

# **AB Bank Limited and its Subsidiaries**

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

**For the year ended 31 December 2015**

## **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 2015 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 up to 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 2015, 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 4,375 person hours for the audit of the books and accounts of the Bank.

Dhaka,  
26 April 2016

  
**ACNABIN**  
**Chartered Accountants**


**AB Bank Limited & its Subsidiaries**  
**Consolidated Balance Sheet**  
**As at 31 December 2015**


| <b>PROPERTY AND ASSETS</b>   | <b>Notes</b> | <b>31.12.2015<br/>Taka</b> | <b>31.12.2014<br/>Taka</b> |
|--|--------------|----------------------------|----------------------------|
| <b>Cash</b>  | 3(a)         | <b>17,034,569,843</b>      | <b>13,950,476,378</b>      |
| In hand (including foreign currencies)   | 3.1(a)       | 1,205,441,602              | 1,140,708,758              |
| Balance with Bangladesh Bank and its agent bank(s)<br>(including foreign currencies) | 3.2(a)       | 15,829,128,241             | 12,809,767,620             |
| <b>Balance with other banks and financial institutions</b>                           | 4(a)         | <b>4,752,701,128</b>       | <b>6,555,722,116</b>       |
| In Bangladesh  | 4.1(a)       | 2,196,851,448              | 4,214,889,208              |
| Outside Bangladesh   | 4.2(a)       | 2,555,849,680              | 2,340,832,909              |
| <b>Money at call and on short notice</b>   | 5(a)         | <b>4,566,844,263</b>       | <b>2,456,985,298</b>       |
| <b>Investments</b>   | 6(a)         | <b>34,054,553,461</b>      | <b>31,717,883,909</b>      |
| Government   | 6.1(a)       | 27,900,211,389             | 25,305,839,814             |
| Others   | 6.2(a)       | 6,154,342,072              | 6,412,044,095              |
| <b>Loans, advances and lease/investments</b>   |              | <b>216,364,880,127</b>     | <b>184,737,891,930</b>     |
| Loans, cash credits, overdrafts, etc./Investments                                    | 7(a)         | 214,291,708,326            | 181,936,611,502            |
| Bills purchased and discounted   | 8(a)         | 2,073,171,801              | 2,801,280,428              |
| <b>Fixed assets including premises, furniture and fixtures</b>                       | 9(a)         | <b>4,819,543,816</b>       | <b>4,940,112,222</b>       |
| <b>Other assets</b>  | 10(a)        | <b>5,345,737,331</b>       | <b>3,805,292,134</b>       |
| <b>Non-banking assets</b>  |              | -                          | -                          |
| <b>Total Assets</b>  |              | <b>286,938,829,969</b>     | <b>248,164,363,986</b>     |
| <b><u>LIABILITIES AND CAPITAL</u></b>  |              |                            |                            |
| <b>Liabilities</b>   |              |                            |                            |
| <b>Borrowings from other banks,<br/>financial institutions and agents</b>            | 11(a)        | <b>24,098,598,784</b>      | <b>11,385,667,525</b>      |
| <b>AB Bank Subordinated Bond</b>   | 12           | <b>6,500,000,000</b>       | <b>2,500,000,000</b>       |
| <b>Deposits and other accounts</b>   | 13(a)        | <b>213,671,723,838</b>     | <b>198,116,757,714</b>     |
| Current account and other accounts   |              | 20,050,332,586             | 17,645,003,388             |
| Bills payable  |              | 3,699,973,387              | 1,195,054,117              |
| Savings bank deposits  |              | 22,573,067,458             | 19,427,515,775             |
| Fixed deposits   |              | 111,741,032,463            | 117,532,923,933            |
| Other deposits   |              | 55,607,317,944             | 42,316,260,501             |
| <b>Other liabilities</b>   | 14(a)        | <b>19,094,756,031</b>      | <b>16,255,749,567</b>      |
| <b>Total Liabilities</b>   |              | <b>263,365,078,652</b>     | <b>228,258,174,806</b>     |
| <b>Capital/Shareholders' Equity</b>  |              |                            |                            |
| <b>Equity attributable<br/>to equity holders of the parent company</b>               |              | <b>23,575,987,130</b>      | <b>19,915,633,264</b>      |
| Paid-up capital  | 15           | 5,990,165,460              | 5,324,591,520              |
| Statutory reserve  | 16           | 6,111,203,545              | 5,582,440,229              |
| Other reserve  | 17(a)        | 4,039,376,532              | 1,817,451,907              |
| Retained earnings  | 18(a)        | 7,435,241,593              | 7,191,149,608              |
| Minority interest  | 18(b)        | (2,235,814)                | (9,444,084)                |
| <b>Total Equity</b>  |              | <b>23,573,751,317</b>      | <b>19,906,189,180</b>      |
| <b>Total Liabilities and Shareholders' Equity</b>                                    |              | <b>286,938,829,969</b>     | <b>248,164,363,986</b>     |


|   | Notes | 31.12.2015<br>Taka    | 31.12.2014<br>Taka    |
|---|-------|-----------------------|-----------------------|
| <b>Off-Balance Sheet Items</b>  |       |                       |                       |
| <b>Contingent liabilities</b>   | 19    | <b>68,649,158,866</b> | <b>77,068,505,153</b> |
| Acceptances and endorsements  |       | 24,351,049,686        | 27,020,988,453        |
| Letters of guarantee  | 19.1  | 12,327,410,154        | 13,845,332,265        |
| Irrevocable letters of credit   |       | 23,650,724,184        | 21,987,317,194        |
| Bills for collection  |       | 8,319,974,842         | 7,738,447,692         |
| Other contingent liabilities  |       | -                     | 6,476,419,550         |
| <b>Other commitments</b>  |       | -                     | -                     |
| 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 |       | -                     | -                     |
| <b>Total</b>  |       | <b>68,649,158,866</b> | <b>77,068,505,153</b> |

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

  
**Shamim Ahmed Chaudhury**  
**President & Managing Director**

  
**Shishir Ranjan Bose, FCA**  
**Independent Director**

  
**Salim Ahmed**  
**Vice Chairman**

  
**M. Wahidul Haque**  
**Chairman**

This is the Consolidated Balance Sheet referred to in our separate report of even date.

Dhaka,  
26 April 2016

  
**ACNABIN**  
**Chartered Accountants**


**AB Bank Limited and its Subsidiaries**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2015**

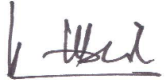
|  | Notes | 2015<br>Taka          | 2014<br>Taka          |
|--|-------|-----------------------|-----------------------|
| <b>OPERATING INCOME</b>  |       |                       |                       |
| Interest income/profit on investments                                | 21(a) | 21,228,897,178        | 21,920,292,843        |
| Interest/profit paid on deposits and borrowings, etc.                | 22(a) | (16,608,847,742)      | (15,461,349,909)      |
| <b>Net interest income</b>   |       | <b>4,620,049,436</b>  | <b>6,458,942,935</b>  |
| Investment income  | 23(a) | 3,281,987,184         | 2,807,058,380         |
| Commission, exchange and brokerage                                   | 24(a) | 2,964,436,043         | 3,338,084,877         |
| Other operating income   | 25(a) | 227,682,558           | 174,251,078           |
|  |       | <b>6,474,105,785</b>  | <b>6,319,394,336</b>  |
| <b>Total operating income (a)</b>                                    |       | <b>11,094,155,221</b> | <b>12,778,337,270</b> |
| <b>OPERATING EXPENSES</b>  |       |                       |                       |
| Salary and allowances  | 26(a) | 2,905,505,487         | 2,689,415,930         |
| Rent, taxes, insurance, electricity, etc.                            | 27(a) | 606,508,831           | 595,082,065           |
| Legal expenses   | 28(a) | 9,292,376             | 18,846,738            |
| Postage, stamps, telecommunication, etc.                             | 29(a) | 139,947,246           | 140,417,297           |
| Stationery, printing, advertisement, etc.                            | 30(a) | 168,617,596           | 164,378,344           |
| Chief executive's salary and fees                                    |       | 12,900,000            | 13,143,560            |
| Directors' fees  | 31(a) | 8,783,017             | 9,852,619             |
| Auditors' fees   | 32(a) | 5,285,950             | 3,227,431             |
| Depreciation and repairs of Bank's assets                            | 33(a) | 600,206,526           | 550,593,350           |
| Other expenses   | 34(a) | 1,255,511,701         | 1,219,962,960         |
| <b>Total operating expenses (b)</b>                                  |       | <b>5,712,558,730</b>  | <b>5,404,920,294</b>  |
| <b>Profit before provision (c = (a-b))</b>                           |       | <b>5,381,596,491</b>  | <b>7,373,416,977</b>  |
| Provision against loans and advances                                 | 35(a) | 2,066,527,189         | 2,290,252,325         |
| Provision for diminution in value of investments                     | 36(a) | 44,910,791            | 42,427,238            |
| Other provisions   | 37(a) | 200,066,450           | 660,085,311           |
| <b>Total provision (d)</b>   |       | <b>2,311,504,430</b>  | <b>2,992,764,874</b>  |
| <b>Profit before tax (c-d)</b>                                       |       | <b>3,070,092,061</b>  | <b>4,380,652,103</b>  |
| <b>Provision for taxation</b>  |       | <b>1,612,779,701</b>  | <b>2,879,069,724</b>  |
| Current tax  |       | 2,015,720,840         | 2,849,439,168         |
| Deferred tax   |       | (402,941,140)         | 29,630,556            |
| <b>Net profit after tax</b>  |       | <b>1,457,312,360</b>  | <b>1,501,582,379</b>  |
| <b>Appropriations</b>  |       |                       |                       |
| Statutory reserve  |       | 535,826,124           | 22,074,774            |
| General reserve  |       | -                     | -                     |
| Dividends, etc.  |       | -                     | -                     |
|  |       | <b>535,826,124</b>    | <b>22,074,774</b>     |
| <b>Retained surplus</b>  |       | <b>921,486,237</b>    | <b>1,479,507,605</b>  |
| <b>Minority interest</b>   |       | <b>7,220,463</b>      | <b>6,369,325</b>      |
| <b>Net Profit attributable to the shareholders of parent company</b> |       | <b>914,265,774</b>    | <b>1,473,138,280</b>  |
| <b>Consolidated Earnings Per Share (EPS)</b>                         | 39(a) | <b>2.42</b>           | <b>2.50</b>           |

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

  
**Shamim Ahmed Chaudhury**  
**President & Managing Director**

  
**Shishir Ranjan Bose, FCA**  
**Independent Director**

  
**Salim Ahmed**  
**Vice Chairman**

  
**M. Wahidul Haque**  
**Chairman**

This is the Consolidated Profit and Loss Account referred to in our separate report of even date.

Dhaka,  
26 April 2016

  
**ACNABIN**  
**Chartered Accountants**

**AB Bank Limited and its Subsidiaries**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2015**

**Cash Flows from Operating Activities**

|  | <b>2015<br/>Taka</b> | <b>2014<br/>Taka</b> |
|--|----------------------|----------------------|
| Interest receipts  | 21,773,331,027       | 21,143,540,381       |
| Interest payments  | (16,508,505,249)     | (15,281,174,882)     |
| Dividend receipts  | 115,124,494          | 90,775,253           |
| Fee and commission receipts  | 1,989,547,686        | 2,299,041,481        |
| Recoveries on loans previously written off                                   | 66,437,637           | 16,283,250           |
| Payments to employees  | (2,918,405,487)      | (2,702,559,490)      |
| Payments to suppliers  | (168,617,596)        | (164,378,344)        |
| Income taxes paid  | (2,402,728,026)      | (2,379,015,184)      |
| Receipts from other operating activities                                     | 4,302,995,967        | 3,913,294,351        |
| Payments for other operating activities                                      | (2,257,080,318)      | (2,182,603,451)      |
| <b>Operating profit before changes in operating assets &amp; liabilities</b> | <b>3,992,100,136</b> | <b>4,753,203,366</b> |

**Increase/(decrease) in operating assets and liabilities**

|  |                        |                      |
|--|------------------------|----------------------|
| Loans and advances to customers                    | (34,002,162,475)       | (38,555,980,411)     |
| Other assets                                       | (1,132,502,797)        | (345,945,577)        |
| Deposits from other banks                          | (6,289,172,380)        | 5,977,464,576        |
| Deposits from customers                            | 21,743,796,011         | 30,349,225,879       |
| Trading liabilities (short-term borrowings)        | 12,483,490,932         | 1,055,806,238        |
| Other liabilities                                  | 3,783,309,830          | 1,617,613,620        |
|  | <b>(3,413,240,879)</b> | <b>98,184,325</b>    |
| <b>Net cash flow from operating activities (a)</b> | <b>578,859,257</b>     | <b>4,851,387,691</b> |

**Cash Flows from Investing Activities**

|  |                        |                        |
|--|------------------------|------------------------|
| Purchase of government securities                | (1,534,904,107)        | (2,749,734,158)        |
| Sale of trading securities, shares, bonds, etc.  | 257,702,023            | 877,388,062            |
| Purchase of property, plant and equipment        | (139,989,135)          | (553,681,516)          |
| <b>Net cash used in investing activities (b)</b> | <b>(1,417,191,220)</b> | <b>(2,426,027,612)</b> |

**Cash Flows from Financing Activities**

|   |                       |                       |
|---|-----------------------|-----------------------|
| Increase of long-term borrowings                              | 4,229,440,326         | 2,438,542,045         |
| Dividend paid   | (392,021)             | (239,084,776)         |
| <b>Net cash flow from financing activities (c)</b>            | <b>4,229,048,305</b>  | <b>2,199,457,268</b>  |
| Net increase in cash (a+b+c)                                  | 3,390,716,342         | 4,624,817,347         |
| Effects of exchange rate changes on cash and cash equivalents | -                     | -                     |
| Cash and cash equivalents at beginning of the year            | 22,966,416,693        | 18,341,599,343        |
| <b>Cash and cash equivalents at end of the year (*)</b>       | <b>26,357,133,035</b> | <b>22,966,416,693</b> |

(\*) Cash and cash equivalents:

|   |                       |                       |
|---|-----------------------|-----------------------|
| Cash  | 1,205,441,602         | 1,140,708,758         |
| Prize bonds   | 3,017,800             | 3,232,900             |
| Money at call and on short notice                   | 4,566,844,263         | 2,456,985,298         |
| Balance with Bangladesh Bank and its agent bank(s)  | 15,829,128,241        | 12,809,767,620        |
| Balance with other banks and financial institutions | 4,752,701,129         | 6,555,722,117         |
|   | <b>26,357,133,035</b> | <b>22,966,416,693</b> |

**Net Operating Cash Flow Per Share (NOCFPS)**

**0.97**

**8.10**

  
**Shamim Ahmed Chaudhury**  
**President & Managing Director**

  
**Shishir Ranjan Bose, FCA**  
**Independent Director**

  
**Salim Ahmed**  
**Vice Chairman**

  
**M. Wahidul Haque**  
**Chairman**

This is the Consolidated Cash Flow Statement referred to in our separate report of even date.

Dhaka,  
26 April 2016

  
**ACNABIN**  
**Chartered Accountants**



**AB Bank Limited and its Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2015**

(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 Equity          |
|--|----------------------|----------------------|----------------------|----------------------------|---|--------------------------------|--------------------|----------------------|-----------------------|
| Balance at 01 January 2015                 | 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        |
| Adjustment:                                |                      |                      |                      |                            |   |                                |                    |                      |                       |
| Deferred Tax income                        | -                    | -                    | -                    | -                          | -   | -                              | -                  | 1,156,529,394        | 1,156,529,394         |
| <b>Bonus for 2014:</b>                     |                      |                      |                      |                            |   |                                |                    |                      |                       |
| 12.50% Stock Dividend                      | 665,573,940          | -                    | -                    | -                          | -   | -                              | -                  | (665,573,940)        | -                     |
| <b>Restated Opening Balance</b>            | <b>5,990,165,460</b> | <b>5,582,440,229</b> | <b>118,175,719</b>   | <b>1,323,567,485</b>       | <b>1,281,307</b>  | <b>374,427,395</b>             | <b>(9,444,084)</b> | <b>6,525,575,668</b> | <b>19,906,189,179</b> |
| Net profit after taxation for the year     | -                    | -                    | -                    | -                          | -   | -                              | 7,220,463          | 1,450,091,898        | 1,457,312,360         |
| Transferred during the year                | -                    | -                    | -                    | (18,032,304)               | -   | -                              | -                  | 18,032,304           | -                     |
| Addition/(Adjustment) made during the year | -                    | 535,826,124          | 1,180,000,000        | -                          | -   | 1,059,682,568                  | (12,192)           | (538,675,428)        | 2,236,821,072         |
| Foreign Exchange Rate Fluctuation          | -                    | (7,062,808)          | 611,199              | -                          | (336,839)   | -                              | -                  | (19,782,848)         | (26,571,295)          |
| <b>Balance at 31 December 2015</b>         | <b>5,990,165,460</b> | <b>6,111,203,545</b> | <b>1,298,786,918</b> | <b>1,305,535,181</b>       | <b>944,469</b>  | <b>1,434,109,964</b>           | <b>(2,235,813)</b> | <b>7,435,241,593</b> | <b>23,573,751,317</b> |
| <b>Balance at 31 December 2014</b>         | <b>5,324,591,520</b> | <b>5,582,440,229</b> | <b>118,175,719</b>   | <b>1,323,567,485</b>       | <b>1,281,307</b>  | <b>374,427,395</b>             | <b>(9,444,084)</b> | <b>7,191,149,608</b> | <b>19,906,189,180</b> |



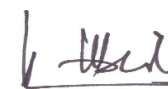
**Shamim Ahmed Chaudhury**  
**President & Managing Director**



**Shishir Ranjan Bose, FCA**  
**Independent Director**



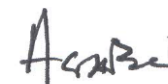
**Salim Ahmed**  
**Vice Chairman**



**M. Wahidul Haque**  
**Chairman**

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

Dhaka,  
26 April 2016



**ACNABIN**  
**Chartered Accountants**

**AB Bank Limited**  
**Balance Sheet**  
**As at 31 December 2015**

| <b><u>PROPERTY AND ASSETS</u></b>  | <b>Notes</b> | <b>31.12.2015<br/>Taka</b> | <b>31.12.2014<br/>Taka</b> |
|--|--------------|----------------------------|----------------------------|
| <b>Cash</b>  | 3            | <b>17,033,284,356</b>      | <b>13,947,708,945</b>      |
| In hand (including foreign currencies)   | 3.1          | 1,204,156,116              | 1,137,941,325              |
| Balance with Bangladesh Bank and its agent bank(s)<br>(including foreign currencies) | 3.2          | 15,829,128,241             | 12,809,767,620             |
| <b>Balance with other banks and financial institutions</b>                           | 4            | <b>4,711,003,257</b>       | <b>6,488,688,322</b>       |
| In Bangladesh  |              | 2,159,121,205              | 4,171,808,425              |
| Outside Bangladesh   |              | 2,551,882,052              | 2,316,879,897              |
| <b>Money at call and on short notice</b>   | 5            | <b>5,284,337,005</b>       | <b>3,862,958,626</b>       |
| <b>Investments</b>   | 6            | <b>33,175,877,479</b>      | <b>30,778,575,066</b>      |
| Government   | 6.1          | 27,900,211,389             | 25,305,839,814             |
| Others   | 6.2          | 5,275,666,091              | 5,472,735,252              |
| <b>Loans, advances and lease/investments</b>   | 7            | <b>209,725,203,267</b>     | <b>177,570,797,390</b>     |
| Loans, cash credits, overdrafts, etc./Investments                                    | 7.2          | 208,565,121,079            | 176,387,446,062            |
| Bills purchased and discounted   | 8            | 1,160,082,188              | 1,183,351,328              |
| <b>Fixed assets including premises, furniture and fixtures</b>                       | 9            | <b>4,200,872,767</b>       | <b>4,404,994,528</b>       |
| <b>Other assets</b>  | 10           | <b>10,879,676,588</b>      | <b>9,277,302,741</b>       |
| <b>Non-banking assets</b>  |              | -                          | -                          |
| <b>Total Assets</b>  |              | <b>285,010,254,719</b>     | <b>246,331,025,618</b>     |
| <b><u>LIABILITIES AND CAPITAL</u></b>  |              |                            |                            |
| <b>Liabilities</b>   |              |                            |                            |
| <b>Borrowings from other banks,<br/>financial institutions and agents</b>            | 11           | <b>23,693,344,309</b>      | <b>10,976,810,430</b>      |
| <b>AB Bank Subordinated Bond</b>   | 12           | <b>6,500,000,000</b>       | <b>2,500,000,000</b>       |
| <b>Deposits and other accounts</b>   | 13           | <b>213,818,905,499</b>     | <b>198,189,197,221</b>     |
| Current accounts and other accounts  |              | 20,067,587,921             | 17,639,785,113             |
| Bills payable  |              | 3,699,973,387              | 1,195,054,117              |
| Savings bank deposits  |              | 22,573,067,458             | 19,427,515,775             |
| Fixed deposits   |              | 111,741,032,463            | 117,532,923,933            |
| Other deposits   |              | 55,737,244,271             | 42,393,918,283             |
| <b>Other liabilities</b>   | 14           | <b>18,205,779,567</b>      | <b>15,351,375,000</b>      |
| <b>Total Liabilities</b>   |              | <b>262,218,029,374</b>     | <b>227,017,382,651</b>     |
| <b>Capital/Shareholders' Equity</b>  |              |                            |                            |
| <b>Total Shareholders' Equity</b>  |              | <b>22,792,225,345</b>      | <b>19,313,642,967</b>      |
| Paid-up capital  | 15           | 5,990,165,460              | 5,324,591,520              |
| Statutory reserve  | 16           | 6,111,203,545              | 5,582,440,229              |
| Other reserve  | 17           | 3,859,909,419              | 1,638,259,155              |
| Retained earnings  | 18           | 6,830,946,921              | 6,768,352,063              |
| <b>Total Liabilities and Shareholders' Equity</b>                                    |              | <b>285,010,254,719</b>     | <b>246,331,025,618</b>     |

|   | Notes | 31.12.2015<br>Taka    | 31.12.2014<br>Taka    |
|---|-------|-----------------------|-----------------------|
| <b>Off-Balance Sheet Items</b>  |       |                       |                       |
| <b>Contingent liabilities</b>   | 19    | <b>68,649,158,866</b> | <b>77,068,505,153</b> |
| Acceptances and endorsements  |       | 24,351,049,686        | 27,020,988,453        |
| Letters of guarantee  | 19.1  | 12,327,410,154        | 13,845,332,265        |
| Irrevocable letters of credit   |       | 23,650,724,184        | 21,987,317,194        |
| Bills for collection  |       | 8,319,974,842         | 7,738,447,692         |
| Other contingent liabilities  |       | -                     | 6,476,419,550         |
| <b>Other commitments</b>  |       | -                     | -                     |
| 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 |       | -                     | -                     |
| <b>Total</b>  |       | <b>68,649,158,866</b> | <b>77,068,505,153</b> |

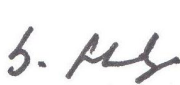
The annexed notes form an integral part of these financial statements.



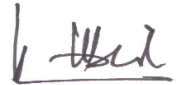
**Shamim Ahmed Chaudhury**  
President & Managing Director



**Shishir Ranjan Bose, FCA**  
Independent Director




**Salim Ahmed**  
Vice Chairman



**M. Wahidul Haque**  
Chairman

This is the Balance Sheet referred to in our separate report of even date.

Dhaka,  
26 April 2016



**ACNABIN**  
Chartered Accountants

**AB Bank Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2015**

|   | Notes | 2015<br>Taka          | 2014<br>Taka          |
|---|-------|-----------------------|-----------------------|
| <b>OPERATING INCOME</b>                               |       |                       |                       |
| Interest income/profit on investments                 | 21    | 20,811,576,016        | 21,398,789,847        |
| Interest paid/profit on deposits and borrowings, etc. | 22    | (16,532,249,413)      | (15,320,011,707)      |
| <b>Net interest income</b>                            |       | <b>4,279,326,603</b>  | <b>6,078,778,141</b>  |
| Investment income                                     | 23    | 3,355,421,410         | 2,878,403,934         |
| Commission, exchange and brokerage                    | 24    | 2,828,755,798         | 3,067,520,866         |
| Other operating income                                | 25    | 185,028,906           | 130,103,586           |
|   |       | <b>6,369,206,114</b>  | <b>6,076,028,386</b>  |
| <b>Total operating income (a)</b>                     |       | <b>10,648,532,717</b> | <b>12,154,806,527</b> |
| <b>OPERATING EXPENSES</b>                             |       |                       |                       |
| Salary and allowances                                 | 26    | 2,821,224,346         | 2,612,952,361         |
| Rent, taxes, insurance, electricity, etc.             | 27    | 592,500,607           | 579,339,843           |
| Legal expenses  | 28    | 8,418,187             | 17,949,057            |
| Postage, stamps, telecommunication, etc.              | 29    | 135,241,035           | 131,289,042           |
| Stationery, printing, advertisement, etc.             | 30    | 167,510,614           | 161,986,227           |
| Chief executive's salary and fees                     |       | 12,900,000            | 13,143,560            |
| Directors' fees                                       | 31    | 7,985,347             | 9,251,619             |
| Auditors' fees  | 32    | 4,345,900             | 2,314,903             |
| Depreciation and repairs of Bank's assets             | 33    | 573,803,327           | 514,522,719           |
| Other expenses  | 34    | 1,304,413,020         | 1,187,212,523         |
| <b>Total operating expenses (b)</b>                   |       | <b>5,628,342,383</b>  | <b>5,229,961,854</b>  |
| <b>Profit before provision (c = (a-b))</b>            |       | <b>5,020,190,334</b>  | <b>6,924,844,673</b>  |
| Provision against loans and advances                  | 35    | 2,061,249,000         | 2,286,220,170         |
| Provision for diminution in value of investments      | 36    | -                     | -                     |
| Other provisions                                      | 37    | 200,000,000           | 659,995,730           |
| <b>Total provision (d)</b>                            |       | <b>2,261,249,000</b>  | <b>2,946,215,900</b>  |
| <b>Profit before taxation (c-d)</b>                   |       | <b>2,758,941,334</b>  | <b>3,978,628,773</b>  |
| Provision for taxation                                |       | 1,488,526,466         | 2,718,595,044         |
| Current tax   |       | 1,896,468,866         | 2,691,503,054         |
| Deferred tax  |       | (407,942,400)         | 27,091,990            |
| <b>Net profit after taxation</b>                      |       | <b>1,270,414,868</b>  | <b>1,260,033,729</b>  |
| <b>Appropriations</b>                                 |       |                       |                       |
| Statutory reserve                                     |       | 535,826,124           | 22,074,774            |
| General reserve                                       |       | -                     | -                     |
| Dividends, etc.                                       |       | -                     | -                     |
|   |       | <b>535,826,124</b>    | <b>22,074,774</b>     |
| <b>Retained surplus</b>                               |       | <b>734,588,744</b>    | <b>1,237,958,955</b>  |

**Earnings Per Share (EPS)**

39

2.12

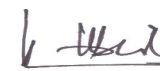
2.10

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

  
**Shamim Ahmed Chaudhury**  
**President & Managing Director**

  
**Shishir Ranjan Bose, FCA**  
**Independent Director**

  
**Salim Ahmed**  
**Vice Chairman**

  
**M. Wahidul Haque**  
**Chairman**

This is the Profit and Loss Account referred to in our separate report of even date.

Dhaka,  
26 April 2016

  
**ACNABIN**  
**Chartered Accountants**

**AB Bank Limited**  
**Cash Flow Statement**  
**For the year ended 31 December 2015**


|  | Notes | 2015<br>Taka           | 2014<br>Taka           |
|--|-------|------------------------|------------------------|
| <b>Cash flows from Operating Activities</b>                                  |       |                        |                        |
| Interest receipts  |       | 21,356,009,865         | 20,622,037,385         |
| Interest payments  |       | (16,431,906,919)       | (15,139,836,680)       |
| Dividend receipts  |       | 180,634,136            | 170,582,438            |
| Fees and commission receipts   |       | 1,855,689,669          | 2,016,785,206          |
| Recoveries on loans previously written off                                   |       | 66,437,637             | 16,283,250             |
| Payments to employees  |       | (2,834,124,346)        | (2,626,095,921)        |
| Payments to suppliers  |       | (167,510,614)          | (161,986,227)          |
| Income taxes paid  |       | (2,169,479,061)        | (2,300,909,738)        |
| Receipts from other operating activities                                     | 40    | 4,266,444,672          | 3,872,377,491          |
| Payments for other operating activities                                      | 41    | (2,283,109,070)        | (2,120,696,679)        |
| <b>Operating profit before changes in operating assets &amp; liabilities</b> |       | <b>3,839,085,967</b>   | <b>4,348,540,524</b>   |
| <b>Increase/(decrease) in operating assets and liabilities</b>               |       |                        |                        |
| Loans and advances to customers  |       | (34,529,580,155)       | (38,396,468,423)       |
| Other assets   | 42    | (1,194,431,447)        | (7,488,422)            |
| Deposits from other banks  |       | (6,289,172,380)        | 5,977,464,576          |
| Deposits from customers  |       | 21,818,538,165         | 30,185,282,304         |
| Trading liabilities (short-term borrowings)                                  |       | 12,487,093,552         | 1,050,776,353          |
| Other liabilities  | 43    | 3,846,295,697          | 1,779,579,241          |
|  |       | <b>(3,861,256,567)</b> | <b>589,145,629</b>     |
| <b>Net cash (used in)/ flow from operating activities (a)</b>                |       | <b>(22,170,601)</b>    | <b>4,937,686,154</b>   |
| <b>Cash Flows from Investing Activities</b>                                  |       |                        |                        |
| Purchase of government securities  |       | (1,534,904,107)        | (2,749,734,158)        |
| Sale of trading securities, shares, bonds, etc.                              |       | 197,069,162            | 875,095,435            |
| Purchase of property, plant and equipment                                    |       | (139,989,135)          | (553,681,516)          |
| <b>Net cash used in investing activities (b)</b>                             |       | <b>(1,477,824,080)</b> | <b>(2,428,320,240)</b> |
| <b>Cash Flows from Financing Activities</b>                                  |       |                        |                        |
| Increase of long-term borrowings   |       | 4,229,440,326          | 2,438,542,045          |
| Dividend paid  |       | (392,021)              | (239,084,776)          |
| <b>Net cash flow from financing activities (c)</b>                           |       | <b>4,229,048,305</b>   | <b>2,199,457,268</b>   |
| <b>Net Increase in cash (a+b+c)</b>  |       | <b>2,729,053,624</b>   | <b>4,708,823,182</b>   |
| Effects of exchange rate changes on cash and cash equivalents                |       | -                      | -                      |
| Cash and cash equivalents at beginning of the year                           |       | 24,302,588,793         | 19,593,765,610         |
| <b>Cash and cash equivalents at end of the year (*)</b>                      |       | <b>27,031,642,417</b>  | <b>24,302,588,793</b>  |
| (*) Cash and cash equivalents:   |       |                        |                        |
| Cash   |       | 1,204,156,116          | 1,137,941,325          |
| Prize bonds  |       | 3,017,800              | 3,232,900              |
| Money at call and on short notice  |       | 5,284,337,004          | 3,862,958,626          |
| Balance with Bangladesh Bank and its agent bank(s)                           |       | 15,829,128,241         | 12,809,767,620         |
| Balance with other banks and financial institutions                          |       | 4,711,003,257          | 6,488,688,322          |
|  |       | <b>27,031,642,417</b>  | <b>24,302,588,793</b>  |
| <b>Net Operating Cash Flow Per Share (NOCFPS)</b>                            |       | <b>(0.04)</b>          | <b>8.24</b>            |

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

  
**Shamim Ahmed Chaudhury**  
**President & Managing Director**

  
**Shishir Ranjan Bose, FCA**  
**Independent Director**

  
**Salim Ahmed**  
**Vice Chairman**

  
**M. Wahidul Haque**  
**Chairman**

This is the Cash Flow Statement referred to in our separate report of even date.

Dhaka,  
26 April 2016

  
**ACNABIN**  
**Chartered Accountants**

**AB Bank Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2015**

(Amount in Taka)

| Particulars                                | Paid-up capital      | Statutory reserve    | General reserve      | Assets revaluation reserve | Investment revaluation reserve | Retained earnings    | Total Equity          |
|--|----------------------|----------------------|----------------------|----------------------------|--------------------------------|----------------------|-----------------------|
| Balance at 01 January 2015                 | 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        |
| Adjustment:                                |                      |                      |                      |                            |                                |                      |                       |
| Deferred Tax income                        | -                    | -                    | -                    | -                          | -                              | 1,156,529,394        | 1,156,529,394         |
| <b>Bonus for 2014:</b>                     |                      |                      |                      |                            |                                |                      |                       |
| 12.50% Stock Dividend                      | 665,573,940          | -                    | -                    | -                          | -                              | (665,573,940)        | -                     |
| <b>Restated Opening Balance</b>            | <b>5,990,165,460</b> | <b>5,582,440,229</b> | <b>42,199,200</b>    | <b>1,323,567,486</b>       | <b>272,492,469</b>             | <b>6,102,778,123</b> | <b>19,313,642,967</b> |
| Net profit after taxation for the year     | -                    | -                    | -                    | -                          | -                              | 1,270,414,868        | 1,270,414,868         |
| Transferred during the year                | -                    | -                    | -                    | (18,032,304)               | -                              | 18,032,304           | -                     |
| Addition/(Adjustment) made during the year | -                    | 535,826,124          | 1,180,000,000        | -                          | 1,059,682,568                  | (538,772,901)        | 2,236,735,790         |
| Foreign Exchange Rate Fluctuation          | -                    | (7,062,808)          | -                    | -                          | -                              | (21,505,472)         | (28,568,280)          |
| <b>Balance at 31 December 2015</b>         | <b>5,990,165,460</b> | <b>6,111,203,545</b> | <b>1,222,199,200</b> | <b>1,305,535,182</b>       | <b>1,332,175,037</b>           | <b>6,830,946,921</b> | <b>22,792,225,345</b> |
| <b>Balance at 31 December 2014</b>         | <b>5,324,591,520</b> | <b>5,582,440,229</b> | <b>42,199,200</b>    | <b>1,323,567,486</b>       | <b>272,492,469</b>             | <b>6,768,352,063</b> | <b>19,313,642,967</b> |



**Shamim Ahmed Chaudhury**  
**President & Managing Director**



**Shishir Ranjan Bose, FCA**  
**Independent Director**



**Salim Ahmed**  
**Vice Chairman**



**M. Wahidul Haque**  
**Chairman**

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

Dhaka,  
26 April 2016



**ACNABIN**  
**Chartered Accountants**

0.02

**AB Bank Limited**  
**Liquidity Statement**  
**Analysis of Maturity of Assets and Liabilities**  
**As at 31 December 2015**

| Particulars  | Amount in taka           |                       |                       |                         |                             | Total                  |
|--|--------------------------|-----------------------|-----------------------|-------------------------|-----------------------------|------------------------|
|  | Up to 1 month's maturity | 1-3 months' maturity  | 3-12 months' maturity | 1-5 years' maturity     | More than 5 years' maturity |                        |
| <b>Assets</b>  |                          |                       |                       |                         |                             |                        |
| Cash in hand & with banks  | 2,422,250,666            | -                     | -                     | -                       | 14,611,033,691              | 17,033,284,356         |
| Balance with Other banks and financial institutions                            | 3,771,003,257            | 900,000,000           | 40,000,000            | -                       | -                           | 4,711,003,257          |
| Money at Call & Short Notice   | 923,096,103              | 2,766,636,140         | 24,598,763            | 1,570,006,000           | -                           | 5,284,337,005          |
| Investments  | 196,689,703              | 639,832,263           | 5,929,296,131         | 7,839,516,342           | 18,570,543,039              | 33,175,877,479         |
| Loans & advances   | 24,762,803,913           | 64,728,918,379        | 83,825,522,664        | 34,627,758,562          | 1,780,199,748               | 209,725,203,267        |
| Fixed assets including premises, furniture and fixture                         | -                        | -                     | -                     | -                       | 4,200,872,767               | 4,200,872,767          |
| Other assets   | 2,132,232,314            | 892,178,327           | 1,282,235,586         | 820,370,456             | 5,752,659,905               | 10,879,676,588         |
| Non-banking assets   | -                        | -                     | -                     | -                       | -                           | -                      |
| <b>Total Assets</b>  | <b>34,208,075,956</b>    | <b>69,927,565,109</b> | <b>91,101,653,144</b> | <b>44,857,651,361</b>   | <b>44,915,309,150</b>       | <b>285,010,254,719</b> |
| <b>Liabilities</b>   |                          |                       |                       |                         |                             |                        |
| Borrowing from Bangladesh Bank, other banks, financial institutions and agents | 9,681,770,055            | 12,574,851,595        | 828,365,028           | 4,709,840,172           | 2,398,517,459               | 30,193,344,309         |
| Deposit and other accounts   | 23,064,590,406           | 56,146,544,620        | 77,983,565,999        | 54,567,155,889          | 2,057,048,586               | 213,818,905,499        |
| Provision and other Liabilities  | 535,215,321              | 442,206,698           | 5,315,358,162         | 11,912,999,385          | -                           | 18,205,779,567         |
| <b>Total Liabilities</b>   | <b>33,281,575,782</b>    | <b>69,163,602,913</b> | <b>84,127,289,189</b> | <b>71,189,995,446</b>   | <b>4,455,566,045</b>        | <b>262,218,029,374</b> |
| <b>Net Liquidity Excess/(shortage)</b>   | <b>926,500,174</b>       | <b>763,962,196</b>    | <b>6,974,363,955</b>  | <b>(26,332,344,086)</b> | <b>40,459,743,105</b>       | <b>22,792,225,345</b>  |



**Shamim Ahmed Chaudhury**  
**Managing Director**



**Shishir Ranjan Bose, FCA**  
**Independent Director**




**Salim Ahmed**  
**Vice Chairman**



**M. Wahidul Haque**  
**Chairman**

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

Dhaka,  
26 April 2016



**ACNABIN**  
**Chartered Accountants**

**AB Bank Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015**

**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 up to 2013). The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. AB Bank Limited has 101 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.



## **Presentation of the financial statements (Cont.)**

Consolidated financial statements and financial statements of the Bank were made as at 31 December 2015 and were prepared under the historical cost convention except investments categorised under held for trading and in accordance with Bank Company Act 1991, (Amendment up to 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 ending on 31 December 2015.

## **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 Annexure-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 Annexure-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 2015 has also been disclosed separately in Annexure-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 Annexure-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 Annexure-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 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 Annexure-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 Annexure-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 Annexure-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 Annexure-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 Annexure-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 Annexure - 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.

**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 2015 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 period have been classified as operating activities, investing activities and financing activities.

## 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 2015.
- 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, BRPD Circular No. 16 dated 18 November, 2014, BRPD Circular No. 04 dated January 29,2015 and BRPD Circular No. 08 dated 02 August 2015 . The rates for provisions are stated below:

| Particulars |          | Short Term<br>Agri Credit | Consumer Financing   |      |      | SMEF  | Loans to<br>BHS/ MBs/<br>SDs | All Other<br>Credit | Off Balance<br>Sheet<br>Exposures |
|-------------|----------|---------------------------|----------------------|------|------|-------|------------------------------|---------------------|-----------------------------------|
|             |          |                           | Other than<br>HF, LP | HF   | LP   |       |                              |                     |                                   |
| UC          | Standard | 2.5%                      | 5%                   | 2%   | 2%   | 0.25% | 2%                           | 1%                  | 1%                                |
|             | SMA      | -                         | 5%                   | 2%   | 2%   | 0.25% | 2%                           | 1%                  |                                   |
| Classified  | SS       | 5%                        | 20%                  | 20%  | 20%  | 20%   | 20%                          | 20%                 |                                   |
|             | DF       | 5%                        | 50%                  | 50%  | 50%  | 50%   | 50%                          | 50%                 |                                   |
|             | BL       | 100%                      | 100%                 | 100% | 100% | 100%  | 100%                         | 100%                |                                   |

## **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:

| <b>Investment class</b>    | <b>Initial recognition</b> | <b>Measurement after initial recognition</b> | <b>Recording of changes</b>  |
|----------------------------|----------------------------|--|--|
| 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, recognised in P&L.<br>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".

## 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".

**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 up to 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.

**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 @ 40% on the accounting profit made by the Bank after considering taxable allowances and disallowances as per income tax laws applicable for the Bank.

## **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 10.01).

## **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".



### **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".

### **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 2015.

## **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 2014.

### **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 2015. 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 2015. Segmental reporting period shown in below:

| <b>Sl no.</b> | <b>Name of the entity/segment</b> | <b>Reporting period</b>             |
|---------------|-----------------------------------|-------------------------------------|
| 1             | AB Bank Limited                   | 01 January 2015 to 31 December 2015 |
| 2             | Off Shore Banking Unit            | 01 January 2015 to 31 December 2015 |
| 3             | Mumbai Branch, India              | 01 January 2015 to 31 December 2015 |
| 4             | AB Investment Limited             | 01 January 2015 to 31 December 2015 |
| 5             | AB Securities Limited             | 01 January 2015 to 31 December 2015 |
| 6             | Cashlink Bangladesh Limited       | 01 January 2015 to 31 December 2015 |
| 7             | AB International Finance Limited  | 01 January 2015 to 31 December 2015 |
| 8             | AB Exchange (UK) Limited          | 01 January 2015 to 31 December 2015 |
| 9             | Arab Bangladesh Bank Foundation   | 01 January 2015 to 31 December 2015 |

## 1.1 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

#### Profit and Loss Account for the year ended 31 December 2015

Taka in Crore

| Particulars                                      | AB Bank Limited      |                 |                    |                         |                       |            |          | Subsidiaries          |                       |                                 |                          |                                  | Adjustment | AB Bank & its subsidiaries |
|--|----------------------|-----------------|--------------------|-------------------------|-----------------------|------------|----------|-----------------------|-----------------------|---------------------------------|--------------------------|----------------------------------|------------|----------------------------|
|  | Inside Bangladesh    |                 |                    |                         | India (Mumbai Branch) | Adjustment | Total    | Inside Bangladesh     |                       |                                 | AB Exchange (UK) Limited | AB Int. Finance Ltd. (Hong Kong) |            |                            |
|  | Conventional Banking | Islamic Banking | Investment Banking | Off- Shore Banking Unit |                       |            |          | AB Investment Limited | AB Securities Limited | Cash Link Bangladesh Ltd. (CBL) |                          |                                  |            |                            |
| Interest income                                  | 2,013.25             | 67.24           | -                  | 55.19                   | 7.02                  | (61.54)    | 2,081.16 | 39.34                 | 8.38                  | 0.03                            | -                        | 6.38                             | (12.40)    | 2,122.89                   |
| Interest paid on deposits and borrowings, etc.   | 1,567.51             | 50.77           | 40.86              | 45.27                   | 2.15                  | (53.33)    | 1,653.22 | 14.47                 | 5.30                  | -                               | -                        | 0.58                             | (12.69)    | 1,660.88                   |
| Net interest income                              | 445.74               | 16.47           | (40.86)            | 9.91                    | 4.87                  | (8.21)     | 427.93   | 24.86                 | 3.07                  | 0.03                            | -                        | 5.81                             | 0.29       | 462.00                     |
| Investment income                                | 321.35               | 0.19            | 10.93              | -                       | 3.08                  | -          | 335.54   | 0.03                  | 0.14                  | (0.08)                          | -                        | -                                | (7.44)     | 328.20                     |
| Commission, exchange and brokerage               | 248.31               | 2.42            | -                  | 0.14                    | 33.62                 | (1.61)     | 282.88   | 4.41                  | 4.59                  | 7.73                            | 0.23                     | 4.19                             | (7.58)     | 296.44                     |
| Other operating income                           | 17.84                | 0.37            | -                  | 0.02                    | 0.28                  | -          | 18.50    | 0.88                  | 0.30                  | -                               | -                        | 3.94                             | (0.84)     | 22.77                      |
| Total operating income                           | 1,033.24             | 19.45           | (29.93)            | 10.07                   | 41.85                 | (9.82)     | 1,064.85 | 30.18                 | 8.10                  | 7.69                            | 0.23                     | 13.93                            | (15.57)    | 1,109.42                   |
| OPERATING EXPENSES                               |                      |                 |                    |                         |                       |            |          |                       |                       |                                 |                          |                                  |            |                            |
| Salary and allowances                            | 277.61               | 3.19            | -                  | 0.74                    | 1.87                  | -          | 283.41   | 1.74                  | 2.93                  | 0.02                            | 0.44                     | 3.29                             | -          | 291.84                     |
| Rent, taxes, insurance, electricity, etc.        | 57.13                | 0.13            | 0.16               | 0.01                    | 1.82                  | -          | 59.25    | 0.27                  | 0.80                  | -                               | 0.13                     | 0.75                             | (0.55)     | 60.65                      |
| Legal expenses                                   | 0.81                 | -               | -                  | -                       | 0.03                  | -          | 0.84     | 0.05                  | 0.01                  | 0.02                            | 0.01                     | -                                | -          | 0.93                       |
| Postage, stamps, telecommunication, etc.         | 12.18                | 0.04            | -                  | 0.03                    | 1.28                  | -          | 13.52    | 0.09                  | 0.16                  | 0.00                            | 0.02                     | 0.59                             | (0.40)     | 13.99                      |
| Stationery, printing, advertisement, etc.        | 16.41                | 0.08            | -                  | 0.00                    | 0.26                  | -          | 16.75    | 0.02                  | 0.06                  | -                               | -                        | 0.03                             | -          | 16.86                      |
| Directors' fees                                  | 0.78                 | 0.01            | -                  | -                       | -                     | -          | 0.80     | 0.03                  | 0.03                  | 0.01                            | -                        | -                                | -          | 0.88                       |
| Auditors' fees                                   | 0.36                 | -               | -                  | -                       | 0.08                  | -          | 0.43     | 0.01                  | 0.01                  | 0.02                            | 0.02                     | 0.03                             | -          | 0.53                       |
| Charges on loan losses                           | -                    | -               | -                  | -                       | -                     | -          | -        | -                     | -                     | -                               | -                        | -                                | -          | -                          |
| Depreciation and repairs of Bank's assets        | 55.97                | 0.29            | 0.01               | 0.14                    | 0.97                  | -          | 57.38    | 1.84                  | 0.49                  | 0.01                            | 0.26                     | 0.04                             | -          | 60.02                      |
| Other expenses                                   | 117.40               | 0.82            | 0.12               | 0.16                    | 11.95                 | -          | 130.44   | 0.79                  | 1.07                  | 0.04                            | 0.09                     | 0.29                             | (7.18)     | 125.55                     |
| Total operating expenses                         | 538.67               | 4.57            | 0.29               | 1.07                    | 18.24                 | -          | 562.83   | 4.86                  | 5.56                  | 0.12                            | 0.98                     | 5.03                             | (8.13)     | 571.26                     |
| Profit before provision                          | 494.58               | 14.88           | (30.22)            | 9.00                    | 23.61                 | (9.82)     | 502.02   | 25.32                 | 2.54                  | 7.57                            | (0.75)                   | 8.90                             | (7.44)     | 538.16                     |
| Provision against loans and advances             |                      |                 |                    |                         |                       |            | 206.12   |                       |                       |                                 |                          |                                  |            | 206.65                     |
| Provision for diminution in value of investments |                      |                 |                    |                         |                       |            | -        |                       |                       |                                 |                          |                                  |            | 4.49                       |
| Other provisions                                 |                      |                 |                    |                         |                       |            | 20.00    |                       |                       |                                 |                          |                                  |            | 20.01                      |
| Total provision                                  |                      |                 |                    |                         |                       |            | 226.12   |                       |                       |                                 |                          |                                  |            | 231.15                     |
| Profit before taxation                           |                      |                 |                    |                         |                       |            | 275.89   |                       |                       |                                 |                          |                                  |            | 307.01                     |
| Provision for taxation                           |                      |                 |                    |                         |                       |            | 148.85   |                       |                       |                                 |                          |                                  |            | 161.28                     |
| Net profit after taxation                        |                      |                 |                    |                         |                       |            | 127.04   |                       |                       |                                 |                          |                                  |            | 145.73                     |

## Balance Sheet

Taka in Crore

| 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. (CBL) |                       |                                  |                 |                             |
| <b>PROPERTY AND ASSETS</b>                                     |                      |                 |                    |                         |                       |                 |                  |                       |                    |                                 |                       |                                  |                 |                             |
| Cash   | 1,672.44             | 30.48           | -                  | -                       | 0.41                  | -               | 1,703.33         | 0.0025                | 0.0002             | 0.0006                          | 0.13                  | -                                | -               | 1,703.46                    |
| Balance with other banks and financial institutes              | 152.84               | 202.19          | -                  | 1.56                    | 136.30                | (21.79)         | 471.10           | 0.04                  | 16.53              | 0.25                            | 0.01                  | 2.05                             | (14.72)         | 475.27                      |
| Money at call and on short notice                              | 574.97               | -               | -                  | 228.75                  | 28.43                 | (303.72)        | 528.43           | -                     | -                  | -                               | -                     | -                                | (71.75)         | 456.68                      |
| Investments  | 2,843.99             | 24.00           | 413.21             | -                       | 40.68                 | (4.30)          | 3,317.59         | 68.66                 | 16.86              | 2.35                            | -                     | -                                | -               | 3,405.46                    |
| Loans and advances   | 19,041.19            | 381.90          | -                  | 1,469.66                | 79.56                 | 0.21            | 20,972.52        | 699.05                | 99.03              | -                               | -                     | 91.31                            | (225.42)        | 21,636.49                   |
| Fixed assets   | 416.79               | 1.05            | 0.12               | 0.32                    | 1.80                  | -               | 420.09           | 61.38                 | 0.35               | 0.02                            | 0.11                  | 0.01                             | -               | 481.95                      |
| Other assets   | 1,067.83             | 4.63            | 2.87               | 4.72                    | 39.52                 | (31.61)         | 1,087.96         | 3.43                  | 1.49               | 3.02                            | 0.22                  | 0.46                             | (562.01)        | 534.57                      |
| Non-banking assets   | -                    | -               | -                  | -                       | -                     | -               | -                | -                     | -                  | -                               | -                     | -                                | -               | -                           |
| <b>Total Assets</b>  | <b>25,770.05</b>     | <b>644.25</b>   | <b>416.20</b>      | <b>1,705.02</b>         | <b>326.70</b>         | <b>(361.19)</b> | <b>28,501.02</b> | <b>832.56</b>         | <b>134.27</b>      | <b>5.65</b>                     | <b>0.46</b>           | <b>93.83</b>                     | <b>(873.90)</b> | <b>28,693.89</b>            |
| <b>LIABILITIES AND CAPITAL</b>                                 |                      |                 |                    |                         |                       |                 |                  |                       |                    |                                 |                       |                                  |                 |                             |
| <b>Liabilities</b>   |                      |                 |                    |                         |                       |                 |                  |                       |                    |                                 |                       |                                  |                 |                             |
| Borrowings from other banks, financial institutions and agents | 1,755.57             | -               | -                  | 1,567.63                | -                     | (303.86)        | 3,019.33         | 213.22                | 28.43              | 10.67                           | -                     | 71.78                            | (283.58)        | 3,059.86                    |
| Deposits and other accounts                                    | 20,440.76            | 638.70          | 0.00               | 128.34                  | 190.03                | (15.93)         | 21,381.89        | -                     | -                  | -                               | -                     | -                                | (14.72)         | 21,367.17                   |
| Other liabilities  | 1,543.67             | 5.56            | 417.80             | -                       | 25.29                 | (171.73)        | 1,820.58         | 46.03                 | 57.15              | 1.42                            | 0.34                  | 5.30                             | (21.35)         | 1,909.48                    |
| <b>Total Liabilities</b>                                       | <b>23,740.00</b>     | <b>644.25</b>   | <b>417.80</b>      | <b>1,695.97</b>         | <b>215.31</b>         | <b>(491.53)</b> | <b>26,221.81</b> | <b>259.26</b>         | <b>85.58</b>       | <b>12.10</b>                    | <b>0.34</b>           | <b>77.08</b>                     | <b>(319.65)</b> | <b>26,336.51</b>            |
| Total Shareholders' Equity                                     | 2,030.05             | -               | (1.60)             | 9.05                    | 111.39                | 130.33          | 2,279.22         | 573.30                | 48.69              | (6.45)                          | 0.12                  | 16.74                            | (554.03)        | 2,357.60                    |
| Minority Interest  | -                    | -               | -                  | -                       | -                     | -               | -                | -                     | -                  | -                               | -                     | -                                | (0.22)          | (0.22)                      |
| <b>Total Liabilities and Shareholders' Equity</b>              | <b>25,770.05</b>     | <b>644.25</b>   | <b>416.20</b>      | <b>1,705.02</b>         | <b>326.70</b>         | <b>(361.19)</b> | <b>28,501.03</b> | <b>832.56</b>         | <b>134.27</b>      | <b>5.65</b>                     | <b>0.46</b>           | <b>93.83</b>                     | <b>(873.90)</b> | <b>28,693.89</b>            |

### 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 Govt. Grants and Disclosure of Govt. 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   | Financial Reporting in Hyperinflationary Economics              | 29         | N/A      |
| 20   | Interests in Joint Ventures                                     | 31         | N/A      |
| 21   | Financial Instruments: Presentation                             | 32         | *        |
| 22   | Earnings Per Share  | 33         | Complied |
| 23   | Interim Financial Reporting                                     | 34         | Complied |
| 24   | Impairment of Assets  | 36         | Complied |
| 25   | Provisions, Contingent Liabilities and Contingent Assets        | 37         | Complied |
| 26   | Intangible Assets   | 38         | Complied |
| 27   | Financial Instruments: Recognition and Measurement              | 39         | *        |
| 28   | Investment Property   | 40         | Complied |
| 29   | Agriculture   | 41         | N/A      |

| SI # | Name of 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 |

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

### 1.13 Compliance of Bangladesh Bank regulations over BAS/BFRS:

| SI No. | Issues   | BAS/BFRS   | Bangladesh Bank  |
|--------|--|--|--|
| 1      | <b>Presentation</b>                                      | 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      | <b>Cash and cash equivalent</b>                          | 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      | <b>Investment in shares and securities</b>               | 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      | <b>Revaluation gains/losses on Government securities</b> | 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      | <b>Repo and reverse repo transactions</b>                | 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 de-recognition 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.   |

### 1.13 Compliance of Bangladesh Bank regulations over BAS/BFRS (cont.)

| SI No. | Issues  | BAS/BFRS   | Bangladesh Bank  |
|--------|---|--|--|
| 6      | <b>Provision on loans and advances/ investments</b> | 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      | <b>Recognition of interest in suspense</b>          | 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      | <b>Non-banking asset</b>                            | 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      | <b>Cash flow statement</b>                          | 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     | <b>Financial Guarantee</b>                          | 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:

- i. The Bank Company Act, 1991 (Amendment up to 2013)
- ii. The Companies Act, 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Securities and Exchange Rules, 1987
- v. The Securities and Exchange Ordinance, 1969
- vi. The Securities and Exchange Commission Act, 1993
- vii. The Securities and Exchange Commission (Public Issues) Rules, 2015
- viii. The Income Tax Ordinance, 1984 and Rules
- ix. The Value Added Tax (VAT) Act, 1991 and Rules
- x. Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) Listing Regulations, 2015
- xi. Central Depository Bangladesh Limited (CDBL) rules and regulations.

### **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.



### **Foreign exchange risk (cont.)**

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.

### 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:

| Year            | Date of Rating | Long term | Short term |
|-----------------|----------------|-----------|------------|
| Jan to Dec 2014 | April 30, 2015 | AA3       | ST-2       |
| Jan to Dec 2013 | March 27, 2014 | AA3       | ST-2       |
| Jan to Dec 2012 | May 26, 2013   | AA3       | ST-2       |
| Jan to Dec 2011 | June 21, 2012  | AA3       | ST-2       |

### 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.

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       | Common Director |

b) Related party transactions:

| Name of related party    | Relationship    | Nature of transaction | Amount in Taka |
|--------------------------|-----------------|-----------------------|----------------|
| Elite International Ltd. | Common Director | Office Rent           | 1,196,820      |

## 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      | Mr. Salim Ahmed              | Vice Chairman        | Member                | With effect from 08 May 2014      | B.A (Hons.) M.A. (History)                 |
| 4      | Mr. M.A. Awal                | Director             | Member                | With effect from 12 July 2011     | B.Com.                                     |
| 5      | Prof. Dr. M. Imtiaz Hossain  | Independent Director | Member                | With effect from 12 April 2015    | Ph. D. from University of Manchester, U.K. |

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

### ii) Meeting held with Audit Committee

During the year 2015, the Audit Committee conducted 19 (Nineteen) 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 Control & Compliance Division;
- financial statements of the Bank;
- quarterly and half-yearly Financial Statements of the Bank for the year 2015;
- 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.

### 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                  | M.A (Econ.),DAIBB. Founder CEO of Islami Bank ( Bangladesh) Ltd. and Social Islami Bank Ltd.  |
| 2      | Jb. Md. Shouquat Ali   | Vice Chairman             | B.A (Hons.) M.A (Econ.), LLB (1st class). Advocate, Bangladesh Supreme Court 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                    | Kamil, Madrasah Education Board, B.Com (Hons) M.Com, Dhaka University. Author and research scholar of Quran & Hadith.                   |
| 5      | Jb. M. Wahidul Haque<br>(Chairman, Board of Directors, ABBL) | Member                    | BA, LLB   |
| 6      | Jb. Shamim Ahmed Chaudhury (President & MD, ABBL)            | Member                    | MBA with Major in Finance   |
| 7      | Jb. Dr. Mufti Mohd. Haroon Rashid                            | Member Secretary          | M.A, M. Phil PhD Aligar University, India. Mufti (1st Class) Darul Ulum Dewband, India  |

During the Year 2015, AB Bank Shariah Supervisory Committee met in 04 (Four) 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.

The important issues attending by the Shariah Supervisory Committee during the year 2015 are :

- Reviewing the Yearly Shariah Audit Report (January-December, 2014) of Islami Banking Branch and its observations.
- Reviewing the Half-Yearly Shariah Audit Report (January-June, 2015) of Islami Banking Branch and its observations.
- Approving the Final Account, 2014 of Islami Banking Branch.
- Approving the Annual Report of Shariah Supervisory Committee for the year 2014 on Islamic banking operation of the Bank.

## 2. General

- 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.
- Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

|   |             | <b>31.12.2015<br/>Taka</b> | <b>31.12.2014<br/>Taka</b> |
|---|-------------|----------------------------|----------------------------|
| <b>3. Cash</b>  |             |                            |                            |
| Cash in hand  | (Note: 3.1) | 1,204,156,116              | 1,137,941,325              |
| Balance with Bangladesh Bank and its agent bank(s)                            | (Note: 3.2) | 15,829,128,241             | 12,809,767,620             |
|   |             | <b>17,033,284,356</b>      | <b>13,947,708,945</b>      |
| <b>3(a) Consolidated Cash</b>   |             |                            |                            |
| AB Bank Limited   |             | 17,033,284,356             | 13,947,708,945             |
| AB Investments Limited  |             | 25,000                     | 25,000                     |
| AB International Finance Limited  |             | -                          | -                          |
| AB Securities Limited   |             | 2,410                      | 6,190                      |
| Cashlink Bangladesh Limited (CBL)   |             | 6,445                      | 23,096                     |
| AB Exchange (UK) Limited  |             | 1,251,631                  | 2,713,147                  |
|   |             | <b>17,034,569,843</b>      | <b>13,950,476,378</b>      |
| <b>3.1 Cash in hand</b>   |             |                            |                            |
| In local currency   |             | 1,174,908,808              | 1,110,821,477              |
| In foreign currency   |             | 29,247,308                 | 27,119,848                 |
|   |             | <b>1,204,156,116</b>       | <b>1,137,941,325</b>       |
| <b>3.1(a) Consolidated Cash in hand</b>                                       |             |                            |                            |
| AB Bank Limited   |             | 1,204,156,116              | 1,137,941,325              |
| AB Investments Limited  |             | 25,000                     | 25,000                     |
| AB International Finance Limited  |             | -                          | -                          |
| AB Securities Limited   |             | 2,410                      | 6,190                      |
| Cashlink Bangladesh Limited (CBL)   |             | 6,445                      | 23,096                     |
| AB Exchange (UK) Limited  |             | 1,251,631                  | 2,713,147                  |
|   |             | <b>1,205,441,602</b>       | <b>1,140,708,758</b>       |
| <b>3.2 Balance with Bangladesh Bank and its agent bank(s)</b>                 |             |                            |                            |
| Balance with Bangladesh Bank  |             |                            |                            |
| In local currency   |             | 14,828,917,268             | 11,858,151,070             |
| In foreign currency   |             | 636,067,309                | 563,838,581                |
|   |             | 15,464,984,577             | 12,421,989,650             |
| Sonali Bank Limited<br>(as an agent bank of Bangladesh Bank) - local currency |             | 364,143,664                | 387,777,970                |
|   |             | <b>15,829,128,241</b>      | <b>12,809,767,620</b>      |
| <b>3.2.1 Balance with Bangladesh Bank- local currency</b>                     |             |                            |                            |
| Balance as per Bank Ledger  |             | 14,828,917,268             | 11,858,151,070             |
| <u>Unresponded debit entries:</u>   |             | 73,257,072                 | 26,767,121                 |
| Bangladesh Bank statement   |             | 73,257,072                 | 26,767,121                 |
| AB Bank's ledger  |             | -                          | -                          |
| <u>Unresponded credit entries:</u>  |             | 6,754,860                  | 132,747,435                |
| Bangladesh Bank statement   |             | 6,557,885                  | 40,815,281                 |
| AB Bank's ledger  |             | 196,975                    | 91,932,154                 |
|   |             | <b>14,762,415,056</b>      | <b>11,964,131,384</b>      |

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 31.12.2015 is given below:

| year of Unreconciliation        | Number of |          | Unresponded Amount |                  |
|---------------------------------|-----------|----------|--------------------|------------------|
|                                 | Debit     | Credit   | Debit              | Credit           |
| Less than 3 months              | 17        | 4        | 72,757,072         | 6,557,885        |
| 3 months to less than 6 months  | -         | 1        | -                  | 6,975            |
| 6 months to less than 12 months | -         | -        | -                  | -                |
| 12 months and more              | 1         | 1        | 500,000            | 190,000          |
| <b>Total</b>                    | <b>18</b> | <b>6</b> | <b>73,257,072</b>  | <b>6,754,860</b> |

|                   |                   |
|-------------------|-------------------|
| <b>31.12.2015</b> | <b>31.12.2014</b> |
| <b>Taka</b>       | <b>Taka</b>       |

### 3.2.2 Balance with Bangladesh Bank-Foreign currency

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Balance as per Bank Ledger</b>               | <b>636,067,309</b> | <b>563,838,581</b> |
| <u>Unresponded debit entries:</u>               | 91,784,804         | 4,985,182          |
| Bangladesh Bank statement                       | 69,780,153         | 4,985,182          |
| AB Bank's ledger                                | 22,004,651         | -                  |
| <u>Unresponded credit entries:</u>              | 293,977,233        | 242,379,951        |
| Bangladesh Bank statement                       | 117,186,981        | 71,164,115         |
| AB Bank's ledger                                | 176,790,252        | 171,215,836        |
| <b>Balance as per Bangladesh Bank Statement</b> | <b>838,259,738</b> | <b>801,233,350</b> |

**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 31.12.2015 is given below:**

| Period of Unreconciliation      | Number of |            | Unresponded Amount |                    |
|---------------------------------|-----------|------------|--------------------|--------------------|
|                                 | Debit     | Credit     | Debit              | Credit             |
| Less than 3 months              | 42        | 159        | 91,784,804         | 293,922,283        |
| 3 months to less than 6 months  | -         | 1          | -                  | 54,950             |
| 6 months to less than 12 months | -         | -          | -                  | -                  |
| 12 months and more              | -         | -          | -                  | -                  |
| <b>Total</b>                    | <b>42</b> | <b>160</b> | <b>91,784,804</b>  | <b>293,977,233</b> |

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

|                                   |                       |                       |
|-----------------------------------|-----------------------|-----------------------|
| AB Bank Limited                   | 15,829,128,241        | 12,809,767,620        |
| AB Investments Limited            | -                     | -                     |
| AB International Finance Limited  | -                     | -                     |
| AB Securities Limited             | -                     | -                     |
| Cashlink Bangladesh Limited (CBL) | -                     | -                     |
| AB Exchange (UK) Limited          | -                     | -                     |
|                                   | <b>15,829,128,241</b> | <b>12,809,767,620</b> |

### 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 Bank Company Act, 1991 (Amendment up to 2013), 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 Government Securities and other regulatory components which supported to SLR. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

**(a) Cash Reserve Requirement (CRR)**

As per Bangladesh Bank MPD Circular No. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.50% on fortnightly cumulative average basis and minimum CRR @ 6.00% on daily basis.

|   | <b>31.12.2015</b><br><b>Taka</b> | <b>31.12.2014</b><br><b>Taka</b> |
|---|----------------------------------|----------------------------------|
| <b>i. Daily Position as on the reporting date</b> |                                  |                                  |
| Required reserve                                  | 14,311,926,525                   | 11,138,537,332                   |
| Actual reserve maintained                         | 14,451,833,382                   | 11,716,558,324                   |
| <b>Surplus</b>                                    | <b>139,906,857</b>               | <b>578,020,992</b>               |

As per Bank ledger, balance with Bangladesh Bank (local currency) is Tk.14,529,335,593.55 while as per Bangladesh Bank Statements balance is Tk.14,462,833,381.95 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 @ 6.50% on fortnightly cumulative average basis.

|  |                    |                      |
|--|--------------------|----------------------|
| Required reserve (6.5% of total time & demand liabilities) | 243,302,750,923    | 189,355,134,644      |
| Actual reserve maintained                                  | 243,672,654,926    | 191,003,842,243      |
| <b>Surplus</b>   | <b>369,904,004</b> | <b>1,648,707,599</b> |

**(b) Statutory Liquidity Ratio (SLR)**

|   |                    |                      |
|---|--------------------|----------------------|
| Required reserve (13% of total time & demand liabilities) | 28,623,853,050     | 22,277,074,664       |
| Actual reserve maintained                                 | 29,356,067,647     | 27,005,008,364       |
| <b>Total surplus</b>                                      | <b>732,214,597</b> | <b>4,727,933,700</b> |

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 @ 6.56% and @ 13.33% respectively at the year end.

**(c) Components of Statutory Liquidity Ratio (SLR)**

|                          |                       |                       |
|--------------------------|-----------------------|-----------------------|
| Cash in hand             | 1,194,823,535         | 1,131,735,000         |
| Balance with Sonali Bank | 364,143,664           | 387,777,000           |
| HTM Securities           | 18,599,744,739        | 15,973,346,093        |
| HFT Securities           | 9,057,448,852         | 8,929,129,280         |
| Excess Reserve of CRR    | 139,906,857           | 578,020,992           |
| Other Eligible Security  | -                     | 5,000,000             |
|                          | <b>29,356,067,647</b> | <b>27,005,008,364</b> |

**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 Bank Company Act, 1991 (Amendment up to 2013) 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:

|  | 31.12.2015<br>Taka | 31.12.2014<br>Taka |
|--|--------------------|--------------------|
| <b>(a) Cash Reserve Requirement (CRR)</b>  |                    |                    |
| Required reserve                           | 299,107,166        | 229,438,260        |
| Actual reserve maintained                  | 299,581,674        | 231,953,093        |
| <b>Surplus</b>                             | <b>474,508</b>     | <b>2,514,833</b>   |
| <b>(b) Statutory Liquidity Ratio (SLR)</b> |                    |                    |
| Total required reserve                     | 253,090,679        | 194,140,070        |
| Total actual reserve held                  | 254,179,042        | 201,739,017        |
| <b>Total surplus</b>                       | <b>1,088,363</b>   | <b>7,598,947</b>   |

#### **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.24/12.01.001/2015-16

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 & for 31.12.2015 and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 22.00 % for 31.12.2014 & 21.50.00 % for 31.12.2015 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:

|  |                    |                   |
|--|--------------------|-------------------|
| <b>(a) Cash Reserve Ratio (CRR)</b>        |                    |                   |
| Required reserve                           | 13,591,067         | 10,522,167        |
| Actual reserve maintained                  | 19,205,033         | 16,866,506        |
| <b>Surplus</b>                             | <b>5,613,966</b>   | <b>6,344,338</b>  |
| <b>(b) Statutory Liquidity Ratio (SLR)</b> |                    |                   |
| Required reserve                           | 283,965,610        | 302,149,255       |
| Actual reserve maintained                  | 406,787,241        | 335,151,337       |
| <b>Surplus</b>                             | <b>122,821,632</b> | <b>33,002,082</b> |
| Total required reserve                     | 297,556,677        | 312,671,422       |
| Total actual reserve held                  | 425,992,275        | 352,017,842       |
| <b>Total surplus</b>                       | <b>128,435,598</b> | <b>39,346,420</b> |

#### **4. Balance with other banks and financial institutions**

|                    |             |                      |                      |
|--------------------|-------------|----------------------|----------------------|
| In Bangladesh      | (Note: 4.1) | 2,159,121,205        | 4,171,808,425        |
| Outside Bangladesh | (Note: 4.2) | 2,551,882,052        | 2,316,879,897        |
|                    |             | <b>4,711,003,257</b> | <b>6,488,688,322</b> |

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

|                                      |               |                      |                      |
|--------------------------------------|---------------|----------------------|----------------------|
| In Bangladesh                        | (Note: 4.1.a) | 2,196,851,448        | 4,214,889,208        |
| Outside Bangladesh (Nostro Accounts) | (Note: 4.2.a) | 2,555,849,680        | 2,340,832,909        |
|                                      |               | <b>4,752,701,128</b> | <b>6,555,722,116</b> |



#### 4.1 In Bangladesh

##### Current Deposits

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

| 31.12.2015<br>Taka | 31.12.2014<br>Taka |
|--------------------|--------------------|
| 3,753,023          | 3,695,559          |
| 3,779              | 18,214             |
| 24,885             | 24,885             |
| 17,277             | 17,277             |
| 30,000,534         | 30,000,534         |
| 4,810              | 5,049              |
| 29,490,600         | 10,030,464         |
| 6,096,580          | -                  |
| 88,791             | 2,328              |
| 24,410             | 4,425              |
| 15,090,109         | 4,580              |
| 21,220             | 13,620             |
| 5,230              | 5,000              |
| 5,000              | 5,000              |
| 265                | 840                |
| 10,575             | 10,000             |
| 52,021,549         | 59,041,800         |
| 110,168            | 111,818            |
| 16,765             | 169,394            |
| 1,216              | 1,316              |
| 2,930              | 1,970              |
| 1,000              | -                  |
| 1,000              | -                  |
| <b>136,791,715</b> | <b>103,164,073</b> |

##### Special Notice Deposits

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

|                    |                      |
|--------------------|----------------------|
| 66,508,857         | 85,396,350           |
| 12,657             | 15,307               |
| 34,026             | 33,756               |
| 7,530              | 7,530                |
| 24,428,851         | 50,955,001           |
| 1,691              | 7,622                |
| 4,133,689          | 12,802,674           |
| 8,595              | 12,015,582           |
| 12,757,552         | 12,158,103           |
| 10,018             | 11,168               |
| 48,120             | 48,120               |
| 189                | 90,683               |
| 37,554             | 72,077               |
| 90,425             | 3,356                |
| 4,953              | 4,735                |
| 1,041,033          | 1,042,033            |
| 515,815            | 448,957              |
| 41,647             | 1,320,235            |
| 156,386            | 154,289              |
| 3,100,111          | 208,835,048          |
| 80,630             | 78,359               |
| 88,303             | 967,141              |
| 254,112,588        | 255,805,569          |
| 5,729,315          | 110,608,819          |
| 29,993,421         | 100,000,000          |
| 298,831,582        | 725,493,021          |
| 150,207,721        | 17,534,226           |
| 8,083              | 384,082              |
| <b>851,991,342</b> | <b>1,596,293,843</b> |

**Savings Deposits**

Social Islamic Bank Limited, Principal Branch  
EXIM Bank Limited, Motijheel Branch

| <b>31.12.2015</b><br><b>Taka</b> | <b>31.12.2014</b><br><b>Taka</b> |
|----------------------------------|----------------------------------|
| 160,982                          | 2,080,821                        |
| 177,168                          | 269,689                          |
| <b>338,149</b>                   | <b>2,350,510</b>                 |

**Fixed Deposits**

Hajj Finance Company Limited  
Southeast Bank Limited  
Social Islami Bank Limited  
Phoenix Finance and Investment Limited  
Al-Arafah Islami Bank Limited  
EXIM Bank Limited  
The City Bank Limited  
ICB Islamic Bank Limited  
Union Bank Limited  
Islamic Finance & Investment Limited  
Union Capital Limited  
IDLC Finance Limited  
IIDFC  
Peoples Leasing

|                      |                      |
|----------------------|----------------------|
| 90,000,000           | 250,000,000          |
| -                    | 200,000,000          |
| 400,000,000          | 200,000,000          |
| 100,000,000          | 100,000,000          |
| -                    | 300,000,000          |
| -                    | 500,000,000          |
| -                    | 200,000,000          |
| 150,000,000          | 50,000,000           |
| -                    | 450,000,000          |
| 30,000,000           | 120,000,000          |
| -                    | 100,000,000          |
| 150,000,000          | -                    |
| 150,000,000          | -                    |
| 100,000,000          | -                    |
| <b>1,170,000,000</b> | <b>2,470,000,000</b> |
| <b>2,159,121,205</b> | <b>4,171,808,425</b> |

**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) Limited

|                      |                      |
|----------------------|----------------------|
| 2,159,121,205        | 4,171,808,425        |
| 407,792              | 544,019              |
| -                    | -                    |
| 165,337,954          | 114,444,709          |
| 2,541,951            | 6,384,834            |
| -                    | -                    |
| 2,327,408,902        | 4,293,181,988        |
| 130,557,454          | 78,292,780           |
| <b>2,196,851,448</b> | <b>4,214,889,208</b> |

Less: Intercompany transaction

**4.2 Outside Bangladesh****Current Deposits**

The Bank of Tokyo Mitsubishi Limited  
HSBC AUST  
JP Morgan Chase Bank  
Sonali Bank (Kolkata)  
Sonali Bank (UK) Limited USD  
Sonali Bank (UK) Limited GBP  
Myanmar Economic Bank  
Citibank NA  
Hatton National Bank Limited  
Commerz Bank AG  
NIB Bank Limited  
Mashreq Bank Psc  
Nepal Bangladesh Bank Limited  
Bank of Bhutan  
HABIB Zurich  
Wachovia Bank/Wells Fargo N.A  
Habib America Bank  
Commerz Bank AG  
Hypovereins Bank  
National Commercial Bank Limited  
Habib Metro Bank

|             |             |
|-------------|-------------|
| 2,346,493   | 707,665     |
| 1,964,146   | 923,416     |
| 289,365,303 | 198,961,345 |
| 3,214,619   | 3,279,358   |
| 61,274,722  | 86,307,464  |
| 2,908,780   | 36,813,329  |
| 32,185      | 31,959      |
| 58,242,176  | 50,449,931  |
| 6,100,873   | 8,160,962   |
| 52,995,482  | 40,148,266  |
| 11,115,678  | 6,017,517   |
| 65,780,113  | 36,560,861  |
| 1,705,203   | 2,054,142   |
| 1,896,107   | 24,440,385  |
| 2,102,504   | 4,719,240   |
| 113,483,885 | 35,987,587  |
| 50,804,395  | 37,454,925  |
| 56,399,858  | 34,496,508  |
| 4,314,679   | 4,499,051   |
| -           | 29,866,788  |
| 43,348,031  | 13,408,724  |

### Outside Bangladesh: Current Deposits (cont.)

|   | 31.12.2015<br>Taka   | 31.12.2014<br>Taka   |
|---|----------------------|----------------------|
| Habib Bank AG(AED)                          | 494,717              | 703,347              |
| COMMERZ BK CAD                              | 5,257,648            | 3,594,551            |
| COMMERZ BK CHF                              | 2,916,759            | 10,098,144           |
| HSBC NY (OBU)                               | 14,423,769           | 103,738,518          |
| JPMC NY-OBU                                 | 978,429              | 34,796,121           |
| HSBC New York                               | 173,528,238          | 768,564,087          |
| Reserve Bank of India                       | 19,205,033           | 16,866,506           |
| HDFC BANK CSG                               | 125,063              | 303,823              |
| HDFC Bank Limited                           | 45,616,872           | 7,836,735            |
| Commerz Bank AG (Euro)                      | 3,756,767            | 10,560,432           |
| Commerz Bank AG (ACU)                       | 9,167,230            | 7,966,631            |
| Kotak Mahindra Bank                         | 65,991,225           | 9,585,173            |
| HSBC (USD)                                  | 7,445,573            | 69,269,827           |
| HSBC (ACUD)                                 | 690,660,468          | 526,831,239          |
| Habib American Bank Limited                 | 41,322,812           | 7,313,278            |
| Habib Sons Bank                             | 42,990,297           | -                    |
| Standard Chartered Bank, NY, USA            | 86,167,373           | 76,243,747           |
| Standard Chartered Bank, Singapore          | 5,091,531            | 2,782,254            |
| Standard Chartered Bank, UK, GBP            | 4,050,657            | -                    |
| HABIB UK, GBP                               | 3,808,784            | -                    |
| HABIB UK, USD                               | 56,579,791           | -                    |
| JP Morgan Chase Bank                        | 442,907,785          | 4,536,060            |
| (Details are given in <b>Annexure - A</b> ) | <b>2,551,882,052</b> | <b>2,316,879,897</b> |

#### 4.2.a Consolidated Outside Bangladesh (Nostro Accounts)

|                                   |                      |                      |
|-----------------------------------|----------------------|----------------------|
| AB Bank Limited                   | 2,551,882,052        | 2,316,879,897        |
| AB Investment Limited             | -                    | -                    |
| AB International Finance Limited  | 20,473,829           | 20,114,404           |
| AB Securities Limited             | -                    | -                    |
| Cashlink Bangladesh Limited (CBL) | -                    | -                    |
| AB Exchange (UK) Limited          | 116,291              | 4,003,394            |
|                                   | 2,572,472,172        | 2,340,997,695        |
| Less: Intercompany transactions   | 16,622,492           | 164,787              |
|                                   | <b>2,555,849,680</b> | <b>2,340,832,909</b> |

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

|                       |                      |                      |
|-----------------------|----------------------|----------------------|
| Current deposits      | 2,688,673,767        | 2,420,043,970        |
| Savings deposits      | 338,149              | 2,350,510            |
| Short-Notice Deposits | 851,991,342          | 1,596,293,843        |
| Fixed deposits        | 1,170,000,000        | 2,470,000,000        |
|                       | <b>4,711,003,257</b> | <b>6,488,688,322</b> |

#### 4.4 Maturity grouping of balance with other banks

|                                  |                      |                      |
|----------------------------------|----------------------|----------------------|
| Repayable – on demand            | 2,688,673,767        | 2,420,043,970        |
| – up to 3 months                 | 1,982,329,491        | 3,658,644,353        |
| – over 3 months but below 1 year | 40,000,000           | 410,000,000          |
| – over 1 year but below 5 years  | -                    | -                    |
| – over 5 years                   | -                    | -                    |
|                                  | <b>4,711,003,257</b> | <b>6,488,688,322</b> |

|   |             | <b>31.12.2015</b><br><b>Taka</b> | <b>31.12.2014</b><br><b>Taka</b> |
|---|-------------|----------------------------------|----------------------------------|
| <b>5. Money at call and on short notice</b>                       |             |                                  |                                  |
| In Bangladesh   | (Note: 5.1) | 2,712,507,500                    | 600,000,000                      |
| Outside Bangladesh  | (Note: 5.2) | 2,571,829,505                    | 3,262,958,626                    |
|   |             | <b>5,284,337,005</b>             | <b>3,862,958,626</b>             |
| <b>5.1 In Bangladesh</b>  |             |                                  |                                  |
| <u>With banking companies</u>                                     |             |                                  |                                  |
| <b><u>Foreign Currency:</u></b>                                   |             |                                  |                                  |
| Eastern Bank Limited  |             | 392,501,500                      | -                                |
| Islami Bank Bangladesh Limited                                    |             | 1,570,006,000                    | -                                |
|   |             | <b>1,962,507,500</b>             |                                  |
| <u>With non-banking financial institutions</u>                    |             |                                  |                                  |
| Industrial and Infrastructure Development Finance Company (IIDFC) |             | 100,000,000                      | 50,000,000                       |
| Prime Finance & Investment Limited                                |             | 50,000,000                       | -                                |
| Bay Leasing & Investment 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                      |
|   |             | <b>750,000,000</b>               | <b>600,000,000</b>               |
|   |             | <b>2,712,507,500</b>             | <b>600,000,000</b>               |
| <b><u>At short notice</u></b>                                     |             | -                                | -                                |
| <b><u>On calls and placements</u></b>                             |             |                                  |                                  |
| Eastern Bank Limited  |             | 392,501,500                      | -                                |
| Islami Bank Bangladesh Limited                                    |             | 1,570,006,000                    | -                                |
| Industrial and Infrastructure Development Finance Company (IIDFC) |             | 100,000,000                      | 50,000,000                       |
| Prime Finance & Investment Limited                                |             | 50,000,000                       | -                                |
| Bay Leasing & Investment 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                      |
|   |             | <b>2,712,507,500</b>             | <b>600,000,000</b>               |
| <b>5.2 Outside Bangladesh</b>                                     |             |                                  |                                  |
| Pinnacle Global Fund Pte Limited                                  |             | 1,570,006,000                    | 1,558,988,000                    |
| AB International Finance Limited                                  |             | 717,492,742                      | 1,405,973,328                    |
| Kotak Mahindra Bank   |             | 106,254,000                      | 88,754,500                       |
| HDFC Bank Limited   |             | 178,076,763                      | 209,242,798                      |
|   |             | <b>2,571,829,505</b>             | <b>3,262,958,626</b>             |
| <b>5(a) Consolidated money at call and on short notice</b>        |             |                                  |                                  |
| AB Bank Limited   |             | 5,284,337,005                    | 3,862,958,626                    |
| AB Investment Limited   |             | -                                | -                                |
| AB International Finance Limited                                  |             | -                                | -                                |
| AB Securities Limited   |             | -                                | -                                |
| Cashlink Bangladesh Limited (CBL)                                 |             | -                                | -                                |
| AB Exchange (UK) Limited  |             | -                                | -                                |
|   |             | <b>5,284,337,005</b>             | <b>3,862,958,626</b>             |
| Less: Intercompany transaction                                    |             | (717,492,742)                    | (1,405,973,328)                  |
|   |             | <b>4,566,844,263</b>             | <b>2,456,985,298</b>             |

|   | 31.12.2015<br>Taka    | 31.12.2014<br>Taka    |
|---|-----------------------|-----------------------|
| <b>6. Investments</b>   |                       |                       |
| <b>Nature wise (Bangladesh Operation):</b>  |                       |                       |
| Held for Trading  | 9,057,448,852         | 8,929,129,280         |
| Held to Maturity  | 18,599,744,739        | 16,169,346,093        |
| Others  | 5,111,896,647         | 5,310,303,497         |
|   | <b>32,769,090,238</b> | <b>30,408,778,870</b> |
| <b>Nature wise (Mumbai Branch):</b>   |                       |                       |
| Held for Trading  | 192,159,840           | -                     |
| Held to Maturity  | 214,627,402           | 369,796,197           |
| Others  | -                     | -                     |
|   | <b>406,787,241</b>    | <b>369,796,197</b>    |
| <b>Claim wise:</b>  |                       |                       |
| Government securities (Note: 6.1)   | 27,900,211,389        | 25,305,839,814        |
| Other investments (Note: 6.2)   | 5,275,666,091         | 5,472,735,252         |
|   | <b>33,175,877,479</b> | <b>30,778,575,066</b> |
| <b>6 (a) Consolidated investments</b>   |                       |                       |
| AB Bank Limited   | 33,175,877,479        | 30,778,575,066        |
| AB International Finance Limited  | -                     | -                     |
| AB Investment Limited   | 686,571,505           | 746,884,485           |
| AB Securities Limited   | 168,598,202           | 168,307,740           |
| Cashlink Bangladesh Limited (CBL)   | 23,506,275            | 24,116,618            |
| AB Exchange (UK) Limited  | -                     | -                     |
|   | <b>34,054,553,461</b> | <b>31,717,883,909</b> |
| <b>6.1 Government securities</b>  |                       |                       |
| Treasury bills  | -                     | 2,612,978,291         |
| Treasury bonds  | 27,657,193,589        | 22,488,628,622        |
| Debentures - Bangladesh House Building Finance Corporation<br>(Maturity date: 14 December 2015, interest rate: 5.50%) | -                     | 5,000,000             |
| Bangladesh Bank Islami Investment bonds   | 240,000,000           | 196,000,000           |
| Prize bonds   | 3,017,800             | 3,232,900             |
|   | <b>27,900,211,389</b> | <b>25,305,839,814</b> |
| <b>6.1.1 Maturity wise Treasury Bills &amp; Bonds</b>   |                       |                       |
| (a) 30 Days Bangladesh Bank Bill  | -                     | -                     |
| (b) <b>Treasury Bill</b>  |                       |                       |
| (i) 91 Days Treasury Bill   | -                     | 343,307,751           |
| (ii) 182 Days Treasury Bill   | -                     | -                     |
| (iii) 364 Days Treasury Bill  | -                     | 2,269,670,540         |
| <b>Total Treasury Bill</b>  | <b>-</b>              | <b>2,612,978,291</b>  |
| (c) <b>Treasury Bond</b>  |                       |                       |
| (i) 02 Years Treasury Bond  | 1,376,476,025         | 975,367,599           |
| (ii) 05 Years Treasury Bond   | 3,829,558,681         | 3,709,863,326         |
| (iii) 10 Years Treasury Bond  | 13,287,209,326        | 11,380,898,191        |
| (iv) 15 Years Treasury Bond   | 4,792,573,141         | 3,919,230,562         |
| (v) 20 Years Treasury Bond  | 4,371,376,416         | 2,304,137,404         |
| <b>Total Treasury Bond</b>  | <b>27,657,193,589</b> | <b>22,289,497,082</b> |
| Treasury Bond Adjustment  | -                     | 199,131,541           |
| <b>Total (a)+(b)+(c)</b>  | <b>27,657,193,589</b> | <b>25,101,606,914</b> |

### 6.1(a) Consolidated Government securities

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

| 31.12.2015<br>Taka    | 31.12.2014<br>Taka    |
|-----------------------|-----------------------|
| 27,900,211,389        | 25,305,839,814        |
| -                     | -                     |
| -                     | -                     |
| -                     | -                     |
| -                     | -                     |
| -                     | -                     |
| <b>27,900,211,389</b> | <b>25,305,839,814</b> |

### 6.2 Other investments

Shares  
Bond

(Note 6.2.1)  
(Note 6.2.2)

|                      |                      |
|----------------------|----------------------|
| 4,748,878,849        | 4,972,939,056        |
| 120,000,000          | 130,000,000          |
| <b>4,868,878,849</b> | <b>5,102,939,056</b> |

#### Investments -ABBL, Mumbai Branch

Treasury bills  
Debentures and Bonds

|                      |                      |
|----------------------|----------------------|
| 406,787,241          | 335,151,337          |
| -                    | 34,644,860           |
| <b>406,787,241</b>   | <b>369,796,197</b>   |
| <b>5,275,666,091</b> | <b>5,472,735,252</b> |

#### Total Other investments

### 6.2 (a) Consolidated other investments

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

|                      |                      |
|----------------------|----------------------|
| 5,275,666,091        | 5,472,735,252        |
| 686,571,505          | 746,884,485          |
| -                    | -                    |
| 168,598,202          | 168,307,740          |
| 23,506,275           | 24,116,618           |
| -                    | -                    |
| <b>6,154,342,072</b> | <b>6,412,044,095</b> |

#### 6.2.1 Investments in shares

Quoted (Publicly Traded)  
Unquoted

|                      |                      |
|----------------------|----------------------|
| 3,900,872,005        | 4,074,932,211        |
| 848,006,845          | 898,006,845          |
| <b>4,748,878,849</b> | <b>4,972,939,056</b> |

Details are given in **Annexure-B**

#### 6.2.2 Investment in subordinated bonds

Prime Bank Limited  
Trust Bank Limited

|                    |                    |
|--------------------|--------------------|
| 90,000,000         | 90,000,000         |
| 30,000,000         | 40,000,000         |
| <b>120,000,000</b> | <b>130,000,000</b> |

### 6.3 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

|                       |                       |
|-----------------------|-----------------------|
| -                     | -                     |
| 836,521,967           | 1,185,193,085         |
| 5,929,296,131         | 7,300,588,163         |
| 7,839,516,342         | 7,238,903,591         |
| 18,570,543,039        | 15,053,890,227        |
| <b>33,175,877,479</b> | <b>30,778,575,066</b> |

**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 2015:**

| Counter party name  | Agreement Date | Reversal Date | Amount (1st leg cash consideration) |
|---------------------|----------------|---------------|-------------------------------------|
| Basic Bank Limited  | 27/Dec/15      | 03/Jan/16     | 2,796,410,240                       |
| Agrani Bank Limited | 28/Dec/15      | 4/Jan/16      | 2,333,534,000                       |
| Janata Bank Limited | 31/Dec/15      | 03/Jan/16     | 918,576,860                         |
| Pubali Bank Limited | 31/Dec/15      | 03/Jan/16     | 972,543,000                         |
| <b>Total</b>        |                |               | <b>7,021,064,100</b>                |

**(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2015:**

| 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 |
|---|-------------------------------------|-------------------------------------|---|
| <b>Securities sold under repo:</b>              |                                     |                                     |   |
| i) with Bangladesh Bank                         | -                                   | -                                   | -   |
| ii) with other banks & FIS                      | -                                   | 8,372,824,344                       | 1,771,845,974                             |
| <b>Securities purchased under reverse repo:</b> |                                     |                                     |   |
| i) from Bangladesh Bank                         | -                                   | 6,000,000,000                       | 399,452,055                               |
| ii) from other banks & FIS                      | -                                   | 1,106,397,900                       | 19,345,070                                |

|   | 31.12.2015<br>Taka     | 31.12.2014<br>Taka     |
|---|------------------------|------------------------|
| <b>7. Loans, advances and lease/investments</b> | <b>209,725,203,267</b> | <b>177,570,797,390</b> |
| <b>7.1 Maturity grouping</b>                    |                        |                        |
| Repayable – on demand                           | 4,099,228,662          | 3,121,047,452          |
| – upto 3 months                                 | 85,394,625,460         | 77,338,284,669         |
| – over 3 months but below 1 year                | 83,823,390,835         | 62,598,062,666         |
| – over 1 year but below 5 years                 | 34,627,758,562         | 32,638,991,004         |
| – over 5 years                                  | 1,780,199,748          | 1,874,411,599          |
|   | <b>209,725,203,267</b> | <b>177,570,797,390</b> |
| <b>7.2 Broad category-wise breakup</b>          |                        |                        |
| <b>In Bangladesh</b>                            |                        |                        |
| Loans   | 186,497,250,636        | 151,973,642,894        |
| Overdrafts                                      | 21,933,481,587         | 24,257,058,709         |
| Cash credits                                    | -                      | -                      |
|   | <b>208,430,732,223</b> | <b>176,230,701,603</b> |
| <b>Outside Bangladesh: ABBL, Mumbai Branch</b>  |                        |                        |
| Loans   | 118,274,428            | 118,290,492            |
| Overdrafts                                      | 172,003                | 173,447                |
| Cash credits                                    | 15,942,426             | 38,280,520             |
|   | 134,388,856            | 156,744,459            |
|   | <b>208,565,121,079</b> | <b>176,387,446,062</b> |

### 7.3 Product wise Loans and Advances

|                              | <b>31.12.2015<br/>Taka</b> | <b>31.12.2014<br/>Taka</b> |
|------------------------------|----------------------------|----------------------------|
| Overdraft                    | 21,933,653,590             | 24,258,189,159             |
| Cash Credit                  | 15,942,426                 | 37,995,893                 |
| Time loan                    | 62,722,556,379             | 54,883,861,279             |
| Term loan                    | 105,476,350,097            | 76,409,640,764             |
| Bills under LC               | 238,473,847                | 597,494,835                |
| Trust Receipt                | 10,158,011,199             | 12,033,291,210             |
| Packing credit               | 436,274,437                | 469,070,866                |
| Loan against accepted bills  | 4,924,495,085              | 5,659,662,347              |
| Consumer Loan                | 1,370,222,178              | 1,315,552,111              |
| Staff Loan                   | 1,289,141,842              | 722,687,599                |
| Bills Purchased & Discounted | 1,160,082,188              | 1,183,351,328              |
|                              | <b>209,725,203,267</b>     | <b>177,570,797,390</b>     |

### 7.4 Net loans, advances and lease/investments

|                                  |                        |                        |
|----------------------------------|------------------------|------------------------|
| Gross loans and advances         | 209,725,203,267        | 177,570,797,390        |
| Less:                            |                        |                        |
| Interest suspense                | 6,071,639,588          | 2,889,551,303          |
| Provision for loans and advances | 4,714,778,454          | 4,853,671,957          |
|                                  | 10,786,418,042         | 7,743,223,260          |
|                                  | <b>198,938,785,226</b> | <b>169,827,574,130</b> |

### 7.5 Significant concentration

|  |                        |                        |
|--|------------------------|------------------------|
| Advances to industries                   | 102,402,047,046        | 84,929,595,774         |
| Advances to customer groups              | 107,323,060,171        | 92,641,201,616         |
| Advances to allied concerns of Directors | -                      | -                      |
| Advances to Chief Executive              | 96,051                 | -                      |
|  | <b>209,725,203,267</b> | <b>177,570,797,390</b> |

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

|                                |                       |                       |
|--------------------------------|-----------------------|-----------------------|
| Total capital of the Bank      | <b>28,332,822,072</b> | <b>22,798,623,509</b> |
| Number of clients              | 34                    | 34                    |
| Amount of outstanding advances | 74,749,500,000        | 60,681,015,326        |
| Amount of classified advances  | -                     | -                     |
| Measures taken for recovery    | Not applicable        | Not applicable        |

### 7.7 Industry-wise loans, advances and lease/investments

|                                 |                        |                        |
|---------------------------------|------------------------|------------------------|
| Agriculture                     | 2,058,247,212          | 2,801,651,097          |
| Large and medium scale industry | 64,732,262,241         | 47,768,695,594         |
| Working capital                 | 36,768,278,195         | 35,187,549,617         |
| Export                          | 921,400,000            | 1,091,168,593          |
| Commercial lending              | 56,041,600,000         | 40,693,652,705         |
| Small and cottage industry      | 901,506,610            | 1,010,622,049          |
| Others                          | 48,301,909,009         | 49,017,457,735         |
|                                 | <b>209,725,203,267</b> | <b>177,570,797,390</b> |



|   | 31.12.2015<br>Taka     | 31.12.2014<br>Taka     |
|---|------------------------|------------------------|
| <b>7.8 Geographical location-wise (division) distribution</b>   |                        |                        |
| <b>In Bangladesh</b>  |                        |                        |
| <b><u>Urban Branches</u></b>  |                        |                        |
| Dhaka   | 136,302,797,485        | 117,399,668,828        |
| Chittagong  | 53,176,711,427         | 41,645,368,181         |
| Khulna  | 5,155,594,729          | 4,812,452,773          |
| Sylhet  | 2,288,244,147          | 2,126,304,984          |
| Barisal   | 291,274,020            | 390,486,202            |
| Rajshahi  | 4,055,184,742          | 3,466,971,019          |
| Rangpur   | 3,807,632,601          | 3,172,244,903          |
|   | <b>205,077,439,151</b> | <b>173,013,496,891</b> |
| <b><u>Rural Branches</u></b>  |                        |                        |
| Dhaka   | 3,303,359,781          | 3,141,994,538          |
| Chittagong  | 480,644,102            | 461,678,607            |
| Khulna  | -                      | -                      |
| Sylhet  | 66,005,026             | 60,156,085             |
| Barisal   | -                      | -                      |
| Rajshahi  | -                      | -                      |
| Rangpur   | -                      | -                      |
|   | <b>3,850,008,908</b>   | <b>3,663,829,229</b>   |
| <b>Outside Bangladesh</b>   |                        |                        |
| ABBL, Mumbai Branch   | 797,755,207            | 893,471,270            |
|   | <b>209,725,203,267</b> | <b>177,570,797,390</b> |
| <b>7.9 Classification of loans, advances and lease/investments</b>  |                        |                        |
| <b>In Bangladesh</b>  |                        |                        |
| <b><u>Unclassified</u></b>  |                        |                        |
| Standard  | 194,703,648,060        | 169,504,238,421        |
| Special Mention Account   | 7,715,500,000          | 418,500,342            |
|   | <b>202,419,148,060</b> | <b>169,922,738,763</b> |
| <b><u>Classified</u></b>  |                        |                        |
| Sub-Standard  | 266,500,000            | 691,700,000            |
| Doubtful  | 241,200,000            | 331,100,000            |
| Bad/Loss  | 6,000,600,000          | 5,731,787,357          |
|   | 6,508,300,000          | 6,754,587,357          |
|   | <b>208,927,448,060</b> | <b>176,677,326,120</b> |
| <b>Outside Bangladesh-Mumbai Branch</b>   |                        |                        |
| Unclassified Loan   | 686,976,757            | 792,109,246            |
| Classified Loan   | 110,778,451            | 101,362,024            |
|   | <b>797,755,207</b>     | <b>893,471,270</b>     |
|   | <b>209,725,203,267</b> | <b>177,570,797,390</b> |
| <b>7.10 Particulars of Loans, advances and lease/investments</b>  |                        |                        |
| (i) Loans considered good in respect of which the Bank is fully secured   | 188,714,991,048        | 169,292,299,227        |
| (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 | 21,010,212,219         | 8,278,498,163          |
| (iv) Loans adversely classified but provision not maintained there against  | -                      | -                      |
|   | <b>209,725,203,267</b> | <b>177,570,797,390</b> |

|  | <b>31.12.2015<br/>Taka</b> | <b>31.12.2014<br/>Taka</b> |
|--|----------------------------|----------------------------|
| (v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons  | 1,289,141,842              | 722,687,599                |
| (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)]                            | 1,292,195,879              | 729,638,094                |
| (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)  | 1,092,961,223              | 2,119,762,675              |
| (b) Amount of loan written off   | 1,830,740,429              | 1,723,925,000              |
| (c) Amount realised against loan previously written off  | 67,170,000                 | 16,283,000                 |
| (d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet  | 2,465,200,000              | 2,711,082,000              |
| (e) Interest creditable to interest suspense account   | 3,719,575,575              | 5,537,277,863              |
| (xi) Written off loan:   |                            |                            |
| Opening written off loan   | 7,188,918,000              | 5,464,993,000              |
| Add: Written off during the year   | 1,830,740,429              | 1,723,925,000              |
| Cummulative Written off loans  | 9,019,658,429              | 7,188,918,000              |
| Less: Adjustments/ recoveries/ Settlement up to the year   | 2,899,594,000              | 2,820,773,810              |
| Closing Balance of Written off loan  | 6,120,064,429              | 4,368,144,190              |
| Written off loans for which lawsuits have been filed   | 6,113,171,556              | 4,368,144,190              |

**7.10(a)** The amount represents loans Tk. 1,292,195,879 due by the employees of the Bank.

#### **7.11 Securities wise Loans, advances and lease/investments**

##### Nature of security

|  |                        |                        |
|--|------------------------|------------------------|
| Collateral of movable/immovable assets     | 167,374,155,209        | 142,142,104,460        |
| Cash collateral                            | 5,830,295,248          | 4,186,307,061          |
| Banks and financial institutions guarantee | 1,160,082,188          | 1,146,804,952          |
| Personal guarantee                         | 10,499,990,839         | 9,533,339,592          |
| Corporate guarantee                        | 3,079,575,524          | 3,236,279,187          |
| Other securities                           | 21,781,104,259         | 17,325,962,138         |
|  | <b>209,725,203,267</b> | <b>177,570,797,390</b> |

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

|                                   |                        |                        |
|-----------------------------------|------------------------|------------------------|
| AB Bank Limited                   | 208,565,121,079        | 176,387,446,062        |
| AB Investment Limited             | 6,990,517,740          | 7,107,095,221          |
| AB International Finance Limited  | -                      | -                      |
| AB Securities Limited             | 990,300,833            | 1,046,831,154          |
| Cashlink Bangladesh Limited (CBL) | -                      | -                      |
| AB Exchange (UK) Limited          | -                      | -                      |
|                                   | 216,545,939,652        | 184,541,372,437        |
| Less: Intercompany transaction    | 2,254,231,326          | 2,604,760,935          |
|                                   | <b>214,291,708,326</b> | <b>181,936,611,502</b> |

## 7.12 Large Loan Restructuring

Bank has restructured some loans and advances by complying with the Bangladesh Bank, BRPD Circular No. 04, dated January 29, 2015. Restructured loan details of the Bank has given below:

| Name of the Client                 | Loan Type | Expiry Date | Amount in Taka       |
|------------------------------------|-----------|-------------|----------------------|
| Abdul Monem Sugar Refinery Limited | Term Loan | 22-Dec-2021 | 455,112,396          |
| Bel Construction Sdn Bhd Limited   | SME-Term  | 30-Sep-2027 | 3,288,826,167        |
| Bel Construction Sdn Bhd Limited   | SME-Term  | 30-Sep-2021 | 464,254,247          |
| R & R Aviation Limited             | Term Loan | 23-Dec-2027 | 80,678,008           |
| R & R Holdings                     | Term Loan | 23-Dec-2027 | 2,378,988,329        |
|                                    |           |             | <b>6,667,859,148</b> |

## 8 Bills purchased and discounted

In Bangladesh  
Outside Bangladesh - ABBL, Mumbai Branch

| 31.12.2015<br>Taka   | 31.12.2014<br>Taka   |
|----------------------|----------------------|
| 496,715,837          | 446,624,517          |
| 663,366,351          | 736,726,811          |
| <b>1,160,082,188</b> | <b>1,183,351,328</b> |

### 8 (a) Consolidated Bills purchased and discounted

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

|                      |                      |
|----------------------|----------------------|
| 1,160,082,188        | 1,183,351,328        |
| -                    | -                    |
| 913,089,613          | 1,617,929,100        |
| -                    | -                    |
| -                    | -                    |
| -                    | -                    |
| <b>2,073,171,801</b> | <b>2,801,280,428</b> |

## 8.1 Maturity grouping

Repayable – within 1 month  
– over 1 month but within 3 months  
– over 3 months but within 6 months  
– over 6 months

|                      |                      |
|----------------------|----------------------|
| 280,039,913          | 419,274,898          |
| 602,134,186          | 515,478,050          |
| 277,908,089          | 248,598,380          |
| -                    | -                    |
| <b>1,160,082,188</b> | <b>1,183,351,328</b> |

## 9. Fixed assets including premises, furniture and fixtures

### Cost:

Land and Building  
Furniture and fixtures  
Office appliances  
Electrical appliances  
Motor vehicles  
Intangible Assets

|                      |                      |
|----------------------|----------------------|
| 3,341,682,082        | 3,341,682,082        |
| 230,635,936          | 218,512,340          |
| 62,729,842           | 62,061,284           |
| 1,489,025,807        | 1,443,497,994        |
| 581,049,757          | 567,752,028          |
| 571,059,066          | 571,032,453          |
| 6,276,182,491        | 6,204,538,180        |
| 2,075,309,724        | 1,799,543,653        |
| <b>4,200,872,767</b> | <b>4,404,994,528</b> |

Less: Accumulated depreciation and amortization

A schedule of fixed assets is given in **Annexure-C**

### 9(a) Consolidated Fixed assets including premises, furniture and fixtures

### Cost:

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

|                      |                      |
|----------------------|----------------------|
| 6,276,182,491        | 6,204,538,180        |
| 682,564,941          | 574,374,720          |
| 7,717,176            | 7,623,595            |
| 29,343,095           | 29,069,045           |
| 250,270,880          | 250,270,879          |
| 15,274,525           | 15,359,298           |
| <b>7,261,353,108</b> | <b>7,081,235,717</b> |

|  | <b>31.12.2015<br/>Taka</b>   | <b>31.12.2014<br/>Taka</b>  |
|--|------------------------------|-----------------------------|
| <b>Accumulated depreciation:</b>   |                              |                             |
| AB Bank Limited  | 2,075,309,724                | 1,799,543,653               |
| AB Investments Limited   | 68,747,827                   | 50,853,564                  |
| AB International Finance Limited   | 7,626,814                    | 7,452,313                   |
| AB Securities Limited  | 25,826,906                   | 21,667,677                  |
| Cashlink Bangladesh Limited (CBL)  | 250,093,692                  | 250,021,004                 |
| AB Exchange (UK) Limited   | 14,204,328                   | 11,585,284                  |
|  | <u>2,441,809,292</u>         | <u>2,141,123,495</u>        |
|  | <b><u>4,819,543,816</u></b>  | <b><u>4,940,112,222</u></b> |
| <b>10 Other Assets</b>   |                              |                             |
| <b>Income generating-Equity Investment</b>   |                              |                             |
| <b>In Bangladesh:</b>  |                              |                             |
| AB Investment Limited<br>(99.99% owned subsidiary company of ABBL)   | 2,800,000,000                | 99,899,000                  |
| AB Securities Limited<br>(99.91% owned subsidiary company of ABBL)   | 199,898,000                  | 199,898,000                 |
| Cashlink Bangladesh Limited (CBL)<br>(90% owned subsidiary company of ABBL)  | 212,581,228                  | 212,581,228                 |
|  | <u>3,212,479,228</u>         | <u>512,378,228</u>          |
| <b>Outside Bangladesh:</b>   |                              |                             |
| AB International Finance Limited, Hong Kong<br>(wholly owned subsidiary company of ABBL)   | 5,203,944                    | 5,203,944                   |
| AB Exchange (UK) Limited<br>(wholly owned subsidiary company of ABBL)  | 50,423,392                   | 50,423,392                  |
|  | <u>55,627,337</u>            | <u>55,627,337</u>           |
|  | <b><u>3,268,106,565</u></b>  | <b><u>568,005,565</u></b>   |
| <b>Non-income generating</b>   |                              |                             |
| Arab Bangladesh Bank Foundation<br>(99.60% owned subsidiary company of ABBL)   | 19,920,000                   | 19,920,000                  |
| Share Money Deposits - AB Investment Limited   | 2,199,999,000                | 4,900,100,000               |
| Deferred Tax (Note:10.01)  | 1,428,252,732                | 1,020,310,332               |
| Accounts receivable  | 1,058,534,763                | 730,277,969                 |
| Preliminary, formation, organisational, renovation,<br>development, prepaid expenses and others  | 644,563,195                  | 507,327,670                 |
| Exchange for clearing  | 1,044,718,906                | 459,660,909                 |
| Interest accrued on investment but not collected,<br>commission and brokerage receivable on shares<br>and debentures, and other income receivables | 791,115,465                  | 695,096,286                 |
| Security deposits  | 166,089,818                  | 175,578,647                 |
| Advance rent and advertisement   | 233,138,317                  | 171,597,362                 |
| Stationery, stamps, printing materials, etc.   | 25,237,828                   | 29,273,384                  |
| Inter-branch adjustment  | -                            | 154,618                     |
|  | <u>7,611,570,024</u>         | <u>8,709,297,177</u>        |
|  | <b><u>10,879,676,588</u></b> | <b><u>9,277,302,741</u></b> |
| <b>10(a) Consolidated Other assets</b>   |                              |                             |
| AB Bank Limited  | 10,879,676,588               | 9,277,302,741               |
| AB Investment Limited  | 34,254,324                   | 176,877,427                 |
| AB International Finance Limited   | 4,603,844                    | 8,275,323                   |
| AB Securities Limited  | 14,920,190                   | 76,959,275                  |
| Cashlink Bangladesh Limited (CBL)  | 30,222,875                   | 26,877,143                  |
| AB Exchange (UK) Limited   | 2,158,232                    | 1,319,511                   |
|  | <u>10,965,836,053</u>        | <u>9,567,611,420</u>        |
| Less: Intercompany transaction   | 5,620,098,722                | 5,762,319,286               |
|  | <b><u>5,345,737,331</u></b>  | <b><u>3,805,292,134</u></b> |

**10.01 Deferred Tax Assets****a) Deferred tax liabilities against PPE**

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

| 31.12.2015<br>Taka | 31.12.2014<br>Taka |
|--------------------|--------------------|
| 136,219,062        | 109,050,939        |
| (3,382,036)        | 27,091,990         |
| 259,236            | 76,133             |
| <b>133,096,262</b> | <b>136,219,062</b> |

**b) Deferred tax assets for specific provisions of loans and advances**

Specific provision of loans and advances  
Add. Loan written off during the year  
Total Temporary Difference  
Effective Tax Rate @ 40%  
Closing Deferred Tax Assets  
Opening Deferred Tax (Assets)/Liabilities  
Deferred Tax Income/(Expense)

|                      |                      |
|----------------------|----------------------|
| 2,564,529,261        | 2,891,323,484        |
| 1,338,843,223        | -                    |
| 3,903,372,484        | 2,891,323,484        |
| 1,561,348,994        | 1,156,529,394        |
| 1,156,529,394        | -                    |
| 404,819,600          | -                    |
| <b>1,428,252,732</b> | <b>1,020,310,332</b> |
| <b>407,942,400</b>   | <b>(27,091,990)</b>  |

**Net Deferred Tax Assets (b-a)****Deferred Tax Income/(Expense)****11. Borrowings from other banks, financial institutions and agents**

In Bangladesh (Note: 11.1)  
Outside Bangladesh (Note: 11.2)

|                       |                       |
|-----------------------|-----------------------|
| 14,281,704,120        | 7,313,322,021         |
| 9,411,640,189         | 3,663,488,409         |
| <b>23,693,344,309</b> | <b>10,976,810,430</b> |

**11.1 In Bangladesh:****11.1.1 Bangladesh Bank**

ADB loan  
Islamic Investment Bonds  
Refinance against IPFF  
Refinance against Women Entr., Small Enterprise, ETP & Others

|                    |                    |
|--------------------|--------------------|
| 6,334,875          | 17,107,125         |
| -                  | 500,000,000        |
| 354,656,325        | 105,176,850        |
| 117,366,398        | 126,633,297        |
| <b>478,357,598</b> | <b>748,917,272</b> |

**11.1.2 Call & Term Borrowing from**

Basic Bank Limited  
Dutch Bangla Bank Limited  
CITI Bank NA  
Agrani Bank Limited  
Prime Bank Limited  
One Bank Limited  
HSBC  
Sonali Bank Limited  
Bank Asia Limited  
Mutual Trust Bank Limited  
National Bank Limited  
Premier Bank Limited  
NCC Bank Limited  
Uttara Bank Limited  
Habib Bank Limited  
Southeast Bank Limited  
Bank Al Falah  
Dhaka Bank Limited  
ICB Islami Bank Limited  
Brac Bank Limited  
United Commercial Bank Limited  
Commercial Bank of Ceylon  
Bangladesh Commerce Bank Limited  
Accrued interest

|                       |                      |
|-----------------------|----------------------|
| 400,000,000           | 950,000,000          |
| 2,714,640,637         | 1,565,293,240        |
| 220,000,000           | 420,000,000          |
| 150,000,000           | -                    |
| 700,000,000           | -                    |
| 300,000,000           | -                    |
| 300,000,000           | 300,000,000          |
| 290,000,000           | -                    |
| 1,400,000,000         | -                    |
| 190,000,000           | -                    |
| 892,501,500           | -                    |
| 795,170,510           | -                    |
| 500,000,000           | -                    |
| 892,501,500           | -                    |
| 79,010,552            | -                    |
| 392,891,276           | -                    |
| 157,000,600           | -                    |
| 392,501,500           | -                    |
| -                     | 470,000,000          |
| 1,394,324,451         | 1,000,000,000        |
| 1,000,000,000         | 1,300,000,000        |
| 628,002,400           | 390,422,237          |
| -                     | 155,957,262          |
| 14,801,596            | 12,732,010           |
| <b>13,803,346,522</b> | <b>6,564,404,749</b> |
| <b>14,281,704,120</b> | <b>7,313,322,021</b> |

## 11.2 Outside Bangladesh

|                                   | 31.12.2015<br>Taka   | 31.12.2014<br>Taka   |
|-----------------------------------|----------------------|----------------------|
| Sonali Bank UK                    | 598,215,467          | 616,893,327          |
| ICICI BK LTD,HK                   | 1,729,347,653        | -                    |
| International Finance Corporation | 2,752,715,811        | 2,732,718,832        |
| Al-Noor Bank Limited              | 4,331,361,258        | -                    |
| Banca UBAE                        | -                    | 313,876,251          |
|                                   | <b>9,411,640,189</b> | <b>3,663,488,409</b> |

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

## 11.3 Analysis by security

|   |                       |                       |
|---|-----------------------|-----------------------|
| Secured (assets pledge as security for liabilities) | -                     | -                     |
| Unsecured   | 23,693,344,309        | 10,976,810,430        |
|   | <b>23,693,344,309</b> | <b>10,976,810,430</b> |

## 11.4 Repayment pattern

|                       |                       |                       |
|-----------------------|-----------------------|-----------------------|
| Repayable on demand   | 3,500,000,000         | 1,670,000,000         |
| Repayable on maturity | 20,193,344,309        | 9,306,810,430         |
|                       | <b>23,693,344,309</b> | <b>10,976,810,430</b> |

(Note: 11.4.1)

### 11.4.1 Repayable on maturity

#### Bangladesh Bank refinance:

|   |                    |                    |
|---|--------------------|--------------------|
| ADB loan  | 6,334,875          | 17,107,125         |
| Refinance against IPFF  | 354,656,325        | 105,176,850        |
| Refinance against Women Entr., Small Enterprise, ETP & Others | 117,366,398        | 126,633,297        |
|   | <b>478,357,598</b> | <b>248,917,272</b> |

#### Term borrowings:

|                                   |                       |                      |
|-----------------------------------|-----------------------|----------------------|
| Islamic Investment Bonds          | -                     | 500,000,000          |
| International Finance Corporation | 2,752,715,811         | 2,732,718,832        |
| Banca UBAE                        | -                     | 313,876,251          |
| Commercial Bank of Ceylon         | 628,002,400           | 390,422,237          |
| Uttara Bank Limited               | 892,501,500           | -                    |
| Bank Al Falah                     | 157,000,600           | -                    |
| National Bank Limited             | 892,501,500           | -                    |
| Dhaka Bank Limited                | 392,501,500           | -                    |
| Bank Asia Limited                 | 800,000,000           | -                    |
| Premier Bank Limited              | 795,170,510           | -                    |
| Prime Bank Limited                | 400,000,000           | -                    |
| NCC Bank Limited                  | 500,000,000           | -                    |
| Habib Bank Limited                | 79,010,552            | -                    |
| Southeast Bank Limited            | 392,891,276           | -                    |
| Bangladesh Commerce Bank Ltd      | -                     | 155,957,262          |
| ICB Islami Bank Ltd               | -                     | 470,000,000          |
| Brac Bank Limited                 | 1,394,324,451         | 1,000,000,000        |
| United Commercial Bank Limited    | 1,000,000,000         | 1,300,000,000        |
| Dutch Bangla Bank Ltd             | 1,964,640,637         | 1,565,293,240        |
| Sonali Bank UK                    | 598,215,467           | 616,893,327          |
| ICICI BK LTD,HK                   | 1,729,347,653         | -                    |
| Al-Noor Bank Limited              | 4,331,361,258         | -                    |
| Accrued interest                  | 14,801,596            | 12,732,010           |
|                                   | <b>19,714,986,711</b> | <b>9,057,893,158</b> |
|                                   | <b>20,193,344,309</b> | <b>9,306,810,430</b> |

|  | <b>31.12.2015</b><br><b>Taka</b> | <b>31.12.2014</b><br><b>Taka</b> |
|--|----------------------------------|----------------------------------|
| <b>11(a) Consolidated Borrowings from other banks, financial institutions and agents</b> |                                  |                                  |
| AB Bank Limited  | 23,693,344,309                   | 10,976,810,430                   |
| AB Investment Limited  | 2,132,209,626                    | 2,406,573,816                    |
| AB International Finance Limited   | 717,810,985                      | 1,407,722,530                    |
| AB Securities Limited  | 284,303,246                      | 299,693,825                      |
| Cashlink Bangladesh Limited (CBL)  | 106,741,029                      | 183,241,029                      |
| AB Exchange (UK) Limited   | -                                | -                                |
|  | 26,934,409,194                   | 15,274,041,630                   |
| Less: Intercompany transactions  | 2,835,810,411                    | 3,888,374,105                    |
|  | <b>24,098,598,784</b>            | <b>11,385,667,525</b>            |

**12 AB Bank Subordinated Bond**

|                              |                      |                      |
|------------------------------|----------------------|----------------------|
| AB Bank Subordinated Bond-I  | 2,500,000,000        | 2,500,000,000        |
| AB Bank Subordinated Bond-II | 4,000,000,000        | -                    |
|                              | <b>6,500,000,000</b> | <b>2,500,000,000</b> |

**AB Bank Subordinated Bonds**

Bank has issued 7 years Sub-Ordinated bonds in two phases, namely- AB Bank Subordinated Bond-I for BDT 250 crore in August 2014 and AB Bank Subordinated Bond-II for BDT 400 crore in September 2015 under Private Placement of Debt Securities Rules, 2012. These bonds are non-convertible, unsecured in nature and approved by the Central Bank for inclusion in Tier-II capital of the Bank.

|                                     |                      |                      |
|-------------------------------------|----------------------|----------------------|
| BRAC                                | 1,000,000,000        | 1,000,000,000        |
| Sonali Bank Limited                 | 1,500,000,000        | 500,000,000          |
| Agrani Bank Limited                 | 1,000,000,000        | 500,000,000          |
| Midland Bank Limited                | 200,000,000          | 200,000,000          |
| BRAC Bank Limited                   | 400,000,000          | 100,000,000          |
| NRB Commercial Bank Limited         | 100,000,000          | 100,000,000          |
| Mutual Trust Bank Limited           | 80,000,000           | 80,000,000           |
| Grameen Capital Management Limited  | 20,000,000           | 20,000,000           |
| Rupali Bank Limited                 | 1,000,000,000        | -                    |
| Janata Bank Limited                 | 500,000,000          | -                    |
| NRB Commercial Bank Limited         | 300,000,000          | -                    |
| Uttara Bank Limited                 | 300,000,000          | -                    |
| National Life Insurance Co. Limited | 100,000,000          | -                    |
|                                     | <b>6,500,000,000</b> | <b>2,500,000,000</b> |

**13. Deposit and other accounts**

|                     |              |                        |                        |
|---------------------|--------------|------------------------|------------------------|
| Inter-bank deposits | (Note: 13.1) | 3,718,566,487          | 10,007,738,867         |
| Other deposits      | (Note: 13.2) | 210,100,339,012        | 188,181,458,354        |
|                     |              | <b>213,818,905,499</b> | <b>198,189,197,221</b> |

**13(a) Consolidated Deposit and other accounts**

|                                   |                        |                        |
|-----------------------------------|------------------------|------------------------|
| AB Bank Limited                   | 213,818,905,500        | 198,189,197,221        |
| AB Investment Limited             | -                      | -                      |
| AB International Finance Limited  | -                      | 6,018,236              |
| AB Securities Limited             | -                      | -                      |
| Cashlink Bangladesh Limited (CBL) | -                      | -                      |
| AB Exchange (UK) Limited          | -                      | -                      |
|                                   | 213,818,905,500        | 198,195,215,457        |
| Less: Intercompany transactions   | 147,181,662            | 78,457,744             |
|                                   | <b>213,671,723,838</b> | <b>198,116,757,714</b> |

### 13.1 Maturity analysis of inter-bank deposits

|                                    |
|------------------------------------|
| Repayable – on demand              |
| – within 1 month                   |
| – over 1 month but within 3 months |
| – over 3 months but within 1 year  |
| – over 1 year but within 5 years   |
| – over 5 years but within 10 years |
| – over 10 years                    |

| 31.12.2015<br>Taka   | 31.12.2014<br>Taka    |
|----------------------|-----------------------|
| 3,115,609,157        | 1,098,483,242         |
| 568,375,673          | 3,060,220,903         |
| 34,581,657           | 5,646,584,722         |
| -                    | 202,450,000           |
| -                    | -                     |
| -                    | -                     |
| -                    | -                     |
| <b>3,718,566,487</b> | <b>10,007,738,867</b> |

### 13.2 Maturity analysis of other deposits

|                                    |
|------------------------------------|
| Repayable – on demand              |
| – within 1 month                   |
| – over 1 month but within 3 months |
| – over 3 months but within 1 year  |
| – over 1 year but within 5 years   |
| – over 5 years                     |

|                        |                        |
|------------------------|------------------------|
| 200,184,005            | 1,750,254,292          |
| 19,180,421,571         | 15,403,477,078         |
| 56,111,962,963         | 52,797,934,646         |
| 77,983,565,999         | 68,482,947,994         |
| 54,567,155,889         | 47,761,942,498         |
| 2,057,048,586          | 1,984,901,847          |
| <b>210,100,339,012</b> | <b>188,181,458,354</b> |

### 13.3 Demand and time deposits

#### a) Demand Deposits

|                                     |
|-------------------------------------|
| Current accounts and other accounts |
| Savings Deposits (9%)               |
| Bills Payable                       |

|                       |                       |
|-----------------------|-----------------------|
| <b>25,799,137,379</b> | <b>20,583,315,650</b> |
| 20,067,587,921        | 17,639,785,113        |
| 2,031,576,071         | 1,748,476,420         |
| 3,699,973,387         | 1,195,054,117         |

#### b) Time Deposits

|                        |
|------------------------|
| Savings Deposits (91%) |
| Short Notice Deposits  |
| Fixed Deposits         |
| Other Deposits         |

|                        |                        |
|------------------------|------------------------|
| <b>188,019,768,120</b> | <b>177,605,881,571</b> |
| 20,541,491,386         | 17,679,039,355         |
| 37,757,866,523         | 27,253,775,501         |
| 111,741,032,463        | 117,532,923,933        |
| 17,979,377,748         | 15,140,142,782         |

#### Total Demand and Time Deposits

|                        |                        |
|------------------------|------------------------|
| <b>213,818,905,499</b> | <b>198,189,197,221</b> |
|------------------------|------------------------|

### 13.4 Sector-wise break up of deposits and other accounts

|                                     |
|-------------------------------------|
| Government                          |
| Deposit money Banks                 |
| Autonomous & Semi-Autonomous Bodies |
| Public Non-Financial Organisation   |
| Other Public                        |
| Foreign Currency                    |
| Private                             |

|                        |                        |
|------------------------|------------------------|
| 2,695,343,411          | 897,413,533            |
| 3,718,566,487          | 10,007,738,867         |
| 3,717,509,300          | 4,264,224,627          |
| 49,055,402,371         | 32,677,381,012         |
| 3,811,432,586          | 2,256,073,419          |
| 6,902,166,758          | 4,765,892,912          |
| 143,918,484,587        | 143,320,472,851        |
| <b>213,818,905,499</b> | <b>198,189,197,221</b> |

### 14. Other liabilities

|  |             |
|--|-------------|
| Accumulated provision against loans and advances           | (Note 14.1) |
| Inter-branch adjustment                                    |             |
| Provision for current tax (net of advance tax)             | (Note 14.2) |
| Interest suspense account                                  | (Note 14.3) |
| Provision against other assets                             | (Note 14.4) |
| Provision for outstanding debit entries in NOSTRO accounts |             |
| Accounts payable - Bangladesh Bank                         |             |
| Accrued expenses   |             |
| Provision for off balance sheet items                      | (Note 14.5) |
| Provision against investments                              | (Note 14.6) |
| Others (*)   |             |

|                       |                       |
|-----------------------|-----------------------|
| 4,714,778,454         | 4,853,671,957         |
| 366,832               | -                     |
| 2,739,993,532         | 2,981,750,022         |
| 6,071,639,588         | 2,889,551,303         |
| 764,251,969           | 614,228,969           |
| 200,000               | 200,000               |
| 186,568,806           | 163,907,636           |
| 341,172,292           | 361,528,702           |
| 860,000,000           | 1,010,000,000         |
| 1,875,053,000         | 1,995,053,000         |
| 651,755,094           | 481,483,411           |
| <b>18,205,779,567</b> | <b>15,351,375,000</b> |

(\*) 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

Fully provided debts written off during the year

Recovery of amounts previously written off

Specific provision made during the year

Transferred to general provision of loans and advances

Transfer from general reserve

Recoveries and provision no longer required

Net charge to Profit and Loss Account

Balance at 31 December

Provision made by ABBL, Mumbai Branch

**Total provision on classified loans and advances**

On unclassified loans

Balance at 01 January

Transfer to general reserve during the year

General provision made during the year

Balance at the year ended

Provision made by ABBL, Mumbai Branch

**Total provision on un-classified loans and advances**

**Provision for**

**Required**

Un-classified loans and advances

Classified loans and advances

1,967,741,800

2,595,340,080

**4,563,081,880**

| 31.12.2015<br>Taka   | 31.12.2014<br>Taka   |
|----------------------|----------------------|
| 2,891,323,484        | 2,244,104,159        |
| (1,338,843,223)      | (1,412,080,675)      |
| -                    | -                    |
| 1,012,049,000        | 2,059,300,000        |
| -                    | -                    |
| -                    | -                    |
| -                    | -                    |
| (326,794,223)        | 647,219,325          |
| <b>2,564,529,261</b> | <b>2,891,323,484</b> |
| 31,640,080           | 32,808,560           |
| <b>2,596,169,341</b> | <b>2,924,132,044</b> |

|                      |                      |
|----------------------|----------------------|
| 1,925,867,313        | 1,703,660,313        |
| (860,000,000)        | -                    |
| 1,049,200,000        | 222,207,000          |
| 189,200,000          | 222,207,000          |
| 2,115,067,313        | 1,925,867,313        |
| 3,541,800            | 3,672,600            |
| <b>2,118,609,113</b> | <b>1,929,539,913</b> |
| <b>4,714,778,454</b> | <b>4,853,671,957</b> |

| 2015                 |                    |
|----------------------|--------------------|
| Maintained           | Excess             |
| 2,118,609,113        | 150,867,313        |
| 2,596,169,341        | 829,261            |
| <b>4,714,778,454</b> | <b>151,696,574</b> |

#### 14.1.1 Details of provision for loans and advances

**General Provision**

Standard

Special Mention Account

**Specific Provision**

Substandard

Doubtful

Bad/Loss

**Excess provision maintained at 31 December 2015**

| 2015                 |                      |
|----------------------|----------------------|
| Required             | Maintained           |
| <b>1,967,741,800</b> | <b>2,118,609,113</b> |
| 1,786,941,800        | 1,937,809,113        |
| 180,800,000          | 180,800,000          |
| <b>2,595,340,080</b> | <b>2,596,169,341</b> |
| 37,200,000           | 37,200,000           |
| 92,940,080           | 92,940,080           |
| 2,465,200,000        | 2,466,029,261        |
|                      | <b>151,696,574</b>   |

#### 14.2 Provision for current tax (net of advance tax)

Current Tax

Advance Income Tax

**Provision for current tax (net of advance tax)**

(note 14.2.1)

(note 14.2.2)

| 31.12.2015<br>Taka   | 31.12.2014<br>Taka   |
|----------------------|----------------------|
| 14,117,950,475       | 12,339,190,786       |
| 11,377,956,943       | 9,357,440,764        |
| <b>2,739,993,532</b> | <b>2,981,750,022</b> |

#### 14.2.1 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

|                       |                       |
|-----------------------|-----------------------|
| 12,133,437,043        | 9,519,523,785         |
| 1,801,901,343         | 2,613,913,258         |
| 13,935,338,386        | 12,133,437,043        |
| 182,612,089           | 205,753,743           |
| <b>14,117,950,475</b> | <b>12,339,190,786</b> |

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 years 2013 & 2014 submitted under section 82BB corresponding to Assessment Years 2014-15 & 2015-16. Tax assessment for income years 2011 and 2012 are under appeal. Tax assessments for income years 1995,1996, 1997, 2007, 2009 and 2010 were completed but these were referred to the Hon'ble High Court on the application made by the Bank for some disputed points.

#### 14.2.2 Advance corporate income tax

##### In Bangladesh:

Balance at 01 January 2015

Add: Paid during the year

Tax withheld during the year

Add/(Less): Transfer/Adjustment during the year

Balance at 31 December

##### Advance tax of ABBL, Mumbai Branch

| 31.12.2015<br>Taka    | 31.12.2014<br>Taka   |
|-----------------------|----------------------|
| 9,125,367,470         | 6,925,302,663        |
| 1,948,415,000         | 1,948,549,059        |
| 105,955,561           | 251,607,320          |
| 2,054,370,561         | 2,200,156,379        |
| 1,252,131             | (91,572)             |
| 11,180,990,162        | 9,125,367,470        |
| 196,966,780           | 232,073,293          |
| <b>11,377,956,943</b> | <b>9,357,440,763</b> |

#### 14.3 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

|                      |                      |
|----------------------|----------------------|
| 2,866,769,441        | 1,751,626,029        |
| 3,737,716,575        | 1,605,582,737        |
| 74,548,032           | 178,595,000          |
| 491,897,206          | 311,844,325          |
| 6,038,040,779        | 2,866,769,441        |
| 33,598,809           | 22,781,862           |
| <b>6,071,639,588</b> | <b>2,889,551,303</b> |

#### 14.4 Provision against other assets

##### Provision for

Prepaid legal expenses

Protested bills

Others

|                    |                    |
|--------------------|--------------------|
| 72,030,000         | 66,030,000         |
| 26,065,610         | 26,065,610         |
| 666,156,359        | 522,133,359        |
| <b>764,251,969</b> | <b>614,228,969</b> |

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

#### 14.3.1 Calculation of Provision against other assets

|                        | Outstanding amount | Base for Provision | Rate       | Provisions Requirement | Provisions Maintained |
|------------------------|--------------------|--------------------|------------|------------------------|-----------------------|
| Prepaid legal expenses | 71,865,434         | 71,865,434         | 50% & 100% | 35,932,717             | 72,030,000            |
| Protested bills        | 23,643,304         | 23,643,304         | 100%       | 23,643,304             | 26,065,610            |
| Others                 | 83,939,438         | 83,939,438         | 100%       | 83,939,438             | 666,156,359           |

##### **Required provision for other assets**

**143,515,459**

**764,251,969**

Total provision requirement

143,515,459

Total provision maintained

764,251,969

##### **Excess provision maintained at 31 December 2015**

**620,736,510**

#### 14.5 Provision for off balance sheet items

Balance at 01 January

Less: Transferred to general reserve

Add: Provision made during the year

Less: Adjustment during the year

| 31.12.2015<br>Taka | 31.12.2014<br>Taka   |
|--------------------|----------------------|
| 1,010,000,000      | 810,000,000          |
| (200,000,000)      | -                    |
| 50,000,000         | 200,000,000          |
| -                  | -                    |
| <b>860,000,000</b> | <b>1,010,000,000</b> |

#### 14.4.1 Particulars of required provision for Off-Balance Sheet Items

|  | Base for Provision | Rate (%) | 31.12.2015         | 31.12.2014           |
|--|--------------------|----------|--------------------|----------------------|
| Acceptances and endorsements                       | 24,256,430,763     | 1%       | 242,564,308        | 267,879,526          |
| Letters of guarantee                               | 12,327,410,154     | 1%       | 123,274,102        | 138,453,323          |
| Irrevocable letters of credit                      | 23,650,724,184     | 1%       | 236,507,242        | 219,873,172          |
| Bills for collection                               | 6,109,675,119      | 1%       | 61,096,751         | 60,588,983           |
| Others   | -                  | 1%       | -                  | 64,764,196           |
| <b>Off Balance Sheet Items: Required provision</b> |                    |          | <b>663,442,402</b> | <b>751,559,199</b>   |
| Total provision maintained                         |                    |          | <b>860,000,000</b> | <b>1,010,000,000</b> |
| <b>Excess provision at 31 December 2015</b>        |                    |          | <b>196,557,598</b> | <b>258,440,801</b>   |

No provision has been maintained against Off Balance Sheet items of Mumbai Branch amounting Tk. 2,304,918,646 as per Reserve Bank of India (RBI) guidelines.

**14.6 Provision against investments**

Balance at 01 January  
Add: Provision made during the year  
Less: Transferred to General Reserve

Provision for Mumbai Branch

| <b>31.12.2015</b><br><b>Taka</b> | <b>31.12.2014</b><br><b>Taka</b> |
|----------------------------------|----------------------------------|
| 1,995,053,000                    | 1,995,053,000                    |
| -                                | -                                |
| (120,000,000)                    | -                                |
| <b>1,875,053,000</b>             | <b>1,995,053,000</b>             |
| -                                | -                                |
| <b>1,875,053,000</b>             | <b>1,995,053,000</b>             |

**14(a) Consolidated Other liabilities**

AB Bank Limited  
AB Investment Limited  
AB International Finance Limited  
AB Securities Limited  
Cashlink Bangladesh Limited (CBL)  
AB Exchange (UK) Limited  
  
Less: Intercompany transaction

|                       |                       |
|-----------------------|-----------------------|
| 18,205,779,567        | 15,351,375,000        |
| 460,347,151           | 529,717,808           |
| 53,011,430            | 53,270,085            |
| 571,452,230           | 635,201,222           |
| 14,245,142            | 10,922,683            |
| 3,388,419             | 2,959,224             |
| 19,308,223,938        | 16,583,446,022        |
| 213,467,908           | 327,696,455           |
| <b>19,094,756,031</b> | <b>16,255,749,567</b> |

**15. Share Capital**

|                      |                      |
|----------------------|----------------------|
| <b>5,990,165,460</b> | <b>5,324,591,520</b> |
|----------------------|----------------------|

**15.1 Authorised Capital**

600,000,000 ordinary shares of Taka 10 each

|                      |                      |
|----------------------|----------------------|
| <b>6,000,000,000</b> | <b>6,000,000,000</b> |
|----------------------|----------------------|

**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  
584,016,546 ordinary shares of Taka 10 each issued as bonus shares

|                      |                      |
|----------------------|----------------------|
| 100,000,000          | 100,000,000          |
| 50,000,000           | 50,000,000           |
| 5,840,165,460        | 5,174,591,520        |
| <b>5,990,165,460</b> | <b>5,324,591,520</b> |

**15.3 Percentage of shareholding**

| <b>As at 31 December 2015</b> |               |
|-------------------------------|---------------|
| No. of shares                 | %             |
| Sponsors and public           | 99.43         |
| Government                    | 0.57          |
| <b>599,016,546</b>            | <b>100.00</b> |

| <b>As at 31 December 2014</b> |            |
|-------------------------------|------------|
| No. of shares                 | %          |
| 529,407,041                   | 99.43      |
| 3,052,111                     | 0.57       |
| <b>532,459,152</b>            | <b>100</b> |

**15.4 Classification of shareholders by holding**

| <b>Holding</b>       | <b>No. of holders</b> |                   | <b>% of total holding</b> |                   |
|----------------------|-----------------------|-------------------|---------------------------|-------------------|
|                      | <b>31.12.2015</b>     | <b>31.12.2014</b> | <b>31.12.2015</b>         | <b>31.12.2014</b> |
| Upto 500             | 49,546                | 65,079            | 60.59                     | 66.06             |
| 501 to 5,000         | 26,938                | 28,380            | 32.94                     | 28.81             |
| 5,001 to 10,000      | 2,798                 | 2,626             | 3.42                      | 2.67              |
| 10,001 to 20,000     | 1,327                 | 1,252             | 1.62                      | 1.27              |
| 20,001 to 30,000     | 399                   | 395               | 0.49                      | 0.40              |
| 30,001 to 40,000     | 180                   | 184               | 0.22                      | 0.19              |
| 40,001 to 50,000     | 103                   | 110               | 0.13                      | 0.11              |
| 50,001 to 100,000    | 206                   | 218               | 0.25                      | 0.22              |
| 100,001 to 1,000,000 | 226                   | 224               | 0.28                      | 0.23              |
| Over 1,000,000       | 56                    | 52                | 0.07                      | 0.05              |
|                      | <b>81,779</b>         | <b>98,520</b>     | <b>100</b>                | <b>100</b>        |

### 15.5 Names of the Directors and their shareholding as at 31 December 2015

| Name of the Director   | Status                        | No of Shareholding |            |
|--|-------------------------------|--------------------|------------|
|  |                               | 31.12.2015         | 31.12.2014 |
| Mr. M. Wahidul Haque   | Chairman                      | 129,595            | 115,196    |
| Mr. Salim Ahmed  | Vice-Chairman                 | 14,148,975         | 12,576,868 |
| Mr. Feroz Ahmed  | Director                      | 12,428,799         | 11,047,823 |
| Mr. M. A. Awal   | Director                      | 3,753              | 3,336      |
| Mr. Shishir Ranjan Bose FCA                                      | Independent Director          | -                  | -          |
| Mr. Faheemul Huq, Barrister - at -Law                            | Director                      | 513,957            | 456,851    |
| Mr. Syed Afzal Hasan Uddin,<br>Barrister - at -Law               | Director                      | 2,664              | 2,368      |
| Mr. Gholam Sarwar  | Director                      | 14,363             | 12,768     |
| Mr. Md. Mesbahul Hoque   | Director                      | 2,664              | 2,368      |
| Mr. B. B. Saha Roy<br>(Resigned from the Board on February 2016) | Director                      | 2,323              | 2,065      |
| Dr. M. Imtiaz Hossain  | Independent Director          | -                  | -          |
| Mr. Shamim Ahmed Chaudhury                                       | President & Managing Director | -                  | -          |

### 15.6 Capital to Risk Weighted Assets Ratio (CRAR) - As per BASEL III

#### Consolidated - Capital Adequacy Ratio

In terms of section 13(2) of the Bank Company (Amendment up to 2013) Act, 1991 and Bangladesh Bank BRPD Circular no. 18 dated 21 December 2014, required capital of the Bank on Consolidated basis at the close of business on 31 December 2015 is Taka 25,801,375,253 as against available Total Common Equity Tier-I Capital of Taka 19,110,207,292 and Total Tier-2 Capital Available of Taka 10,037,502,676 that is, a total of Taka 29,147,709,968 thereby showing surplus capital/equity of Taka 3,346,334,716 at that date. Details are shown below:

#### Tier I Capital (Going-Concern Capital)

##### Common Equity Tier-I Capital

Fully Paid-up Capital/Capital Deposited with BB

Statutory Reserve

Non-repayable share premium account

General Reserve

Retained earnings

Minority interest in Subsidiaries

Non-Cumulative irredeemable Preferences shares

Dividend Equalization Account

| 31.12.2015<br>Taka    | 31.12.2014<br>Taka    |
|-----------------------|-----------------------|
| 5,990,165,460         | 5,324,591,520         |
| 6,111,203,545         | 5,582,440,229         |
| -                     | -                     |
| 1,401,086,919         | 118,175,719           |
| 7,435,241,593         | 6,034,620,214         |
| (2,235,814)           | (9,444,084)           |
| -                     | -                     |
| -                     | -                     |
| <b>20,935,461,703</b> | <b>17,050,383,599</b> |

##### Regulatory Adjustment:

Goodwill and all other Intangible Assets

Shortfall in provisions required against Non Performing Loans (NPLs)

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 the securities.

Deferred Tax Assets (DTA)

Defined benefit pension fund assets

Gain on sale related to securitization transactions

Investment in own CET-1 Instruments/Shares

Reciprocal crossholdings in the CET-1 capital of Banking, Financial and Insurance Entities

Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991 (Amendment up to 2013)

Investments in subsidiaries which are not consolidated- 50% of Investment

Other if any

|                       |                       |
|-----------------------|-----------------------|
| 322,958,427           | -                     |
| -                     | -                     |
| -                     | -                     |
| -                     | -                     |
| 1,483,281,544         | -                     |
| -                     | -                     |
| -                     | -                     |
| 9,054,440             | -                     |
| -                     | -                     |
| 9,960,000             | 9,960,000             |
| -                     | -                     |
| <b>1,825,254,411</b>  | <b>9,960,000</b>      |
| <b>19,110,207,292</b> | <b>17,040,423,599</b> |
| -                     | -                     |

##### Total Common Equity Tier-I Capital

##### Additional Tier-I Capital

|  | 31.12.2015<br>Taka    | 31.12.2014<br>Taka    |
|--|-----------------------|-----------------------|
| <b>Tier-2 Capital (Gone concern Capital)</b>   |                       |                       |
| General Provision (Eligible for inclusion in Tier 2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets calculated under the standardised approach) | 2,867,752,202         | 3,037,313,116         |
| All other preference shares  |                       |                       |
| Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)                                    | 6,500,000,000         | 2,500,000,000         |
| Minority Interest  |                       |                       |
| HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital   | -                     | -                     |
| Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)  | 849,638,093           | 849,638,094           |
| Other (if any item approved by Bangladesh Bank)  | -                     | -                     |
| <b>Sub-Total</b>   | <b>10,217,390,295</b> | <b>6,386,951,210</b>  |
| <b>Regulatory Adjustments:</b>   |                       |                       |
| Revaluation Reserves for Fixed Assets, Securities & Equity Securities  | 169,927,619           | -                     |
| Investment in own T-2 Instruments/Shares   | -                     | -                     |
| Reciprocal crossholdings in the T-2 capital of Banking, Financial and Insurance Entities   | -                     | -                     |
| Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991. (50% of Investment)   | -                     | -                     |
| Investments in subsidiaries which are not consolidated- 50% of Investment  | 9,960,000             | 9,960,000             |
| Other (if any )  | -                     | -                     |
| <b>Total Tier-2 Capital Available</b>  | <b>10,207,430,295</b> | <b>6,376,991,210</b>  |
| Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)   | 16,987,063,262        | -                     |
| Excess amount over maximum limit of Tier 2   | -                     | -                     |
| <b>Total admissible Tier 2 Capital</b>   | <b>10,037,502,676</b> | <b>6,376,991,210</b>  |
| <b>Total Eligible Capital</b>  | <b>29,147,709,968</b> | <b>23,417,414,809</b> |
| Total assets including off-Balance Sheet items   | 355,587,988,835       | 333,883,042,242       |
| Total risk-weighted assets (RWA)   | 258,013,752,529       | 223,746,284,916       |
| <b>B. Total required capital (10% of Total RWA)</b>  | 25,801,375,253        | 22,374,628,492        |
| <b>Capital Surplus / (Shortfall) [A-B]</b>   | <b>3,346,334,716</b>  | <b>1,042,786,317</b>  |
| <b>Capital to Risk Weighted Assets Ratio (CRAR)</b>  | <b>11.30%</b>         | <b>10.47%</b>         |

**Solo - Capital to Risk Weighted Assets Ratio (CRAR)**

In terms of section 13(2) of the Bank Company (Amendment up to 2013) Act, 1991 and Bangladesh Bank BRPD Circular no. 18 dated 21 December 2014, required capital of the Bank on Solo basis at the close of business on 31 December 2015 is Taka 25,552,539,723 as against available Common Equity Tier-I capital of Taka 18,339,220,715 and Total Tier-2 Capital Available capital of Taka 9,993,601,357 that is, a total of Taka 28,332,822,072 thereby showing surplus capital/equity of Taka 2,780,282,349 at that date. Details are shown below:

**Tier I Capital (going-concern capital)**

**Common Equity Tier-I Capital**

|   |                       |                       |
|---|-----------------------|-----------------------|
| Fully Paid-up Capital/Capital Deposited with BB | 5,990,165,460         | 5,324,591,520         |
| Statutory Reserve                               | 6,111,203,545         | 5,582,440,229         |
| Non-repayable share premium account             | -                     | -                     |
| General Reserve                                 | 1,222,199,200         | 42,199,200            |
| Retained earnings                               | 6,830,946,921         | 5,611,822,670         |
| Minority interest in Subsidiaries               | -                     | -                     |
| Non-Cumulative irredeemable Preferences shares  | -                     | -                     |
| Dividend Equalization Account                   | -                     | -                     |
|   | <b>20,154,515,126</b> | <b>16,561,053,618</b> |

|  | 31.12.2015<br>Taka    | 31.12.2014<br>Taka    |
|--|-----------------------|-----------------------|
| <b>Regulatory Adjustment :</b>   |                       |                       |
| Goodwill and all other Intangible Assets   | 322,958,427           | -                     |
| Shortfall in provisions required against Non Performing Loans (NPLs)   | -                     | -                     |
| Shortfall in provisions required against investment in shares  | -                     | -                     |
| Remaining deficit on account of revaluation of investments in securities after   | -                     | -                     |
| Deferred Tax Assets (DTA)  | 1,483,281,544         | -                     |
| Defined benefit pension fund assets  | -                     | -                     |
| Gain on sale related to securitization transactions  | -                     | -                     |
| Investment in own CET-1 Instruments/Shares   | -                     | -                     |
| Reciprocal crossholdings in the CET-1 capital of Banking, Financial and  | 9,054,440             | -                     |
| Any investment exceeding the approved limit under section 26(2) of Bank  | -                     | -                     |
| Investments in subsidiaries which are not consolidated- 50% of Investment  | -                     | -                     |
| Other if any   | -                     | -                     |
|  | <b>1,815,294,411</b>  | -                     |
| <b>Total Common Equity Tier-I Capital</b>  | <b>18,339,220,715</b> | <b>16,561,053,618</b> |
| <b>Additional Tier-I Capital</b>   | -                     | -                     |
| <b>Tier-2 Capital (Gone concern Capital)</b>   |                       |                       |
| General Provision (Eligible for inclusion in Tier 2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets calculated under the standardised approach) | 2,855,177,375         | 2,939,539,913         |
| All other preference shares  | -                     | -                     |
| Subordinated debt/Instruments issued by the banks that meet the qualifying   | 6,500,000,000         | 2,500,000,000         |
| Minority Interest  | -                     | -                     |
| HO borrowings in foreign currency received that meet the criteria of Tier 2  | -                     | -                     |
| Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)  | 798,029,978           | 798,029,977           |
| Other (if any item approved by Bangladesh Bank)  | -                     | -                     |
| <b>Sub-Total</b>   | <b>10,153,207,353</b> | <b>6,237,569,890</b>  |
| <b>Regulatory Adjustments:</b>   |                       |                       |
| Revaluation Reserves for Fixed Assets, Securities & Equity Securities  | 159,605,996           | -                     |
| Investment in own T-2 Instruments/Shares   | -                     | -                     |
| Reciprocal crossholdings in the T-2 capital of Banking, Financial and Insurance  | -                     | -                     |
| Any investment exceeding the approved limit under section 26(2) of Bank  | -                     | -                     |
| Investments in subsidiaries which are not consolidated- 50% of Investment  | -                     | -                     |
| Other (if any )  | -                     | -                     |
| <b>Total Tier-2 Capital Available</b>  | <b>9,993,601,357</b>  | <b>6,237,569,890</b>  |
| Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)   | 16,301,733,294        | -                     |
| Excess amount over maximum limit of T 2  | -                     | -                     |
| Total admissible Tier 2 Capital  | <b>9,993,601,357</b>  | -                     |
| <b>Total Eligible Capital</b>  | <b>28,332,822,072</b> | <b>22,798,623,509</b> |
| Total assets including off-Balance Sheet items   | 353,659,413,585       | 331,736,635,759       |
| Total risk-weighted assets (RWA)   | 255,525,397,235       | 220,862,243,100       |
| <b>B. Total required capital (10% of Total RWA)</b>  | <b>25,552,539,723</b> | <b>22,086,224,310</b> |
| <b>Capital Surplus / (Shortfall) [A-B]</b>   | <b>2,780,282,349</b>  | <b>712,399,199</b>    |
| <b>Capital to Risk Weighted Assets Ratio (CRAR)</b>  | <b>11.09%</b>         | <b>10.32%</b>         |
| Detailed Disclosure under Pillar III of Basel III is presented in (Annex- E).  |                       |                       |

|  |               | 31.12.2015<br>Taka   | 31.12.2014<br>Taka   |
|--|---------------|----------------------|----------------------|
| <b>16. Statutory reserve</b>   |               |                      |                      |
| <b>In Bangladesh</b>   |               |                      |                      |
| Opening balance  |               | 5,384,130,846        | 5,384,130,846        |
| Add: Addition during the year  |               | 504,578,003          | -                    |
| Add./less Adjustment for Foreign Exchange Rate Fluctuation                       |               | -                    | -                    |
|  |               | 5,888,708,849        | 5,384,130,846        |
| <b>Outside Bangladesh - ABL, Mumbai Branch</b>                                   |               |                      |                      |
| Opening balance  |               | 198,309,382          | 180,668,545          |
| Add: Addition during the year  |               | 31,248,121           | 22,074,774           |
| Add: Transferred from Investment fluctuation reserve                             |               | -                    | -                    |
| Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation                     |               | (7,062,808)          | (4,433,937)          |
|  |               | 222,494,695          | 198,309,382          |
|  |               | <b>6,111,203,545</b> | <b>5,582,440,229</b> |
| <b>17. Other reserve</b>   |               |                      |                      |
| General reserve  | (Note-17.1)   | 1,222,199,200        | 42,199,200           |
| Assets revaluation reserve   | (Note-17.2)   | 1,305,535,182        | 1,323,567,486        |
| Investment revaluation reserve   | (Note-17.3)   | 1,332,175,037        | 272,492,469          |
| Foreign exchange revaluation for investment in foreign operation                 |               | -                    | -                    |
|  |               | <b>3,859,909,419</b> | <b>1,638,259,155</b> |
| <b>17.1 General reserve</b>  |               |                      |                      |
| Opening balance  |               | 42,199,200           | 42,199,200           |
| Add. Transferred from general provision of loans and advances                    |               | 860,000,000          | -                    |
| Add. Transferred from off balance sheet provisions                               |               | 200,000,000          | -                    |
| Add: Transferred from investment provisions                                      |               | 120,000,000          | -                    |
|  |               | <b>1,222,199,200</b> | <b>42,199,200</b>    |
| <b>17.2 Assets revaluation reserve</b>   |               |                      |                      |
| Opening balance  |               | 1,323,567,486        | 1,326,815,807        |
| Less: Adjustment during the year   |               | -                    | 3,248,321            |
| Less: Transferr to Retained Earnings   |               | 18,032,304           | -                    |
|  |               | <b>1,305,535,182</b> | <b>1,323,567,486</b> |
| <b>17.3 Investment revaluation reserve (Treasury Bills &amp; Treasury Bonds)</b> |               |                      |                      |
| <b>In Bangladesh</b>   |               |                      |                      |
| Revaluation Reserve for:   |               |                      |                      |
| Held to Maturity (HTM)   | Note (17.3.1) | 2,176,484            | 3,946,258            |
| Held for Trading (HFT)   | Note (17.3.2) | 1,329,998,553        | 268,546,211          |
|  |               | 1,332,175,037        | 272,492,469          |
| <b>Outside Bangladesh</b>  |               |                      |                      |
| ABL, Mumbai Branch   |               | -                    | -                    |
|  |               | <b>1,332,175,037</b> | <b>272,492,469</b>   |
| <b>17.3.1 Revaluation Reserve for Held to Maturity (HTM)</b>                     |               |                      |                      |
| Opening balance  |               | 3,946,258            | 2,589,612            |
| Add: Addition during the year  |               | 773,514              | 1,356,646            |
|  |               | 4,719,772            | 3,946,258            |
| Less: Adjustment during the year   |               | 2,543,288            | -                    |
|  |               | <b>2,176,484</b>     | <b>3,946,258</b>     |
| <b>17.3.2 Revaluation Reserve for Held for Trading (HFT)</b>                     |               |                      |                      |
| Opening balance  |               | 268,546,211          | 41,024,648           |
| Add: Addition during the year  |               | 1,795,936,708        | 445,902,774          |
|  |               | 2,064,482,919        | 486,927,422          |
| Less: Adjustment during the year   |               | 734,484,366          | 218,381,211          |
|  |               | <b>1,329,998,553</b> | <b>268,546,211</b>   |

|   | 31.12.2015<br>Taka    | 31.12.2014<br>Taka    |
|---|-----------------------|-----------------------|
| <b>17(a) Consolidated Other reserve</b>   |                       |                       |
| AB Bank Limited   | 3,859,909,419         | 1,638,259,155         |
| AB Investment Limited   | -                     | -                     |
| AB International Finance Limited  | 77,532,187            | 77,257,827            |
| AB Securities Limited   | 101,934,926           | 101,934,926           |
| Cashlink Bangladesh Limited (CBL)   | -                     | -                     |
| AB Exchange (UK) Limited  | -                     | -                     |
|   | <b>4,039,376,532</b>  | <b>1,817,451,907</b>  |
| <b>18. Retained earnings</b>  |                       |                       |
| Opening balance   | 6,768,352,063         | 4,986,366,647         |
| Add. Prior year adjustment for Deferred Tax Assets  | -                     | 1,156,529,394         |
| Add: Post-tax profit for the year   | 1,270,414,868         | 1,260,033,729         |
| Less: Transfer to statutory reserve   | 535,826,124           | 22,074,774            |
| Cash dividend   | -                     | 248,812,688           |
| Bonus shares issued   | 665,573,940           | 348,337,760           |
|   | <b>6,837,366,867</b>  | <b>6,783,704,548</b>  |
| Add/(Less): Transferred from Assets Revaluation Reserve                                   | 18,032,304            | -                     |
| Add/(Less): Retained earnings adjustment  | (2,946,778)           | -                     |
| Add/(Less): Foreign Exchange Translation gain/(loss)                                      | (21,505,472)          | (15,352,484)          |
|   | <b>6,830,946,921</b>  | <b>6,768,352,063</b>  |
| <b>18(a) Consolidated Retained earnings</b>   |                       |                       |
| AB Bank Limited   | 6,830,946,921         | 6,768,352,063         |
| AB Investment Limited   | 544,469,448           | 443,830,684           |
| AB International Finance Limited  | 80,719,490            | 93,455,537            |
| AB Securities Limited   | 138,145,940           | 142,031,030           |
| Cashlink Bangladesh Limited (CBL)   | (306,731,436)         | (378,712,146)         |
| AB Exchange (UK) Limited  | (45,308,187)          | (39,518,318)          |
|   | 7,242,242,176         | 7,029,438,851         |
| Add./(Less): Adjustment made during the year  | 162,448,989           | 123,968,489           |
| Minority Interest   | 30,550,428            | 37,742,268            |
|   | <b>7,435,241,593</b>  | <b>7,191,149,608</b>  |
| <b>18(b) Minority Interest</b>  |                       |                       |
| AB Investment Limited   | 10,498                | 7,193                 |
| AB Securities Limited   | 426,832               | 419,938               |
| Cashlink Bangladesh Limited   | (2,673,144)           | (9,871,215)           |
|   | <b>(2,235,814)</b>    | <b>(9,444,084)</b>    |
| <b>19. Contingent liabilities</b>   | <b>68,649,158,866</b> | <b>77,068,505,153</b> |
| <b>19.1 Letters of guarantee</b>  |                       |                       |
| Money for which the Bank is contingently liable in respect of guarantees issued favoring: |                       |                       |
| Directors   | -                     | -                     |
| Government  | -                     | -                     |
| Banks and other financial institutions  | 118,800,000           | 258,800,000           |
| Others  | 12,208,610,154        | 13,586,532,265        |
|   | <b>12,327,410,154</b> | <b>13,845,332,265</b> |
|   | <b>2015<br/>Taka</b>  | <b>2014<br/>Taka</b>  |
| <b>20 Profit and loss account</b>   |                       |                       |
| <u>Income:</u>  |                       |                       |
| Interest, discount and similar income   | 23,664,997,552        | 23,778,605,203        |
| Dividend income   | 180,634,136           | 170,582,438           |
| Fee, commission and brokerage   | 1,855,689,669         | 2,016,785,206         |
| Gains less losses arising from investment securities                                      | 2,996,773             | 66,152,608            |
| Gains less losses arising from dealing in foreign currencies                              | 973,066,129           | 1,050,735,660         |
| Other operating income  | 185,028,906           | 130,103,586           |
| Gains less losses arising from dealing securities   | 318,368,965           | 261,853,532           |
| Income from non-banking assets  | -                     | -                     |
| Profit less losses on interest rate changes   | -                     | -                     |
|   | <b>27,180,782,130</b> | <b>27,474,818,233</b> |



Expenses:

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

| 2015<br>Taka         | 2014<br>Taka         |
|----------------------|----------------------|
| 16,532,249,413       | 15,320,011,707       |
| 3,980,332,983        | 3,721,566,305        |
| 1,304,413,020        | 1,187,212,523        |
| 343,596,380          | 321,183,026          |
| -                    | -                    |
| 22,160,591,796       | 20,549,973,560       |
| <b>5,020,190,334</b> | <b>6,924,844,673</b> |

**21. Interest income/profit on investments**

Interest on loans and advances:

Loans and advances  
Bills purchased and discounted

|                |                |
|----------------|----------------|
| 20,145,481,015 | 20,251,138,469 |
| 298,078,258    | 671,943,255    |
| 20,443,559,273 | 20,923,081,724 |
| 63,960,816     | -              |
| 20,379,598,457 | 20,923,081,724 |

\*Less. Incentive for good borrowers

Interest on:

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

|                       |                       |
|-----------------------|-----------------------|
| 407,090,134           | 466,213,165           |
| 1,322,879             | 8,678,051             |
| 22,729,948            | 337,876               |
| 834,599               | 479,030               |
| 431,977,559           | 475,708,123           |
| <b>20,811,576,016</b> | <b>21,398,789,847</b> |

\*The Bank has maintained incentive for good borrowers in accordance with Bangladesh Bank, BRPD circular no. 06 dated March 19, 2015, BRPD circular letter no.16 dated December 30, 2015 and BRPD circular letter no. 03 dated February 16, 2016.

**21(a). Consolidated Interest income/profit on investments**

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

|                       |                       |
|-----------------------|-----------------------|
| 20,811,576,016        | 21,398,789,847        |
| 63,843,754            | 87,040,560            |
| 393,372,052           | 552,380,899           |
| 83,771,511            | 92,446,612            |
| 336,312               | -                     |
| -                     | -                     |
| 21,352,899,645        | 22,130,657,918        |
| 124,002,467           | 210,365,075           |
| <b>21,228,897,178</b> | <b>21,920,292,843</b> |

Less: Intercompany Transactions

**22. Interest/profit paid on deposits, borrowings, etc.**

Interest on deposits:

Fixed deposits  
Savings deposits  
Special notice deposits  
Other deposits

|                |                |
|----------------|----------------|
| 10,842,348,932 | 10,299,236,627 |
| 694,118,806    | 746,204,017    |
| 1,912,833,661  | 1,655,410,987  |
| 1,781,765,032  | 1,637,245,939  |
| 15,231,066,431 | 14,338,097,571 |

Interest on borrowings:

Local banks, financial institutions including Bangladesh Bank  
Subordinated Bond

|                       |                       |
|-----------------------|-----------------------|
| 892,689,832           | 869,519,615           |
| 408,493,151           | 112,394,521           |
| <b>16,532,249,413</b> | <b>15,320,011,707</b> |

**22(a). Consolidated Interest/profit paid on deposits, borrowings, etc.**

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

|                       |                       |
|-----------------------|-----------------------|
| 16,532,249,413        | 15,320,011,707        |
| 144,722,697           | 268,176,700           |
| 5,765,028             | 12,760,792            |
| 53,040,725            | 73,693,437            |
| -                     | -                     |
| -                     | -                     |
| <b>16,735,777,862</b> | <b>15,674,642,637</b> |
| 126,930,120           | 213,292,728           |
| <b>16,608,847,742</b> | <b>15,461,349,909</b> |

Less: Intercompany Transactions

|   | <b>2015<br/>Taka</b> | <b>2014<br/>Taka</b> |
|---|----------------------|----------------------|
| <b>23. Investment income</b>              |                      |                      |
| Capital gain on sale of shares            | 2,996,773            | 66,152,608           |
| Interest on treasury bills                | 287,706,047          | 277,929,189          |
| Dividend on shares                        | 180,634,136          | 170,582,438          |
| Interest on debentures                    | 641,671              | 2,887,500            |
| Interest on treasury bonds                | 2,548,036,366        | 2,076,039,553        |
| Gain on treasury bills and treasury bonds | 318,368,965          | 261,853,532          |
| Interest on other bonds & others          | 17,037,452           | 22,959,114           |
|   | <b>3,355,421,410</b> | <b>2,878,403,934</b> |

**23(a). Consolidated Investment income**

|                                     |                      |                      |
|-------------------------------------|----------------------|----------------------|
| AB Bank Limited                     | 3,355,421,410        | 2,878,403,934        |
| AB Investment Limited               | 252,437              | 17,098,670           |
| AB International Finance Limited    | -                    | -                    |
| AB Securities Limited               | 1,435,988            | 3,028,636            |
| Cashlink Bangladesh Limited (CBL)   | (756,799)            | (4,102,327)          |
| AB Exchange (UK) Limited            | -                    | -                    |
|                                     | 3,356,353,037        | 2,894,428,913        |
| Less: Intercompany Transactions (*) | 74,365,853           | 87,370,533           |
|                                     | <b>3,281,987,184</b> | <b>2,807,058,380</b> |

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

**24. Commission, exchange and brokerage**

|  |                      |                      |
|--|----------------------|----------------------|
| Other fees, commission and service charges                             | 989,906,895          | 1,075,650,066        |
| Commission on letters of credit  | 694,088,952          | 762,510,662          |
| Commission on letters of guarantee                                     | 171,693,822          | 178,624,477          |
| Exchange gains less losses arising from dealings in foreign currencies | 973,066,129          | 1,050,735,660        |
|  | <b>2,828,755,798</b> | <b>3,067,520,866</b> |

**24(a). Consolidated Commission, exchange and brokerage**

|                                   |                      |                      |
|-----------------------------------|----------------------|----------------------|
| AB Bank Limited                   | 2,828,755,798        | 3,067,520,866        |
| AB Investment Limited             | 44,140,728           | 69,358,655           |
| AB International Finance Limited  | 41,853,467           | 40,299,029           |
| AB Securities Limited             | 45,853,762           | 80,096,226           |
| Cashlink Bangladesh Limited (CBL) | 77,327,792           | 78,450,148           |
| AB Exchange (UK) Limited          | 2,314,760            | 5,235,541            |
|                                   | 3,040,246,306        | 3,340,960,464        |
| Less: Intercompany Transactions   | 75,810,263           | 2,875,587            |
|                                   | <b>2,964,436,043</b> | <b>3,338,084,877</b> |

**25. Other income**

|   |                    |                    |
|---|--------------------|--------------------|
| Locker rent, insurance claim and others     | 8,144,567          | 6,641,163          |
| Recoveries on loans previously written off  | 66,437,637         | 16,283,250         |
| Recoveries on telex, telephone, fax, etc.   | 82,288,508         | 80,062,496         |
| Recoveries on courier, postage, stamp, etc. | 24,950,165         | 25,335,463         |
| Gain on sale of Bank property               | -                  | -                  |
| Non-operating income (*)                    | 3,208,028          | 1,781,214          |
|   | <b>185,028,906</b> | <b>130,103,586</b> |

(\*) Non-operating income includes sale of scrap items.

**25(a). Consolidated other income**

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

Less: Intercompany transactions

| <b>2015<br/>Taka</b> | <b>2014<br/>Taka</b> |
|----------------------|----------------------|
| 185,028,906          | 130,103,586          |
| 8,758,224            | 9,475,966            |
| 39,377,049           | 39,922,052           |
| 2,962,552            | 2,612,123            |
| -                    | 1,344,802            |
| -                    | -                    |
| 236,126,731          | 183,458,529          |
| 8,444,173            | 9,207,451            |
| <b>227,682,558</b>   | <b>174,251,078</b>   |

**26. Salary and allowances**

Basic salary, provident fund contribution and all other allowances  
Festival and incentive bonus

|                      |                      |
|----------------------|----------------------|
| 2,557,134,869        | 2,134,056,129        |
| 264,089,477          | 478,896,232          |
| <b>2,821,224,346</b> | <b>2,612,952,361</b> |

**26(a). Consolidated salary and allowances**

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

|                      |                      |
|----------------------|----------------------|
| 2,821,224,346        | 2,612,952,361        |
| 17,442,336           | 15,651,036           |
| 32,944,029           | 30,322,873           |
| 29,251,154           | 26,287,208           |
| 219,204              | 171,816              |
| 4,424,417            | 4,030,635            |
| <b>2,905,505,487</b> | <b>2,689,415,930</b> |

**27. Rent, taxes, insurance, electricity, etc.**

Rent, rates and taxes  
Electricity, gas, water, etc.  
Insurance

|                    |                    |
|--------------------|--------------------|
| 355,383,641        | 364,020,444        |
| 145,062,566        | 128,613,611        |
| 92,054,400         | 86,705,788         |
| <b>592,500,607</b> | <b>579,339,843</b> |

**27(a). Consolidated Rent, taxes, insurance, electricity, etc.**

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

Less: Inter company transactions

|                    |                    |
|--------------------|--------------------|
| 592,500,607        | 579,339,843        |
| 2,707,281          | 2,685,998          |
| 7,463,310          | 6,865,222          |
| 8,045,943          | 7,984,860          |
| -                  | -                  |
| 1,308,211          | 2,343,532          |
| 612,025,351        | 599,219,455        |
| 5,516,520          | 4,137,390          |
| <b>606,508,831</b> | <b>595,082,065</b> |

**28. Legal expenses**

Legal expenses

|                  |                   |
|------------------|-------------------|
| <b>8,418,187</b> | <b>17,949,057</b> |
|------------------|-------------------|

**28(a). Consolidated Legal expenses**

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

|                  |                   |
|------------------|-------------------|
| 8,418,187        | 17,949,057        |
| 489,200          | 304,465           |
| -                | 500,356           |
| 95,500           | 22,000            |
| 172,500          | -                 |
| 116,988          | 70,859            |
| <b>9,292,376</b> | <b>18,846,738</b> |

|   | <b>2015<br/>Taka</b> | <b>2014<br/>Taka</b> |
|---|----------------------|----------------------|
| <b>29. Postage, stamp, telecommunication, etc.</b>  |                      |                      |
| Telex, fax, internet, wireless link, SWIFT, etc.  | 91,884,268           | 88,962,021           |
| Telephone   | 11,806,021           | 12,142,597           |
| Postage, stamp and shipping   | 31,550,746           | 30,184,424           |
|   | <b>135,241,035</b>   | <b>131,289,042</b>   |
| <b>29(a). Consolidated Postage, stamp, telecommunication, etc.</b>  |                      |                      |
| AB Bank Limited   | 135,241,035          | 131,289,042          |
| AB Investment Limited   | 922,449              | 925,219              |
| AB International Finance Limited  | 5,936,778            | 6,101,638            |
| AB Securities Limited   | 1,594,613            | 1,633,989            |
| Cashlink Bangladesh Limited (CBL)   | 4,756                | 92,291               |
| AB Exchange (UK) Limited  | 230,154              | 375,118              |
|   | 143,929,785          | 140,417,297          |
| Less: Intercompany transactions   | (3,982,539)          | -                    |
|   | <b>139,947,246</b>   | <b>140,417,297</b>   |
| <b>30. Stationery, printing, advertisements, etc.</b>   |                      |                      |
| Printing and stationery   | 129,704,906          | 122,651,024          |
| Publicity, advertisement, etc.  | 37,805,709           | 39,335,204           |
|   | <b>167,510,614</b>   | <b>161,986,227</b>   |
| <b>30(a). Consolidated Stationery, printing, advertisements, etc.</b>   |                      |                      |
| AB Bank Limited   | 167,510,614          | 161,986,227          |
| AB Investment Limited   | 213,397              | 383,514              |
| AB International Finance Limited  | 329,663              | 1,205,716            |
| AB Securities Limited   | 563,922              | 801,818              |
| Cashlink Bangladesh Limited (CBL)   | -                    | 1,068                |
| AB Exchange (UK) Limited  | -                    | -                    |
|   | <b>168,617,596</b>   | <b>164,378,344</b>   |
| <b>31. Directors' fees</b>  |                      |                      |
| Directors' fees   | 2,129,100            | 2,070,000            |
| Meeting expenses  | 5,856,247            | 7,181,619            |
|   | <b>7,985,347</b>     | <b>9,251,619</b>     |
| Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee and Shariah Council. |                      |                      |
| <b>31(a). Consolidated Directors' fees</b>  |                      |                      |
| AB Bank Limited   | 7,985,347            | 9,251,619            |
| AB Investment Limited   | 340,340              | 149,500              |
| AB International Finance Limited  | -                    | -                    |
| AB Securities Limited   | 317,330              | 241,500              |
| Cashlink Bangladesh Limited (CBL)   | 140,000              | 210,000              |
| AB Exchange (UK) Limited  | -                    | -                    |
|   | <b>8,783,017</b>     | <b>9,852,619</b>     |
| <b>32. Auditors' fees</b>   |                      |                      |
| Statutory   | 911,950              | 1,114,877            |
| Others  | 3,433,950            | 1,200,026            |
|   | <b>4,345,900</b>     | <b>2,314,903</b>     |

|  | <b>2015<br/>Taka</b> | <b>2014<br/>Taka</b> |
|--|----------------------|----------------------|
| <b>32(a). Consolidated Auditors' fees</b>                            |                      |                      |
| AB Bank Limited  | 4,345,900            | 2,314,903            |
| AB Investment Limited  | 126,500              | 115,000              |
| AB International Finance Limited                                     | 331,830              | 300,214              |
| AB Securities Limited  | 95,000               | 95,000               |
| Cashlink Bangladesh Limited (CBL)                                    | 172,500              | 172,500              |
| AB Exchange (UK) Limited   | 214,220              | 229,814              |
|  | <b>5,285,950</b>     | <b>3,227,431</b>     |
| <b>33. Depreciation and repairs of Bank's assets</b>                 |                      |                      |
| <u>Depreciation:</u>   |                      |                      |
| Electrical appliances  | 147,802,949          | 163,946,363          |
| Furniture and fixtures   | 12,886,364           | 13,121,989           |
| Office appliances  | 2,438,742            | 2,549,637            |
| Building   | 19,552,271           | 18,489,172           |
| Motor vehicles   | 52,688,093           | 48,830,463           |
|  | 235,368,419          | 246,937,625          |
| <u>Repairs:</u>  |                      |                      |
| Motor vehicles   | 32,274,445           | 29,806,115           |
| Electrical appliances  | 82,357,927           | 73,193,556           |
| Office premises and others   | 107,939,444          | 83,313,604           |
| Furniture and fixtures   | 2,493,771            | 1,966,343            |
| Office appliances  | 5,141,359            | 5,060,074            |
|  | 230,206,946          | 193,339,693          |
|  | 465,575,365          | 440,277,317          |
| <b>Amortization of Intangible Assets</b>                             | 108,227,961          | 74,245,401           |
|  | <b>573,803,327</b>   | <b>514,522,719</b>   |
| <b>33(a). Consolidated Depreciation and repairs of Bank's assets</b> |                      |                      |
| AB Bank Limited  | 573,803,327          | 514,522,719          |
| AB Investment Limited  | 18,432,970           | 15,863,979           |
| AB International Finance Limited                                     | 350,615              | 464,234              |
| AB Securities Limited  | 4,927,888            | 6,535,758            |
| Cashlink Bangladesh Limited (CBL)                                    | 72,683               | 10,113,832           |
| AB Exchange (UK) Limited   | 2,619,044            | 3,092,828            |
|  | <b>600,206,526</b>   | <b>550,593,350</b>   |
| <b>34. Other expenses</b>  |                      |                      |
| Contractual service  | 477,627,551          | 413,073,911          |
| Petrol, oil and lubricant  | 71,402,998           | 67,318,807           |
| Software expenses  | 142,300,110          | 152,518,440          |
| Entertainment  | 64,040,138           | 63,414,615           |
| Travelling   | 32,338,978           | 37,660,653           |
| Subscription, membership and sponsorship                             | 78,285,480           | 39,368,888           |
| Training, seminar and workshop                                       | 40,526,503           | 40,181,389           |
| Local conveyance   | 9,306,348            | 9,549,090            |
| Professional charges   | 89,875,491           | 62,459,693           |
| Books, newspapers and periodicals                                    | 1,580,622            | 1,350,780            |
| Branch opening expenses  | 404,204              | 15,420               |
| Bank Charges   | 24,052,653           | 32,242,658           |
| Sundry expenses (*)  | 272,671,945          | 268,058,179          |
|  | <b>1,304,413,020</b> | <b>1,187,212,523</b> |

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

|  | 2015<br>Taka         | 2014<br>Taka         |
|--|----------------------|----------------------|
| <b>34(a). Consolidated other expenses</b>  |                      |                      |
| AB Bank Limited  | 1,304,413,020        | 1,187,212,523        |
| AB Investment Limited  | 7,943,640            | 14,291,365           |
| AB International Finance Limited   | 2,928,650            | 4,025,028            |
| AB Securities Limited  | 10,739,868           | 17,695,625           |
| Cashlink Bangladesh Limited (CBL)  | 437,803              | 179,012              |
| AB Exchange (UK) Limited   | 876,443              | 1,577,403            |
|  | 1,327,339,425        | 1,224,980,955        |
| Less: Inter company transactions   | 71,827,724           | 5,017,995            |
|  | <b>1,255,511,701</b> | <b>1,219,962,960</b> |
| <b>35. Provision against loans and advances</b>  |                      |                      |
| On un-classified loans   | 1,049,200,000        | 222,207,000          |
| On classified loans  | 1,012,049,000        | 2,064,013,170        |
|  | <b>2,061,249,000</b> | <b>2,286,220,170</b> |
| <b>35(a). Consolidated provision against loans and advances</b>  |                      |                      |
| AB Bank Limited  | 2,061,249,000        | 2,286,220,170        |
| AB Investment Limited  | 3,864,130            | -                    |
| AB International Finance Limited   | -                    | -                    |
| AB Securities Limited  | 1,414,059            | 4,032,155            |
| Cashlink Bangladesh Limited (CBL)  | -                    | -                    |
| AB Exchange (UK) Limited   | -                    | -                    |
|  | <b>2,066,527,189</b> | <b>2,290,252,325</b> |
| <b>36. Provisions for diminution in value of investments</b>   |                      |                      |
| In quoted shares   | -                    | -                    |
| <b>36(a). Consolidated provisions for diminution in value of investments</b>   |                      |                      |
| AB Bank Limited  | -                    | -                    |
| AB Investment Limited  | 40,000,000           | 40,994,842           |
| AB International Finance Limited   | -                    | -                    |
| AB Securities Limited  | 1,585,941            | 450,000              |
| Cashlink Bangladesh Limited (CBL)  | 3,324,850            | 982,396              |
| AB Exchange (UK) Limited   | -                    | -                    |
|  | <b>44,910,791</b>    | <b>42,427,238</b>    |
| <b>37. Other provision</b>   |                      |                      |
| Provision for off balance sheet items  | 50,000,000           | 200,000,000          |
| Provision for Other assets   | 150,000,000          | 459,995,730          |
|  | <b>200,000,000</b>   | <b>659,995,730</b>   |
| 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. |                      |                      |
| <b>37(a). Consolidated other provisions</b>  |                      |                      |
| AB Bank Limited  | 200,000,000          | 659,995,730          |
| AB Investment Limited  | -                    | -                    |
| AB International Finance Limited   | 66,450               | 89,581               |
| AB Securities Limited  | -                    | -                    |
| Cashlink Bangladesh Limited (CBL)  | -                    | -                    |
| AB Exchange (UK) Limited   | -                    | -                    |
|  | <b>200,066,450</b>   | <b>660,085,311</b>   |

**38. Appropriations**

Retained earnings - brought forward  
Add/(Less): Adjustment for prior year  
Add: Post-tax profit for the year

Less: Dividend-  
Cash dividend  
Bonus shares issued

**Transferred to**

Statutory reserve  
General reserve  
Proposed dividend

**Retained earnings**

Add: Transferred from Assets Revaluation Reserve  
Less: Adjustment during the year  
Add: Foreign Exchange translation gain/(Loss)

**39. Earnings Per Share (EPS)**

Profit after taxation  
Number of ordinary shares outstanding  
Earnings Per Share

**39.(a) Consolidated Earnings Per Share**

Net Profit attributable to the shareholders of parent company  
Number of ordinary shares outstanding  
Earnings Per Share

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2015 in terms of Bangladesh Accounting Standard (BAS)-33. According to BAS-33, EPS for the year ended 31 December 2014 was restated for the issues of bonus share in 2015.

**40. Receipts from other operating activities**

Interest on treasury bills, bonds, debenture and others  
Exchange earnings  
Recoveries on telex, telephone, fax, etc.  
Recoveries on courier, postage, stamp, etc.  
Non-operating income  
Others

**40(a). Consolidated Receipts from other operating activities**

AB Bank Limited  
AB Investment Limited  
AB International Finance Limited  
AB Securities Limited  
Cashlink Bangladesh Limited (CBL)

|   | 2015<br>Taka         | 2014<br>Taka         |
|---|----------------------|----------------------|
| Retained earnings - brought forward   | 6,768,352,063        | 4,986,366,648        |
| Add/(Less): Adjustment for prior year   | -                    | 1,156,529,394        |
| Add: Post-tax profit for the year   | 1,270,414,868        | 1,260,033,729        |
|   | 8,038,766,931        | 7,402,929,771        |
| Less: Dividend-   |                      |                      |
| Cash dividend   | -                    | 248,812,688          |
| Bonus shares issued   | 665,573,940          | 348,337,760          |
|   | 7,373,192,991        | 6,805,779,322        |
| <b>Transferred to</b>   |                      |                      |
| Statutory reserve   | 535,826,124          | 22,074,774           |
| General reserve   | -                    | -                    |
| Proposed dividend   | -                    | -                    |
|   | 535,826,124          | 22,074,774           |
| <b>Retained earnings</b>  | <b>6,837,366,867</b> | <b>6,783,704,548</b> |
| Add: Transferred from Assets Revaluation Reserve  | 18,032,304           | -                    |
| Less: Adjustment during the year  | (2,946,778)          | -                    |
| Add: Foreign Exchange translation gain/(Loss)   | (21,505,472)         | (15,352,484)         |
|   | <b>6,830,946,921</b> | <b>6,768,352,063</b> |
| <b>39. Earnings Per Share (EPS)</b>   |                      |                      |
| Profit after taxation   | 1,270,414,868        | 1,260,033,729        |
| Number of ordinary shares outstanding   | 599,016,546          | 599,016,546          |
| Earnings Per Share  | <b>2.12</b>          | <b>2.10</b>          |
| <b>39.(a) Consolidated Earnings Per Share</b>   |                      |                      |
| Net Profit attributable to the shareholders of parent company   | 1,450,091,898        | 1,495,213,054        |
| Number of ordinary shares outstanding   | 599,016,546          | 599,016,546          |
| Earnings Per Share  | <b>2.42</b>          | <b>2.50</b>          |
| Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2015 in terms of Bangladesh Accounting Standard (BAS)-33. According to BAS-33, EPS for the year ended 31 December 2014 was restated for the issues of bonus share in 2015. |                      |                      |
| <b>40. Receipts from other operating activities</b>   |                      |                      |
| Interest on treasury bills, bonds, debenture and others   | 3,174,787,275        | 2,707,821,496        |
| Exchange earnings   | 973,066,129          | 1,050,735,660        |
| Recoveries on telex, telephone, fax, etc.   | 82,288,508           | 80,062,496           |
| Recoveries on courier, postage, stamp, etc.   | 24,950,165           | 25,335,463           |
| Non-operating income  | 3,208,028            | 1,781,214            |
| Others  | 8,144,567            | 6,641,163            |
|   | <b>4,266,444,672</b> | <b>3,872,377,491</b> |
| <b>40(a). Consolidated Receipts from other operating activities</b>   |                      |                      |
| AB Bank Limited   | 4,266,444,672        | 3,872,377,491        |
| AB Investment Limited   | 9,010,661            | 26,574,636           |
| AB International Finance Limited  | 39,377,049           | 39,922,052           |
| AB Securities Limited   | 4,398,540            | 5,640,759            |
| Cashlink Bangladesh Limited (CBL)   | (756,799)            | (2,757,525)          |
|   | <b>4,318,474,124</b> | <b>3,941,757,413</b> |

**41. Payments for other operating activities**

Rent, taxes, insurance, electricity, etc.  
Postage, stamps, telecommunication, etc.  
Repairs of Bank's assets  
Legal expenses  
Auditor's fees  
Directors' fees  
Other Expenses

| 2015<br>Taka         | 2014<br>Taka         |
|----------------------|----------------------|
| 592,500,607          | 579,339,843          |
| 135,241,035          | 131,289,042          |
| 230,204,974          | 193,339,693          |
| 8,418,187            | 17,949,057           |
| 4,345,900            | 2,314,903            |
| 7,985,347            | 9,251,619            |
| 1,304,413,020        | 1,187,212,523        |
| <b>2,283,109,070</b> | <b>2,120,696,679</b> |

**42. Decrease in other assets**

Investment in Subsidiaries  
Advance rent and advertisement  
Stationery, stamps, printing materials, etc.  
Security deposits  
Commission and brokerage receivable on shares  
and debentures, and other income receivables  
Accounts receivable  
Preliminary, formation, organizational, renovation,  
development and prepaid expenses  
Exchange for clearing  
Arab Bangladesh Bank Foundation  
Inter-branch adjustment

Add. Adjustment for write-off

|                      |                  |
|----------------------|------------------|
| 5,468,105,565        | 5,468,105,565    |
| 233,138,317          | 171,597,362      |
| 25,237,828           | 29,273,384       |
| 166,089,818          | 175,578,647      |
| -                    | -                |
| 791,115,465          | 695,096,286      |
| 1,058,534,763        | 730,277,969      |
| 644,563,195          | 507,327,670      |
| 1,044,718,906        | 459,660,909      |
| 19,920,000           | 19,920,000       |
| -                    | 154,618          |
| 9,451,423,856        | 8,256,992,410    |
| -                    | 135,929,582      |
| 9,451,423,856        | 8,392,921,991    |
| <b>1,194,431,447</b> | <b>7,488,422</b> |

**43. Increase/(decrease) in other liabilities**

Accumulated provision against loans and advances  
Provision for current tax  
Interest suspense account  
Accounts payable - Bangladesh Bank  
Provision against other assets  
Accrued expenses  
Provision against investments  
Provision against off balance sheet items  
Provision for outstanding debit entries in NOSTRO accounts  
Others

Less: Adjustment for provision & others

**Net Increase/(Decrease)**

|                      |                      |
|----------------------|----------------------|
| 4,714,778,454        | 4,853,671,957        |
| 2,739,993,532        | 2,981,750,022        |
| 6,071,639,588        | 2,889,551,303        |
| 186,568,806          | 163,907,636          |
| 764,251,969          | 614,228,969          |
| 341,172,292          | 361,528,702          |
| 1,875,053,000        | 1,995,053,000        |
| 860,000,000          | 1,010,000,000        |
| 200,000              | 200,000              |
| 651,755,094          | 481,483,411          |
| 18,205,412,735       | 15,351,375,000       |
| 11,559,227,467       | 12,551,485,428       |
| 6,646,185,268        | 2,799,889,572        |
| <b>3,846,295,697</b> | <b>1,779,579,241</b> |

**44. Conversion Rates**

Assets and liabilities as at 31 December 2015 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:

| <b>Currency</b>        | <b>Abbreviation</b> | <b>Unit</b> | <b>Equivalent to BDT</b> |
|------------------------|---------------------|-------------|--------------------------|
| British Pound Sterling | GBP                 | 1.00        | 116.2903                 |
| European Currency      | EURO                | 1.00        | 85.8165                  |
| Indian Rupee           | INR                 | 1.00        | 1.18063                  |
| Japanese Yen           | JPY                 | 1.00        | 0.6515                   |
| US Dollar              | USD                 | 1.00        | 78.5003                  |
| Honkong Dollar         | HKD                 | 1.00        | 10.128                   |
| U.A.E Dirham           | DIRHAM              | 1.00        | 21.3769                  |



#### 45 Highlights of the overall activities of the Bank

| SI # | Particulars  | 2015<br>Taka    | 2014<br>Taka    |
|------|--|-----------------|-----------------|
| 1    | Paid-up capital  | 5,990,165,460   | 5,324,591,520   |
| 2    | Total capital  | 28,332,822,072  | 22,798,623,509  |
| 3    | Capital surplus  | 2,780,282,349   | 712,399,199     |
| 4    | Total assets   | 285,010,254,719 | 246,331,025,618 |
| 5    | Total deposits   | 213,818,905,499 | 198,189,197,221 |
| 6    | Total loans and advances                                   | 209,725,203,267 | 177,570,797,390 |
| 7    | Total contingent liabilities and commitments               | 68,649,158,866  | 77,068,505,153  |
| 8    | Credit-deposit ratio*                                      | 96.80%          | 89.60%          |
| 9    | Ratio of classified loans against total loans and advances | 3.16%           | 3.86%           |
| 10   | Profit after tax and provision                             | 1,270,414,868   | 1,260,033,729   |
| 11   | Loans Classified during the Year                           | 1,593,869,499   | 3,841,644,357   |
| 12   | Provision kept against classified loans                    | 2,596,169,341   | 2,924,132,044   |
| 13   | Provision surplus/ (deficit)                               | 151,696,574     | 278,608,797     |
| 14   | Cost of fund   | 9.75%           | 10.63%          |
| 15   | Interest earning assets                                    | 249,984,680,535 | 215,691,391,977 |
| 16   | Non-interest earning assets                                | 35,025,574,184  | 30,639,633,641  |
| 17   | Return on investments (ROI)                                | 10.49%          | 9.68%           |
| 18   | Return on assets (ROA)                                     | 0.48%           | 0.54%           |
| 19   | Income from investments                                    | 3,355,421,410   | 2,878,403,934   |
| 20   | Earnings per share   | 2.12            | 2.10            |
| 21   | Net Income per share                                       | 2.12            | 2.10            |
| 22   | Price-earnings ratio (Times)                               | 9.85            | 14.21           |

\* Credit-deposit ratio calculation has been done as per Bangladesh Bank guidelines.




**Shamim Ahmed Chaudhury**  
President & Managing Director



**Shishir Ranjan Bose, FCA**  
Independent Director



**Salim Ahmed**  
Vice Chairman



**M. Wahidul Haque**  
Chairman

Dhaka,  
26 April 2016

**AB Bank Limited****Currency wise Balances****As at 31 December 2015**

| Name of the bank                  | Location  | Name of currency | As at 31 December 2015      |                 |                            |
|-----------------------------------|-----------|------------------|-----------------------------|-----------------|----------------------------|
|                                   |           |                  | Amounts in foreign currency | Conversion rate | Equivalent amounts in Taka |
| The Bank of Tokyo Mitsubishi Ltd. | Japan     | JPY              | 3,601,677.00                | 0.6515          | 2,346,493                  |
| HSBC AUST                         | Australia | AUD              | 34,326.88                   | 57.2189         | 1,964,146                  |
| JP Morgan Chase Bank              | USA       | USD              | 3,686,168.12                | 78.5003         | 289,365,303                |
| Sonali Bank (Kolkata)             | India     | ACU              | 40,950.40                   | 78.5003         | 3,214,619                  |
| Sonali Bank (UK)                  | UK,London | USD              | 780,566.72                  | 78.5003         | 61,274,722                 |
| Sonali Bank (UK)                  | UK,London | GBP              | 25,013.09                   | 116.2903        | 2,908,780                  |
| Myanmar Economic Bank             | Myanmar   | ACU              | 410.00                      | 78.5003         | 32,185                     |
| Citibank NA                       | USA       | USD              | 741,935.71                  | 78.5003         | 58,242,176                 |
| Hatton National Bank Ltd.         | Srilanka  | ACU              | 77,717.83                   | 78.5003         | 6,100,873                  |
| Commerz Bank AG                   | Germany   | USD              | 675,099.10                  | 78.5003         | 52,995,482                 |
| NIB Bank Ltd.                     | Pakistan  | ACU              | 141,600.45                  | 78.5003         | 11,115,678                 |
| Mashreq Bank Psc                  | USA       | USD              | 837,960.02                  | 78.5003         | 65,780,113                 |
| Nepal Bangladesh Bank Ltd.        | Nepal     | ACU              | 21,722.25                   | 78.5003         | 1,705,203                  |
| Bank of Bhutan                    | Bhutan    | ACU              | 24,154.14                   | 78.5003         | 1,896,107                  |
| HABIB Zurich                      | Germany   | EUR              | 24,500.00                   | 85.8165         | 2,102,504                  |
| Wachovia Bank/Wells Fargo N.A     | USA       | USD              | 1,445,649.06                | 78.5003         | 113,483,885                |
| Habib America Bank                | USA       | USD              | 647,187.27                  | 78.5003         | 50,804,395                 |
| Commerz Bank AG                   | Germany   | EURO             | 657,214.61                  | 85.8165         | 56,399,858                 |
| Hypovereins Bank                  | Germany   | EUR              | 50,277.96                   | 85.8165         | 4,314,679                  |
| Habib Metro Bank                  | Pakistan  | ACU              | 552,202.11                  | 78.5003         | 43,348,031                 |
| Habib Bank AG                     | Dubai     | AED              | 23,142.58                   | 21.3769         | 494,717                    |
| COMMERZ BK CAD                    | Germany   | CAD              | 93,023.11                   | 56.5198         | 5,257,648                  |
| COMMERZ BK CHF                    | Germany   | CHF              | 36,680.44                   | 79.5181         | 2,916,759                  |
| HSBC-OBUE                         | USA       | USD              | 183,741.58                  | 78.5003         | 14,423,769                 |
| JPMC NY-OBUE                      | USA       | USD              | 12,464.01                   | 78.5003         | 978,429                    |
| HSBC, New York                    | USA       | USD              | 2,210,542.36                | 78.5003         | 173,528,238                |
| Reserve Bank of India             | Mumbai    | INR              | 16,267,180.57               | 1.1806          | 19,205,033                 |
| HDFC Bank Ltd.                    | Mumbai    | INR              | 38,744,651.18               | 1.1806          | 45,741,935                 |
| Commerz Bank AG (Euro)            | Frankfurt | EURO             | 43,776.74                   | 85.8165         | 3,756,767                  |
| Commerz Bank AG (ACU)             | Frankfurt | EURO             | 106,823.63                  | 85.8165         | 9,167,230                  |
| Kotak Mahindra Bank               | India     | INR              | 55,896,345.24               | 1.1806          | 65,991,225                 |
| HSBC (USD)                        | New York  | USD              | 94,847.70                   | 78.5003         | 7,445,573                  |
| HSBC (ACUD)                       | New York  | USD              | 8,798,188.90                | 78.5003         | 690,660,468                |
| Habib American Bank Ltd           | New York  | USD              | 526,403.24                  | 78.5003         | 41,322,812                 |
| Standard Chartered Bank           | New York  | USD              | 1,097,669.35                | 78.5003         | 86,167,373                 |
| Standard Chartered Bank           | Singapore | SGD              | 91,744.43                   | 55.4969         | 5,091,531                  |
| Standard Chartered Bank,UK        | UK,London | GBP              | 34,832.29                   | 116.2903        | 4,050,657                  |
| HABIB,UK                          | UK,London | GBP              | 32,752.38                   | 116.2903        | 3,808,784                  |
| HABIB,UK                          | UK,London | USD              | 720,758.91                  | 78.5003         | 56,579,791                 |
| JP Morgan Chase Bank              | New York  | USD              | 5,642,115.82                | 78.5003         | 442,907,785                |
| Habib Sons Bank                   | UK        | USD              | 547,645.00                  | 78.5003         | 42,990,297                 |
| <b>Total</b>                      |           |                  |                             |                 | <b>2,551,882,052</b>       |

**AB Bank Limited**  
Investment in Shares as at 31 December 2015

Amount in Taka

| Particulars                             | Number of shares | Market price per share | Total market price   | Cost per Share | Total cost           |
|---|------------------|------------------------|----------------------|----------------|----------------------|
| <b>Shares (quoted)</b>                  |                  |                        |                      |                |                      |
| National Bank Limited                   | 1,210,000        | 9.40                   | 11,374,000           | 38.44          | 46,512,851           |
| Uttara Bank Limited                     | 47,365           | 22.70                  | 1,075,186            | 25.15          | 1,191,030            |
| Lafarge Surma Cement Limited            | 125,000          | 74.60                  | 9,325,000            | 134.50         | 16,812,600           |
| BSRM Steels Limited                     | 3,177,000        | 96.30                  | 305,945,100          | 108.63         | 345,132,565          |
| GPH Ispat Limited                       | 694,050          | 41.10                  | 28,525,455           | 57.99          | 40,245,293           |
| Union Capital Limited                   | 1,880,340        | 14.50                  | 27,264,930           | 79.26          | 149,037,205          |
| Fuwang Food Ltd.                        | 571,906          | 14.60                  | 8,349,828            | 27.39          | 15,666,130           |
| Desco                                   | 7,023,760        | 51.80                  | 363,830,768          | 87.73          | 616,189,892          |
| Khulna Power Company Limited            | 3,868,584        | 74.90                  | 289,756,942          | 97.34          | 376,579,625          |
| Meghna Petroleum Limited                | 22,000           | 152.60                 | 3,357,200            | 231.78         | 5,099,139            |
| Padma Oil Co.                           | 305,000          | 184.20                 | 56,181,000           | 306.07         | 93,352,149           |
| Powergrid Company of Bangladesh Limited | 3,366,500        | 45.90                  | 154,522,350          | 81.61          | 274,723,472          |
| Pragati Insurance Limited               | 1,054,416        | 27.10                  | 28,574,674           | 119.10         | 125,579,298          |
| AB Bank 1st MF                          | 39,347,848       | 4.50                   | 177,065,316          | 7.62           | 300,000,003          |
| LR Global MF                            | 10,369,343       | 5.50                   | 57,031,387           | 9.64           | 100,000,001          |
| Popular Life 1st MF                     | 2,446,253        | 4.20                   | 10,274,263           | 6.15           | 15,041,002           |
| Beximco Limited                         | 3,516,642        | 29.00                  | 101,982,618          | 95.86          | 337,094,016          |
| Grameen Phone Limited                   | 189,000          | 253.00                 | 47,817,000           | 253.15         | 47,846,246           |
| Shinepukur Ceramics Limited             | 1,143,962        | 11.10                  | 12,697,978           | 58.13          | 66,501,146           |
| Beacon Pharmaceuticals Ltd              | 6,642,500        | 15.00                  | 99,637,500           | 73.96          | 491,289,694          |
| Beximco Pharma AB                       | 1,871,305        | 84.10                  | 157,376,751          | 62.30          | 116,583,021          |
| Beximco Pharmaceuticals Ltd             | 2,334,906        | 84.10                  | 196,365,595          | 65.25          | 152,342,645          |
| Orion Pharmaceuticals Limited           | 1,200,000        | 36.80                  | 44,160,000           | 83.33          | 100,000,001          |
| Argon Denims Ltd                        | 1,440,000        | 22.30                  | 32,112,000           | 47.26          | 68,052,981           |
|   |                  |                        | <b>2,224,602,838</b> |                | <b>3,900,872,005</b> |

**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          |
| 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          |
|                                 |                  |                | <b>848,006,845</b> |

**Annexure-C**

**AB Bank Limited**  
**Schedule of Fixed Assets**  
**As at 31 December 2015**

| Particulars                               | Amount in Taka       |                        |                   |                       |                    |                    |
|---|----------------------|------------------------|-------------------|-----------------------|--------------------|--------------------|
|   | Land and Building    | Furniture and Fixtures | Office Appliances | Electrical Appliances | Motor Vehicles     | Intangible Assets  |
| <b>Cost/ Revaluation</b>                  |                      |                        |                   |                       |                    |                    |
| Balance at 01 January 2015                | 3,341,682,082        | 218,512,340            | 62,061,284        | 1,443,497,994         | 567,752,028        | 571,032,451        |
| Addition during the period                | -                    | 15,372,346             | 2,225,606         | 83,281,096            | 13,350,000         | 28,810,806         |
| Less: Disposal/Adjustment during the Year | -                    | 3,116,604              | 1,261,273         | 37,103,697            | -                  | 27,229,155         |
| Adjustment for FX Rate Fluctuation        | -                    | 132,146                | 295,775           | 649,586               | 52,271             | 1,555,037          |
| <b>At 31 December 2015</b>                | <b>3,341,682,082</b> | <b>230,635,936</b>     | <b>62,729,842</b> | <b>1,489,025,807</b>  | <b>581,049,757</b> | <b>571,059,066</b> |
| <b>Accumulated Depreciation</b>           |                      |                        |                   |                       |                    |                    |
| Balance at 01 January 2015                | 92,723,741           | 103,655,201            | 50,952,269        | 970,866,617           | 412,986,916        | 168,358,909        |
| Addition during the period                | 19,552,271           | 12,886,364             | 2,438,742         | 147,802,948           | 52,688,093         | 108,227,961        |
| Less: Disposal/Adjustment during the Year | -                    | 1,854,539              | 1,211,282         | 35,365,035            | -                  | 27,229,155         |
| Adjustment for FX Rate Fluctuation        | -                    | 75,921                 | 284,909           | 512,589               | 39,803             | 1,257,075          |
| <b>At 31 December 2015</b>                | <b>112,276,012</b>   | <b>114,611,105</b>     | <b>51,894,820</b> | <b>1,082,791,941</b>  | <b>465,635,206</b> | <b>248,100,640</b> |
| <b>Net Book Value</b>                     |                      |                        |                   |                       |                    |                    |
| At 31 December 2015                       | <b>3,229,406,070</b> | <b>116,024,831</b>     | <b>10,835,022</b> | <b>406,233,866</b>    | <b>115,414,552</b> | <b>322,958,426</b> |
| At 31 December 2014                       | <b>3,248,958,342</b> | <b>114,857,140</b>     | <b>11,109,015</b> | <b>472,631,377</b>    | <b>154,765,112</b> | <b>402,673,543</b> |

**Annexure-D****AB Bank Limited****Borrowings from other banks, financial institutions and agents-outside Bangladesh**

| Name of the bank                  | Location | Currency | At 31 December 2015         |                 |                           | At 31 December 2014         |                 |                           |
|-----------------------------------|----------|----------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------|---------------------------|
|                                   |          |          | 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      | 7,620,550                   | 78.5003         | 598,215,461               | 7,914,023                   | 77.95           | 616,893,327               |
| ICICI BK LTD                      | HK       | USD      | 22,029,822                  | 78.5003         | 1,729,347,639             | -                           | -               | -                         |
| Al-Noor Bank Limited              | UAE      | USD      | 55,176,366                  | 78.5003         | 4,331,361,309             | -                           | -               | -                         |
| International Finance Corporation | USA      | USD      | 35,066,309                  | 78.5003         | 2,752,715,780             | 35,057,599                  | 77.95           | 2,732,718,832             |
| Banca UBAE                        | Italy    | USD      | -                           | 78.5003         | -                         | 4,026,667                   | 77.95           | 313,876,251               |
|                                   |          |          | <b><u>9,411,640,189</u></b> |                 |                           | <b><u>3,663,488,409</u></b> |                 |                           |

**AB Bank Limited**  
**Detailed of Risk Weighted Assets under Basel III at 31 December 2015**

Amount in Taka

| Risk Weighted Assets (RWA) for     | 31.12.2015             |                        | 31.12.2014             |                        |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                    | Exposure               | Risk Weighted Asset    | Exposure               | Risk Weighted Asset    |
| A. Credit Risk                     |                        |                        |                        |                        |
| On- Balance sheet (as shown below) | 278,342,180,617        | 200,964,390,233        | 237,697,458,701        | 165,950,350,974        |
| Off-Balance sheet (as shown below) | 36,720,306,577         | 27,449,799,774         | 38,557,345,629         | 30,919,980,327         |
| B. Market Risk                     |                        | 7,796,149,895          |                        | 7,374,692,523          |
| C. Operational Risk                |                        | 19,315,057,333         |                        | 16,617,219,276         |
| <b>Total RWA (A+B+C)</b>           | <b>315,062,487,194</b> | <b>255,525,397,235</b> | <b>276,254,804,330</b> | <b>220,862,243,100</b> |

**Credit Risk - On Balance Sheet**

| Sl. | Exposure Type  | 31.12.2015             |                        | 31.12.2014             |                        |
|-----|--|------------------------|------------------------|------------------------|------------------------|
|     |  | Exposure               | Risk Weighted Asset    | Exposure               | Risk Weighted Asset    |
| a)  | Cash and Cash Equivalents  | 1,207,173,916          | -                      | 1,141,174,225          | -                      |
| b)  | Claims on Bangladesh Government and Bangladesh Bank  | 34,651,501,799         | -                      | 28,640,030,266         | -                      |
| c)  | Claims on other Sovereigns & Central Banks*  | 406,787,241            | 203,393,621            | 335,151,337            | 167,575,668            |
| 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   | 55,892,214             | 27,946,107             | 88,249,959             | 44,124,980             |
| g)  | Claims on Banks and Non-bank Financial Institution (NBFI)  |                        |                        |                        |                        |
| i)  | Original maturity over 3 months  | 1,570,782,197          | 494,881,132            | 2,360,690,773          | 611,642,408            |
| ii) | Maturity less than 3 months  | 14,993,279,001         | 2,998,655,800          | 15,386,368,831         | 3,077,273,766          |
| h)  | Claims on Corporate (excluding equity exposure)  | 123,252,283,275        | 113,999,929,922        | 105,843,843,157        | 95,303,984,716         |
| hi) | Claims on SME  | 36,260,300,864         | 30,024,518,347         | 35,913,019,877         | 31,968,812,309         |
| i)  | Claims under Credit Risk Mitigation  | 4,806,284,250          | 1,315,810,291          | 4,987,292,299          | 1,229,578,167          |
|     | <b>Fixed Risk Weight Groups:</b>   |                        |                        |                        |                        |
| j)  | Claims categorized as retail portfolio (excluding consumer loan)   | 2,981,961,393          | 2,236,471,045          | 2,957,039,428          | 2,217,779,571          |
| k)  | Consumer Loan  | 935,140,862            | 935,140,862            | 950,934,586            | 950,934,586            |
| l)  | Claims fully secured by residential property   | 1,380,482,151          | 690,241,075            | 1,266,649,049          | 633,324,524            |
| m)  | Claims fully secured by commercial real estate   | 5,585,188,457          | 5,585,188,457          | 5,022,991,699          | 5,022,991,699          |
| n)  | Past Due Claims (Risk weights are to be assigned net of specific provision)  | 11,739,283,667         | 16,381,305,806         | 3,934,770,173          | 4,630,499,029          |
| o)  | Investments in venture capital   | 1,085,712,017          | 1,628,568,026          | 1,135,712,017          | 1,703,568,026          |
| p)  | Claim on Capital Market Exposure   | 4,211,649,696          | 5,264,562,121          | 7,609,189,641          | 9,511,487,051          |
| q)  | Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book | 3,050,321,392          | 3,812,901,740          | 185,220,392            | 231,525,490            |
| r)  | Investments in premises, plant and equipment and all other fixed assets  | 3,877,914,340          | 3,877,914,340          | 4,404,994,528          | 4,404,994,528          |
| s)  | Claims on all fixed assets under operating lease   | -                      | -                      | -                      | -                      |
| t)  | All other assets   | 26,290,241,883         | 11,486,961,542         | 15,534,136,465         | 4,240,254,456          |
|     | <b>Total</b>   | <b>278,342,180,617</b> | <b>200,964,390,233</b> | <b>237,697,458,701</b> | <b>165,950,350,974</b> |

**AB Bank Limited**  
**Detailed of Risk Weighted Assets under Basel III at 31 December 2015**

**Credit Risk - Off Balance Sheet**

| Sl.          | Exposure Type   | 31.12.2015            |                       | 31.12.2014            |                       |
|--------------|---|-----------------------|-----------------------|-----------------------|-----------------------|
|              |   | Exposure              | Risk Weighted Asset   | Exposure              | Risk Weighted Asset   |
| 1            | 2   | 3                     | 4                     | 5                     | 6                     |
| a)           | Claims on Bangladesh Government and Bangladesh Bank   | -                     | -                     | -                     | -                     |
| b)           | Claims on other Sovereigns & Central Banks*   | -                     | -                     | -                     | -                     |
| c)           | Claims on Bank for International Settlements, International Monetary Fund and European Central Bank | -                     | -                     | -                     | -                     |
| d)           | Claims on Multilateral Development Banks (MDBs):  | -                     | -                     | -                     | -                     |
| e)           | Claims on Public Sector Entities (other than Government) in Bangladesh                              | -                     | -                     | -                     | -                     |
| f)           | Claims on Banks:  | -                     | -                     | -                     | -                     |
|              | i) Maturity over 3 months   | -                     | -                     | -                     | -                     |
|              | ii) Maturity less than 3 months   | 59,400,000            | 11,880,000            | 129,400,000           | 25,880,000            |
| g)           | Claims on Corporate (excluding equity exposure)   | 32,179,285,626        | 24,115,523,628        | 35,977,298,869        | 28,839,721,111        |
| h)           | Against retail portfolio (excluding consumer loan)  | 193,101,302           | 144,825,977           | 344,369,791           | 258,277,343           |
| hi)          | Claims on SME   | 4,258,567,346         | 3,147,617,867         | 2,101,937,072         | 1,791,761,976         |
| i)           | Consumer Loan   | 29,952,302            | 29,952,302            | 4,339,897             | 4,339,897             |
| 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  | -                     | -                     | -                     | -                     |
| <b>Total</b> |   | <b>36,720,306,577</b> | <b>27,449,799,774</b> | <b>38,557,345,629</b> | <b>30,919,980,327</b> |

**AB Bank Limited**  
**Disclosures on Risk Based Capital (Basel III) based on 31 December 2015**

These disclosures have been made in accordance with the Bangladesh Bank BRPD Circular no. 18 of 21 December 2014 as to Guidelines on 'Risk Based Capital Adequacy for Banks' in line with Basel III.

**1. Capital Adequacy under Basel-III**

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 III) have been introduced from January 01, 2015. The guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of the Bank Company (Amendment up to 2013) Act, 1991.

Basel III 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 III 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 Capital (Going concern) and tier 2 Capital (Gone concern) structure at the moment.**

**3. Capital base**

Regulatory capital has been categorized into following way:

1) Tier 1 Capital (going-concern capital)

- a) Common Equity Tier I
- b) Additional Tier I

2) Tier 2 Capital (Gone concern)

**1. (a) Common Equity Tier 1 Capital**

For the local banks, Common Equity Tier 1 (CET1) capital shall consist of sum of the following items:

- a) Paid up capital
  - b) Non-repayable share premium account
  - c) Statutory reserve
  - d) General reserve
  - e) Retained earnings
  - f) Dividend equalization reserve
  - g) Minority interest in subsidiaries
- Less: Regulatory adjustments applicable on CET1

**1. (b) Additional Tier 1 Capital**

For the local banks, Additional Tier 1 (AT1) capital shall consist of the following items:

- a) Instruments issued by the banks that meet the qualifying criteria for AT1 as specified at Annex4.
  - b) Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only);
- Less: Regulatory adjustments applicable on AT1 Capital



## 2. Tier 2 Capital

Tier 2 capital, also called 'gone-concern 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. For the local banks, Tier 2 capital shall consist of the following items:

- a) General Provisions; (General provisions/general loan-loss reserve eligible for inclusion in Tier 2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets calculated under the standardised approach)
  - b) Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital;
  - c) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified
- Less: Regulatory adjustments applicable on Tier-2 capital;

## 4. Limits (Minima and Maxima)

These instructions will be adopted in a phased manner starting from the January 2015, with full implementation of capital ratios from the beginning of 2019. Banks will be required to maintain the following ratios on an ongoing basis:

- a) Common Equity Tier 1 of at least 4.5% of the total RWA.
- b) Tier-1 capital will be at least 6.0% of the total RWA.
- c) Minimum CRAR of 10% of the total RWA.
- d) Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher
- e) Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher
- f) In addition to minimum CRAR, Capital Conservation Buffer (CCB) of 2.5% of the total RWA is being introduced which will be maintained in the form of CET1.

### Following is the phase-in arrangement for the implementation of minimum capital requirements

Phase-in arrangement of minimum capital requirements

|  | 2015   | 2016   | 2017   | 2018   | 2019   |
|--|--------|--------|--------|--------|--------|
| Minimum Common Equity Tier-1 Capital Ratio             | 4.50%  | 4.50%  | 4.50%  | 4.50%  | 4.50%  |
| Capital Conservation Buffer                            | -      | 0.63%  | 1.25%  | 1.88%  | 2.50%  |
| Minimum CET-1 plus Capital Conservation Buffer         | 4.5%   | 5.13%  | 5.75%  | 6.38%  | 7.00%  |
| Minimum T-1 Capital Ratio                              | 5.50%  | 5.50%  | 6.00%  | 6.00%  | 6.00%  |
| Minimum Total Capital Ratio                            | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Minimum Total Capital plus Capital Conservation Buffer | 10.00% | 10.63% | 11.25% | 11.88% | 12.50% |

## 5. Capital Conservation Buffer

Banks are required to maintain a capital conservation buffer of 2.5%, comprised of Common Equity Tier 1 capital, above the regulatory minimum capital requirement of 10%. Banks should not distribute capital (i.e. pay dividends or bonuses in any form) in case capital level falls within this range. However, they will be able to conduct business as normal when their capital levels fall into the conservation range as they experience losses. Therefore, the constraints imposed are related to the distributions only and are not related to the operations of banks. The distribution constraints imposed on banks when their capital levels fall into the range increase as the banks' capital levels approach the minimum requirements. The Table below shows the minimum capital conservation ratios a bank must meet at various levels of the Common Equity Tier 1 capital ratios.

### Bank's minimum capital conservation standards

| CET-1 Ratio   | Minimum Capital Conservation Ratio (expressed as percentage of earnings) |
|---------------|--|
| 4.5% - 5.125% | 100%   |
| 5.75%         | 80%  |
| 6.375%        | 60%  |
| 7.0%          | 40%  |
| >7.0%         | 0%   |

## 6 Regulatory Adjustments / Deductions

In order to arrive at the eligible regulatory capital for the purpose of calculating CRAR, banks are required to make the following deductions from CET1/Capital:

- Shortfall in provisions against NPLs and Investments
- Goodwill and all other Intangible Assets
- Deferred tax assets (DTA)
- Defined benefit pension fund assets
- Gain on sale related to securitization transactions
- Investment in own shares
- Investments in the Capital of Banking, Financial and Insurance Entities
- (Reciprocal crossholdings in the Capital of Banking, Financial and Insurance Entities)

**Transitional Arrangements for Capital Deductions**

Currently, 10% of revaluation reserves for equity instruments and 50% of revaluation reserves for fixed assets and securities are eligible for Tier 2 capital. However, Bangladesh Bank, in the light of Basel III proposals, has harmonized deductions from capital which will mostly be applied at the level of Tier 2. The regulatory capital adjustment will start in a phased manner from January, 2015 in the following manner:

Transitional Arrangements for Capital Deductions

| Phase-in of deductions from Tier 2 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|------|------|------|------|------|
| RR for Fixed Assets                | 20%  | 40%  | 60%  | 80%  | 100% |
| RR for Securities                  | 20%  | 40%  | 60%  | 80%  | 100% |
| RR for Equity Securities           | 20%  | 40%  | 60%  | 80%  | 100% |

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

**7. Leverage Ratio**

A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level

The banks will maintain leverage ratio on quarterly basis. The calculation at the end of each calendar quarter will be submitted to BB showing the average of the month end leverage ratios based on the following definition of capital and total exposure.

$$\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$$

**Transitional Arrangements**

The parallel run period for leverage ratio will commence from January, 2015 and run until December 31, 2016. During this period, the leverage ratio and its components will be tracked to assess whether the design and calibration of the minimum tier 1 leverage ratio of 3% is appropriate over a credit cycle and for different types of business models, including its behavior relative to the risk based requirements.

Bank level disclosure of the leverage ratio and its components will start from January 1, 2015. However, banks should report their Tier 1 leverage ratio to the BB (Department of Off-Site Supervision) along with CRAR report from the quarter ending March, 2015. Based on the results of the parallel run period, any final adjustments to the definition and calibration of the leverage ratio will be made by BB in 2017, with a view to setting the leverage ratio requirements as a separate capital standard from January 1, 2018.

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

**8. a) Credit Risk**

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.**

## 11. Disclosure under Pillar III

Disclosure given below as specified by RBCA Guidelines dated 21 December 2014:

### A) Scope of Application

#### Qualitative Disclosure

|   |   |
|---|---|
| (a) The name of the top corporate entity in the group to which this guidelines applies.   | <b>AB Bank Limited</b>  |
| (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><b><u>AB Bank Limited (ABBL)</u></b></p> <p>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 (Amendment upto 2013) Act 1991. 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 101 Branches including 1 Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has six (06) subsidiary companies, AB Investment Limited (ABIL), AB Securities Limited (ABSL), CashLink Bangladesh Limited (CBL), AB International Finance Limited (ABIFL), incorporated in Hong Kong, AB Exchange (UK) Limited (ABEL) and Arab Bangladesh Bank Foundation (ABBF).</p> |

|   |  |
|---|--|
| (b) Continued..   | <p><b><u>AB Investment Limited</u></b></p> <p>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><b><u>AB Securities Limited</u></b></p> <p>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><b><u>Cashlink Bangladesh Limited</u></b></p> <p>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><b><u>AB International Finance Limited</u></b></p> <p>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><b><u>AB Exchange (UK) Limited</u></b></p> <p>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 &amp; Wales). ABEL is fully owned (100%) Subsidiary of AB Bank Limited.</p> <p><b><u>Arab Bangladesh Bank Foundation</u></b></p> <p>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> |
| (c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group   | Not Applicable   |
| (d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group. | <p>Aggregate amount of Capital: Tk. 20,000,000</p> <p>Name of Subsidiary: Arab Bangladesh Bank Foundation (ABBF)</p>   |

## 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 CET 1, Additional Tier 1 or 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. 18 dated 21 December 2014 and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows: |              |              |              |              |
|  | Common Equity 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 (Amendment upto 2013) Act, 1991, 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.  |              |              |              |              |
|  | <b>In this respect, Bank is complied.</b>  |              |              |              |              |
|  | <b>Additional Tier 1 Capital</b>   |              |              |              |              |
|  | Bank has no any type of Additional Tier I Capital.   |              |              |              |              |
|  | <b>Tier 2 Capital</b>  |              |              |              |              |
| a) General Provisions; (General provisions/general loan-loss reserve eligible for inclusion in Tier 2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets calculated under the standardised approach) |  |              |              |              |              |
| b) Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital;   |  |              |              |              |              |
| c) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified   |  |              |              |              |              |
| Less: Regulatory adjustments applicable on Tier-2 capital;   |  |              |              |              |              |
| <b>Taka in Crore</b>   |  |              |              |              |              |
| <b>31.12.2015</b>  |  |              |              |              |              |
| <b>31.12.2014</b>  |  |              |              |              |              |
|  |  | <b>Solo</b>  | <b>Conso</b> | <b>Solo</b>  | <b>Conso</b> |
| (b) The amount of Regulatory capital, with separate disclosure of:<br>CET 1 Capital  | > Paid up Capital  | 599          | 599          | 532          | 532          |
|  | > Non- repayable share premium account   | -            | -            | -            | -            |
|  | > Statutory reserve  | 611          | 611          | 558          | 558          |
|  | > General reserve  | 122          | 140          | 4            | 12           |
|  | > Retained earnings  | 683          | 744          | 561          | 603          |
|  | > Minority Interest in Subsidiaries  | -            | (0.22)       | -            | (0.94)       |
|  | > Non- cumulative irredeemable preference st   | -            | -            | -            | -            |
|  | > Dividend equalization account  | -            | -            | -            | -            |
|  |  | <b>2,015</b> | <b>2,094</b> | <b>1,656</b> | <b>1,705</b> |
| Additional Tier 1 Capital  |  | -            | -            | -            | -            |
| Total Tier 1 Capital   |  | <b>2,015</b> | <b>2,094</b> | <b>1,656</b> | <b>1,705</b> |
| Tier 2 Capital   |  | 999          | 1,004        | 624          | 638          |
| (c) Regulatory Adjustments/Deductions from capital   |  | 182          | 183          | -            | 2            |
| (d) Total eligible capital   |  | <b>2,833</b> | <b>2,915</b> | <b>2,280</b> | <b>2,341</b> |

**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. 18 dated 21 December, 2014, 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. |          |            |        |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
|--|--|----------|------------|--------|--|------------|--|------------|--|--|------|-------|------|-------|--|-------|-------|-------|-------|--|--|--|--|--|--|----|----|----|----|--|--|--|--|--|---|-----|-----|-----|-----|--|--|--|--|--|--|--|--|--|--|----------------------|--------|---|--------|---|------------------------------|---|--------|---|--------|---------------------------------|-----|-----|-----|-----|--|--------|----------|--------|--------|
| <div>Taka in Crore</div> <table><thead><tr><th></th><th colspan="2">31.12.2015</th><th colspan="2">31.12.2014</th></tr><tr><th></th><th>Solo</th><th>Conso</th><th>Solo</th><th>Conso</th></tr></thead><tbody><tr><td>(b) Capital requirement for Credit Risk:</td><td>2,284</td><td>2,294</td><td>1,969</td><td>1,979</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>(C) Capital requirement for Market Risk:</td><td>78</td><td>86</td><td>74</td><td>85</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>(d) Capital requirement for Operational Risk:</td><td>193</td><td>200</td><td>166</td><td>173</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>(e) Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:</td><td></td><td></td><td></td><td></td></tr><tr><td>&gt; For the Bank alone</td><td>71.13%</td><td>-</td><td>72.64%</td><td>-</td></tr><tr><td>&gt; For the consolidated group</td><td>-</td><td>71.83%</td><td>-</td><td>72.77%</td></tr><tr><td>(f) Capital Conservation Buffer</td><td>N/A</td><td>N/A</td><td>N/A</td><td>N/A</td></tr><tr><td>(g) Available Capital under Pillar 2 Requirement</td><td>999.36</td><td>1,003.75</td><td>623.76</td><td>637.70</td></tr></tbody></table> |  |          |            |        |  | 31.12.2015 |  | 31.12.2014 |  |  | Solo | Conso | Solo | Conso | (b) Capital requirement for Credit Risk: | 2,284 | 2,294 | 1,969 | 1,979 |  |  |  |  |  | (C) Capital requirement for Market Risk: | 78 | 86 | 74 | 85 |  |  |  |  |  | (d) Capital requirement for Operational Risk: | 193 | 200 | 166 | 173 |  |  |  |  |  | (e) Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio: |  |  |  |  | > For the Bank alone | 71.13% | - | 72.64% | - | > For the consolidated group | - | 71.83% | - | 72.77% | (f) Capital Conservation Buffer | N/A | N/A | N/A | N/A | (g) Available Capital under Pillar 2 Requirement | 999.36 | 1,003.75 | 623.76 | 637.70 |
|  | 31.12.2015   |          | 31.12.2014 |        |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
|  | Solo   | Conso    | Solo       | Conso  |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
| (b) Capital requirement for Credit Risk:   | 2,284  | 2,294    | 1,969      | 1,979  |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
|  |  |          |            |        |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
| (C) Capital requirement for Market Risk:   | 78   | 86       | 74         | 85     |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
|  |  |          |            |        |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
| (d) Capital requirement for Operational Risk:  | 193  | 200      | 166        | 173    |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
|  |  |          |            |        |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
| (e) Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:   |  |          |            |        |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
| > For the Bank alone   | 71.13%   | -        | 72.64%     | -      |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
| > For the consolidated group   | -  | 71.83%   | -          | 72.77% |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
| (f) Capital Conservation Buffer  | N/A  | N/A      | N/A        | N/A    |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |
| (g) Available Capital under Pillar 2 Requirement   | 999.36   | 1,003.75 | 623.76     | 637.70 |  |            |  |            |  |  |      |       |      |       |  |       |       |       |       |  |  |  |  |  |  |    |    |    |    |  |  |  |  |  |   |     |     |     |     |  |  |  |  |  |  |  |  |  |  |                      |        |   |        |   |                              |   |        |   |        |                                 |     |     |     |     |  |        |          |        |        |

**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)                           |  |  |

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.

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.

Classified loan is categorized under following 03 (three) categories:

- > Sub-standard
- > Doubtful
- > Bad & Loss

Any continuous loan will be classified as:

- > 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.

Any Demand Loan will be classified as:

- > 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.

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'.

|  |  |
|--|--|
| > Definitions of past due and impaired (for accounting purposes) | <p>i. In case of Fixed Term Loans :</p> <p>&gt; 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".</p> <p>&gt; 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".</p> <p>&gt; 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".</p> <p>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.</p> |
|--|--|

| > Description of approaches followed for specific and general allowances and statistical methods | Particulars |          | Short Term Agri Credit | Consumer Financing |      |      | SMEF  | Loans to BHs/MBs/SDs | All other Credit | Off Balance Sheet Exposures |
|--|-------------|----------|------------------------|--------------------|------|------|-------|----------------------|------------------|-----------------------------|
|  |             |          |                        | Other than HF, LP  | HF   | LP   |       |                      |                  |                             |
|  | UC          | Standard | 2.50%                  | 5%                 | 2%   | 2%   | 0.25% | 2%                   | 1%               | 1%                          |
|  |             | SMA      | -                      | 5%                 | 2%   | 2%   | 0.25% | 2%                   | 1%               |                             |
|  | Classified  | SS       | 5%                     | 20%                | 20%  | 20%  | 20%   | 20%                  | 20%              |                             |
|  |             | DF       | 5%                     | 50%                | 50%  | 50%  | 50%   | 50%                  | 50%              |                             |
|  |             | BL       | 100%                   | 100%               | 100% | 100% | 100%  | 100%                 | 100%             |                             |

|  |  |
|--|--|
| > Discussion of the Bank's credit risk management policy | <p>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 &amp; 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.</p> |
|--|--|

## Quantitative Disclosure

|   |                              | Taka in Crore |               |             |               |
|---|------------------------------|---------------|---------------|-------------|---------------|
|   |                              | 31.12.2015    |               | 31.12.2014  |               |
|   |                              | In %          | Taka          | In %        | Taka          |
| (b) Total gross credit risk exposures broken down by major types of credit exposure | Overdraft                    | 10.46%        | 2,193         | 13.66%      | 2,426         |
|   | Cash Credit                  | 0.01%         | 2             | 0.02%       | 4             |
|   | Time loan                    | 29.91%        | 6,272         | 30.91%      | 5,488         |
|   | Term loan                    | 50.29%        | 10,548        | 43.03%      | 7,641         |
|   | Blc                          | 0.11%         | 24            | 0.34%       | 60            |
|   | TR                           | 4.84%         | 1,016         | 6.78%       | 1,203         |
|   | Packing credit               | 0.21%         | 44            | 0.26%       | 47            |
|   | Loan-accp bills              | 2.35%         | 492           | 3.19%       | 566           |
|   | Consumer Loan                | 0.65%         | 137           | 0.74%       | 132           |
|   | Staff Loan                   | 0.61%         | 129           | 0.41%       | 72            |
|   | Bills Purchased & Discounted | 0.55%         | 116           | 0.67%       | 118           |
| <b>Total</b>  |                              | <b>100%</b>   | <b>20,973</b> | <b>100%</b> | <b>17,757</b> |

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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"> <li>&gt; differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons</li> <li>&gt; 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</li> </ul> | <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 (2015)</p>   | <p style="text-align: center;"><b>Taka in Crore</b><br/>0.06</p>   |
| <p>(d) &gt; Total unrealized gains (losses)<br/>&gt; Total latent revaluation gains (losses)<br/>&gt; Any amounts of the above included in Tier</p>  | <p style="text-align: center;">(167.63)<br/>Nil<br/>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> |
|--|--|

### Quantitative Disclosure

|   |   |        |        |
|---|---|--------|--------|
| <p>(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).</p> | <b>Taka in Crore</b><br><b>31.12.15    31.12.14</b> |        |        |
|   | Market Value of Assets                              | 29,001 | 25,024 |
|   | Market Value of Liability                           | 27,011 | 23,467 |
|   | Weighted Avg. Duration GAP                          | 0.79   | 0.59   |
|   | <b>CRAR after different level of Shocks:</b>        |        |        |
|   | Minor Level   | 10.36% | 9.78%  |
|   | Moderate Level                                      | 9.61%  | 9.23%  |
|   | Major Level   | 8.85%  | 8.68%  |

**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: | <b>Taka in Crore</b><br><b>31.12.15    31.12.14</b> |              |
| Interest rate risk                | 30.33   | 25.78        |
| Equity position risk              | 44.49   | 47.21        |
| Foreign exchange risk             | 3.14  | 0.76         |
| Commodity risk                    | -   | -            |
|                                   | <b>77.96</b>  | <b>73.75</b> |

**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 reports 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****31.12.15 31.12.14**

193.15 166.17

**I) Liquidity Ratio****Qualitative Disclosure**

|  |   |
|--|---|
| <p><b>(a)</b> &gt; Views of BOD on system to reduce liquidity Risk</p> | <p>Liquidity risk is the potential for loss to the bank arising from either its inability to meet its obligations of depositors as they fall due or to fund in increased assets as per commitment.</p> <p>To mitigate liquidity Risk bank assesses its risk appetite and manages the risk within a structured framework. Professional resources are deployed to set the limits and procedures and get them approved by the Board.</p> <p>To reduce the liquidity Risk in a structured way, Bank monitors various indicators like regulatory indicators (CRR, SLR, MTFR, MCO, ADR, LCR, NSFR) and uses internal monitoring tools (WBG, CLP and MAT)</p>  |
| <p>&gt; Methods used to measure Liquidity risk</p>                     | <p>Liquidity measurement involves forecasting the bank's cash inflows against its outflows to identify the potential for any net shortfalls going forward. For measuring Bank uses some simple techniques as mentioned below:</p> <p>&gt; Bank prepares Structural Liquidity Profile (SLP) on monthly basis. SLP is used to estimate the Bank's cash inflows and outflows and thus net deficit or surplus (GAP) over a series of specified time periods. Bank focuses on the maturity of its assets and liabilities in different tenors. Excessive longer tenor lending against shorter-term borrowing is monitored as this can put the Bank's balance sheet in a very critical and risky position.</p> <p>&gt; Bank has a Contingency Funding Plan (CFP) in place. Contingency Funding Plan (CFP) is a set of policies and procedures that serves as a blueprint for the Bank to meet its funding needs in a timely manner and at a reasonable cost. Bank maintains sufficient High Quality Liquid Assets to meet the liquidity crisis period.</p> <p>&gt; Bank estimates the funding requirement both in normal and stress conditions arising from on and off balance sheet exposures. Bank monitors its products which are interest rate sensitive. Those are taken care of at the time of interest rate movement in the market based on behavior of clients and other competitors.</p> <p>&gt; Bank monitors liability concentration level. Highly concentrated deposits means bank is relying on too few providers or funding sources. Bank has to be ready for arranging fund if concentrated deposits are withdrawn at a time or Bank places this fund for short term lending.</p> <p>&gt; Bank uses variety of ratios to quantify the liquidity and interpret them taking into account the qualitative factors.</p> |
| <p>&gt; Liquidity risk management system</p>                           | <p>The Management of the Bank measures the liquidity risk and manages them under the Board approved guidelines and policies. Bank prepares extensive reports for monitoring the balance sheet movement on daily basis. Bank also monitors the Market information of the country and global market. Bank has an Asset Liability Committee (ALCO).</p> <p>ALCO is a senior management level committee responsible for supervision and management of liquidity and other risks using different monitoring tools. They monitor the limit for indicators set by Bangladesh Bank as well as Bank's Board.</p> <p>Key elements of an effective liquidity risk management process include an efficient MIS to measure, monitor and control existing as well as future liquidity risks and reporting them to senior management and the Board. Bank is therefore working for continuous improvement of MIS.</p>   |

|  |  |
|--|--|
| > Policies and processes for mitigating liquidity risk | <p>Bank has set of policies duly approved by the Board for mitigating liquidity risk. These policies are supported by effective procedures to measure, achieve and maintain liquidity. The ALCO recommends the policies for liquidity risk which is reviewed and approved by the Board.</p> <p>Operating liquidity is managed by the Bank for day to day fund requirements. And for managing the crisis period Bank follows the CFP approved by the Board.</p> <p>For regulatory purposes the Bank maintains specific amount of assets classed as "liquid", based on its liabilities. In addition, the Bank has to maintain excess liquid assets as per CFP.</p> |
|--|--|

#### Quantitative Disclosure

| (b)  | Taka in Crore |
|--|---------------|
|  | 31.12.2015    |
| Liquidity Coverage Ratio                               | 82.21%        |
| Net Stable Funding Ratio (NSFR)                        | 95.75%        |
| Stock of High quality liquid assets                    | 4,467.59      |
| Total net cash outflows over the next 30 calendar days | 5,434.12      |
| Available amount of stable funding                     | 21,736.36     |
| Required amount of stable funding                      | 22,700.95     |

#### J) Leverage Ratio

##### Qualitative Disclosure

|   |  |
|---|--|
| (a) > Views of BOD on system to reduce excessive leverage                         | <p>For reducing the leverage up to an optimum level, the Board of Directors of the Bank always keen to focus on the capital strength and the quality of the assets. Board is always concern to maximise the core capital portion and keep the growth of on and off balance sheet exposures at a favourable level.</p> <p>Key initiatives of the Board:</p> <ul style="list-style-type: none"> <li>• Emphasized to keep LD ratio at the optimal level/budgeted level</li> <li>• Stressed to keep the interest rate spread at the optimal level for ensuring the profitability of the Bank</li> <li>• Market competitive Cost of Fund must be maintained</li> <li>• Non-funded business i.e. import, export and bank guarantee to be expedited as per budget</li> <li>• Operational expenses must be reduced at rational level</li> <li>• Decentralization of portfolio in SME and Retail business</li> <li>• Special Mentioned Account (SMA) and classified loans are to be closely monitored for ensuring asset quality, and</li> <li>• Recovery cell must ensure the monitoring of risk assets frequently to maintain the asset quality.</li> </ul> |
| > Policies and processes for managing excessive on and off-balance sheet leverage | <p>Primary principle of the Board is to enhance the core capital of the Bank. To keep the leverage at a reduced level, Board emphasised Management to build strong internal control system specifically in the risk points by putting dual control in each phase. Apart from this, by the instruction of the Board, Management formed different Committees to work under specific Terms of Reference (ToR) and to report to the Board.</p> <p>All these above measures as a whole, helps the Management to keep the exposures at sound level.</p>  |
| > Approach for calculating exposure   | <p>The exposure calculation for the leverage ratio is generally followed the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following is applied by the bank:</p> <ol style="list-style-type: none"> <li>On balance sheet and non-derivative exposures are net of specific provisions and valuation adjustments (e.g. surplus/ deficit on Available for sale (AFS)/ Held-for-trading (HFT) positions).</li> <li>Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure.</li> <li>Netting of loans and deposits is not allowed.</li> </ol>  |

|   |   |                       |                                      |                               |
|---|---|-----------------------|--------------------------------------|-------------------------------|
| <div>&gt; Approach for calculating exposure<br/>(Continued...)</div>  | <b><u>On-Balance Sheet Items</u></b>  |                       |                                      |                               |
|   | Bank included items using their accounting balance sheet for the purposes of the leverage ratio. In addition, the exposure measure is included the following treatments for Securities Financing Transactions (e.g. repo, reverse repo etc.):                           |                       |                                      |                               |
|   | <b><u>Repurchase Agreements and Securities Financing:</u></b>   |                       |                                      |                               |
|   | Securities Financing Transactions (SFT) are a form of secured funding and therefore an important source of balance sheet leverage that included in the leverage ratio. Therefore Banks calculate SFT for the purposes of leverage ratio by applying:                    |                       |                                      |                               |
|   | <div><div>• The accounting measure of exposure; and</div><div>• Without netting various long and short positions with the same counterparty</div></div>   |                       |                                      |                               |
|   | <b><u>Off-Balance Sheet Items</u></b>   |                       |                                      |                               |
|   | Bank calculates the Off-Balance Sheet (OBS) items specified in Risk based Capital Adequacy Guidelines issued by Bangladesh Bank vide BRPD Circular No. 18 dated December 21, 2014. OBS exposures calculation is given below for considering Leverage Ratio of the Bank: |                       |                                      |                               |
|   | <b>Exposures Types</b>  | <b>CCF</b>            | <b>Notional Amount<br/>(In Taka)</b> | <b>Exposure<br/>(In Taka)</b> |
|   | Direct credit substitutes   | 100%                  | 24,778,187,732                       | 24,778,187,732                |
|   | Performance related contingencies   | 50%                   | 9,784,073,141                        | 4,892,036,570                 |
|   | Short-term self-liquidating trade letters of credit   | 20%                   | 23,014,237,561                       | 4,602,847,512                 |
|   | Lending of securities or posting of securities as collateral  | 100%                  | -                                    | -                             |
|   | Other commitments with certain drawdown   | 100%                  | -                                    | -                             |
| Commitments with original maturity of one year or less  | 20%   | 12,236,173,810        | 2,447,234,762                        |                               |
| Commitments with original maturity of over one year   | 50%   | -                     | -                                    |                               |
| Other commitments that can be unconditionally cancelled by any time   | 10%   | 21,604,558,201        | 2,160,455,820                        |                               |
| Market related Off-Balance sheet exposure   |   | -                     | -                                    |                               |
|   | <b>Total</b>  | <b>91,417,230,445</b> | <b>38,880,762,396</b>                |                               |
| <b>Quantitative Disclosure</b>  |   |                       |                                      |                               |
| <div>(b)</div> <div>Leverage Ratio</div> <div>On balance sheet exposure</div> <div>Off balance sheet exposure</div> <div>Total exposure</div> |   |                       | <b>Taka in Crore</b>                 |                               |
|   |   |                       | <b><u>31.12.2015</u></b>             |                               |
|   |   |                       | <b>5.74%</b>                         |                               |
|   |   |                       | 28,241.41                            |                               |
|   |   |                       | 3,888.08                             |                               |
|   |   |                       | <b><u>31,947.96</u></b>              |                               |

## K) Remuneration

### Qualitative Disclosure

|     |  |  |
|-----|--|--|
| (a) | <b>Information relating to the bodies that oversee remuneration.</b>   |  |
|     | > Name of the bodies that oversees remuneration  | The primary body that currently oversees remuneration practices includes: In-charge of remuneration & payroll, Head of HR, and Managing Director of the bank.  |
|     | > Name, composition and mandate of the main body overseeing remuneration.  | Board of Directors of the bank is the main body which approves the remuneration proposals/changes as when needed based on the recommendation of the primary body   |
|     | > External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.  | Periodically services of external consultants are sought in the process of remuneration update/survey in every 2/3 years to ensure competitive effectiveness of remuneration structure. Survey focuses on gross remuneration package in each job grade i.e. Minimum, Mid Point & Maximum in the given scale. Gross salary includes different elements like Basic pay and other admissible emoluments.  |
|     | > A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches. | Key objective of the remuneration policy is to offer competitive remuneration package to employees in each job grade commensurate with job responsibilities irrespective of any location/region. It is done through periodical remuneration survey with local comparators engaging consultant. Similarly, for foreign subsidiaries, it is done in context of specific country remuneration market status to remain competitive in the foreign market that ensures attracting and retention of the best performers.   |
|     | > A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.                                | Divisional Heads, Departmental Heads, Senior Members of Management, Head of Branches/Business Units supported by MANCOM are the material risk takers in business.  |
| (b) | <b>Information relating to the design and structure of remuneration processes.</b>   |  |
|     | > An overview of the key features and objectives of remuneration policy.   | <p>#A scale of salary structure with a minimum – mid point and maximum package for each job grade is available #The package includes: Basic pay, Housing, Medical, conveyance (when car is not allowed), Utilities, Maintenance, Leave fare assistance, Personal pay (in appropriate cases) etc.</p> <p>#Salary progression in the form of annual merit pay linked to individual performance within the scale etc. #Service benefits like Provident Fund, Gratuity, Group term insurance, festival bonus, car facilities and related cost as per bank,s service rules are components of total compensation.</p> <p>#Objective of remuneration policy is to pay competitively within industry norms in order to attract &amp; retain good employees,</p> <p>#Pay for performance link to merit measured in terms of delivery of set KPI annually (annual merit pay)</p> <p>#Bank's service rules stands as a guide besides instructions &amp; guidance from the Board from time to time</p> |
|     | > Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.                             | Remuneration structure is updated periodically usually in an interval of 2/3 years to remain competitive in the market with the approval of the Board of Directors of the bank. No major change made in the recent past  |

|     |  |   |
|-----|--|---|
|     | <p>&gt; A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</p>                                  | Risks & compliance employees carry out their job independently as per terms of reference. In respect of remuneration, they are treated equally in line with other regular employees   |
| (c) | <b>Description of the ways in which current and future risks are taken into account in the remuneration processes.</b>   |   |
|     | <p>&gt; An overview of the key risks that the bank takes into account when implementing remuneration measures.</p>   | The business risks including credit/default risk, compliance & reputational risk, financial and liquidity risk are considered while implementing remuneration measures for each employee/group of employees.  |
|     | <p>&gt; An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure</p>                                       | Different set of measures are in practice based on nature of business lines/segments etc. these measures are primarily focused on the business targets/goals set for each area of operation, branch vis-à-vis actual results achieved as of the reporting date. The most important tools & indicators used for measuring the risks are asset quality (NPL ratio), LD ratio, Net Interest Margin (NIM), provision coverage ratio, cost income ratio, cost of fund, growth of net profit as well as non-financial indicators i.e. compliance status with regulatory norms/instructions, service delivery etc. are brought to all concerned of the bank from time to time. |
|     | <p>&gt; A discussion of the ways in which these measures affect remuneration.</p>  | Individual employee's performance standards are set in term of financial & non-financial indicators (KPI) early each year which are expected to be delivered by them individually. Performance evaluation at the end of year results in variation in performance outcome (KPI fully achieved, partially achieved & not achieved) leading to variation in performance reward (annual merit pay) thus affects in remuneration.  |
|     | <p>&gt; A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.</p> | Based on differentiating performance outcome employees are rewarded annually. Differentiating reward i.e. good, better & best impact on competitive motivation at work as usual. No material change in remuneration package.  |
| (d) | <b>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</b>                                    |   |
|     | <p>An overview of main performance metrics for bank, top-level business lines and individuals.</p>   | Performance matrix in terms of broad KPI is set by the Board for the Management covering business lines/different segments of businesses each year. The Management in turn develops strategies and set performance KPI for individual employees across functions/business to activate and achieve the set targets/KPI in delivering business results. The most common KPIs are loan deposit ratio, cost of fund, cost income ratio, yield on loan, quality of asset, profit target, provision coverage ratio, capital to risk weighted ratio, ROE, ROA, Liquidity position, maintenance of CRR and SLR etc. beside non-financial KPI.                                   |
|     | <p>&gt; A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.</p>   | Annual merit pay i.e. merit increment of employees are linked to performance outcome based on individual performance criteria (KPI). Merit increase is also linked to other elements of remuneration package, so aggregate of all employees has reasonable impact on the remuneration package and not insignificant.  |
|     | <p>&gt; A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak</p>                                  | No documented criteria as such is available to adjust remuneration of employees in the event of weak business performance matrix. If profit target is not met in a given year, generally annual merit increment is lower.   |

|     |  |  |
|-----|--|--|
| (e) | <b>Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.</b>   |  |
|     | > A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance. | The concept of variable remuneration or for that matter deferred payment system is not in practice. A share of profit in the form of incentive bonus is allowed to employees as approved by the board when profit target is favorably met. |
|     | > A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.  | Not applicable   |
| (f) | <b>Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms.</b>   |  |
|     | > An overview of the forms of variable remuneration offered (ie cash, shares and share-linked instruments and other forms  | Not applicable   |
|     | > A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.                      | Not applicable   |

#### Quantitative Disclosure

|     |  |  |
|-----|--|--|
| (g) | <b>Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.</b> | The main body that oversees remunerations organizes meeting as & when needed to discuss issues arising in the process of administration. |
|     | > Number of employees having received a variable remuneration award during the financial year.   | Not applicable (Variable remuneration practice is not available)   |
|     | > Number and total amount of guaranteed bonuses awarded during the financial year.   | Bank has disbursed 02(two) festival bonus among the employees amounting to taka 172,574,517 during the year 2015.                        |
|     | > Number and total amount of sign-on awards made during the financial year.  | Not applicable   |
|     | > Number and total amount of severance payments made during the financial year   | None during the financial year   |



|     |  |   |
|-----|--|---|
|     | <ul style="list-style-type: none"> <li>&gt; Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and</li> <li>&gt; Total amount of deferred remuneration paid out in the financial</li> </ul> | <p>Not applicable</p> <p>Not applicable</p>         |
| (j) | <b>Breakdown of amount of remuneration awards for the financial year to show:</b>  |   |
|     | Fixed and variable.  | BDT 283.41 crore (Fixed including annual merit pay) |
|     | Deferred and non-deferred.   | Not applicable                                      |
|     | Different forms used (cash, shares and share linked instruments, other forms).   | Not applicable                                      |
|     | Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration:  |   |
|     | <ul style="list-style-type: none"> <li>&gt; Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.</li> </ul>  | Not applicable                                      |
|     | <ul style="list-style-type: none"> <li>&gt; Total amount of reductions during the financial year due to ex post explicit adjustments.</li> </ul>   | Not applicable                                      |
|     | <ul style="list-style-type: none"> <li>&gt; Total amount of reductions during the financial year due to ex post implicit adjustments.</li> </ul>   | Not applicable                                      |

**AB BANK LIMITED**  
**Mumbai Branch**  
**Balance Sheet**  
**As at 31 December 2015**

|   | <b>31.12.2015</b>    | <b>31.12.2014</b>    |
|---|----------------------|----------------------|
|   | <b>INR</b>           | <b>INR</b>           |
| <b>PROPERTY AND ASSETS</b>  |                      |                      |
| <b>Cash</b>   | <b>19,763,748</b>    | <b>16,213,338</b>    |
| In hand (including foreign currencies)                                | 3,496,567            | 2,435,764            |
| Balance with Reserve Bank India<br>(including foreign currencies)     | 16,267,181           | 13,777,574           |
| <b>Balance with other banks and financial institutions</b>            | <b>1,138,205,504</b> | <b>526,223,818</b>   |
| In India  | 94,640,996           | 14,479,440           |
| Outside India   | 1,043,564,508        | 511,744,377          |
| <b>Money at call and on short notice</b>                              | <b>240,835,815</b>   | <b>243,422,070</b>   |
| <b>Investments</b>  | <b>344,559,750</b>   | <b>302,071,718</b>   |
| Government  | 344,559,750          | 273,771,718          |
| Others  | -                    | 28,300,000           |
| <b>Loans and advances</b>   | <b>673,914,433</b>   | <b>729,840,933</b>   |
| Loans, cash credits, overdrafts, etc                                  | 113,830,982          | 126,884,221          |
| Bills purchased and discounted  | 560,083,451          | 602,956,712          |
| <b>Fixed assets including premises, furniture and fixtures</b>        | <b>15,224,667</b>    | <b>17,318,592</b>    |
| <b>Other assets</b>   | <b>334,754,336</b>   | <b>361,660,068</b>   |
| <b>Non-banking assets</b>   | -                    | -                    |
| <b>Total Assets</b>   | <b>2,767,258,253</b> | <b>2,196,750,536</b> |
| <b>LIABILITIES AND CAPITAL</b>  |                      |                      |
| <b>Liabilities</b>  |                      |                      |
| <b>Borrowings from other banks, financial institutions and agents</b> | -                    | -                    |
| <b>Deposits and other accounts</b>                                    | <b>1,609,578,899</b> | <b>1,073,102,772</b> |
| Current deposits  | 1,406,647,806        | 883,848,435          |
| Demand deposits   | 644,915              | 514,067              |
| Bills payable   | 718,815              | 499,498              |
| Savings deposits  | 9,572,472            | 8,752,783            |
| Fixed deposits  | 191,994,891          | 179,487,989          |
| Other deposits  | -                    | -                    |
| <b>Other liabilities</b>  | <b>214,195,396</b>   | <b>221,111,875</b>   |
| <b>Total Liabilities</b>  | <b>1,823,774,295</b> | <b>1,294,214,647</b> |
| <b>Capital/Shareholders' Equity</b>                                   |                      |                      |
| <b>Total Shareholders' Equity</b>                                     | <b>943,483,958</b>   | <b>902,535,888</b>   |
| Paid-up capital   | 369,822,602          | 369,822,602          |
| Statutory reserve   | 188,459,000          | 161,991,000          |
| Other reserve   | -                    | -                    |
| Retained earnings   | 385,202,356          | 370,722,286          |
| <b>Total Liabilities and Shareholders' Equity</b>                     | <b>2,767,258,253</b> | <b>2,196,750,536</b> |

**AB BANK LIMITED**  
**Mumbai Branch**  
**Profit and Loss Account**  
**For the year ended 31 December 2015**

|  | <b>2015<br/>INR</b> | <b>2014<br/>INR</b> |
|--|---------------------|---------------------|
| <b>OPERATING INCOME</b>                        |                     |                     |
| Interest income                                | 57,796,620          | 58,913,044          |
| Interest paid on deposits and borrowings, etc. | (15,895,873)        | (16,300,394)        |
| <b>Net interest income</b>                     | <b>41,900,747</b>   | <b>42,612,650</b>   |
| Investment income                              | 25,329,482          | 25,432,039          |
| Commission, exchange and brokerage             | 276,779,051         | 252,212,379         |
| Other operating income                         | 2,303,184           | 2,489,959           |
|  | <b>304,411,717</b>  | <b>280,134,377</b>  |
| <b>Total operating income (a)</b>              | <b>346,312,464</b>  | <b>322,747,027</b>  |
| <b>OPERATING EXPENSES</b>                      |                     |                     |
| Salary and allowances                          | 15,355,626          | 15,641,704          |
| Rent, taxes, insurance, electricity, etc.      | 14,945,599          | 44,081,216          |
| Legal expenses                                 | 251,400             | 8,236               |
| Postage, stamps, telecommunication, etc.       | 10,518,225          | 7,245,340           |
| Stationery, printing, advertisement, etc.      | 2,132,236           | 1,904,693           |
| Auditors' fees                                 | 641,381             | 563,380             |
| Depreciation and repairs of Bank's assets      | 7,991,578           | 5,811,276           |
| Other expenses                                 | 100,131,516         | 88,640,510          |
| <b>Total operating expenses (b)</b>            | <b>151,967,560</b>  | <b>163,896,355</b>  |
| <b>Profit before provision (c = a-b)</b>       | <b>194,344,904</b>  | <b>158,850,672</b>  |
| Provision against loans and advances           | -                   | 3,850,000           |
| Provision for investments Fluctuation reserve  | -                   | -                   |
| Other provisions                               | -                   | 650,000             |
| <b>Total provision (d)</b>                     | <b>-</b>            | <b>4,500,000</b>    |
| <b>Profit before taxation (c-d)</b>            | <b>194,344,904</b>  | <b>154,350,672</b>  |
| <b>Provision for taxation</b>                  | <b>80,101,240</b>   | <b>59,906,075</b>   |
| Current tax                                    | 80,372,664          | 63,380,000          |
| Deferred tax                                   | (271,425)           | (3,473,925)         |
| <b>Net profit after taxation</b>               | <b>114,243,664</b>  | <b>94,444,597</b>   |

**AB BANK LIMITED**  
**Islami Banking Branch**  
**Balance Sheet**  
**As at 31 December 2015**

|   | <b>31.12.2015</b><br><b>Taka</b> | <b>31.12.2014</b><br><b>Taka</b> |
|---|----------------------------------|----------------------------------|
| <b><u>PROPERTY AND ASSETS</u></b>                                     |                                  |                                  |
| <b>Cash in hand</b>   | <b>304,786,207</b>               | <b>235,177,277</b>               |
| Cash in Hand (Including foreign currencies)                           | 5,204,533                        | 3,224,184                        |
| Balance with Bangladesh Bank and its Agent Banks (Incl. FC)           | 299,581,674                      | 231,953,093                      |
| <b>Balance with Other Banks and Financial Institutions</b>            | <b>2,021,892,911</b>             | <b>3,968,649,633</b>             |
| In Bangladesh   | 2,021,892,911                    | 3,968,649,633                    |
| Outside Bangladesh  | -                                | -                                |
| <b>Placement with other Banks &amp; Financial Institutions</b>        | -                                | -                                |
| <b>Investment in shares &amp; other financial institutions</b>        | <b>240,000,000</b>               | <b>196,000,000</b>               |
| Government (BGIIB For SLR)  | 240,000,000                      | 196,000,000                      |
| Others  | -                                | -                                |
| <b>Investments</b>  | <b>3,818,966,701</b>             | <b>3,581,597,033</b>             |
| General Investments etc.  | 3,812,021,764                    | 3,581,597,033                    |
| Bills Purchased & Discounted  | 6,944,937                        | -                                |
| <b>Fixed Assets</b>   | <b>10,524,959</b>                | <b>10,999,011</b>                |
| <b>Other Assets</b>   | <b>46,338,286</b>                | <b>59,063,570</b>                |
| <b>Non-Banking Assets</b>   | -                                | -                                |
|   | <b><u>6,442,509,063</u></b>      | <b><u>8,051,486,525</u></b>      |
| <b><u>LIABILITIES AND CAPITAL</u></b>                                 |                                  |                                  |
| <b><u>Liabilities</u></b>   |                                  |                                  |
| <b>Placement from Banks (BGIIB)&amp; Other Financial Institutions</b> | -                                | <b>500,000,001</b>               |
| <b>Deposits and Other Accounts</b>                                    | <b>6,386,950,395</b>             | <b>7,498,571,575</b>             |
| Mudaraba Savings Deposits   | 90,687,440                       | 66,403,373                       |
| Mudaraba Term Deposits  | 3,627,855,408                    | 4,194,982,174                    |
| Other Mudaraba Deposits   | 2,589,538,328                    | 3,135,169,285                    |
| Al-Wadeeah Current and Other Deposit Accounts                         | 74,753,543                       | 94,481,895                       |
| Bills Payable   | 4,115,676                        | 7,534,848                        |
| <b>Other Liabilities</b>  | <b>55,558,668</b>                | <b>52,914,949</b>                |
| <b>Deferred Tax Liabilities/(Assets)</b>                              | -                                | -                                |
| <b>Total Liabilities</b>  | <b><u>6,442,509,063</u></b>      | <b><u>8,051,486,525</u></b>      |

|   | 31.12.2015<br>Taka | 31.12.2014<br>Taka |
|---|--------------------|--------------------|
| <b>Contingent Liabilities</b>   |                    |                    |
| Acceptances & Endorsements  | -                  | -                  |
| Letter of Guarantee   | 319,340,442        | 306,310,980        |
| Irrevocable Letters of Credit (including Back to Back Bills)          | 230,995,056        | -                  |
| Inland Bills for collection   | -                  | -                  |
| Other Contingent Liabilities  | -                  | -                  |
| <b>Total</b>  | <b>550,335,498</b> | <b>306,310,980</b> |
| <b>Other Commitments</b>  |                    |                    |
| 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 | -                  | -                  |
|   | -                  | -                  |
| <b>Total Off-Balance Sheet items including Contingent Liabilities</b> | <b>550,335,498</b> | <b>306,310,980</b> |

**AB BANK LIMITED**  
**Islami Banking Branch**  
**Profit and Loss Account**  
**For the year ended 31 December 2015**

|   | <b>2015<br/>Taka</b> | <b>2014<br/>Taka</b> |
|---|----------------------|----------------------|
| Investment Income                               | 672,381,561          | 768,590,769          |
| Profit paid on Deposits                         | 507,677,489          | 611,900,251          |
| <b>Net Investment Income</b>                    | <b>164,704,072</b>   | <b>156,690,518</b>   |
| Income from Investments in Shares/Securities    | 1,896,353            | 4,080,003            |
| Commission, Exchange and Brokerage              | 24,202,361           | 21,340,045           |
| Other Operating Income                          | 3,655,032            | 2,620,932            |
| <b>Total Operating Income</b>                   | <b>194,457,818</b>   | <b>184,731,498</b>   |
| <b>Operating Expenses</b>                       |                      |                      |
| Salaries and Allowances                         | 31,913,422           | 27,575,870           |
| Rent, Taxes, Insurance, Electricity etc.        | 1,345,771            | 1,372,389            |
| Legal Expenses                                  | -                    | -                    |
| Postage, Stamps, Telecommunication etc.         | 408,694              | 355,806              |
| Stationeries, Printing and Advertisement etc.   | 766,043              | 700,463              |
| Directors' Fees & Expenses                      | -                    | -                    |
| Shariah Supervisory Committee's Fees & Expenses | 137,963              | 119,758              |
| Auditors' Fees                                  | -                    | -                    |
| Charges on investment Losses                    | -                    | -                    |
| Depreciation and repair to Bank's Assets        | 2,902,387            | 3,081,450            |
| Zakat Expenses                                  | -                    | -                    |
| Other Expenses                                  | 8,209,179            | 6,895,032            |
| <b>Total Operating Expenses</b>                 | <b>45,683,460</b>    | <b>40,100,768</b>    |
| <b>Operating Profit</b>                         | <b>148,774,358</b>   | <b>144,630,730</b>   |

**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 2015 final profit has been paid to the depositors as per following weightage and rates:

| <b>Types of Deposit</b>                    | <b>Weightage</b> | <b>Rate of Profit (%)</b> |
|--|------------------|---------------------------|
| 1. Mudaraba Savings Deposits               | 0.33 to 0.37     | 4.00 to 4.50              |
| 2. Mudaraba Special Notice Deposits        |                  |                           |
| a. General                                 | 0.25 to 0.33     | 3.00 to 4.00              |
| b. Inter - Bank                            | 0.25 to 0.33     | 3.00 to 4.00              |
| 3. <u>Mudaraba Term Deposits</u>           |                  |                           |
| a. <u>General</u>                          |                  |                           |
| • 36 Months                                | 0.62 to 1.04     | 7.50 to 12.50             |
| • 24 Months                                | 0.58 to 1.04     | 7.00 to 12.50             |
| • 12 Months                                | 0.60 to 1.04     | 7.25 to 12.50             |
| • 6 Months                                 | 0.58 to 0.83     | 7.00 to 10.00             |
| • 3 Months                                 | 0.56 to 0.77     | 6.75 to 9.25              |
| • 1 Month                                  | 0.35 to 0.62     | 4.25 to 7.50              |
| b. <u>Inter - Bank</u>                     |                  |                           |
| • 6 Months                                 | 0.50 to 0.75     | 6.00 to 9.00              |
| • 1 Month                                  | 0.37             | 4.50                      |
| 4. Mudaraba Probable Millionaire Scheme    | 1.00 to 1.11     | 12.00 to 13.34            |
| 5. Mudaraba Quarterly Profit Paying Scheme | 1.00             | 12.00                     |
| 6. Mudaraba Hajj Deposit Scheme            | 1.00 to 1.11     | 12.00 to 13.34            |
| 7. Mudaraba Pension Deposit Scheme         | 0.75 to 1.04     | 9.00 to 12.50             |
| 8. Mudaraba Monthly Profit Payment Scheme  | 0.75 to 1.11     | 9.00 to 13.34             |
| 9. Mudaraba Cash WAQF Deposit              | 0.87 to 1.04     | 10.50 to 12.50            |

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 2015, Shariah Supervisory Committee met in 4 (four) 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.

**Annexure- I**

**AB Bank Limited  
Custodian Wing  
Balance Sheet  
As at 31 December 2015**

|                                  | <b>31.12.2015<br/>Taka</b> | <b>31.12.2014<br/>Taka</b> |
|----------------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                    |                            |                            |
| <b>Non-Current Assets</b>        |                            |                            |
| Property, Plant and Equipment    | 36,925                     | 47,475                     |
| Intangible Assets                | -                          | -                          |
| Total Non Current Assets         | 36,925                     | 47,475                     |
| <b>Current Assets</b>            |                            |                            |
| Cash and Bank Balances           | -                          | -                          |
| Advance, Deposit and Prepayments | -                          | -                          |
| Accounts Receivables             | 17,159,327                 | 17,159,327                 |
| Total Current Assets             | 17,159,327                 | 17,159,327                 |
| <b>Total Assets</b>              | <b>17,196,252</b>          | <b>17,206,802</b>          |
| <b>LIABILITIES</b>               |                            |                            |
| <b>Non-Current Liabilities</b>   | -                          | -                          |
| <b>Current Liabilities</b>       |                            |                            |
| Payable to AB Bank               | 13,515,635                 | 13,473,285                 |
| Accounts Payable                 | 3,654,167                  | 3,654,167                  |
| Provision for Audit Fees         | 26,450                     | 79,350                     |
| Total Current Liabilities        | 17,196,252                 | 17,206,802                 |
| <b>Total Liabilities</b>         | <b>17,196,252</b>          | <b>17,206,802</b>          |



**AB Bank Limited**  
**Custodian Wing**  
**Profit and Loss Account**  
**For the year ended 31 December 2015**

|  | <b>2015</b>    | <b>2014</b>      |
|--|----------------|------------------|
|  | <b>Taka</b>    | <b>Taka</b>      |
| <b>Operating Income</b>                  |                |                  |
| Commission, exchange and brokerage       | 937,500        | 8,667,634        |
| <b>Total Operating Income (a)</b>        | <b>937,500</b> | <b>8,667,634</b> |
| <b>Operating Expenses</b>                |                |                  |
| Rent, taxes and insurance                | 16,400         | 10,000           |
| Auditor's fees                           | 26,450         | 26,450           |
| Depreciation and repair of bank's assets | 10,550         | 5,275            |
| Other expenses                           | 12,430         | 73,712           |
| <b>Total operating expenses (b)</b>      | <b>65,830</b>  | <b>115,437</b>   |
| <b>Operating Profit</b>                  | <b>871,670</b> | <b>8,552,197</b> |

**AB Bank Limited**  
**Off-Shore Banking Unit (OBU)**

**Balance Sheet**  
**As at 31 December 2015**

|  | <b>31.12.2015</b>     | <b>31.12.2015</b>  | <b>31.12.2014</b>     | <b>31.12.2014</b>  |
|--|-----------------------|--------------------|-----------------------|--------------------|
|  | <b>Taka</b>           | <b>USD</b>         | <b>Taka</b>           | <b>USD</b>         |
| <b><u>PROPERTY AND ASSETS</u></b>                          |                       |                    |                       |                    |
| <b>Cash</b>  | -                     | -                  | -                     | -                  |
| Cash in Hand (Including foreign Currencies)                | -                     | -                  | -                     | -                  |
| Balance with Bangladesh Bank and its agent Bank(s)         | -                     | -                  | -                     | -                  |
| <b>Balance with Other Banks and Financial Institutions</b> | <b>15,624,068</b>     | <b>199,032</b>     | <b>138,607,520</b>    | <b>1,778,173</b>   |
| In Bangladesh  | 221,870               | 2,826              | 72,881                | 935                |
| Outside Bangladesh   | 15,402,198            | 196,206            | 138,534,639           | 1,777,238          |
| <b>Money at call and on short notice (Placement)</b>       | <b>2,287,498,742</b>  | <b>29,140,000</b>  | <b>2,964,961,328</b>  | <b>38,037,000</b>  |
| <b>Loans and Advances:</b>                                 | <b>14,696,619,255</b> | <b>187,217,364</b> | <b>8,257,900,272</b>  | <b>105,939,241</b> |
| Loans & Advances - Regular                                 | 14,696,619,255        | 187,217,364        | 8,257,900,272         | 105,939,241        |
| Bills Purchased & Discounted                               | -                     | -                  | -                     | -                  |
| <b>Premises and Fixed Assets (WDV)</b>                     | <b>3,243,127</b>      | <b>41,314</b>      | <b>2,962,668</b>      | <b>38,008</b>      |
| <b>Other Assets:</b>                                       | <b>47,192,181</b>     | <b>601,172</b>     | <b>1,663,022</b>      | <b>21,335</b>      |
| Accrued Interest   | 242,607               | 3,091              | 1,516,377             | 19,453             |
| Pre-paid Advances  | 204,019               | 2,599              | 146,645               | 1,881              |
| Miscellaneous  | 46,745,555            | 595,482            | -                     | -                  |
| <b>Total Assets</b>  | <b>17,050,177,372</b> | <b>217,198,882</b> | <b>11,366,094,811</b> | <b>145,813,756</b> |
| <b><u>LIABILITIES AND CAPITAL</u></b>                      |                       |                    |                       |                    |
| <b>Liabilities:</b>  |                       |                    |                       |                    |
| <b>Borrowing from Bank &amp; Financial Institutions:</b>   | <b>15,676,272,977</b> | <b>199,696,982</b> | <b>11,110,821,567</b> | <b>142,538,898</b> |
| In Bangladesh  | 6,264,632,788         | 79,803,934         | 8,378,102,736         | 107,481,299        |
| Outside Bangladesh   | 9,411,640,189         | 119,893,047        | 2,732,718,832         | 35,057,599         |
| <b>Deposits and Other Accounts:</b>                        | <b>1,283,381,876</b>  | <b>16,348,751</b>  | <b>90,097,304</b>     | <b>1,155,843</b>   |
| Demand Deposits  | 1,219,275,859         | 15,532,117         | 7,575,604             | 97,186             |
| Demand Deposits - Others                                   | 64,106,017            | 816,634            | 82,521,701            | 1,058,657          |
| Savings Deposits   | -                     | -                  | -                     | -                  |
| Fixed Term Deposits - FDR                                  | -                     | -                  | -                     | -                  |
| Other Term Deposit - NCFD                                  | -                     | -                  | -                     | -                  |
| Other Deposits   | -                     | -                  | -                     | -                  |
| <b>Total Liabilities</b>                                   | <b>16,959,654,853</b> | <b>216,045,733</b> | <b>11,200,918,871</b> | <b>143,694,741</b> |
| <b>Capital and Shareholders' Equity:</b>                   |                       |                    |                       |                    |
| Retained Earnings  | 90,522,520            | 1,153,149          | 165,175,939           | 2,119,015          |
| <b>Total Shareholders' Equity</b>                          | <b>90,522,520</b>     | <b>1,153,149</b>   | <b>165,175,939</b>    | <b>2,119,015</b>   |
| <b>Total Liabilities and Shareholders' Equity</b>          | <b>17,050,177,372</b> | <b>217,198,882</b> | <b>11,366,094,811</b> | <b>145,813,756</b> |

**AB Bank Limited**  
**Off-Shore Banking Unit (OBU)**

**Profit and Loss Account**  
**For the year ended 31 December 2015**

|  | <b>2015<br/>Taka</b> | <b>2015<br/>USD</b> | <b>2014<br/>Taka</b> | <b>2014<br/>USD</b> |
|--|----------------------|---------------------|----------------------|---------------------|
| Interest income                              | 551,864,037          | 7,068,271           | 568,045,722          | 7,339,011           |
| Interest paid on deposits and borrowing etc. | 452,733,405          | 5,798,607           | 401,230,727          | 5,183,803           |
| <b>Net Interest income</b>                   | <b>99,130,632</b>    | <b>1,269,665</b>    | <b>166,814,995</b>   | <b>2,155,209</b>    |
| Commission, exchange and brokerage           | 1,379,529            | 17,669              | 4,086,163            | 52,792              |
| Other operating income                       | 198,445              | 2,542               | 697,765              | 9,015               |
| <b>Total operating income (A)</b>            | <b>100,708,606</b>   | <b>1,289,875</b>    | <b>171,598,922</b>   | <b>2,217,016</b>    |
| Salaries and allowances                      | 7,410,975            | 94,920              | 5,904,405            | 76,283              |
| Rent, taxes, insurance, electricity etc.     | 67,054               | 859                 | 142,574              | 1,842               |
| Postage, stamps, telecommunication etc.      | 254,565              | 3,260               | 346,312              | 4,474               |
| Stationeries, printing, advertisement etc.   | 11,673               | 150                 | 18,747               | 242                 |
| Depreciation and repair of bank's assets     | 1,356,248            | 17,371              | 55,285               | 714                 |
| Other expenses                               | 1,574,577            | 20,167              | 1,118,042            | 14,445              |
| <b>Total operating expenses (A)</b>          | <b>10,675,092</b>    | <b>136,727</b>      | <b>7,585,367</b>     | <b>98,001</b>       |
| <b>Operating Profit</b>                      | <b>90,033,514</b>    | <b>1,153,149</b>    | <b>164,013,556</b>   | <b>2,119,015</b>    |

**Annexure-K****AB Investment Limited  
(A Subsidiary of AB Bank Limited)****Statement of Financial Position (Balance Sheet)  
As at 31 December 2015**

|   | <b>31.12.2015<br/>BDT</b> | <b>31.12.2014<br/>BDT</b> |
|---|---------------------------|---------------------------|
| <b>ASSETS</b>                                     |                           |                           |
| <b>Non-current assets</b>                         |                           |                           |
| Property, plant and equipment                     | 613,817,114               | 523,521,156               |
| Investment in shares                              | 686,571,505               | 746,884,485               |
| Office renovation                                 | 320,882                   | 1,604,318                 |
| <b>Total non-current assets</b>                   | <b>1,300,709,501</b>      | <b>1,272,009,959</b>      |
| <b>Current assets</b>                             |                           |                           |
| Loans to clients                                  | 6,990,517,740             | 7,107,095,221             |
| Advances, deposits and prepayments                | 21,168,843                | 115,197,599               |
| Receivable from brokers                           | 12,764,599                | 60,075,510                |
| Advance income tax                                | 216,951,177               | 285,114,003               |
| Cash and cash equivalents                         | 432,792                   | 569,019                   |
| <b>Total current assets</b>                       | <b>7,241,835,151</b>      | <b>7,568,051,352</b>      |
| <b>Total assets</b>                               | <b>8,542,544,652</b>      | <b>8,840,061,311</b>      |
| <b>EQUITY AND LIABILITIES</b>                     |                           |                           |
| <b>Capital and reserve</b>                        |                           |                           |
| Share capital                                     | 2,988,568,250             | 274,725,000               |
| Retained earnings                                 | 544,469,448               | 443,830,684               |
| Share money deposit                               | 2,199,999,000             | 4,900,100,000             |
| <b>Total capital and reserve</b>                  | <b>5,733,036,698</b>      | <b>5,618,655,684</b>      |
| <b>Non-current liabilities</b>                    |                           |                           |
| Provident fund, gratuity fund and recreation club | 7,207,993                 | 5,576,047                 |
| Deferred tax liability                            | 18,945,456                | 13,294,336                |
| <b>Total non-current liabilities</b>              | <b>26,153,449</b>         | <b>18,870,383</b>         |
| <b>Current liabilities</b>                        |                           |                           |
| Borrowing from banks                              | 2,127,542,959             | 2,400,973,816             |
| Liabilities for expenses                          | 5,420,218                 | 6,322,656                 |
| Payable against sale proceeds of shares           | 11,896,586                | 57,545,124                |
| Provision for taxation                            | 267,770,486               | 388,330,749               |
| Provision for loans and investment                | 338,145,182               | 294,281,052               |
| Credit balance with clients' accounts             | 32,579,073                | 55,081,847                |
| <b>Total current liabilities</b>                  | <b>2,783,354,504</b>      | <b>3,202,535,244</b>      |
| <b>Total liabilities</b>                          | <b>2,809,507,953</b>      | <b>3,221,405,627</b>      |
| <b>Total shareholders' equity and liability</b>   | <b>8,542,544,652</b>      | <b>8,840,061,311</b>      |

**AB Investment Limited**  
**(A Subsidiary of AB Bank Limited)**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**(Profit and Loss Statement)**  
**For the year ended 31 December 2015**

|   | <b>2015<br/>BDT</b> | <b>2014<br/>BDT</b> |
|---|---------------------|---------------------|
| <b>Operating income</b>   |                     |                     |
| Interest income   | 393,372,052         | 552,380,901         |
| Management fee  | 17,941,568          | 21,837,897          |
| Transaction/ settlement fee   | 26,199,160          | 47,494,759          |
| Other operating income  | 314,051             | 1,057,793           |
| <b>Total operating income (A)</b>                                     | <b>437,826,831</b>  | <b>622,771,350</b>  |
| <b>Operating expenses</b>   |                     |                     |
| Salary and allowances   | 17,278,034          | 15,552,615          |
| Audit and consultancy fees  | 615,700             | 419,465             |
| Administrative expenses   | 30,724,379          | 34,397,998          |
| Financial expenses  | 144,722,697         | 268,176,700         |
| <b>Total operating expenses (B)</b>                                   | <b>193,340,810</b>  | <b>318,546,778</b>  |
| <b>Net operating income (C=A-B)</b>                                   | <b>244,486,021</b>  | <b>304,224,572</b>  |
| <b>Non-operating income (D)</b>                                       | 2,927,653           | 2,927,653           |
| <b>Investment income (E)</b>  | 5,768,957           | 22,615,190          |
| <b>Profit before provision for<br/>loans and investment (F=C+D+E)</b> | <b>253,182,631</b>  | <b>329,767,415</b>  |
| Provision for loan  | 3,864,130           | -                   |
| Provision for investment  | <b>40,000,000</b>   | <b>40,994,842</b>   |
| <b>Net profit before tax for the year</b>                             | <b>209,318,501</b>  | <b>288,772,573</b>  |
| <b>Income tax expense</b>   | <b>94,943,487</b>   | <b>119,531,793</b>  |
| Current tax   | 89,292,367          | 116,310,077         |
| Deferred tax  | 5,651,120           | 3,221,716           |
| <b>Net profit after tax for the year</b>                              | <b>114,375,014</b>  | <b>169,240,780</b>  |
| <b>Earnings per share (EPS)</b>                                       | <b>1.32</b>         | <b>5.87</b>         |

**AB Securities Limited**  
**Statement of Financial Position**  
**As at 31 December 2015**

|   | <b>31.12.2015</b><br><b>Taka</b> | <b>31.12.2014</b><br><b>Taka</b> |
|---|----------------------------------|----------------------------------|
| <b>I. Sources of Fund</b>                           |                                  |                                  |
| <b>A) <u>Shareholders' Equity</u></b>               | <b>486,920,300</b>               | <b>479,055,390</b>               |
| Share Capital                                       | 246,750,000                      | 235,000,000                      |
| Revaluation Reserve                                 | 102,024,360                      | 102,024,360                      |
| Retained Earnings                                   | 138,145,940                      | 142,031,030                      |
| <b>B) <u>Non Current Liabilities</u></b>            | <b>382,988,078</b>               | <b>380,542,795</b>               |
| Liabilities for Other Finance                       | 370,263,485                      | 370,263,485                      |
| Deferred Liability-Gratuity                         | 4,755,802                        | 4,006,734                        |
| Provision for Provident Fund                        | 7,968,791                        | 6,272,576                        |
| <b>Total Source of Fund (A+B)</b>                   | <b>869,908,378</b>               | <b>859,598,185</b>               |
| <b>II. Application of Fund</b>                      |                                  |                                  |
| <b>A) <u>Non Current Assets</u></b>                 | <b>6,041,058</b>                 | <b>9,276,378</b>                 |
| Property, Plant & Equipment                         | 3,516,188                        | 7,401,368                        |
| Deferred Tax Assets                                 | 2,524,870                        | 1,875,010                        |
| <b>B) <u>Investments</u></b>                        | <b>168,598,202</b>               | <b>168,307,740</b>               |
| <b>C) <u>Current Assets</u></b>                     | <b>1,203,834,593</b>             | <b>1,259,168,026</b>             |
| Cash and Cash Equivalents                           | 165,340,364                      | 114,450,899                      |
| Advance, Deposit & Prepayment                       | 2,522,241                        | 2,764,809                        |
| Advance Income Tax                                  | 33,273,206                       | 20,926,698                       |
| Accounts Receivable                                 | 12,397,949                       | 73,283,721                       |
| Margin Loan   | 990,300,833                      | 1,046,831,154                    |
| Other Current Asset                                 | -                                | 910,745                          |
| <b>D) <u>Current Liabilities and Provisions</u></b> | <b>508,565,474</b>               | <b>577,153,959</b>               |
| Accounts Payable                                    | 120,530,747                      | 167,711,760                      |
| Bank Overdraft                                      | 284,303,246                      | 299,693,825                      |
| Liabilities for Expense                             | 1,251,195                        | 24,147,909                       |
| Provision for Income Tax                            | 41,548,183                       | 26,411,362                       |
| Other Liabilities                                   | 60,932,103                       | 59,189,103                       |
| <b>E) Net Current Assets (C-D)</b>                  | <b>695,269,118</b>               | <b>682,014,067</b>               |
| <b>F) Total Application of Fund (A+B+E)</b>         | <b>869,908,378</b>               | <b>859,598,185</b>               |

**AB Securities Limited**  
**Statement of Comprehensive Income**  
**For the Year Ended 31 December 2015**

|   | <b>2015<br/>Taka</b> | <b>2014<br/>Taka</b> |
|---|----------------------|----------------------|
| <b>A) OPERATING INCOME</b>                  | <b>80,983,089</b>    | <b>104,504,329</b>   |
| Brokerage Commission                        | 45,853,762           | 80,096,226           |
| Interest Income                             | 30,730,786           | 18,767,344           |
| Investment Income                           | 1,435,989            | 3,028,636            |
| Other Operating Income                      | 2,962,552            | 2,612,123            |
| <b>B) OPERATING &amp; OTHER EXPENSE</b>     | <b>55,631,218</b>    | <b>61,311,927</b>    |
| Operating Expenses                          | 50,536,793           | 53,525,147           |
| Other Financial Expenses                    | 935,196              | 2,602,067            |
| Depreciation on Property, Plant & Equipment | 4,159,229            | 5,184,713            |
| <b>C) Profit Before Provision (A-B)</b>     | <b>25,351,871</b>    | <b>43,192,402</b>    |
| <b>D) Provision</b>                         | <b>3,000,000</b>     | <b>4,482,155</b>     |
| For Diminution in Value of Investments      | 1,585,941            | 450,000              |
| For Diminution in Value of Loan             | 1,414,059            | 4,032,155            |
| <b>E) Profit Before Taxation (C-D)</b>      | <b>22,351,871</b>    | <b>38,710,247</b>    |
| <b>F) Provision for Taxation</b>            | <b>14,486,961</b>    | <b>23,460,557</b>    |
| Current Tax                                 | 15,136,821           | 24,143,707           |
| Deferred Tax                                | (649,860)            | (683,150)            |
| <b>Net Profit After Taxation (E-F)</b>      | <b>7,864,910</b>     | <b>15,249,690</b>    |
| <b>Earnings Per Share (EPS)</b>             | <b>0.32</b>          | <b>0.62</b>          |

## Cashlink Bangladesh Limited and its Subsidiary

### Consolidated Statement of Financial Position

As at 31 December 2015

|   | 31.12.2015<br>Taka | 31.12.2014<br>Taka |
|---|--------------------|--------------------|
| <b>ASSETS</b>   |                    |                    |
| <b>Non Current Assets</b>                                     |                    |                    |
| Property, Plant and Equipment                                 | 177,188            | 249,871            |
| Intangible Assets   | -                  | 3                  |
| Total Non Current Assets                                      | <b>177,188</b>     | <b>249,874</b>     |
| <b>Current Assets</b>   |                    |                    |
| Cash & Bank Balances  | 2,548,396          | 6,407,930          |
| Investment in Shares  | 23,506,275         | 24,116,618         |
| Advance, Deposit & Prepayment                                 | 44,091             | 278,884            |
| Advance Tax   | 31,386,500         | 27,435,220         |
| Accounts Receivable   | 551,217            | 691,262            |
| Total Current Assets  | <b>58,036,479</b>  | <b>58,929,914</b>  |
| <b>Total Assets</b>   | <b>58,213,667</b>  | <b>59,179,783</b>  |
| <b>EQUITY AND LIABILITIES</b>                                 |                    |                    |
| <b>Equity</b>   |                    |                    |
| Share Capital   | 238,000,000        | 238,000,000        |
| Share Money Deposit   | 4,200,000          | 4,200,000          |
| Retained Loss   | (306,731,435)      | (378,712,146)      |
| Total Equity  | (64,531,435)       | (136,512,146)      |
| <b>Liabilities</b>  |                    |                    |
| <b>Non-Current Liabilities</b>                                |                    |                    |
| Long Term Loan  | 9,742,006          | 9,742,006          |
| <b>Current Liabilities</b>                                    |                    |                    |
| Accrued Expenses  | 172,500            | 172,500            |
| VAT Deducted at Source  | 23,392             | 25,781             |
| Provision for Taxation  | 1,758,933          | 1,528,212          |
| Short Term Loan from Bank                                     | 106,741,029        | 183,241,029        |
| Provision for Decrease in Market Value of Investment in Share | 4,307,246          | 982,396            |
| Total Current Liabilities                                     | 113,003,100        | 185,949,918        |
| Total Liabilities   | <b>122,745,101</b> | <b>195,691,924</b> |
| <b>Total Equity and Liabilities</b>                           | <b>58,213,667</b>  | <b>59,179,783</b>  |



**Cashlink Bangladesh Limited and its Subsidiary**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2015**

|   | <b>2015<br/>Taka</b> | <b>2014<br/>Taka</b> |
|---|----------------------|----------------------|
| Revenue   | 77,327,792           | 78,450,148           |
| Less: Operating Expenses                                      | 13,718               | 9,889,459            |
| General and Administration Expenses                           | 1,205,208            | 1,051,061            |
| <b>Operating Profit</b>                                       | <b>76,108,866</b>    | <b>67,509,628</b>    |
| Add: Other Income   | 336,312              | 751,562              |
| Non-Operating Income/(Loss)                                   | (756,799)            | (3,509,087)          |
|   | <b>75,688,379</b>    | <b>64,752,103</b>    |
| Less: Other Expenses  | 520                  | -                    |
| <b>Profit Before Provision</b>                                | <b>75,687,859</b>    | <b>64,752,103</b>    |
| Provision for Decrease in Market Value of Investment in Share | 3,324,850            | 982,396              |
| <b>Profit Before Taxation</b>                                 | <b>72,363,010</b>    | <b>63,769,707</b>    |
| Income Tax Expenses   | 230,722              | 227,078              |
| <b>Net Profit After Tax</b>                                   | <b>72,132,288</b>    | <b>63,542,629</b>    |
| Other Comprehensive Income                                    | -                    | -                    |
| <b>Total Comprehensive Income</b>                             | <b>72,132,288</b>    | <b>63,542,629</b>    |

# AB International Finance Limited

## Balance Sheet As at 31 December 2015

|  | 31.12.2015<br>HK\$ | 31.12.2014<br>HK\$ |
|--|--------------------|--------------------|
| <b>NON-CURRENT ASSETS</b>                  |                    |                    |
| Property, plant and equipment              | 8,922              | 17,048             |
| <b>CURRENT ASSETS</b>                      |                    |                    |
| Discounted bills receivable                | 90,154,751         | 161,032,835        |
| Deposits, prepayments and other receivable | 454,565            | 823,645            |
| Tax refundable                             | -                  | 544,803            |
| Cash and bank balances                     | 2,021,503          | 2,001,991          |
|  | <b>92,630,819</b>  | <b>164,403,274</b> |
| <b>CURRENT LIABILITIES</b>                 |                    |                    |
| Accrued liabilities and other payables     | 3,819,557          | 4,674,413          |
| Deferred interest income                   | 772,063            | 1,586,061          |
| Provision for long service payments        | 516,050            | 509,489            |
| Due to ultimate holding company            | 70,835,000         | 139,786,750        |
| Tax payable                                | 165,197            | -                  |
|  | <b>76,107,867</b>  | <b>146,556,713</b> |
| <b>NET CURRENT ASSETS</b>                  | <b>16,522,952</b>  | <b>17,846,561</b>  |
|  | <b>16,531,874</b>  | <b>17,863,609</b>  |
| <b>EQUITY</b>                              |                    |                    |
| Share capital                              | 1,000,000          | 1,000,000          |
| Retained earnings                          | 563,904            | 563,904            |
| Proposed final dividend                    | 7,406,011          | 8,737,746          |
| Capital Reserve                            | 7,561,960          | 7,561,960          |
|  | <b>16,531,874</b>  | <b>17,863,609</b>  |

# AB International Finance Limited

## Profit and Loss Account For the year ended 31 December 2015

|   | 2015<br>HK\$       | 2014<br>HK\$       |
|---|--------------------|--------------------|
| Interest income                                 | 6,120,785          | 8,391,629          |
| Interest expenses                               | (573,322)          | (1,275,171)        |
| <b>Net interest income</b>                      | <b>5,547,463</b>   | <b>7,116,458</b>   |
| Other operating income                          | 8,306,621          | 8,322,628          |
| <b>Total operating income</b>                   | <b>13,854,084</b>  | <b>15,439,086</b>  |
| Staff costs                                     | (2,787,988)        | (2,571,693)        |
| Depreciation                                    | (11,310)           | (19,316)           |
| Provision for long service payments             | (6,561)            | (8,916)            |
| Other operating expenses                        | (2,201,453)        | (2,383,996)        |
| <b>Total operating expenses</b>                 | <b>(5,007,312)</b> | <b>(4,983,921)</b> |
| Profit before taxation                          | 8,846,772          | 10,455,165         |
| Income tax                                      | (1,440,761)        | (1,717,419)        |
| <b>Profit for the year</b>                      | <b>7,406,011</b>   | <b>8,737,746</b>   |
| Retained earnings at start of the year          | 563,904            | 563,904            |
| Dividends                                       | 7,406,011          | 8,737,746          |
| <b>Retained earnings at the end of the year</b> | <b>563,904</b>     | <b>563,904</b>     |

**AB Exchange (UK) Limited (ABEL)**

**Balance Sheet  
As at 31 December 2015**

|  | <b>31.12.2015<br/>GBP</b> | <b>31.12.2014<br/>GBP</b> |
|--|---------------------------|---------------------------|
| <b>FIXED ASSETS</b>                          |                           |                           |
| Tangible Assets                              | 9,203                     | 31,210                    |
|  | <b>9,203</b>              | <b>31,210</b>             |
| <b>Current Assets</b>                        |                           |                           |
| Debtors                                      | 18,559                    | 10,912                    |
| Cash at Bank and in Hand                     | 11,763                    | 55,543                    |
|  | <b>30,322</b>             | <b>66,455</b>             |
| <b>Creditors</b>                             |                           |                           |
| Amounts falling due within one year          | (29,138)                  | (24,471)                  |
| <b>Net Current Assets/(Liabilities)</b>      | <b>1,184</b>              | <b>41,984</b>             |
| <b>Total Assets less Current Liabilities</b> | <b>10,387</b>             | <b>73,194</b>             |
| <b>CREDITORS</b>                             |                           |                           |
| Amounts falling due after more than one year | -                         | -                         |
| <b>Net Assets</b>                            | <b>10,387</b>             | <b>73,194</b>             |
| <b>CAPITAL AND RESERVES</b>                  | <b>10,387</b>             | <b>73,194</b>             |
| Called up share capital                      | 400,000                   | 400,000                   |
| Profit and loss account                      | (389,613)                 | (326,806)                 |
| <b>SHAREHOLDERS' FUND</b>                    | <b>10,387</b>             | <b>73,194</b>             |

**AB Exchange (UK) Limited (ABEL)****Profit and Loss Statement  
For the year ended 31 December 2015**

|  | <b>2015<br/>GBP</b> | <b>2014<br/>GBP</b> |
|--|---------------------|---------------------|
| Turnover   | 19,450              | 41,007              |
| <b>Gross Profit</b>                                | <b>19,450</b>       | <b>41,007</b>       |
| Administrative expenses                            | (82,257)            | (91,797)            |
| <b>Operating Loss</b>                              | <b>(62,807)</b>     | <b>(50,790)</b>     |
| <b>Loss on ordinary activities before taxation</b> | <b>(62,807)</b>     | <b>(50,790)</b>     |
| Tax on loss on ordinary activities                 | -                   | -                   |
| <b>Operating Loss</b>                              | <b>(62,807)</b>     | <b>(50,790)</b>     |

## Arab Bangladesh Bank Foundation (ABBF)

## Statement of Financial Position

As at 31 December 2015

|  | 31.12.2015<br>Taka | 31.12.2014<br>Taka |
|--|--------------------|--------------------|
| <b><u>ASSETS</u></b>                     |                    |                    |
| <b>Non Current Assets</b>                | <b>13,543,492</b>  | <b>13,543,492</b>  |
| Property, Plant & Equipment              | 13,543,492         | 13,543,492         |
| <b>Current Assets</b>                    | <b>575,254,002</b> | <b>546,326,059</b> |
| Short Term Investment in FDR             | 32,596,376         | 30,215,833         |
| Accrued rental income                    | 37,668             | -                  |
| Cash and Cash equivalents                | 50,599,325         | 25,920,968         |
| Unsecured Loan                           | 350,000,000        | 350,000,000        |
| Investment in equity                     | 1,000              | -                  |
| Advances, deposits & prepayments         | 142,019,633        | 140,189,258        |
| <b>TOTAL PROPERTY AND ASSETS</b>         | <b>588,797,494</b> | <b>559,869,551</b> |
| <b><u>EQUITY AND LIABILITIES</u></b>     |                    |                    |
| <b>Shareholders' Equity</b>              | <b>476,488,783</b> | <b>458,713,139</b> |
| Share Capital                            | 20,000,000         | 20,000,000         |
| Retained Earnings                        | 456,488,783        | 438,713,138        |
| <b>Current Liabilities and Provision</b> | <b>112,308,711</b> | <b>101,156,412</b> |
| Liabilities for expenses                 | 247,100            | 715,756            |
| Provision for Income Tax                 | 110,012,157        | 100,440,656        |
| Advance against Rent                     | 2,049,454          | -                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>588,797,494</b> | <b>559,869,551</b> |

## Arab Bangladesh Bank Foundation (ABBF)

Statement of Comprehensive Income  
For the year ended 31 December 2015

|                                | 2015<br>Taka      | 2014<br>Taka       |
|--------------------------------|-------------------|--------------------|
| <b>Total Income:</b>           | <b>37,140,543</b> | <b>47,633,029</b>  |
| Interest Income                | 36,370,536        | 47,633,029         |
| Rental Income                  | 301,351           | -                  |
| Other Income                   | 468,656           | -                  |
| <b>Total Expenses:</b>         | <b>9,793,397</b>  | <b>50,501,403</b>  |
| Operating Expenses             | 469,559           | 558,088            |
| Financial Charge               | 26,938            | 6,543              |
| Other Expenses (CSR)           | 9,296,900         | 49,936,772         |
| <b>Profit before Taxation:</b> | <b>27,347,146</b> | <b>(2,868,374)</b> |
| <b>Provision:</b>              |                   |                    |
| Taxation                       | 9,571,501         | 142,899            |
| <b>Profit after Taxation:</b>  | <b>17,775,645</b> | <b>(3,011,273)</b> |

**Name of the Directors and entities in which had interest  
As at December 31, 2015**

|    |  |                               |   |
|----|--|-------------------------------|---|
| 1  | Mr. M. Wahidul Haque   | Chairman                      | <b>Chairman:</b> <ol style="list-style-type: none"> <li>1. AB Investment Limited</li> <li>2. AB Securities Limited</li> <li>3. Cashlink Bangladesh Limited</li> <li>4. AB Exchange (UK) Limited, London, UK</li> </ol> <b>Director:</b> <ol style="list-style-type: none"> <li>1. Amana Bank PLC, Colombo, Sri Lanka.</li> </ol> <b>Managing Director:</b> <ol style="list-style-type: none"> <li>1. Deundi Tea Company (UK) Ltd.</li> <li>2. Noyapara Tea Co. Limited</li> </ol>   |
| 2  | Mr. Salim Ahmed  | Vice-Chairman                 | <ol style="list-style-type: none"> <li>1. Super Refinery (Pvt.) Ltd.</li> <li>2. Super Sea Fish (Pvt.) Ltd.</li> <li>3. Super Share &amp; Securities Ltd.</li> <li>4. Supertel Ltd.</li> <li>5. Super Silica Bangladesh Ltd.</li> <li>6. Elite Super Plastic Ind.(Pvt.) Ltd.</li> <li>7. Elite Properties Management Ltd.</li> <li>8. Elite Paint &amp; Chemical Industries Ltd.</li> <li>9. Elite International Ltd.</li> <li>10. Hexagon Chemical Complex Ltd.</li> </ol> <b>Nominated by AB Bank Limited in the Board of:</b> <ol style="list-style-type: none"> <li>11. AB Securities Ltd., Director</li> <li>12. AB Investment Ltd., Director</li> <li>13. CashLink Bangladesh Ltd., Director</li> </ol> |
| 3  | Mr. Feroz Ahmed  | Director                      | <b>Chairman:</b> <ol style="list-style-type: none"> <li>1. AB international Finance Ltd., Hong Kong, Nominated by AB Bank Ltd.</li> <li>2. Hexagon Chemical Complex Ltd.</li> <li>3. Elite Paint &amp; Chemical Ind. Ltd.</li> </ol> <b>Managing Director:</b> <ol style="list-style-type: none"> <li>4. Elite International Ltd.</li> <li>5. FDN Energy Ltd.</li> <li>6. Ahemd Securities Services Ltd.</li> </ol> <b>Managing Partner:</b> <ol style="list-style-type: none"> <li>7. Universal Shipping &amp; Trawling Company</li> </ol> <b>Shareholder:</b> <ol style="list-style-type: none"> <li>8. Bangladesh General Insurance Company Ltd.</li> <li>9. Holy Crescent Hospital</li> </ol>             |
| 4  | Mr. M. A. Awal   | Director                      | <ol style="list-style-type: none"> <li>1. AB International Finance Ltd., Hong Kong, Director, nominated by AB Bank Ltd.</li> </ol>  |
| 5  | Mr. Shishir Ranjan Bose, FCA   | Independent Director          | <ol style="list-style-type: none"> <li>1. S.R. Bose &amp; Co., Chartered Accountants, Proprietor</li> <li>2. Therapeutics (Bangladesh) Ltd, Independent Director</li> </ol> <b>Nominated by AB Bank Limited in the Board of:</b> <ol style="list-style-type: none"> <li>3. AB Securities Ltd., Independent Director</li> <li>4. Cashlink Bangladesh Ltd., Independent Director</li> <li>5. AB Exchange (UK) Ltd., Independent Director</li> </ol>   |
| 6  | Mr. Faheemul Huq, Barrister-at-Law                                     | Director                      | N/A   |
| 7  | Mr. Syed Afzal Hasan Uddin, Barrister-at-Law                           | Director                      | <ol style="list-style-type: none"> <li>1. Syed Ishtiaq Ahmed &amp; Associates, Partner</li> <li>2. AB Exchange (UK) Ltd., Director, nominated by AB Bank Ltd.</li> <li>3. Square Textiles Ltd., Independent Director</li> <li>4. Western Marine Shipyard Ltd., Independent Director</li> <li>5. Color City Ltd., Independent Director</li> <li>6. Managewell Media Ltd, Nominee Director</li> <li>7. Forward Air Aviation Ltd, Nominee Director</li> <li>8. Managewell Holdings Ltd.</li> <li>9. Managewell Investment Ltd.</li> <li>10. Managewell Service Ltd.</li> </ol>   |
| 8  | Mr. Gholam Sarwar  | Director                      | <ol style="list-style-type: none"> <li>1. Pacific Industries Limited</li> <li>2. Pacific Traders Limited</li> <li>3. Therapeutics (Bd.) Limited</li> </ol>  |
| 9  | Mr. Md. Mesbahul Hoque   | Director                      | <ol style="list-style-type: none"> <li>1. Therapeutics (BD) Ltd., Managing Director</li> </ol>  |
| 10 | Mr. B.B. Saha Roy<br><i>[Resigned from the Board on February 2016]</i> | Director                      | <ol style="list-style-type: none"> <li>1. Elite Paint &amp; Chemical Industries Ltd.</li> <li>2. Hexagon Chemical Complex Ltd.</li> </ol>   |
| 11 | Dr. M. Imtiaz Hossain  | Independent Director          | <ol style="list-style-type: none"> <li>1. AB Investment Ltd, Independent Director, nominated by AB Bank Ltd.</li> </ol>   |
| 12 | Mr. Shamim Ahmed Chaudhury   | President & Managing Director | <ol style="list-style-type: none"> <li>1. AB Securities Ltd., Director</li> <li>2. Cashlink Bangladesh Ltd., Director, nominated by AB Bank Ltd.</li> </ol>   |