826.99
HSBC (ACUD)	New York	USD	6,758,631.10	77.9494	526,831,238.72
Habib American Bank Ltd	New York	USD	93,820.84	77.9494	7,313,278.31
Standard Chartered Bank	New York	USD	978,118.46	77.9494	76,243,747.09
Standard Chartered Bank	Singapore	SGD	47,232.66	58.9053	2,782,254.01
JP Morgan Chase Bank	New York	USD	58,192.37	77.9494	4,536,060.14
Total					2,316,879,897

AB Bank Limited
Investment in Shares as at 31 December 2014

Amount in Taka

Particulars	Number of shares	Market price per share	Total market price	Cost per Share	Total cost
Shares (quoted)					
Dhaka Bank Limited	435,000	18.30	7,960,500	19.81	8,616,210
National Bank Limited	1,100,000	11.40	12,540,000	42.28	46,512,850
Uttara Bank Limited	47,365	25.90	1,226,754	25.15	1,191,030
AB Bank 1st Mutual Fund	35,173,750	6.30	221,594,625	8.53	300,000,000
LR Global Bangladesh Mutual Fund-1	10,369,343	5.00	51,846,715	9.64	100,000,000
Popular Life 1st Mutual Fund	2,222,852	5.00	11,114,260	6.77	15,041,000
National Life Insurance	13,149	235.20	3,092,645	217.65	2,861,903
Pragati Insurance	1,054,416	41.30	43,547,381	119.10	125,579,297
Desco	5,850,098	69.50	406,581,811	95.18	556,787,791
Khulna Power Company Limited	5,174,884	57.00	294,968,388	97.34	503,738,804
Meghna Petroleum Limited	22,000	211.00	4,642,000	231.78	5,099,138
Padma Oil Co.	305,000	251.60	76,738,000	306.07	93,352,149
Powergrid Company of Bangladesh Limited	3,366,500	40.40	136,006,600	81.61	274,723,472
Beacon Pharmaceuticals Limited	6,642,500	18.00	119,565,000	73.96	491,289,694
Beximco Pharma	6,186,920	58.70	363,172,204	66.53	411,596,943
Orion Pharma Limited	1,200,000	45.50	54,600,000	83.33	100,000,001
Fuwang Food	497,310	23.80	11,835,978	31.50	15,666,128
Lafarge Surma Cement Limited	125,000	123.00	15,375,000	134.50	16,812,600
BSRM Steels Limited	3,177,000	87.70	278,622,900	108.63	345,132,565
GPH Ispat Limited	694,050	45.90	31,856,895	57.99	40,245,292
Union Capital Limited	1,709,400	21.20	36,239,280	87.19	149,037,204
Beximco Limited	3,057,950	36.40	111,309,380	110.24	337,094,014
Shinepukur Ceramics Limited	1,143,962	14.40	16,473,053	58.13	66,501,146
Argon Denims Limited	1,200,000	41.20	49,440,000	56.71	68,052,980
			2,360,349,368		4,074,932,211

Shares/Bond (unquoted)

Particulars	Number of shares	Cost per Share	Book Value/Cost
CDBL	5,000,000	2.00	10,000,000
CDBL (Placement)	711,804	8.00	5,694,430
Fiber @ home Ltd.	500,000	100.00	50,000,000
IIDFCL	105,765	100.00	10,576,495
Amana Bank Limited, Srilanka	180,562,010	3.42	616,735,920
Bangladesh Fund	2,000,000	100.00	200,000,000
Stock Market Stabilization Fund	500,000	10.00	5,000,000
			898,006,845

Annexure-C

AB Bank Limited

**Schedule of Fixed Assets
As of 31 December 2014**

Particulars	Amount in Taka						Total
	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Intangible Assets	
Cost/ Revaluation							
Balance at 01 January 2014	3,263,321,411	205,265,735	61,255,451	1,374,569,392	484,488,318	286,673,051	5,675,573,358
Addition during the year	82,040,471	14,389,671	2,032,111	89,028,925	85,179,527	285,277,578	557,948,283
Less: Disposal/Adjustment during the year	3,679,800	1,074,601	1,008,996	19,774,435	1,827,099	-	27,364,931
Adjustment for FX Rate Fluctuation	-	68,465	217,282	325,887	88,718	918,177	1,618,529
At 31 December 2014	3,341,682,082	218,512,340	62,061,284	1,443,497,994	567,752,028	571,032,451	6,204,538,180
Accumulated Depreciation							
Balance at 01 January 2014	74,765,390	91,270,006	49,607,477	826,312,413	366,077,451	94,976,253	1,503,008,991
Addition during the year	18,489,172	13,121,990	2,549,637	163,946,364	48,830,463	74,245,400	321,183,026
Less: Disposal/Adjustment during the year	530,822	685,129	989,805	19,065,310	1,827,099	-	23,098,165
Adjustment for FX Rate Fluctuation	-	51,667	215,040	326,850	93,898	862,745	1,550,200
At 31 December 2014	92,723,740	103,655,201	50,952,269	970,866,617	412,986,916	168,358,908	1,799,543,653
Net Book Value							
At 31 December 2014	3,248,958,342	114,857,140	11,109,015	472,631,377	154,765,112	402,673,543	4,404,994,528
At 31 December 2013	3,188,556,020	113,995,729	11,647,974	555,790,372	118,410,867	184,163,404	4,172,564,367

Annexure-D

AB Bank Limited

Borrowings from other banks, financial institutions and agents-outside Bangladesh

Name of the bank	Location	Currency	At 31 December 2014			At 31 December 2013		
			Amounts in foreign currency	Conversion rate	Equivalent amount in Taka	Amounts in foreign currency	Conversion rate	Equivalent amount in Taka
Sonali Bank UK	UK	USD	7,914,023	77.95	616,893,327	12,983,500	77.75	1,009,467,125
HSBC BK NY	BK	USD	-	-	-	467,775	77.75	36,369,504
SCB,NY,USA	USA	USD	-	-	-	1,591,130	77.75	123,710,388
International Finance Corporation	USA	USD	35,057,599	77.95	2,732,718,832	35,000,000	77.75	2,721,250,000
Banca UBAE	Italy	USD	4,026,667	77.95	313,876,251	-	-	-
					<u>3,663,488,409</u>			
						<u>3,890,797,017</u>		

AB Bank Limited
Detailed of Risk Weighted Assets under Basel II at 31 December 2014

Amount in Taka

Risk Weighted Assets (RWA) for	2014		2013	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit Risk				
On- Balance sheet (as shown below)	237,697,458,701	165,950,350,974	195,162,330,827	118,143,479,729
Off-Balance sheet (as shown below)	38,557,345,629	30,919,980,327	42,754,140,804	35,233,996,894
B. Market Risk		7,374,692,523		6,639,916,447
C. Operational Risk		16,617,219,276		13,853,805,642
Total RWA (A+B+C)	276,254,804,330	220,862,243,100	237,916,471,631	173,871,198,713

Credit Risk - On Balance Sheet

Sl.	Exposure Type	2014		2013	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and Cash Equivalents	1,141,174,225	-	1,329,240,204	-
b)	Claims on Bangladesh Government and Bangladesh Bank	28,640,030,266	-	26,124,616,340	-
c)	Claims on other Sovereigns & Central Banks*	335,151,337	167,575,668	327,552,189	163,776,094
d)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-	-	-
e)	Claims on Multilateral Development Banks (MDBs)	-	-	-	-
f)	Claims on Public Sector Entities (other than Government) in Bangladesh	88,249,959	44,124,980	120,716,000	60,358,000
g)	Claims on Banks and Non-bank Financial Institution				
	i) Original maturity over 3 months	2,360,690,773	611,642,408	2,843,907,658	1,084,382,372
	ii) Maturity less than 3 months	15,386,368,831	3,077,273,766	14,371,371,297	2,874,274,259
h)	Claims on Corporate (excluding equity exposure)	105,843,843,157	95,303,984,716	79,169,534,046	60,833,524,906
hi)	Claims on SME	35,913,019,877	31,968,812,309		
i)	Claims under Credit Risk Mitigation	4,987,292,299	1,229,578,167	3,723,196,872	504,125,746
	<u>Fixed Risk Weight Groups:</u>				
j)	Claims categorized as retail portfolio (excluding consumer loan)	2,957,039,428	2,217,779,571	34,868,429,035	26,151,321,777
k)	Consumer Loan	950,934,586	950,934,586	998,380,541	998,380,541
l)	Claims fully secured by residential property	1,266,649,049	633,324,524	1,124,918,562	562,459,281
m)	Claims fully secured by commercial real estate	5,022,991,699	5,022,991,699	2,714,567,855	2,714,567,855
n)	Past Due Claims (Risk weights are to be assigned net of specific provision)	3,934,770,173	4,630,499,029	2,650,066,662	3,241,397,250
o)	Investments in venture capital	1,135,712,017	1,703,568,026	1,535,712,017	2,303,568,026
p)	Claim on Capital Market Exposure	7,609,189,641	9,511,487,051	7,480,263,363	9,350,329,204
q)	Unlisted equity investments and regulatory capital	185,220,392	231,525,490	173,222,620	216,528,275
r)	Investments in premises, plant and equipment and all other fixed assets	4,404,994,528	4,404,994,528	4,172,564,367	4,172,564,367
s)	Claims on all fixed assets under operating lease	-	-	-	-
t)	All other assets	15,534,136,465	4,240,254,456	11,434,071,196	2,911,921,776
Total		237,697,458,701	165,950,350,974	195,162,330,827	118,143,479,729

AB Bank Limited
Detailed of Risk Weighted Assets under Basel II at 31 December 2014

Credit Risk - Off Balance Sheet

Sl.	Exposure Type	2014		2013	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
1	2			3	4
a)	Claims on Bangladesh Government and Bangladesh Bank	-	-	-	-
b)	Claims on other Sovereigns & Central Banks*	-	-	-	-
c)	Claims on Bank for International Settlements,	-	-	-	-
d)	Claims on Multilateral Development Banks (MDBs):	-	-	-	-
e)	Claims on Public Sector Entities (other than Government)	-	-	-	-
f)	Claims on Banks:	-	-	-	-
	i) Maturity over 3 months	-	-	-	-
	ii) Maturity less than 3 months	129,400,000	25,880,000	159,700,000	31,940,000
g)	Claims on Corporate (excluding equity exposure)	35,977,298,869	28,839,721,111	41,712,119,975	34,539,811,272
h)	Against retail portfolio (excluding consumer loan)	344,369,791	258,277,343	880,300,829	660,225,622
hi)	Claims on SME	2,101,937,072	1,791,761,976		
i)	Consumer Loan	4,339,897	4,339,897	2,020,000	2,020,000
j)	Claims fully secured by residential property	-	-	-	-
k)	Claims fully secured by commercial real estate	-	-	-	-
l)	Investments in venture capital	-	-	-	-
m)	Capital Market Exposure	-	-	-	-
n)	All other assets	-	-	-	-
Total		38,557,345,629	30,919,980,327	42,754,140,804	35,233,996,894

AB Bank Limited

Disclosures on Risk Based Capital (Basel II) based on 31 December 2014

These disclosures have been made in accordance with the Bangladesh Bank BRPD Circular no. 35 of 29 December 2010 as to Guidelines on 'Risk Based Capital Adequacy for Banks' in line with Basel II.

1. Capital Adequacy under Basel-II

To cope with the international best practices and to make the Bank's capital more risk sensitive as well as more shock resilient, 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' (Revised regulatory capital framework in line with Basel II) have been introduced from January 01, 2009. Throughout the year 2009, Basel II reporting was parallel to Basel I which was the statutory requirement upto that year. However, beginning year 2010, Basel II became mandatory. Bangladesh Bank further reviewed the RBCA Guidelines on several occasions prior to Basel II became fully in force. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirements as stated in these guidelines have to be followed by all scheduled banks for the purpose of statutory compliance.

Above guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of the Bank Company Act 1991 (Amendment upto 2013) and also in accordance with "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" of June, 2006 (popularly known as 'Basel II Capital Adequacy Framework') released by Basel Committee on Banking Supervision (BCBS).

Basel II guidelines are structured on the following aspects:

- a) Minimum capital requirements to be maintained by a Bank against credit, market, and operational risks.
- b) Process for assessing the overall capital adequacy aligned with risk profile of a Bank as well as capital growth plan.
- c) Framework of public disclosure on the position of a Bank's risk profiles, capital adequacy, and risk management system.

2. Scope of application

Basel II guidelines apply to all scheduled banks on 'Solo' basis as well as on 'Consolidated' basis where-

- Solo Basis' refers to all position of the bank and its local and overseas branches/offices; and
- Consolidated Basis' refers to all position of the bank (including its local and overseas branches/offices) and its subsidiary company(ies) engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses, etc. (if any).

AB Bank followed the scope narrated above. Bank has Tier 1 and 2 capital structure at the moment.

3. Capital base

Regulatory capital has been categorized into three tiers: Tier 1, Tier 2, and Tier 3 respectively.

a) Tier 1 capital

Tier 1 capital called 'Core Capital' comprises of highest quality of capital elements that consists of:

- i) Paid up capital
- ii) Non-repayable share premium account
- iii) Statutory reserve
- iv) General reserve
- v) Retained earnings
- vi) Minority interest in subsidiaries
- vii) Non-cumulative irredeemable preference shares
- viii) Dividend equalization account

Bank's Core Capital comprises of the above elements except for 'Non-repayable share premium account' 'Non-cumulative irredeemable preference shares' and 'Dividend Equalisation Account'.

b) Tier 2 capital

Tier 2 capital called 'Supplementary Capital' represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank and consists of:

- i) General provision
- ii) Revaluation reserves
 - > Revaluation reserve for fixed assets
 - > Revaluation reserve for securities
 - > Revaluation reserve for equity instrument
- iii) All other preference shares
- iv) Subordinated debt

Bank's Tier 2 capital comprises of above specified elements. However, Bank is yet to resort to preference shares or any kind of subordinate debts.

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c) Tier 3 capital

Tier 3 capital called 'Additional Supplementary Capital', consists of short-term subordinated debt (original maturity less than or equal to five years but greater than or equal to two years) would be solely for the purpose of meeting a proportion of the capital requirements for market risk.

Bank has no Tier 3 capital as mentioned earlier.

4. Conditions for maintaining regulatory capital

The calculation of Tier 1 capital, Tier 2 capital, and Tier 3 capital is subject to the following conditions:

- a) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
- b) 50% of revaluation reserves for fixed assets and securities eligible for Tier 2 capital.
- c) 10% of revaluation reserves for equity instruments eligible for Tier 2 capital.
- d) Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.
- e) **Limitation of Tier 3:** A minimum of about 28.5% of market risk needs to be supported by Tier 1 capital. Supporting of Market Risk from Tier 3 capital shall be limited up to maximum of 250% of a bank's Tier 1 capital that is available after meeting credit risk capital requirement.

Bank complied with the conditions as embodied in this respect wherever applicable.

5. Eligible regulatory capital

In order to obtain the eligible regulatory capital for the purpose of calculating Capital Adequacy Ratio (CAR), banks are required to make following deductions from their Tier-1 capital:

- a) Intangible asset e.g., book value of goodwill and value of any contingent assets, etc. which are shown as assets
- b) Shortfall in provisions required against classified assets
- c) Shortfall in provisions required against investment in shares
- d) Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.
- e) Reciprocal/ crossholdings of bank's capital/subordinated debt artificially intended to inflate the capital position of banks
- f) Holding of equity shares in any form exceeding the approved limit under section 26(2) of the Bank Company Act 1991 (Amendment upto 2013). The additional/unauthorized amount of holdings will be deducted at 50% from Tier 1 capital and 50% from Tier 2 capital.
- g) Investments in subsidiaries which are not consolidated. The normal practice is to consolidate subsidiaries for the purpose of assessing the capital adequacy of banking groups. Where this is not done, deduction is essential to prevent the multiple uses of the same capital resources in different parts of the group. The deduction for such investments will be 50% from Tier 1 capital and 50% from Tier 2 capital. The assets representing the investments in subsidiary companies whose capital had been deducted from that of the parent would not be included in total assets for the purposes of computing the Capital Adequacy Ratio (CAR).

Eligible Tier 2 capital will be derived after deducting components (if any) qualified for deduction. Total eligible regulatory capital will be calculated by summing up the eligible Tier 1, Tier 2 and Tier 3 capital.

6. Calculation of Capital Adequacy Ratio

In order to calculate CAR, banks are required to calculate their Risk Weighted Assets (RWA) on the basis of credit, market, and operational risks. Total RWA will be determined by multiplying the amount of capital charge for market risk and operational risk by the reciprocal of the minimum CAR and adding the resulting figures to the sum of risk weighted assets for credit risk. The CAR is then calculated by taking eligible regulatory capital as numerator and total RWA as denominator.

Bank followed the given guidelines in proper terms.

7. Minimum capital requirements

- a) All Scheduled Banks in Bangladesh carrying its business in Bangladesh have to maintain the minimum required capital fixed by BB from time to time as per section 13 of Bank Company Act 1991 (Amendment upto 2013).
- b) Banks have to maintain minimum CAR on 'Solo' basis as well as on 'Consolidated' basis as per instruction(s) given by BB from time to time.
- c) Banks have to maintain at least 50% of required capital as Tier I capital

Bank has been able to maintain required CAR on both 'Solo (10.32%)' as well as 'Consolidated (10.47%)' basis. Banks presents Tier I Capital ratio is 72.64% and 72.77% to total Capital on Solo and Consolidated basis respectively.

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Credit risk is the potential that a bank borrower or counterparty fails to meet its obligation in accordance with agreed term.

Bank followed the suggested methodology, process as contained in the Guidelines.

b) Methodology

Bangladesh Bank adopted Standardized Approach for calculating Risk Weighted Assets. The capital requirement for credit risk is based on the risk assessment made by external credit assessment institutions (ECAIs) recognized by BB for capital adequacy purposes. Banks are required to assign a risk weight to all their on-balance sheet and off-balance sheet exposures. Risk weights are based on external credit rating (solicited) which was mapped with the BB rating grade or a fixed weight that is specified by Bangladesh Bank.

c) Credit Risk Mitigation

AB Bank uses a number of techniques to reduce its credit risk to which the Bank is exposed. For example, exposures may be collateralized by first priority claims, in whole as in part with cash or securities, a loan exposure may be guaranteed by a third party. Additionally, Bank may agree to net loans owed to them against deposits from the same counterparty.

Bank uses Comprehensive Approach as adopted by the Central Bank. In this approach when taking collateral, Bank will need to calculate adjusted exposure to a counterparty for capital adequacy purposes in order to take account of the effects of that collateral. Using haircut, Bank is required to adjust both the amount of the exposure to the counterparty and the value of any collateral received in support of that counterparty to take account of possible future fluctuations in the value of either, occasioned by market movements. This will produce volatility adjusted amounts for both exposure and collateral.

9. a) Market Risk

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The market risk positions subject to this requirement are:

- i) The risks pertaining to interest rate related instruments and equities in the trading book; and
- ii) Foreign exchange risk and commodities risk throughout the bank (both in the banking and in the trading book).

b) Methodology

In Standardized Approach, the capital requirement for various market risks (interest rate risk, equity price risk, commodity price risk, and foreign exchange risk) is determined separately. The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:

- a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk
- d) Capital Charge for Commodity Position Risk = Capital Charge for General Market Risk

Bank followed the suggested methodology, process as contained in the Guidelines.

10. a) Operational Risk

Operational Risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputation risk.

b) Measurement Methodology

Banks operating in Bangladesh shall compute the capital requirements for operational risk under the Basic Indicator Approach (BIA). Under BIA, the capital charge for operational risk is a fixed percentage, denoted by (alpha), of average positive annual gross income of the bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

Bank followed the suggested methodology, process as contained in the Guidelines.

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11. Disclosure under Pillar III

Disclosure given below as specified by RBCA Guidelines dated 29 December 2010:

A) Scope of Application

Qualitative Disclosure

(a) The name of the top corporate entity in the group to which this guidelines applies.	AB Bank Limited
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk weighted)	<p>The consolidated financial statements of the Bank include the financial statements of (a) AB Bank Limited (b) AB Investment Limited (c) AB Securities Limited (d) Cash Link Bangladesh Limited (e) AB International Finance Limited and (f) AB Exchange (UK) Limited. A brief description of these are given below:</p> <p><u>AB Bank Limited (ABBL)</u> AB Bank Limited is one of the first generation private commercial banks (PCBs), incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and governed by the Bank Company Act 1991 (Amendment upto 2013). The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange and Chittagong Stock Exchange respectively. AB Bank Limited has 92 Branches including one Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has six (06) subsidiary companies, AB Investment Limited, AB Securities Limited, CashLink Bangladesh Limited, AB International Finance Limited, incorporated in Hong Kong, AB Exchange (UK) Limited and Arab Bangladesh Bank Foundation.</p> <p><u>AB Investment Limited</u> AB Investment Limited (ABIL), a Subsidiary of AB Bank Limited was incorporated under the Companies Act, 1994 on 24 December 2009 with a view to run and manage the operations of Merchant Banking Wing of AB Bank Limited independently. AB Investment Limited started its operation on 10 March 2010. AB Investment Limited has achieved an unparalleled reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationship. ABIL's Registered Office is located at WW Tower (Level 7), 68 Motijheel C.A., Dhaka. ABIL has two branch offices at Agrabad, Chittagong and Chowhatta, Sylhet.</p> <p><u>AB Securities Limited</u> Brokerage business of Arab Bangladesh Bank Foundation has been transferred to the newly formed AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009. Main objective of the company is to act as a stock broker to buy and sell Securities, Bond, Debenture, etc. on behalf of clients. ABSL also manages its own portfolio under Stock Dealer License. ABSL is a member of both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. ABSL started its operation independently on 02 August 2010, before that it was operated under the ABBF License.</p> <p><u>Cashlink Bangladesh Limited</u> Cashlink Bangladesh Limited (CBL) was incorporated on 24 September 2008 in Bangladesh under the Companies Act 1994 as a private company limited. AB Bank Limited presently holds 90% shares in CBL. The principal activity of the company is to install and operate a switched Automated Teller Machines (ATM) and Point of Sales (POS) network on behalf of a number of local and foreign banks enabling these member bank customers who are active cardholders to withdraw cash, make utility bill payments (e.g. water, gas, electricity and telephone bills) and to purchase commodity goods from any of the ATM and POS terminals established under the network.</p> <p><u>AB International Finance Limited</u> AB International Finance Limited (ABIFL) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit 1201-B, 12/F, Admiralty Centre, Tower One, 18 Harcourt, Hong Kong.</p> <p><u>AB Exchange (UK) Limited</u> AB Exchange (UK) Limited (ABEL) is a company incorporated and domiciled in United Kingdom (UK) and has its registered office 69 Whitechapel High Street, London, E1 7PL. Its registered number is 07272766 (England & Wales). ABEL is fully owned (100%) Subsidiary of AB Bank Limited.</p> <p><u>Arab Bangladesh Bank Foundation</u> Bank also has a Subsidiary (99.60% owned by AB Bank) for philanthropic/ CSR activities known as Arab Bangladesh Bank Foundation (ABBF). This has not been included in the Consolidation as ABBF operated only for philanthropic purpose and its profit is not distributable to the shareholders. Thus, for ensuring the fair presentation of the Financial Statements of the Parent Company (the Bank), the Financial Statements of ABBF has not been consolidated.</p>

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Scope of Application (cont..)

(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not Applicable
(d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Aggregate amount of Capital: Tk. 20,000,000 Name of Subsidiary: Arab Bangladesh Bank Foundation (ABBF)

B) Capital Structure
Qualitative Disclosure

(a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.	The terms and conditions of the main features of all capital instruments have been segregated in line with of the eligibility criteria set forth vide BRPD Circular No. 35 dated 29 December 2010 and other relevant instructions given by Bangladesh Bank from time to time. The main			
		Tier 1 capital instruments			
		Paid-up share capital: Issued, subscribed and fully paid up share capital of the Bank. It represents Paid up Capital, Right Shares as well as Bonus Shares issued from time to time.			
		Statutory Reserve: As per Section 24(1) of the Bank Company Act 1991 (Amendment upto 2013), an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund.			
		General reserve: Any reserve created through Profit and Loss Appropriation Account for fulfilling any purpose.			
		Retained Earnings: Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.			
		Bank is complied in this respect.			
		Tier 2 capital instruments			
		General provision maintained against unclassified loans and off-balance sheet exposures: As per BB directive, amount of provision maintained against unclassified loans and off-balance sheet exposures as of the reporting date has been considered.			
		Asset revaluation reserve: 50% of Assets Revaluation Reserve is considered as Tier 2 Capital. The revaluation of assets was formally conducted by the Professionally Qualified valuation firm and duly certified by the external auditor of the Bank.			
Revaluation reserves of securities: As per Bangladesh Bank's instruction, up to 50% of revaluation reserves of Governments securities has been considered as Tier 2 Capital. This comprises of revaluation results of HFT and HTM securities.					
Taka in Crore					

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C) Capital Adequacy

Qualitative Disclosure

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.	Capital Adequacy is the cushion required to be maintained for covering the Credit risk, Market risk and Operational risk so as to protect the depositors and general creditors interest against such losses. In line with BRPD Circular No. 35 dated 29 December, 2010, the Bank has adopted Standardized Approach for Credit Risk, Standardized (Rule Based) Approach for Market Risk and Basic Indicator Approach for Operational Risk for computing Capital Adequacy.				
Taka in Crore					
		2014		2013	
		Solo	Conso	Solo	Conso
(b) Capital requirement for Credit Risk:		1,969	1,979	1,534	1,537
(c) Capital requirement for Market Risk:		74	85	66	79
(d) Capital requirement for Operational Risk:		166	173	139	148
(e) Total and Tier I Capital Ratio:					
> For the Bank alone		72.64%	-	82.94%	-
> For the consolidated group		-	72.84%	-	82.55%

D) Credit Risk

Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to credit risk, including:	
> Definitions of past due and impaired (for accounting purposes)	<p>Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.</p> <p>An NPA (impaired) is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc.</p> <p>Classified loan is categorized under following 03 (three) categories:</p> <ul style="list-style-type: none"> > Sub-standard > Doubtful > Bad & Loss <p>Any continuous loan will be classified as:</p> <ul style="list-style-type: none"> > Sub-standard' if it is past due/over due for 3 months or beyond but less than 6 months. > 'Doubtful' if it is past due/over due for 6 months or beyond but less than 9 months. > 'Bad/Loss' if it is past due/over due for 9 months or beyond. <p>Any Demand Loan will be classified as:</p> <ul style="list-style-type: none"> > Sub-standard' if it remains past due/overdue for 3 months or beyond but not over 6 months from the date of claim by the bank or from the date of creation of forced loan. > Doubtful' if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan. > Bad/Loss' if it remains past due/overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of forced loan. <p>In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'defaulted installment'.</p>

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Qualitative Disclosure: credit risk (cont..)

<div>> Definitions of past due and impaired (for accounting purposes)</div>	<div>i. In case of Fixed Term Loans :</div> <div>> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 3 (three) months, the entire loan will be classified as "Sub-standard".</div> <div>> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loan will be classified as "Doubtful".</div> <div>> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 9 (nine) months, the entire loan will be classified as "Bad/Loss".</div> <div>If any Fixed Term Loan is repayable on monthly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 06 monthly installments. Similarly, if the loan is repayable on quarterly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 2 quarterly installments.</div>						
<div>> Description of approaches followed for specific and general allowances and statistical methods</div>	<div>Types of loans and advances</div>		<div>Provision</div>				
			<div>UC</div>	<div>SMA</div>	<div>SS</div>	<div>DF</div>	<div>BL</div>
	<div>Consumer</div>	<div>House building and professionals to setup business</div>	<div>2%</div>	<div>2%</div>	<div>20%</div>	<div>50%</div>	<div>100%</div>
		<div>Other than Housing Finance & Professionals to setup business</div>	<div>5%</div>	<div>5%</div>	<div>20%</div>	<div>50%</div>	<div>100%</div>
	<div>Provision for loan to Brokerage House, Merchant Banks, Stock dealers</div>		<div>2%</div>	<div>2%</div>	<div>20%</div>	<div>50%</div>	<div>100%</div>
	<div>Short-term agri-credit and micro credit</div>		<div>3%</div>	<div>0%</div>	<div>5%</div>	<div>5%</div>	<div>100%</div>
	<div>Small & Medium Enterprise Finance</div>		<div>0.25%</div>	<div>0.25%</div>	<div>20%</div>	<div>50%</div>	<div>100%</div>
	<div>Others</div>		<div>1%</div>	<div>1%</div>	<div>20%</div>	<div>50%</div>	<div>100%</div>
<div>> Discussion of the Bank's credit risk management policy</div>	<div>The Board approves the credit policy keeping in view relevant Bangladesh Bank guidelines to ensure best practice in credit risk management and maintain quality of assets. Authorities are properly delegated in ensuring check and balance in credit operation at every stage i.e. screening, assessing risk, identification, management and mitigation of credit risk as well as monitoring, supervision and recovery of loans with provision for early warning system. There is a separate Credit Risk Management Division for ensuring proper risk management of Loans and Credit Monitoring and Recovery Division for monitoring and recovery of irregular loans. Internal control & compliance division independently assess quality of loans and compliance status at least once in a year. Adequate provision is maintained against classified loans as per Bangladesh Bank Guidelines. Status of loans are regularly reported to the Board/ Board Audit Committee. Besides, Credit risk management process involves focused on monitoring of Top-30 Loans, Top- 20 Defaulters, Sectoral exposures viz-a-viz among others limit.</div>						

Quantitative Disclosure

		Taka in Crore			
		2014		2013	
		In %	Taka	In %	Taka
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	13.66%	2,426	14.52%	2,034
	Cash Credit	0.02%	4	0.01%	1
	Time loan	30.91%	5,488	29.59%	4,146
	Term loan	43.03%	7,641	38.49%	5,394
	Blc	0.34%	60	0.23%	32
	TR	6.78%	1,203	9.39%	1,315
	Packing credit	0.26%	47	0.29%	40
	Loan-accp bills	3.19%	566	5.25%	735
	Consumer Loan	0.74%	132	1.03%	144
	Staff Loan	0.41%	72	0.46%	64
	Bills Purchased & Discounted	0.67%	118	0.75%	105
	Total	100%	17,757	100%	14,012

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Taka in Crore

Qualitative Disclosure: credit risk (cont..)

		2014		2013	
		In %	Taka	In %	Taka
(C) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	<u>Urban Branches</u>				
	Dhaka	67.86%	11,740	65%	8,766
	Chittagong	24.07%	4,165	25%	3,462
	Khulna	2.78%	481	4%	483
	Sylhet	1.23%	213	2%	209
	Barisal	0.23%	39	0%	38
	Rajshahi	2.00%	347	3%	359
	Rangpur	1.83%	317	2%	265
		100%	17,301	100%	13,582
	<u>Rural Branches</u>				
	Dhaka	85.76%	314	85%	307
	Chittagong	12.60%	46	12%	45
	Khulna	0.00%	-	0%	-
	Sylhet	1.64%	6	2%	8
	Barisal	0.00%	-	0%	-
	Rajshahi	0.00%	-	0%	-
	Rangpur	0.00%	-	0%	-
		100%	366	100%	359
	<u>Outside Bangladesh</u>				
	ABBL, Mumbai Branch	0.50%	89	1%	70
		100%	17,757	100%	14,012
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Agriculture	1.58%	280	2%	280
	Large and medium scale industry	26.90%	4,777	21%	3,011
	Working capital	19.82%	3,519	0%	28
	Export	0.61%	109	1%	133
	Commercial lending	22.92%	4,069	25%	3,503
	Small and cottage industry	0.57%	101	0%	63
	Others	27.60%	4,902	50%	6,994
		100%	17,757	100%	14,012
(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand	1.76%	312	2%	213
	– upto 3 months	43.55%	7,734	39%	5,499
	– over 3 months but below 1 year	35.25%	6,260	40%	5,668
	– over 1 year but below 5 years	18.38%	3,264	16%	2,286
	– over 5 years	1.06%	187	2%	346
		100%	17,757	100%	14,012
(f) By major industry or counterparty type:					
i. Amount of impaired loans and if available, past due loans, provided separately		3.86%	686	3.37%	472
ii. Specific and general provisions			485		398
iii. Charges for specific allowances and charge-offs during the period			229		167
(g) Gross Non Performing Assets (NPAs) Non Performing Assets (NPAs) to Outstanding Loans & advances					
					2014
					2013
					686
					472
					3.86%
					3.37%
	Movement of Non Performing Assets (NPAs)- Bangladesh Operations:				
	Opening Balance				463.69
	Additions				443.52
	Reductions				231.75
	Closing balance				675.46
	463.69				343.78
	Movement of Specific Provision for Non Performing Assets (NPAs)				
	Opening Balance				224.41
	Provision made during the period				205.93
	Write - off				141.21
	Transferred from other assets provisions				-
	Transfer from General Provisions				-
	Closing balance				289.13
	Provision held by Mumbai Branch				3.28
					292.41
					227.29

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E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosure

<p>(a) The general qualitative disclosure requirement with respect to the equity risk, including:</p> <ul style="list-style-type: none"> > differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons > discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices 	<p>Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.</p> <p>Quoted shares are valued at cost. Necessary provision is maintained if market price fall below the cost price. Unquoted shares are valued at cost.</p>
<p>(b) Value disclosed in the balance sheet of investment, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.</p>	<p>Not Applicable</p>
<p>(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period (2014)</p>	<p style="text-align: center;"><u>Taka in Crore</u> 6.62</p>
<p>(d) > Total unrealized gains (losses) > Total latent revaluation gains (losses) > Any amounts of the above included in Tier 2</p>	<p style="text-align: center;">(171.46) Nil Nil</p>
<p>(e) Capital requirements broken down by appropriate equity grouping, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements</p>	<p style="text-align: center;">Nil</p>

F) Interest rate risk in the banking book (IRRBB)

Qualitative Disclosure

<p>(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.</p>	<p>Interest rate risk is the potential that the value of the On Balance Sheet and the Off Balance Sheet position of the Bank would be negatively effected with the change in the Interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using Duration GAP under Stress Testing Analysis.</p> <p>AB Bank has also been exercising the Stress Testing using the Duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital Adequacy Ratio (CAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Under the assumption of three different interest rate changes i.e. 1%, 2% and 3%.</p>
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Quantitative Disclosure

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	Taka in Crore		
		2014	2013
	Market Value of Assets	25,024	20,461
	Market Value of Liability	23,467	19,011
	Weighted Avg. Duration GAP	0.59	0.47
	CAR after different level of Shocks:		
	Minor Level	9.78%	10.35%
	Moderate Level	9.23%	9.91%
Major Level	8.68%	9.46%	

AB Bank Limited
Disclosures on Risk Based Capital (Basel II) based on 31 December 2014

G) Market Risk

Qualitative Disclosure

(a) > Views of BOD on trading/ investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding last year to finance asset growth and trade related transaction.
> Methods used to measure Market risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.
> Market risk Management system	The Treasury Division manage market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. Alco meets at least once in a month.
> Policies and process for mitigating market risk	There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the Bank meets on a daily basis to review the prevailing market condition, exchange rate, forex position and transactions to mitigate foreign exchange risks.

Quantitative Disclosure

(b) The capital requirements for:	Taka in Crore	
	2014	2013
Interest rate risk	25.78	14.31
Equity position risk	47.21	51.06
Foreign exchange risk	0.76	1.03
Commodity risk	-	-
	73.75	66.40

H) Operational Risk

Qualitative Disclosure

(a) > Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board oversees the activities of Internal Control & Compliance Division (ICCD) to protect against all operational risk.
> Performance gap of executives and staffs	AB has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. AB's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.
> Potential external events	No potential external events is expected to expose the Bank to significant operational risk.
> Policies and processes for mitigating operational risk	The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh bank. Policy guidelines on Risk Based Internal Audit system is in operation as per RBA branches are rated according to their risk status and branches scoring more on risk status are subjected to more frequent audit by Internal Control & Compliance Division (ICCD). It is the policy of the bank to put all the branches of the bank under any form of audit at least once in a year. ICCD directly report to Audit Committee of the Board. In addition there is a Vigilance Cell established in 2009 to reinforce operational risk management of the bank. Bank's Anti-Money laundering activities are headed by CAMELCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.
> Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

Quantitative Disclosure

(b) The capital requirements for Operational Risk

Taka in Crore	
2014	2013
166.17	138.54

AB BANK LIMITED
Mumbai Branch
Balance Sheet
As at 31 December 2014

PROPERTY AND ASSETS	31.12.2014 INR	31.12.2013 INR
Cash	16,213,338	16,700,309
In hand (including foreign currencies)	2,435,764	3,457,922
Balance with Reserve Bank India (including foreign currencies)	13,777,574	13,242,387
Balance with other banks and financial institutions	526,223,818	417,447,040
In India	14,479,440	18,562,900
Outside India	511,744,377	398,884,141
Money at call and on short notice	243,422,070	152,500,000
Investments	302,071,718	289,297,760
Government	273,771,718	260,997,760
Others	28,300,000	28,300,000
Loans and advances	729,840,933	561,350,888
Loans, cash credits, overdrafts, etc	126,884,221	169,290,025
Bills purchased and discounted	602,956,712	392,060,863
Fixed assets including premises, furniture and fixtures	17,318,592	9,179,425
Other assets	361,660,068	313,449,715
Non-banking assets	-	-
Total Assets	2,196,750,536	1,759,925,137
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, financial institutions and agents	-	-
Deposits and other accounts	1,073,102,772	798,632,898
Current deposits	883,848,435	613,207,142
Demand deposits	514,067	1,593,218
Bills payable	499,498	639,396
Savings deposits	8,752,783	13,988,057
Fixed deposits	179,487,989	169,205,084
Other deposits	-	-
Other liabilities	221,111,875	153,200,949
Total Liabilities	1,294,214,647	951,833,846
Capital/Shareholders' Equity		
Total Shareholders' Equity	902,535,888	808,091,291
Paid-up capital	369,822,602	369,822,602
Statutory reserve	161,991,000	143,959,000
Other reserve	-	-
Retained earnings	370,722,286	294,309,689
Total Liabilities and Shareholders' Equity	2,196,750,536	1,759,925,137

AB BANK LIMITED
Mumbai Branch
Profit and Loss Account
For the year ended 31 December 2014

	2014 INR	2013 INR
OPERATING INCOME		
Interest income	58,913,044	49,015,158
Interest paid on deposits and borrowings, etc.	(16,300,394)	(16,025,142)
Net interest income	42,612,650	32,990,016
Investment income	25,432,039	20,755,575
Commission, exchange and brokerage	252,212,379	204,951,262
Other operating income	2,489,959	2,516,023
	280,134,377	228,222,860
Total operating income (a)	322,747,027	261,212,876
OPERATING EXPENSES		
Salary and allowances	15,641,704	12,635,526
Rent, taxes, insurance, electricity, etc.	44,081,216	11,014,164
Legal expenses	8,236	136,326
Postage, stamps, telecommunication, etc.	7,245,340	5,210,650
Stationery, printing, advertisement, etc.	1,904,693	1,753,713
Auditors' fees	563,380	782,082
Depreciation and repairs of Bank's assets	5,811,276	8,427,821
Other expenses	88,640,510	79,517,397
Total operating expenses (b)	163,896,355	119,477,679
Profit before provision (c = a-b)	158,850,672	141,735,197
Provision against loans and advances	3,850,000	91,700
Provision for investments Fluctuation reserve		-
Other provisions	650,000	1,200,000
Total provision (d)	4,500,000	1,291,700
Profit before taxation (c-d)	154,350,672	140,443,497
Provision for taxation	59,906,075	59,074,929
Current tax	63,380,000	60,338,200
Deferred tax	(3,473,925)	(1,263,271)
Net profit after taxation	94,444,597	81,368,568

AB BANK LIMITED
Islami Banking Branch

Balance Sheet
As at 31 December 2014

	31.12.2014 Taka	31.12.2013 Taka
<u>PROPERTY AND ASSETS</u>		
Cash in hand	235,177,277	224,775,049
Cash in Hand (Including foreign currencies)	3,224,184	2,105,262
Balance with Bangladesh Bank and its Agent Banks (Incl. FC)	231,953,093	222,669,787
Balance with Other Banks and Financial Institutions	3,968,649,633	4,565,622,862
In Bangladesh	3,968,649,633	4,565,622,862
Outside Bangladesh	-	-
Placement with other Banks & Financial Institutions	-	-
Investment in shares & other financial institutions	196,000,000	192,000,000
Government (BGIIB For SLR)	196,000,000	192,000,000
Others	-	-
Investments	3,581,597,033	3,296,046,079
General Investments etc.	3,581,597,033	3,296,046,079
Bills Purchased & Negotiated	-	-
Fixed Assets including Premises	10,999,011	11,637,075
Other Assets	59,063,570	94,807,575
Non-Banking Assets	-	-
	<u>8,051,486,525</u>	<u>8,384,888,641</u>
<u>LIABILITIES AND CAPITAL</u>		
<u>Liabilities</u>		
Placement from Banks (BGIIB)& Other Financial Institutions	500,000,001	1,810,228,912
Deposits and Other Accounts	7,498,571,575	6,542,777,785
Mudaraba Savings Deposits	66,403,373	61,290,349
Mudaraba Term Deposits	4,194,982,174	4,578,456,124
Other Mudaraba Deposits	3,135,169,285	1,828,085,289
Al-Wadeeah Current and Other Deposit Accounts	94,481,895	70,557,429
Bills Payable	7,534,848	4,388,594
Other Liabilities	52,914,949	31,881,943
Deferred Tax Liabilities/(Assets)	-	-
Total Liabilities	<u>8,051,486,525</u>	<u>8,384,888,641</u>

	31.12.2014 Taka	31.12.2013 Taka
Contingent Liabilities		
Acceptances & Endorsements	-	-
Letter of Guarantee	306,310,980	156,704,558
Irrevocable Letters of Credit (including Back to Back Bills)	-	-
Inland Bills for collection	-	-
Other Contingent Liabilities	-	-
Total	306,310,980	156,704,558
Other Commitments		
Documentary Credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other-commitments	-	-
	-	-
Total Off-Balance Sheet items including Contingent Liabilities	306,310,980	156,704,558

AB BANK LIMITED
Islami Banking Branch
Profit and Loss Account
For the year ended 31 December 2014

	2014 Taka	2013 Taka
Investment Income	768,590,769	899,056,329
Profit paid on Deposits	611,900,251	725,424,547
Net Investment Income	156,690,518	173,631,782
Income from Investments in Shares/Securities	4,080,003	10,250,237
Commission, Exchange and Brokerage	21,340,045	19,403,895
Other Operating Income	2,620,932	2,547,183
Total Operating Income	184,731,498	205,833,097
Operating Expenses		
Salaries and Allowances	27,575,870	22,117,116
Rent, Taxes, Insurance, Electricity etc.	1,372,389	1,395,800
Legal Expenses	-	-
Postage, Stamps, Telecommunication etc.	355,806	338,871
Stationeries, Printing and Advertisement etc.	700,463	1,012,313
Directors' Fees & Expenses	-	-
Shariah Supervisory Committee's Fees & Expenses	119,758	134,536
Auditors' Fees	-	-
Charges on investment Losses	-	-
Depreciation and repair to Bank's Assets	3,081,450	2,726,100
Zakat Expenses	-	-
Other Expenses	6,895,032	6,272,704
Total Operating Expenses	40,100,768	33,997,441
Profit / (Loss) before Provisions	144,630,730	171,835,656

AB Bank Limited
Islami Banking Branch
Profit paid on deposits

Profit and loss of Islami Banking Branch is calculated annually as at 31 December in every year. More than 60% of investment income is distributed among the different types of Mudaraba depositors following weightage system and the remaining portion is retained by the bank to meet administrative expenses and investment loss offsetting reserve. Provisional profit rates are applied to the different types of deposit A/Cs as decided by the Bank from time to time commensurate with weightage taking into consideration of the industry trend and that of the rates of other Islamic banks in the country.

In the year 2014 final profit has been paid to the depositors as per following weightage and rates:

Types of Deposit	Weightage	Final Rate of Profit (%)
1. Mudaraba Savings Deposits	0.38	4.51
2. Mudaraba Special Notice Deposits	0.29-0.46	3.50-5.51
3. Mudaraba Term Deposits		
• 1 Month	0.58-0.79	7.00-9.51
• 3 Months	0.71-0.96	8.51-11.51
• 6 Months	0.50-1.00	6.00-12.01
• 12 Months	0.58-1.04	7.00-12.51
• 24 Months	0.79-1.04	9.51-12.51
• 36 Months	1.04	12.51
4. Mudaraba Probable Millionaire Scheme	1.00 - 1.11	12.01 - 13.35
5. Mudaraba Quarterly Profit Paying Scheme	1	12.01
6. Mudaraba Hajj Deposit Scheme	1.00 -1.11	12.01 - 13.35
7. Mudaraba Pension Deposit Scheme	0.83 - 1.04	10.01 - 12.51
8. Mudaraba Monthly Profit Payment Scheme	0.86-1.11	10.51-13.35
9. Mudaraba Cash WAQF Deposit	1.00 - 1.04	12.01 - 12.51

A competent Shariah Supervisory Committee consisting of Islamic scholars, Ulema, Fuqaha and Islamic bankers headed by Mr. M. Azizul Huq, a prominent Islamic scholar and banker guides the Islamic banking operations of the bank. During the year 2014, Shariah Supervisory Committee met in 3(three) meetings and reviewed different operational issues. The Committee also audited the branch through it's Muraqib and reviewed the audit report in it's regular meeting. Shariah Supervisory Committee observed that both the officials and clients of the branch became more cautious about the compliance of Shariah Principles.

AB Bank Limited
Custodian Wing
Balance Sheet
As at 31 December 2014

	31.12.2014	31.12.2013
	Taka	Taka
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	47,475	-
Intangible Assets	-	-
Total Non Current Assets	<u>47,475</u>	<u>-</u>
Current Assets		
Cash and Bank Balances	-	-
Advance, Deposit and Prepayments	-	-
Accounts Receivables	17,159,327	10,219,252
Total Current Assets	<u>17,159,327</u>	<u>10,219,252</u>
Total Assets	<u>17,206,802</u>	<u>10,219,252</u>
LIABILITIES		
Non-Current Liabilities	-	-
Current Liabilities		
Payable to AB Bank	13,473,285	6,486,708
Accounts Payable	3,654,167	3,653,194
Provision for Audit Fees	79,350	79,350
Total Current Liabilities	<u>17,206,802</u>	<u>10,219,252</u>
Total Liabilities	<u>17,206,802</u>	<u>10,219,252</u>

AB Bank Limited
Custodian Wing
Profit and Loss Account
For the year ended 31 December 2014

	2014 Taka	2013 Taka
Operating Income		
Commission, exchange and brokerage	8,667,634	4,907,075
Total Operating Income (a)	8,667,634	4,907,075
Operating Expenses		
Rent, taxes and insurance	10,000	10,000
Auditor's fees	26,450	26,450
Depreciation and repair of bank's assets	5,275	-
Other expenses	73,712	109,127
Total operating expenses (b)	115,437	145,577
Net Profit	8,552,197	4,761,498

AB BANK LIMITED
Offshore Banking Unit (OBU)
Balance Sheet
As at 31 December 2014

	31.12.2014		31.12.2013	
	BDT	USD	BDT	USD
PROPERTY AND ASSETS				
Cash	-	-	-	-
Balance with Other Banks and Financial Institutions	138,607,520	1,778,173	31,297,084	402,535
In Bangladesh	72,881	935	191,954	2,469
Outside Bangladesh	138,534,639	1,777,238	31,105,130	400,066
Money at call and on short notice (Placement)	2,964,961,328	38,037,000	-	-
Loans and Advances	8,257,900,272	105,939,241	6,837,141,717	87,937,514
Loans & Advances - Regular	8,257,900,272	105,939,241	6,837,141,717	87,937,514
Premises and Fixed Assets (WDV)	2,962,668	38,008	-	-
Other Assets	1,663,022	21,335	14,864,383	191,182
Accrued Interest	1,516,377	19,453	-	-
Pre-paid Advances	146,645	1,881	91,572	1,178
Miscellaneous	-	-	14,772,811	190,004
Total Assets	11,366,094,811	145,813,756	6,883,303,184	88,531,231
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from Bank & Financial Institutions	11,110,821,567	142,538,898	6,630,001,101	85,273,326
In Bangladesh	7,447,333,158	95,540,609	3,280,369,579	42,191,249
Outside Bangladesh	3,663,488,409	46,998,289	3,349,631,522	43,082,077
Deposits and Other Accounts	90,097,304	1,155,843	214,616,206	2,760,337
Demand Deposits	7,575,604	97,186	4,225,849	54,352
Demand Deposits - Others	82,521,701	1,058,657	194,771,744	2,505,103
Other Term Deposit - NFCB	-	-	15,618,613	200,882
Other Deposits	-	-	-	-
Total Liabilities	11,200,918,871	143,694,741	6,844,617,308	88,033,663
Capital and Shareholders' Equity				
Retained Earnings	165,175,939	2,119,015	38,685,876	497,568
Total Shareholders' Equity	165,175,939	2,119,015	38,685,876	497,568
Total Liabilities and Shareholders' Equity	11,366,094,811	145,813,756	6,883,303,184	88,531,231

AB Bank Limited
Off-Shore Banking Unit (OBU)
Profit and Loss Account
For the year ended 31 December 2014

	2014 Taka	2014 USD	2013 Taka	2013 USD
Interest income	568,045,722	7,339,011	125,777,076	1,617,095
Interest paid on deposits and borrowing etc.	401,230,727	5,183,803	94,041,883	1,208,702
Net Interest income	166,814,995	2,155,209	31,735,193	408,393
Commission, exchange and brokerage	4,086,163	52,792	10,874,968	138,892
Other operating income	697,765	9,015	1,297,409	16,610
Total operating income (A)	171,598,922	2,217,016	43,907,570	563,895
Salaries and allowances	5,904,405	76,283	2,906,186	37,261
Rent, taxes, insurance, electricity etc.	142,574	1,842	-	-
Postage, stamps, telecommunication etc.	346,312	4,474	301,023	3,860
Stationeries, printing, advertisement etc.	18,747	242	-	-
Depreciation and repair of bank's assets	55,285	714	-	-
Other expenses	1,118,042	14,445	1,959,799	25,206
Total operating expenses (B)	7,585,367	98,001	5,167,009	66,327
Profit / (Loss) before provisions (C=A-B)	164,013,556	2,119,015	38,740,561	497,568

AB Investment Limited (ABIL)
Statement of Financial Position (Balance Sheet)
As at 31 December 2014

	31.12.2014	31.12.2013
ASSETS	Taka	Taka
Non-Current Assets		
Property, plant and equipment	523,521,156	539,132,463
Investment in shares	746,884,485	747,286,336
Office renovation	1,604,318	2,887,754
Total non-current assets	1,272,009,959	1,289,306,553
Current Assets		
Loans to clients	7,107,095,221	7,136,710,118
Advances, deposits and prepayments	115,197,599	114,473,991
Receivable from brokers	60,075,510	61,933,071
Advance income tax	285,114,003	232,525,936
Cash and cash equivalents	569,019	468,555
Total current assets	7,568,051,352	7,546,111,671
Total assets	8,840,061,311	8,835,418,224
EQUITY AND LIABILITIES		
Capital and reserve		
Share capital	274,725,000	99,900,000
Retained earnings	443,830,684	449,414,904
Share money deposit	4,900,100,000	4,900,100,000
Total capital and reserve	5,618,655,684	5,449,414,904
Non-current liabilities		
Provident fund, gratuity fund and recreation club	5,576,047	4,517,656
Deferred tax	13,294,336	28,983,262
Current Liabilities		
Borrowing from banks	2,400,973,816	2,450,299,268
Liabilities for expenses	6,322,656	5,514,781
Payable against sales proceeds of shares	57,545,124	61,933,071
Provision for taxation	388,330,749	253,110,030
Provision for unclassified loans and investment	294,281,052	253,286,210
Credit balance with clients' accounts	55,081,847	78,359,042
Other liability	-	250,000,000
Total current liabilities	3,202,535,244	3,352,502,402
Total liabilities	3,221,405,627	3,386,003,320
Total shareholders' equity and liability	8,840,061,311	8,835,418,224

AB Investment Limited (ABIL)

Statement of Comprehensive Income (Profit and Loss Statement) For the year ended 31 December 2014

	2014 Taka	2013 Taka
Operating income		
Interest income	552,380,901	496,099,614
Management fee	21,837,897	9,156,504
Transaction/Settlement fee	47,494,759	28,216,360
Other operating income	1,057,793	127,378
Total operating income (A)	622,771,350	533,599,855
Operating expenses		
Salary and allowances	15,552,615	13,984,291
Audit and consultancy	419,465	324,750
Administrative expenses	34,397,998	33,008,530
Financial expense	268,176,700	309,363,880
Total operating expenses (B)	318,546,778	356,681,451
Net- operating income (C=A-B)	304,224,572	176,918,404
Non operating income (D)	2,927,653	2,927,653
Investment income/(loss) (E)	22,615,190	(6,140,546)
Profit before provision for loans and investment (F=C+D+E)	329,767,415	173,705,511
Provision for investment	40,994,842	65,922,332
Net profit before tax for the year	288,772,573	107,783,179
Provision for taxation	119,531,793	65,139,569
Current tax	116,310,077	51,500,604
Deferred tax	3,221,716	13,638,965
Net profit after tax for the year	169,240,780	42,643,610
Earnings Per Share (EPS)	6.16	1.55

AB Securities Limited

Statement of Financial Position As at 31 December 2014

Sources of Fund	31.12.2014 Taka	31.12.2013 Taka
<u>Shareholders' Equity:</u>	479,055,390	463,960,268
Share Capital	235,000,000	35,000,000
Share Money Deposit	-	165,000,000
Revaluation Reserve	102,024,360	102,024,360
Retained Earnings	142,031,030	161,935,908
<u>Non Current Liabilities:</u>	380,542,795	378,183,943
Liabilities for Other Finance	370,263,485	370,263,485
Deferred Liability-Gratuity	4,006,734	3,296,622
Provision for Provident Fund	6,272,576	4,623,836
Total Source of Fund (A+B)	859,598,185	842,144,210
Application of Fund		
<u>Non Current Assets:</u>	9,276,378	13,837,464
Property, Plant & Equipment	7,401,368	12,336,706
Preliminary Expenses	-	308,898
Deferred Tax Assets	1,875,010	1,191,860
<u>Investments:</u>	168,307,740	169,743,904
<u>Current Assets:</u>	1,259,168,026	1,429,283,859
Cash and Cash Equivalents	114,450,899	235,038,763
Advance, Deposit & Prepayment	2,764,809	2,886,577
Advance Income Tax	20,926,698	57,980,873
Accounts Receivable	1,120,114,875	1,130,778,105
Other Current Asset	910,745	2,599,541
<u>Current Liabilities and Provisions:</u>	577,153,959	770,721,016
Accounts Payable	167,711,760	282,904,542
Bank Overdraft	299,693,825	299,613,357
Liabilities for Expense	24,147,909	26,068,738
Provision for Income Tax	26,411,362	60,416,534
Other Liabilities	59,189,103	101,717,845
Net Current Assets (C-D)	682,014,067	658,562,843
Total Application of Fund (A+B+E)	859,598,185	842,144,210

AB Securities Limited

Statement of Comprehensive Income For the year ended 31 December 2014

	2014 Taka	2013 Taka
A) OPERATING INCOME	104,504,329	76,743,407
Brokerage Commission	80,096,226	51,560,311
Interest Income	18,767,344	22,674,879
Investment Income	3,028,636	76,744
Other Operating Income	2,612,123	2,431,473
B) OPERATING & OTHER EXPENSE	61,311,927	60,199,598
Operating Expenses	53,525,147	49,204,099
Other Financial Expenses	2,602,067	5,706,171
Depreciation on Property, Plant & Equipment	5,184,713	5,289,328
C) Profit Before Provision (A-B)	43,192,402	16,543,808
D) Provision	4,482,155	623,795
For Diminution in Value of Investments	450,000	623,795
For Diminution in Value of Loan	4,032,155	-
E) Profit Before Taxation (C-D)	38,710,247	15,920,013
F) Provision for Taxation	23,460,557	12,829,631
Current Tax	24,143,707	14,473,969
Deferred Tax	(683,150)	(1,644,338)
Net Profit After Taxation (E-F)	15,249,690	3,090,382
Earnings Per Share (EPS)	0.65	0.13

Cashlink Bangladesh Limited and its Subsidiary

Consolidated Statement of Financial Position As of 31 December 2014

	31.12.2014 Taka	31.12.2013 Taka
ASSETS		
Non Current Assets		
Property, Plant and Equipment	249,872	5,144,637
Intangible Assets	3	5,219,071
Total Non Current Assets	249,874	10,363,708
Current Assets		
Cash & Bank Balances	6,407,930	8,057,832
Investment in Shares	24,116,618	24,571,230
Advance, Deposit & Prepayment	278,884	3,452,502
Advance Tax	27,435,220	22,844,543
Accounts Receivable	691,262	10,569,916
Total Current Assets	58,929,914	69,496,023
Total Assets	59,179,783	79,859,731
EQUITY AND LIABILITIES		
Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Loss	(378,712,146)	(442,254,776)
Total Equity	(136,512,146)	(200,054,776)
Liabilities		
Non-Current Liabilities		
Long Term Loan	9,742,006	9,742,006
Current Liabilities		
Accrued Expenses	172,500	181,600
Accounts Payable	-	-
VAT Deducted at Source	25,781	448,731
Provision for Taxation	1,528,212	1,301,134
Short Term Loan from Bank	183,241,029	268,241,029
Provision for decrease in Market Value of Investment in Share	982,396	-
Total Current Liabilities	185,949,918	270,172,495
Total Liabilities	195,691,924	279,914,501
Total Equity and Liabilities	59,179,783	79,859,731

Cashlink Bangladesh Limited and its Subsidiary**Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2014**

	2014 Taka	2013 Taka
Revenue	78,450,148	105,208,939
Less: Operating Expenses	9,889,459	53,547,740
General and Administration Expenses	1,051,061	4,961,567
Operating Profit	67,509,628	46,699,631
Add: Other Income/(Loss)	(2,757,525)	1,187,352
	64,752,103	47,886,983
Less: Other Expenses	-	921
Profit Before Provision	64,752,103	47,886,062
Provision for decrease in Market Value of Investment in Share	982,396	-
Profit Before Taxation	63,769,707	47,886,062
Income Tax Expenses	227,078	531,981
Net Profit After Tax	63,542,629	47,354,081
Other Comprehensive Income	-	-
Total Comprehensive Income	63,542,629	47,354,081

AB International Finance Limited

Balance Sheet As at 31 December 2014

	31.12.2014 HK\$	31.12.2013 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	17,048	29,850
CURRENT ASSETS		
Discounted bills receivable	161,032,835	152,565,102
Deposits, prepayments and other receivable	823,645	704,193
Tax refundable	544,803	-
Cash and bank balances	2,001,991	139,221
	164,403,274	153,408,516
CURRENT LIABILITIES		
Accrued liabilities and other payables	4,674,413	5,140,470
Deferred interest income	1,586,061	1,136,876
Provision for long service payments	509,489	500,573
Due to ultimate holding company	139,786,750	125,596,500
Tax payable	-	453,540
	146,556,713	132,827,959
NET CURRENT ASSETS	17,846,562	20,580,557
	17,863,609	20,610,407
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	8,737,746	11,484,544
Capital Reserve	7,561,960	7,561,959
	17,863,609	20,610,407

AB International Finance Limited

**Profit and Loss Account
For the year ended 31 December 2014**

	2014 HK\$	2013 HK\$
Interest income	8,391,629	10,122,298
Interest expenses	(1,275,171)	(1,455,857)
Net interest income	7,116,458	8,666,441
Other operating income	8,322,628	9,385,744
Total operating income	15,439,086	18,052,185
Staff costs	(2,571,693)	(1,896,930)
Depreciation	(19,316)	(24,641)
Provision for long service payments	(8,916)	(14,942)
Other operating expenses	(2,383,996)	(2,368,906)
Total operating expenses	(4,983,921)	(4,305,419)
Profit before taxation	10,455,165	13,746,766
Income tax	(1,717,419)	(2,262,222)
Profit for the year	8,737,746	11,484,544
Retained earnings at start of the year	563,904	563,904
Dividends	8,737,746	(11,484,544)
Retained earnings at the end of the year	563,904	563,904

AB Exchange (UK) Limited (ABEL)**Balance Sheet
As at 31 December 2014**

	31.12.2014 GBP	31.12.2013 GBP
FIXED ASSETS		
Tangible Assets	31,210	55,434
	31,210	55,434
Current Assets		
Debtors	10,912	10,515
Cash at Bank and in Hand	55,543	34,028
	66,455	44,543
Creditors		
Amounts falling due within one year	(24,471)	(25,993)
Net Current Assets	41,984	18,550
Total Assets less Current Liabilities	73,194	73,984
CREDITORS		
Amounts falling due after more than one year	-	(50,000)
Net Assets	73,194	23,984
CAPITAL AND RESERVES	73,194	23,984
Called up share capital	400,000	300,000
Profit and loss account	(326,806)	(276,016)
SHAREHOLDERS' FUND	73,194	23,984

AB Exchange (UK) Limited (ABEL)**Profit and Loss Account
For the year ended 31 December 2014**

	2014 GBP	2013 GBP
Turnover	41,007	47,327
Administrative expenses	(91,797)	(97,033)
Loss on ordinary activities before taxation	(50,790)	(49,706)
Tax on loss on ordinary activities	-	-
Net Loss for the year	(50,790)	(49,706)

Arab Bangladesh Bank Foundation (ABBF)
Statement of Financial Position

As at 31 December 2014

	31.12.2014 Taka	31.12.2013 Taka
Sources of Funds		
Shareholders' Equity:		
Share Capital	20,000,000	20,000,000
Retained Earning	438,713,138	441,724,412
Total Shareholders' Equity	458,713,138	461,724,412
Application of Funds		
Fixed Assets less accumulated depreciation	13,543,492	13,543,492
Current Assets, Loans and Advances		
Balance with other Bank	55,920,970	52,474,447
Other current assets	350,000,000	350,000,000
Advances, deposit and prepayment	140,189,258	121,262,138
Accrued interest on FDR	215,832	943,726
Accrued interest on Investment in ABSL	-	24,500,000
	546,326,060	549,180,311
Current Liabilities and Provisions:		
Liabilities for expenses	247,100	142,100
Other Liabilities	468,656	559,533
Provision for Tax	100,440,656	100,297,758
	101,156,412	100,999,391
Net Current Assets	445,169,647	448,180,920
Total Application of Fund	458,713,138	461,724,412

Arab Bangladesh Bank Foundation (ABBF)
Statement of Comprehensive Income
For the year ended 31 December 2014

	2014 Taka	2013 Taka
Income	47,633,029	56,485,280
Interest Income	47,633,029	56,485,280
Other Operating Income	-	-
 <u>Less: Operating and Other Expenses</u>	 50,501,403	 7,092,283
Operating Expenses	558,088	445,650
Financial Charge	6,543	11,157
Other Expenses (CSR)	49,936,772	6,635,476
Depreciation on Fixed Assets	-	-
 Profit before Tax	 <u>(2,868,374)</u>	 <u>49,392,997</u>
 Provision for Taxation		
Current Tax	142,899	18,522,374
Profit after taxation	<u>(3,011,273)</u>	<u>30,870,623</u>

**Name of the Directors and Entities in which they had interest
As of 31 December 2014**

Sl. No.	Name	Status	Name of Firms / Companies in which interested as proprietor/partner/director/managing agent/guarantor/employees etc.
1	Mr. M. Wahidul Haque	Chairman	Chairman:
			- AB Bank Limited
			- AB Investment Limited
			- AB Securities Limited
			- Cashlink Bangladesh Limited
			- AB Exchange(UK) Ltd., London, UK.
			Director:
2	Mr. Salim Ahmed	Vice-Chairman	-Amana Bank PLC, Colombo, SriLanka.
			Managing Director:
			-Deundi Tea Company (UK) Ltd.
			-Noyapara Tea Co. Limited.
			1. Super Refinery (Pvt.) Ltd.
			2. Elite Super Plastic Ind.(pvt.) Ltd.
			3. Super Sea Fish (Pvt.) Ltd.
3	Mr. Feroz Ahmed	Director	4. Super Share & Securities Ltd.
			5. Elite Properties Management Ltd.
			6. Elite Paint & Chemical Industries Ltd.
			7. Hexagon Chemical Complex Ltd.
			8. Elite International Ltd.
			9. Supertel Ltd.
			10. Bangladesh General Insurance Company Ltd.
4	Mr. M. A. Awal	Director	11. AB Securities Ltd.-As director,(nominated by AB Bank Ltd.)
			12. AB Investment Limited -As director, (nominated by AB Bank Ltd.)
			13. CashLink Bangladesh Ltd -As director (nominated by AB Bank Ltd.)
			1. AB International Finance Ltd., Hong Kong - as Chairman (Nominated by AB Bank Ltd.)
			2. Hexagaon Chemical Complex Ltd.- as Chairman
			3. Elite Paint & Chemical Ind. Ltd.
			4. Elite International Ltd.
5	Mr. Shishir Ranjan Bose, FCA	Independent Director	5. FDN Energy Ltd.
			6. Ahmed Securities Services Ltd.
			7. Universal Shipping & Trawling Company
			8. Bangladesh General Insurance Company Ltd.
			9. Holy Crescent Hospital
			AB International Finance Ltd., Hong Kong, - as Director (Nominated by AB Bank Ltd.)
			1. S .R. Bose & Co. - Chartered Accountants as Proprietor
6	Mr. Faheemul Huq, Barrister-at-Law	Director	2. AB Securities Ltd. - as Independent Director. *
			3. Cashlink Bangladesh Ltd. - as Independent Director *
			4. AB Exchange (UK) - as Independent Director *
			5. Therapeutics (Bangladesh) Ltd. -as Independent Director (* Nominated by AB Bank Ltd. for Sl. No. 2, 3 & 4)
			N/A
			1) Syed Ishtiaq Ahmed & Associates
			2) AB Exchange (UK) Ltd.- Nominee Director (Nominated by AB Bank Ltd.)
7	Mr. Syed Afzal Hasan Uddin, Barrister-at-Law	Director	3) Square Textiles Ltd. - Independent Director
			4) Western Marine Shipyard Ltd - Independent Director
			5) Color City Ltd.- Independent Director
			6) Millennium Aviation Ltd. - Nominee Director
			7) Managewell Media Ltd.- Nominee Director
			8) Forward Air Aviation Ltd- Nominee Director
			9) Managewell Holdings Ltd.
8	Mr. Gholam Sarwar	Director	10) Managewell Investment Ltd.
			11) Managewell Service Ltd.
			1) Pacific Industries Limited
			2) Pacific Traders Ltd.
			3) Therapeutics (Bd.) Limited
			Therapeutics (BD) Ltd. -as Managing Director
			1) Elite Paint & Chemical Industries Ltd.
9	Mr. Md. Mesbahul Hoque	Director	2) Hexagaon Chemical Complex Ltd.
			AB Investment Ltd. - As Independent Director (Nominated by AB Bank Ltd.)
			Therapeutic (Bangladesh) Ltd. As-Director
			1) Elite Paint & Chemical Industries Ltd.
			2) Hexagaon Chemical Complex Ltd.
			AB Investment Ltd. - As Independent Director (Nominated by AB Bank Ltd.)
			Therapeutic (Bangladesh) Ltd. As-Director
10	Mr. Md. Anwar Jamil Siddiqui (Expired on June 10, 2014)	Director	1) Elite Paint & Chemical Industries Ltd.
			2) Hexagaon Chemical Complex Ltd.
			AB Investment Ltd. - As Independent Director (Nominated by AB Bank Ltd.)
			Therapeutic (Bangladesh) Ltd. As-Director
			1) Elite Paint & Chemical Industries Ltd.
			2) Hexagaon Chemical Complex Ltd.
			AB Investment Ltd. - As Independent Director (Nominated by AB Bank Ltd.)
11	Mrs. Runa Zakia Sahrood Khan (Ceased Directorship w.e.f. Aug 25, 2014)	Ex. Depositor Director	Therapeutic (Bangladesh) Ltd. As-Director
			N/A
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
12	Mr. Md. Anwar Jamil Siddiqui (Expired on June 10, 2014)	Director	2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
13	Mrs. Runa Zakia Sahrood Khan (Ceased Directorship w.e.f. Aug 25, 2014)	Ex. Depositor Director	1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
14	Mr. Shamim Ahmed Chaudhury	President & Managing Director	2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)
			1) AB Securities Ltd. - As Director
			2) Cashlink Bangladesh Ltd. - As nominee Director (Nominated by AB Bank Ltd.)