

AB Bank Limited
BCIC Bhaban
30-31 Dilkusha Commercial Area
Dhaka 1000

AB Bank Limited and its Subsidiaries

Auditors' report on consolidated and separate financial statements
for the year ended 31 December 2017

S. F. AHMED & CO
Chartered Accountants
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AB Bank Limited

Independent Auditors' Report to the Shareholders
For the year ended 31 December 2017

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 and the separate balance sheets as at 31 December 2017, and the consolidated and separate profit and 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 the relevant note 1.12 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 Act 1991 (as amended) and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. 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.

Auditors' 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 the separate financial statements of the Bank are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the separate financial statements of the Bank. The procedures selected depend on the auditors' 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 auditors consider 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.



AB Bank Limited

Independent Auditors' Report to the Shareholders
For the year ended 31 December 2017

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank, referred to above both of which have been prepared in the format prescribed by Bangladesh Bank vide circular no. 14 dated 25 June 2003, give a true and fair view of the consolidated financial position of the Group and separate financial position of the Bank as at 31 December 2017, 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 1.12.

Report on other legal and regulatory requirements

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

- (a) we have obtained all the information and explanations 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 'auditors' responsibility' section in forming the above opinion on the 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 section for the financial statements and internal control:
 - (i) internal audit, internal control and risk management arrangements of the Bank, as disclosed in note 1.15 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 all subsidiaries of the Bank have been audited by other auditors 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 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 expenditures incurred during the year were for the purposes of the Bank's business;
- (g) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standards as explained in note 1.12 as well as with related guidances 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;



AB Bank Limited

Independent Auditors' Report to the Shareholders
For the year ended 31 December 2017

- (j) the information and explanations required by us have been received and found to be satisfactory;
and
- (k) we have reviewed 82% of the risk weighted assets of the Bank and we have spent around 6,990
person hours for the audit of the books and accounts of the Bank.



Dhaka, Bangladesh
Dated, 30 April 2018


S. F. AHMED & CO
Chartered Accountants

AB Bank Limited and its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2017

	Notes	2017 BDT	2016 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3(a)	17,780,902,708	19,707,725,976
In hand (including foreign currencies)	3.1(a)	1,572,393,188	1,536,407,693
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	16,208,509,520	18,171,318,283
Balance with other banks and financial institutions	4(a)	4,241,335,582	4,655,002,507
In Bangladesh	4.1(a)	2,490,976,583	2,624,288,364
Outside Bangladesh	4.2(a)	1,750,358,999	2,030,714,143
Money at call and on short notice	5(a)	496,384,436	6,112,905,779
Investments	6(a)	46,382,136,275	49,081,759,542
Government	6.1(a)	39,732,017,188	41,903,780,261
Others	6.2(a)	6,650,119,087	7,177,979,281
Loans, advances and lease/investments		237,634,491,780	226,546,501,234
Loans, cash credits, overdrafts, etc./Investments	7(a)	235,801,195,989	225,023,967,197
Bills purchased and discounted	8(a)	1,833,295,791	1,522,534,037
Fixed assets including premises, furniture and fixtures	9(a)	4,699,245,091	4,680,967,000
Other assets	10(a)	5,863,914,006	6,383,908,169
Non-banking assets		-	-
Total Assets		317,098,409,881	317,168,770,207
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	21,872,486,519	15,757,755,476
AB Bank subordinated bonds	12	6,000,000,000	6,500,000,000
Deposits and other accounts	13(a)	235,562,075,504	245,394,404,421
Current account and other accounts		21,821,895,346	22,296,581,953
Bills payable		2,251,301,559	4,865,582,322
Savings bank deposits		29,869,956,989	28,024,691,434
Fixed deposits		129,606,179,136	122,034,379,371
Other deposits		52,012,742,474	68,173,169,341
Other liabilities	14(a)	29,660,121,941	25,182,491,365
Total Liabilities		293,094,683,964	292,834,651,262
Capital/Shareholders' Equity			
Equity attributable to equity holders of the parent company		23,993,619,305	24,324,206,960
Paid-up capital	15	7,581,303,150	6,738,936,140
Statutory reserve	16	6,549,242,999	6,495,637,440
Other reserve	17(a)	2,811,305,460	3,253,395,264
Retained earnings	18(a)	7,051,767,695	7,836,238,115
Non- Controlling Interest	18(b)	10,106,613	9,911,986
Total Equity		24,003,725,917	24,334,118,946
Total Liabilities and Shareholders' Equity		317,098,409,881	317,168,770,207

AB Bank Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2017

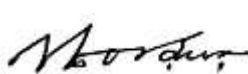
	Notes	2017 BDT	2016 BDT
Off-Balance Sheet Items			
Contingent liabilities	19	65,450,616,147	73,478,914,136
Acceptances and endorsements		24,089,423,485	29,034,996,366
Letters of guarantee	19.1	13,525,351,128	13,920,306,922
Irrevocable letters of credit		15,836,913,326	22,005,679,984
Bills for collection		9,392,397,842	8,517,930,863
Other contingent liabilities		2,606,530,367	-
Other commitments		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		65,450,616,147	73,478,914,136

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of AB Bank Limited



Moshiur Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 30 April 2018



S. F. AHMED & CO
Chartered Accountants

AB Bank Limited and its Subsidiaries
**Consolidated Profit and Loss Account
For the year ended 31 December 2017**

	Notes	2017 BDT	2016 BDT
OPERATING INCOME			
Interest income/profit on investments	21(a)	18,095,388,527	19,450,005,916
Interest/profit paid on deposits and borrowings, etc.	22(a)	(14,937,382,065)	(16,139,157,478)
Net interest income		3,158,006,462	3,310,848,438
Investment income	23(a)	4,726,135,143	5,105,865,296
Commission, exchange and brokerage	24(a)	2,994,211,871	2,855,788,192
Other operating income	25(a)	178,404,749	168,909,279
		7,898,751,763	8,130,562,767
Total operating income (a)		11,056,758,225	11,441,411,205
OPERATING EXPENSES			
Salary and allowances	26(a)	2,990,025,060	3,010,471,065
Rent, taxes, insurance, electricity, etc.	27(a)	747,204,508	711,166,604
Legal expenses	28(a)	8,406,763	18,571,996
Postage, stamps, telecommunication, etc.	29(a)	136,794,287	143,774,685
Stationery, printing, advertisement, etc.	30(a)	199,948,266	197,362,277
Chief executive's salary and fees	26.1	9,940,551	13,510,481
Directors' fees	31(a)	8,653,653	10,699,895
Auditors' fees	32(a)	3,781,823	5,762,139
Depreciation and repairs of Bank's assets	33(a)	537,590,602	585,870,806
Other expenses	34(a)	1,378,563,037	1,323,937,179
Total operating expenses (b)		6,020,908,551	6,021,127,128
Profit before provision (c = (a-b))		5,035,849,674	5,420,284,078
Provision against loans and advances	35(a)	4,950,134,798	2,938,984,936
Provision for diminution in value of investments	36(a)	12,050,000	21,980,479
Other provisions	37(a)	171,752	59,558,484
Total provision (d)		4,962,356,549	3,020,523,899
Loss on disposal of AB Exchange (UK) Limited		-	4,381,780
Profit before tax (c-d)		73,493,124	2,395,378,399
Provision for taxation		32,658,543	886,586,150
Current tax		1,594,023,822	1,774,806,624
Deferred tax		(1,561,365,279)	(888,220,474)
Net profit after tax		40,834,581	1,508,792,249
Appropriations			
Statutory reserve		26,124,722	388,712,367
General reserve		-	-
Dividends, etc.		-	-
		26,124,722	388,712,367
Retained surplus		14,709,859	1,120,079,882
Non- Controlling Interest		190,013	(5,944,179)
Net profit attributable to the shareholders of parent company		14,519,847	1,126,024,060
Consolidated Earnings Per Share (EPS)	39(a)	0.05	2.00

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of AB Bank Limited



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

See annexed report of the date

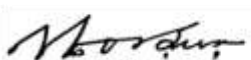
AB Bank Limited and its Subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2017

	2017 BDT	2016 BDT
Cash flows from operating activities		
Interest receipts	15,019,781,262	18,320,297,829
Interest payments	(15,277,464,801)	(16,125,576,572)
Dividend receipts	128,909,211	133,087,213
Fee and commission receipts	1,895,002,924	2,007,736,220
Recoveries on loans previously written off	6,286,093	23,385,264
Payments to employees	(2,999,965,611)	(3,023,981,546)
Payments to suppliers	(199,948,266)	(197,362,277)
Income taxes paid	(797,656,950)	(1,531,193,578)
Receipts from other operating activities	5,868,553,536	6,170,669,593
Payments for other operating activities	(2,501,464,992)	(2,443,034,619)
Operating profit before changes in operating assets & liabilities	1,142,032,405	3,334,027,525
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(11,290,321,149)	(12,091,885,321)
Other assets	(362,260,459)	285,323,789
Deposits from other banks	(2,356,427,434)	963,238,791
Deposits from customers	(7,135,818,746)	30,745,860,885
Trading liabilities (short-term borrowings)	6,230,544,019	(8,557,748,994)
Other liabilities	4,505,177,704	5,875,153,318
	(10,409,106,066)	17,219,942,470
Net cash (used in)/ flow from operating activities (a)	(9,267,073,662)	20,553,969,995
Cash flows from investing activities		
Purchase of government securities	1,732,969,841	(14,790,747,653)
(Purchase)/Sale of trading securities, shares, bonds, etc.	527,860,194	(120,065,079)
Purchase of property, plant and equipment	(335,210,688)	(217,381,698)
Net cash flow from/ (used in) investing activities (b)	1,925,619,347	(15,128,194,430)
Cash flows from financing activities		
Increase/(decrease) of long-term borrowings	(615,812,976)	216,905,686
Dividend paid	(302,045)	(120,780)
Net cash (used in)/ flow from financing activities (c)	(616,115,021)	216,784,906
Net (decrease)/increase in cash (a+b+c)	(7,957,569,335)	5,642,560,471
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	30,479,385,462	24,836,824,990
Cash and cash equivalents at end of the period (*)	22,521,816,127	30,479,385,462
(*) Cash and cash equivalents:		
Cash	1,572,393,188	1,536,407,693
Prize bonds	3,193,400	3,751,200
Money at call and on short notice	496,384,436	6,112,905,779
Balance with Bangladesh Bank and its agent bank(s)	16,208,509,520	18,171,318,283
Balance with other banks and financial institutions	4,241,335,582	4,655,002,507
	22,521,816,127	30,479,385,462
Net Operating Cash Flow Per Share (NOCFPS)	(12.22)	27.11

For and on behalf of the Board of Directors of AB Bank Limited



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

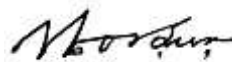
AB Bank Limited and its Subsidiaries

**Consolidated Statement of Changes in Equity
For the year ended 31 December 2017**

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Non-Controlling interest	Retained earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance at 01 January 2017	6,738,936,140	6,495,637,440	1,298,909,941	1,303,760,780	4,526,759	646,197,784	9,911,986	7,836,238,115	24,334,118,946
Adjustment:									
Bonus for 2016:									
12.50% stock dividend	842,367,010	-	-	-	-	-	-	(842,367,010)	-
Restated balance at 01 January 2017	7,581,303,150	6,495,637,440	1,298,909,941	1,303,760,780	4,526,759	646,197,784	9,911,986	6,993,871,105	24,334,118,946
Net profit after taxation for the year	-	-	-	-	-	-	190,013	40,644,569	40,834,581
Addition/(adjustment) made during the year	-	26,124,722	-	(3,280,464)	-	(438,236,254)	4,614	(40,700,594)	(456,087,976)
Foreign exchange rate fluctuation	-	27,480,837	3,349,947	-	(3,923,033)	-	-	57,952,615	84,860,366
Balance at 31 December 2017	7,581,303,150	6,549,242,999	1,302,259,888	1,300,480,316	603,726	207,961,529	10,106,613	7,051,767,695	24,003,725,917
Balance at 31 December 2016	6,738,936,140	6,495,637,440	1,298,909,941	1,303,760,780	4,526,759	646,197,784	9,911,986	7,836,238,115	24,334,118,946



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

AB Bank Limited
Balance Sheet
As at 31 December 2017

	Notes	2017 BDT	2016 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3	17,780,769,152	19,707,650,776
In hand (including foreign currencies)	3.1	1,572,259,632	1,536,332,492
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	16,208,509,520	18,171,318,283
Balance with other banks and financial institutions	4	3,987,238,222	4,557,434,958
In Bangladesh		2,295,067,692	2,531,704,237
Outside Bangladesh		1,692,170,531	2,025,730,721
Money at call and on short notice	5	1,170,389,436	6,805,563,459
Investments	6	45,749,363,948	48,187,206,862
Government	6.1	39,732,017,188	41,903,780,261
Others	6.2	6,017,346,761	6,283,426,601
Loans, advances and lease/investments	7	229,647,286,231	218,769,451,248
Loans, cash credits, overdrafts, etc./Investments		228,624,340,946	218,136,406,416
Bills purchased and discounted	8	1,022,945,284	633,044,832
Fixed assets including premises, furniture and fixtures	9	4,113,341,268	4,080,377,435
Other assets	10	12,116,611,208	12,728,206,273
Non-banking assets		-	-
Total Assets		314,564,999,466	314,835,891,011
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	21,871,443,363	15,454,422,143
AB Bank subordinated bonds	12	6,000,000,000	6,500,000,000
Deposits and other accounts	13	235,954,308,453	245,640,782,909
Current accounts and other accounts		21,822,803,753	22,298,120,917
Bills payable		2,251,301,559	4,865,582,322
Savings bank deposits		29,869,956,989	28,024,691,434
Fixed deposits		129,606,179,136	122,034,379,371
Other deposits		52,404,067,016	68,418,008,865
Other liabilities	14	27,968,002,561	24,126,225,778
Total Liabilities		291,793,754,377	291,721,430,830
Capital/Shareholders' Equity			
Total Shareholders' Equity		22,771,245,089	23,114,460,183
Paid-up capital	15	7,581,303,150	6,738,936,140
Statutory reserve	16	6,549,242,999	6,495,637,440
Other reserve	17	2,628,706,941	3,070,222,838
Retained earnings	18	6,011,991,999	6,809,663,765
Total Liabilities and Shareholders' Equity		314,564,999,466	314,835,891,011

AB Bank Limited

Balance Sheet

As at 31 December 2017

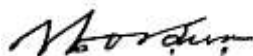
	Notes	2017 BDT	2016 BDT
Off-Balance Sheet Items			
Contingent liabilities	19	65,450,616,147	73,478,914,136
Acceptances and endorsements		24,089,423,485	29,034,996,366
Letters of guarantee	19.1	13,525,351,128	13,920,306,922
Irrevocable letters of credit		15,836,913,326	22,005,679,984
Bills for collection		9,392,397,842	8,517,930,863
Other contingent liabilities		2,606,530,367	-
Other commitments		-	-
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		65,450,616,147	73,478,914,136

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of AB Bank Limited



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 30 April 2018



S. F. AHMED & CO
Chartered Accountants

AB Bank Limited

Profit and Loss Account

For the year ended 31 December 2017

	Notes	2017 BDT	2016 BDT
OPERATING INCOME			
Interest income/profit on investments	21	17,566,941,274	18,914,027,627
Interest paid/profit on deposits and borrowings, etc.	22	(14,896,849,195)	(16,077,046,356)
Net interest income		2,670,092,078	2,836,981,270
Investment income	23	4,781,859,929	5,348,168,994
Commission, exchange and brokerage	24	2,784,725,871	2,717,093,896
Other operating income	25	110,356,902	115,809,979
		7,676,942,702	8,181,072,869
Total operating income (a)		10,347,034,780	11,018,054,139
OPERATING EXPENSES			
Salary and allowances	26	2,914,079,909	2,933,522,905
Rent, taxes, insurance, electricity, etc.	27	734,026,531	697,882,398
Legal expenses	28	7,587,144	18,146,709
Postage, stamps, telecommunication, etc.	29	125,681,567	135,901,070
Stationery, printing, advertisement, etc.	30	198,728,972	196,167,659
Chief executive's salary and fees	26.1	9,940,551	13,510,481
Directors' fees	31	7,984,642	9,586,543
Auditors' fees	32	3,164,822	5,012,790
Depreciation and repairs of Bank's assets	33	516,842,435	564,494,152
Other expenses	34	1,352,875,569	1,424,393,841
Total operating expenses (b)		5,870,912,144	5,998,618,547
Profit before provision (c = (a-b))		4,476,122,637	5,019,435,593
Provision against loans and advances	35	4,623,884,798	2,932,772,661
Provision for diminution in value of investments	36	10,000,000	25,000,000
Other provisions	37	171,752	59,558,484
Total provision (d)		4,634,056,549	3,017,331,145
Profit before taxation (c-d)		(157,933,912)	2,002,104,448
Provision for taxation		(187,534,877)	697,434,025
Current tax		1,377,814,079	1,581,104,434
Deferred tax		(1,565,348,957)	(883,670,410)
Net profit after taxation		29,600,965	1,304,670,423
Appropriations			
Statutory reserve		26,124,722	388,712,367
General reserve		-	-
Dividends, etc.		-	-
		26,124,722	388,712,367
Retained surplus		3,476,243	915,958,056
Earnings Per Share (EPS)	39	0.04	1.72

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of AB Bank Limited



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

See annexed report of the date

AB Bank Limited
Cash Flow Statement
For the year ended 31 December 2017

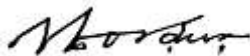
	Notes	2017 BDT	2016 BDT
Cash flows from operating activities			
Interest receipts		14,491,334,008	17,784,319,539
Interest payments		(15,236,931,931)	(16,063,465,450)
Dividend receipts		187,773,760	192,687,562
Fees and commission receipts		1,690,166,432	1,872,192,713
Recoveries on loans previously written off		6,286,093	23,385,264
Payments to employees		(2,924,020,460)	(2,947,033,386)
Payments to suppliers		(198,728,972)	(196,167,659)
Income taxes paid		(587,953,908)	(1,426,153,910)
Receipts from other operating activities	40	5,779,382,812	6,167,893,301
Payments for other operating activities	41	(2,447,719,622)	(2,517,832,213)
Operating profit before changes in operating assets & liabilities		759,588,210	2,889,825,760
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(11,080,165,586)	(10,954,512,194)
Other assets		(270,659,557)	(575,458,450)
Deposits from other banks		(2,356,427,434)	963,238,791
Deposits from customers		(6,989,964,285)	30,845,057,712
Trading liabilities (short-term borrowings)		6,532,834,196	(8,455,827,852)
Other liabilities		4,221,168,415	5,746,275,074
		(9,943,214,250)	17,568,773,082
Net cash (used in)/ flow from operating activities (a)		(9,183,626,040)	20,458,598,843
Cash Flows from Investing Activities			
Sale/(Purchase) of government securities		1,732,969,841	(14,790,747,653)
(Purchase)/Sale of trading securities, shares, bonds, etc.		266,079,840	(104,188,380)
Purchase of property, plant and equipment		(332,118,804)	(217,381,698)
Net cash flow from/ (used in) investing activities (b)		1,666,930,877	(15,112,317,731)
Cash flows from financing activities			
Increase/(decrease) of long-term borrowings		(615,812,976)	216,905,686
Dividend paid		(302,045)	(120,780)
Net cash (used in)/ flow from financing activities (c)		(616,115,021)	216,784,906
Net Increase/(decrease) in cash (a+b+c)		(8,132,810,183)	5,563,066,018
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		31,074,400,393	25,511,334,373
Cash and cash equivalents at end of the period (*)		22,941,590,211	31,074,400,393
(*) Cash and cash equivalents:			
Cash		1,572,259,632	1,536,332,492
Prize bonds		3,193,400	3,751,200
Money at call and on short notice		1,170,389,436	6,805,563,459
Balance with Bangladesh Bank and its agent bank(s)		16,208,509,520	18,171,318,283
Balance with other banks and financial institutions		3,987,238,222	4,557,434,958
		22,941,590,211	31,074,400,393
Net Operating Cash Flow Per Share (NOCFPS)		(12.11)	26.99

These financial statements should be read in conjunction with annexed notes.

For and on behalf of the Board of Directors of AB Bank Limited



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

AB Bank Limited

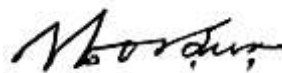
**Statement of Changes in Equity
For the year ended 31 December 2017**

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Investment revaluation reserve	Retained earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT	BDT
Balance at 01 January 2017	6,738,936,140	6,495,637,440	1,222,199,200	1,303,760,781	544,262,857	6,809,663,765	23,114,460,183
Adjustment:							
Bonus for 2016:							
12.50% stock dividend	842,367,010	-	-	-	-	(842,367,010)	-
Balance at 01 January 2017	7,581,303,150	6,495,637,440	1,222,199,200	1,303,760,781	544,262,857	5,967,296,755	23,114,460,183
Net profit after taxation for the year	-	-	-	-	-	29,600,965	29,600,965
Transfer during the year	-	-	-	-	-	-	-
Addition/(adjustment) made during the year	-	26,124,722	-	(3,280,464)	(438,235,432)	(40,696,807)	(456,087,981)
Foreign exchange rate fluctuation	-	27,480,837	-	-	-	55,791,085	83,271,922
Balance at 31 December 2017	7,581,303,150	6,549,242,999	1,222,199,200	1,300,480,317	106,027,424	6,011,991,999	22,771,245,089
Balance at 31 December 2016	6,738,936,140	6,495,637,440	1,222,199,200	1,303,760,781	544,262,857	6,809,663,765	23,114,460,183

For and on behalf of the Board of Directors of AB Bank Limited



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

Dhaka, Bangladesh
Dated, 30 April 2018

AB Bank Limited

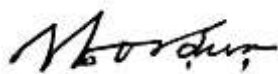
**Liquidity Statement
Analysis of Maturity of Assets and Liabilities
As at 31 December 2017**

Particulars	Up to 1 month's maturity	1-3 months' maturity	3-12 months' maturity	1-5 years' maturity	More than 5 years' maturity	Total
	BDT	BDT	BDT	BDT	BDT	BDT
<u>Assets</u>						
Cash in hand and with banks	1,959,324,854	-	-	-	15,821,444,299	17,780,769,152
Balance with other banks and financial institutions	2,057,238,222	980,000,000	950,000,000	-	-	3,987,238,222
Money at call and on short notice	426,185,831	717,728,614	26,474,990	-	-	1,170,389,436
Investments	324,481,526	3,909,533,003	3,835,507,059	18,901,620,407	18,778,221,955	45,749,363,949
Loans, advances and lease/investments	33,618,889,915	64,624,154,225	97,214,979,369	28,334,652,024	5,854,610,697	229,647,286,231
Fixed assets including premises, furniture and fixtures	-	-	-	-	4,113,341,268	4,113,341,268
Other assets	383,629,066	2,651,164,050	2,574,534,978	1,278,756,200	5,228,526,913	12,116,611,207
Non-banking assets	-	-	-	-	-	-
Total Assets	38,769,749,413	72,882,579,892	104,601,496,397	48,515,028,631	49,796,145,132	314,564,999,466
<u>Liabilities</u>						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	11,824,698,976	6,535,418,536	3,316,040,278	5,098,941,363	1,096,344,210	27,871,443,363
Deposit and other accounts	25,984,878,117	65,613,559,826	92,961,101,931	49,922,109,310	1,472,659,270	235,954,308,453
Provision and other liabilities	685,709,579	701,174,457	6,419,178,187	20,159,166,208	2,774,129	27,968,002,561
Total Liabilities	38,495,286,672	72,850,152,819	102,696,320,396	75,180,216,881	2,571,777,609	291,793,754,377
Net Liquidity Excess/(shortage)	274,462,741	32,427,073	1,905,176,001	(26,665,188,250)	47,224,367,523	22,771,245,089

For and on behalf of the Board of Directors of AB Bank Limited



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

Dhaka, Bangladesh
Dated, 30 April 2018

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

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 2018). 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 105 Branches including one (1) Islami Banking Branch and one (1) Overseas Branch in Mumbai, India. The Bank has five subsidiary companies namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, Arab Bangladesh Bank Foundation all incorporated in Bangladesh and AB International Finance Limited, incorporated in Hong Kong.

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) Limited and Chittagong Stock Exchange (CSE) Limited 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.

AB Bank Limited

Notes to the Financial Statements

For the year ended 31 December 2017

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.

Consolidated financial statements and financial statements of the Bank were made for the year ended 31 December 2017 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 2018); 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 and AB International Finance Limited, Hong Kong 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 2017.

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-E**.

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 2017 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**.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

Amana Bank Limited as associates

AB Bank Limited invested in Amana Bank Limited, Sri Lanka which is a licensed commercial bank and established under the Banking Act No. 30 of 1988 (Sri Lankan Banking Act) and amendments thereto. Amana Bank is a public limited liability company incorporated on 05 February 2009 and the registered office of the Bank is located at No. 480, Galle Road, Colombo 3. The Bank commenced commercial banking operations on 01 August 2011. Amana Bank is also a listed company under the Colombo Stock Exchange.

The principal activities of the Bank is to provide Sharia compliant banking and related activities such as accepting customer deposits, personal banking, lease financing, home and property financing, advances against gold, resident and non-resident foreign currency operations, trade financing, import and export financing, equipment and machinery financing, working capital financing and project financing.

Although AB Bank Limited invested 7.22% in equity of Amana Bank Limited, Amana Bank Limited considered as associates. A representative in the board of directors of Amana Bank Limited holds by the Bank.

Investment in Amana Bank Limited is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets in accordance with BAS 28 using the equity method as AB has 7.22% holding in equity of Amana Bank with a representation in their Board. The Balance Sheet and Profit and Loss Account of Amana Bank Limited have been shown separately in **Annexure-K**.

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-L**.

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-M**.

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-N**.

AB Bank Limited

Notes to the Financial Statements

For the year ended 31 December 2017

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-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 2017 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.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

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.

AB Bank Limited**Notes to the Financial Statements
For the year ended 31 December 2017****Loans and advances**

- i. Loans and advances/investments in Islamic Banking Branch are stated at gross amounts at 31 December 2017.
- ii. Interest/profit is calculated on a daily basis but charged and accounted 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 income until realized from borrowers. Interest/profit is not charged on bad and loss loans/ investments as per guideline of Bangladesh Bank.
- iii. Commission on bills purchased and discounting are recognised at the time of realisation.
- iv. 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 29 January 2015, BRPD Circular No. 08 dated 02 August 2015, BRPD Circular No. 12 dated 20 August 2017 and BRPD Circular No. 15 dated 27 September 2017. The rates for provisions are stated below:

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	1%	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 has 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.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

Value of investments has been enumerated as follows:

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

Investment in listed securities

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

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

Investment in unlisted securities

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

Investment in subsidiaries

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

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%

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

- 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 2018), 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.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

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 10.1).

Retirement benefits to the employees

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

Provident fund

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

Staff gratuity

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

Superannuation fund

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

Provision for liabilities

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

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

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 required to be maintained as per circular letter no. FEPD(FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank.

Non- controlling Interest

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

As per BFRS 10 'Consolidated Financial Statements' Bank presents non- controlling 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 non-controlling interest. Total shareholders equity is attributed to the owners of the parent and to the non- controlling interest even if this result in the non- controlling 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 2017.

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.

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 2017. 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.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

1.10 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 and segment business

Particulars	AB Bank Limited							Subsidiaries				Adjustment	BDT in Crore	AB Bank and its subsidiaries
	Inside Bangladesh				India (Mumbai Branch)	Adjustment	Total	Inside Bangladesh			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)				
Profit and loss account														
Interest income	1,711.71	53.73	-	45.14	5.39	(59.27)	1,756.69	41.47	7.54	0.32	3.98	(0.45)	1,809.54	
Int. paid on deposits & borrowings, etc.	1,426.21	38.37	31.58	48.89	2.28	(57.64)	1,489.68	1.60	2.69	-	0.49	(0.72)	1,493.74	
Net interest income	285.50	15.37	(31.58)	(3.74)	3.10	(1.63)	267.01	39.87	4.85	0.32	3.49	0.27	315.80	
Investment income	450.25	0.20	24.63	-	3.11	-	478.19	1.34	1.11	0.02	-	(8.04)	472.61	
Commission, exchange and brokerage	235.88	3.14	-	0.27	34.22	4.96	278.47	6.89	8.49	-	5.57	-	299.42	
Other operating income	10.63	0.06	-	0.00	0.34	-	11.04	1.26	0.29	-	6.07	(0.82)	17.84	
Total operating income	982.27	18.77	(6.96)	(3.47)	40.77	3.33	1,034.70	49.36	14.74	0.33	15.13	(8.59)	1,105.68	
Operating Expenses														
Salary and allowances	286.39	3.65	-	0.64	1.73	-	292.40	1.66	2.59	0.03	3.32	-	300.00	
Rent, taxes, insurance, electricity, etc.	71.08	0.14	0.00	0.00	2.18	-	73.40	0.23	0.83	-	0.81	(0.55)	74.72	
Legal expenses	0.74	0.00	-	-	0.02	-	0.76	0.02	-	0.01	0.05	-	0.84	
Postage, stamps, telecom., etc.	11.50	0.05	-	0.02	0.99	-	12.57	0.09	0.15	-	0.87	-	13.68	
Stationery, printing, advertisement, etc.	19.51	0.05	-	0.02	0.29	-	19.87	0.03	0.06	-	0.03	-	19.99	
Directors' fees	0.79	0.01	-	-	-	-	0.80	0.02	0.04	0.01	-	-	0.87	
Auditors' fees	0.23	-	-	-	0.08	-	0.32	0.01	0.01	0.00	0.04	-	0.38	
Charges on loan losses	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation & repairs of Bank's assets	50.77	0.22	-	0.10	0.60	-	51.68	1.84	0.18	0.01	0.04	-	53.76	
Other expenses	117.72	0.76	0.72	0.58	15.51	-	135.29	1.21	1.02	0.00	0.34	-	137.86	
Total operating expenses	558.73	4.88	0.72	1.37	21.39	-	587.09	5.11	4.89	0.05	5.49	(0.55)	602.09	
Profit before provision	423.53	13.89	(7.68)	(4.84)	19.38	3.33	447.61	44.25	9.85	0.28	9.64	(8.04)	503.58	
Provision against loans and advances							462.39						495.01	
Provision for diminution in value of investments							1.00						1.21	
Other provisions							0.02						0.02	
Total provision							463.41						496.24	
Profit before taxation							(15.79)						7.35	
Provision for taxation							(18.75)						3.27	
Net profit after taxation							2.96						4.08	

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

By geographical location and segment business (cont.)

Balance Sheet

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

BDT in Crore

PROPERTY AND ASSETS

Cash	1,744.29	33.40	-	-	0.39	-	1,778.08	0.00	0.00	0.00	0.01	-	1,778.09
Balance with other banks & fin.institution	248.46	222.08	-	0.59	93.49	(165.90)	398.72	0.02	54.98	3.73	5.90	(39.22)	424.13
Money at call and on short notice	774.24	-	-	227.14	37.64	(921.97)	117.04	-	-	-	-	(67.40)	49.64
Investments	3,946.20	28.00	391.43	-	49.57	159.74	4,574.94	45.61	17.60	0.07	-	-	4,638.21
Loans and advances	21,363.31	461.32	-	1,066.02	76.58	(2.50)	22,964.73	680.90	92.65	-	81.04	(55.86)	23,763.45
Fixed assets	408.80	1.13	-	0.26	1.14	-	411.33	58.36	0.22	0.00	0.02	-	469.92
Other assets	3,072.26	4.00	2.88	0.16	44.10	(1,911.73)	1,211.66	10.17	6.98	3.02	2.98	(648.43)	586.39
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	31,557.55	749.92	394.31	1,294.17	302.92	(2,842.37)	31,456.50	795.06	172.42	6.83	89.94	(810.91)	31,709.84

LIABILITIES AND CAPITAL

Liabilities

Borrowings from other banks, financial institutions and agents	2,520.92	210.37	-	1,279.26	-	(1,223.40)	2,787.14	33.36	22.60	-	66.92	(122.78)	2,787.25
Deposits and other accounts	22,923.01	524.08	0.00004	1.42	153.54	(6.62)	23,595.43	-	-	-	-	(39.22)	23,556.21
Other liabilities	3,750.19	15.47	395.52	18.43	36.20	(1,419.01)	2,796.80	82.98	97.64	0.98	5.10	(17.48)	2,966.01
Total Liabilities	29,194.12	749.92	395.52	1,299.11	189.75	(2,649.04)	29,179.38	116.34	120.25	0.98	72.02	(179.49)	29,309.47
Total Shareholders' Equity	2,363.44	-	(1.21)	(4.94)	113.18	(193.34)	2,277.12	678.72	52.18	5.85	17.92	(632.44)	2,399.36
Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	1.01	1.01
Total Liabilities & Shareholders' Equity	31,557.55	749.92	394.31	1,294.17	302.92	(2,842.37)	31,456.50	795.06	172.42	6.83	89.94	(810.91)	31,709.84

1.11 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 no.	Name of BAS	No. of BAS	Status
1	Presentation of Financial Statements	1	Complied
2	Inventories	2	Complied
3	Statement of Cash Flows	7	*
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 Exchange 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	Complied
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	N/A
29	Agriculture	41	N/A

SI no.	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	N/A
4	Insurance Contracts	4	N/A
5	Non-Current Assets Held for Sale and Discontinued Operations	5	Complied
6	Exploration for and Evaluation of Mineral Resources	6	N/A
7	Financial Instruments: Disclosures	7	*
8	Operating Segments	8	Complied
9	Financial Instruments	9	N/A
10	Consolidated Financial statements	10	Complied
11	Joint Arrangements	11	N/A
12	Disclosure of interests in other Entities	12	Complied
13	Fair Value Measurement	13	N/A
14	Regulatory Deferral Accounts	14	N/A
15	Revenue from Contracts with Customers	15	N/A

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

1.12 Compliance of Bangladesh Bank regulations over BAS/BFRS:

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

Notes to the Financial Statements
For the year ended 31 December 2017

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

SI No.	Issues	BAS/BFRS	Bangladesh Bank
5	Repo and reverse repo transactions	When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar asset) at a fixed price on a future date (REPO), the arrangement 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.
6	Provision on loans and advances/ investments	As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis. Such provision shall be netted off against loans and advances.	As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39. Also for disclosure such provision shall be shown as liability as opposed to netting of against loans and advances.
7	Recognition of interest in suspense	Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.	As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified; interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to interest suspense account, which is presented as liability in the balance sheet.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

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

SI No.	Issues	BAS/BFRS	Bangladesh Bank
8	Non-banking asset	No indication of Non-banking asset is found in any BFRS.	As per BRPD circular No. 14, dated 25 June 2003 there must exist a face item named Non-banking asset.
9	Cash flow statement	The cash flow statement can be prepared using either the direct method or the indirect method as per BAS-7. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per BRPD circular No. 14, dated 25 June 2003 cash flow is the mixture of direct and indirect methods.
10	Financial Guarantee	Financial guarantee liabilities are recognised initially at their fair value (as measured in accordance with BFRS 13), and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included under other liabilities.	As per BRPD Circular no. 14 dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee, Acceptance and Endorsement, etc. will be treated as off balance sheet items.

1.13 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 2018)
- 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 and Rules, 1984
- ix. The Value Added Tax (VAT) Act and Rules, 1991
- x. Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) Listing Regulations, 2015
- xi. Central Depository Bangladesh Limited (CDBL) rules and regulations.

1.14 Reporting period

SI no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2017 to 31 December 2017
2	Off Shore Banking Unit	01 January 2017 to 31 December 2017
3	Mumbai Branch, India	01 January 2017 to 31 December 2017
4	AB Investment Limited	01 January 2017 to 31 December 2017
5	AB Securities Limited	01 January 2017 to 31 December 2017
6	Cashlink Bangladesh Limited	01 January 2017 to 31 December 2017
7	AB International Finance Limited	01 January 2017 to 31 December 2017
8	Arab Bangladesh Bank Foundation	01 January 2017 to 31 December 2017

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 and Pillar-2 risk as well. 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 Department 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 Department.

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.

Operational risk

Operational risk address the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and external events among others. Bank is managing these risks 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. 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 January 2011 and BRPD Circular no.02 dated 27 February 2011 respectively. Bank accordingly introduced the Guideline on Environment Risk Management on 15 June 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 2016	May 28, 2017	A ₁	ST-2
Jan to Dec 2015	May 19, 2016	AA ₃	ST-2
Jan to Dec 2014	April 30, 2015	AA ₃	ST-2
Jan to Dec 2013	March 27, 2014	AA ₃	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

AB Bank Limited**Notes to the Financial Statements
For the year ended 31 December 2017**

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

There was no material event 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.	Feroz Ahmed	Common Director

- b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in BDT
Elite International Ltd.	Common Director	Office Rent	1,656,000

- c) Loans/placement given to subsidiary of the Bank

Sl. No.	Name of Party	Connection with party	Nature of transaction	Amount in BDT
01	AB Investment Limited	99.99% owned Subsidiary	Loans and advances	332,558,001
02	AB Securities Limited	99.91% owned Subsidiary	Loans and advances	226,047,986
03	AB International Finance Limited	Fully owned (100%) Subsidiary	Placement through OBU	674,005,000
Total loans/placement to subsidiary				1,232,610,987

Notes to the Financial Statements
For the year ended 31 December 2017

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 27 October 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	Chartered Accountant
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.

* Retired in the 35th AGM held on 21 December 2017.

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

ii) Meeting held with Audit Committee

During the year 2017, the Audit Committee conducted 9 (nine) 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 2017;
- 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	Prominent Islamic Scholar & Banker. M.A (Economics) Dhaka University
2	Jb. Md. Shouquat Ali	Vice-Chairman	B.A (Hons.) M.A (Eco.), LLB (1st class). Ex-Company Secretary & Head of Law Division, IBBL
3	Jb. Mawlana Muhammad Musa	Member	Prominent author and research Scholar of Quran & Hadith. Kamil, Madrasah Edu. Board, B.Com (Hons) M.Com, Dhaka University
4	Jb. Prof. Dr. Md. Mahfuzur Rahman	Member	B.A (Hon's) M.A, PhD. Prominent author and Islamic research scholar, Prof. of Arabic Language & Literature, Islamic University, Kustia. Bangladesh
5	Jb. M. A. Awal, Chairman, BOD, ABBL	Member	B.Com from Dhaka University
6	Jb. Moshir Rahman Chowdhury, President & Managing Director, ABBL	Member	M.Com (Accounting), Dhaka University
7	Jb. Dr. Mohd. Haroon Rashid	Member-Secretary	M.A, M. Phil PhD Aligarh University, 1st Class) Darul Ulum Dewband, India

During 2017, AB Bank Shariah Supervisory Committee met in 04 (Four) meetings (Full Committee 02+Sub-Committee 02) and reviewed different operational issues, including those referred to it by the Management of the Bank and gave opinion and decisions related to Islamic Shariah.

The important issues attending by the Shariah Supervisory Committee during the year 2017 are :

- Reviewing the Half-Yearly Shariah Audit Report (July-December,2016) of Islami Banking Branch and its observations.
- Approving the Final Account, 2016 of Islami Banking Branch.
- Approving the Annual Report of Shariah Supervisory Committee for the year 2016 on Islamic banking operation of the Bank.
- Reviewing the Half-Yearly Shariah Audit Report (January-June,2017) of Islami Banking Branch and its observations.
- Formulated Compensation Fund Policy of the Bank.

2. General

- i. Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year.
- ii. Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- iii. These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

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**Notes to the Financial Statements
For the year ended 31 December 2017**

		31.12.2017	31.12.2016
		BDT	BDT
3. Cash			
Cash in hand	(note 3.1)	1,572,259,632	1,536,332,492
Balance with Bangladesh Bank and its agent bank(s)	(note 3.2)	16,208,509,520	18,171,318,283
		17,780,769,152	19,707,650,776
3(a) Consolidated Cash			
AB Bank Limited		17,780,769,152	19,707,650,776
AB Investments Limited		25,000	25,000
AB International Finance Limited		54,421	10,117
AB Securities Limited		17,235	2,245
Cashlink Bangladesh Limited (CBL)		36,900	37,839
		17,780,902,708	19,707,725,976
3.1 Cash in hand			
In local currency		1,535,640,422	1,505,667,616
In foreign currency		36,619,210	30,664,876
		1,572,259,632	1,536,332,492
3.1(a) Consolidated cash in hand			
AB Bank Limited		1,572,259,632	1,536,332,492
AB Investments Limited		25,000	25,000
AB International Finance Limited		54,421	10,117
AB Securities Limited		17,235	2,245
Cashlink Bangladesh Limited (CBL)		36,900	37,839
		1,572,393,188	1,536,407,693
3.2 Balance with Bangladesh Bank and its agent bank(s)			
Balance with Bangladesh Bank			
In local currency		15,817,138,378	17,465,080,869
In foreign currency		46,019,236	298,117,635
		15,863,157,613	17,763,198,503
Sonali Bank Limited		345,351,907	408,119,780
(as an agent bank of Bangladesh Bank) - local currency		16,208,509,520	18,171,318,283
3.2.1 Balance with Bangladesh Bank- local currency			
Balance as per Bank ledger		15,817,138,378	17,465,080,869
Unresponded debit entries:		72,033,679	416,427,442
Bangladesh Bank statement		72,033,679	407,941,845
AB Bank's ledger		-	8,485,597

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	31.12.2017 BDT	31.12.2016 BDT
<u>Unresponded credit entries:</u>	87,858,834	82,152,179
Bangladesh Bank statement	87,668,834	81,962,179
AB Bank's ledger	190,000	190,000
	15,832,963,533	17,130,805,606

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 December 2017 is given below:

Year of unreconciliation	Number of unresponded entry		Unresponded amount	
	Debit	Credit	Debit	Credit
Less than 3 months	16	16	71,533,679	87,668,834
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	1	1	500,000	190,000
Total	17	17	72,033,679	87,858,834

3.2.2 Balance with Bangladesh Bank-foreign currency

	31.12.2017 BDT	31.12.2016 BDT
Balance as per Bank ledger	46,019,236	298,117,635
<u>Unresponded debit entries:</u>	42,771,544	118,316,794
Bangladesh Bank statement	42,152,169	250,144
AB Bank's ledger	619,375	118,066,650
<u>Unresponded credit entries:</u>	407,436,105	518,246,575
Bangladesh Bank statement	119,873,698	223,842,629
AB Bank's ledger	287,562,407	294,403,946
Balance as per Bangladesh Bank statement	410,683,797	698,047,416

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 Decemebr 2017 is given below:

Period of unreconciliation	Number of unresponded entry		Unresponded amount	
	Debit	Credit	Debit	Credit
Less than 3 months	7	362	42,771,544	407,426,640
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	1	-	9,465
12 months and more	-	-	-	-
Total	7	363	42,771,544	407,436,105

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	31.12.2017 BDT	31.12.2016 BDT
3.2(a) Consolidated balance with Bangladesh Bank and its agent bank(s)		
AB Bank Limited	16,208,509,520	18,171,318,283
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	16,208,509,520	18,171,318,283

3.3 Statutory deposits

Conventional Banking (Inside Bangladesh)

Cash Reserve Requirement and Statutory Liquidity Ratio

Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 33 of the Banking Companies Act 1991 (amendment up to 2018), 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 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.

	31.12.2017 BDT	31.12.2016 BDT
i. Daily position as on the reporting date		
Required reserve	15,303,518,084	16,524,589,436
Actual reserve maintained	15,491,428,205	16,840,182,357
Surplus	187,910,122	315,592,920

As per Bank ledger, balance with Bangladesh Bank (local currency) is BDT 15,486,603,050 while as per Bangladesh Bank Statements balance is BDT 15,502,428,205 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 and demand liabilities)	260,159,807,423	280,918,020,418
Actual reserve maintained	262,922,547,239	283,448,606,792
Surplus	2,762,739,816	2,530,586,374

AB Bank Limited**Notes to the Financial Statements
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	31.12.2017 BDT	31.12.2016 BDT
(b) Statutory Liquidity Ratio (SLR)		
Required reserve (13% of total time and demand liabilities)	30,607,036,167	33,049,178,873
Actual reserve maintained	41,546,971,700	43,898,597,690
Total surplus	10,939,935,533	10,849,418,817

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 @ 6.57% and @ 17.65% respectively at the year end.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand	1,564,885,884	1,523,355,928
Balance with Sonali Bank	345,351,907	408,119,780
HTM Securities	35,703,878,392	26,772,534,816
HFT Securities	3,744,945,396	14,878,994,246
Excess reserve of CRR	187,910,122	315,592,920
	41,546,971,700	43,898,597,690

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

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Banking Companies Act, 1991 (amendment up to 2018) 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 (BGIIIB), 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:

(a) Cash Reserve Requirement (CRR)

Required reserve	330,016,093	278,995,186
Actual reserve maintained	330,535,328	279,623,249
Surplus	519,235	628,063

(b) Statutory Liquidity Ratio (SLR)

Total required reserve	279,244,386	236,072,850
Total actual reserve held	283,968,455	253,428,446
Total surplus	4,724,069	17,355,596

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

AB Bank Limited

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The statutory cash reserve ratio is required on the Bank's time and demand liabilities at the rate of 4.00% for 31.12.2016 and for 31.12.2017 and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 20.75% for 31.12.2016 and 19.5% for 31.12.2017 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:

	31.12.2017 BDT	31.12.2016 BDT
(a) Cash Reserve Ratio (CRR)		
Required reserve	14,086,760	11,715,608
Actual reserve maintained	31,560,412	25,831,749
Surplus	17,473,651	14,116,141
(b) Statutory Liquidity Ratio (SLR)		
Required reserve	248,186,509	297,935,158
Actual reserve maintained	495,667,389	422,292,782
Surplus	247,480,880	124,357,623
Total required reserve	262,273,269	309,650,766
Total actual reserve held	527,227,800	448,124,531
Total surplus	264,954,531	138,473,765
4. Balance with other banks and financial institutions		
In Bangladesh (note 4.1)	2,295,067,692	2,531,704,237
Outside Bangladesh (note 4.2)	1,692,170,531	2,025,730,721
	3,987,238,222	4,557,434,958
4(a) Consolidated balance with other banks and financial institutions		
In Bangladesh (note 4.1.a)	2,490,976,583	2,624,288,364
Outside Bangladesh (Nostro Accounts) (note 4.2.a)	1,750,358,999	2,030,714,143
	4,241,335,582	4,655,002,507

4.1 In Bangladesh

Current Deposits

Standard Chartered Bank, Dhaka City Centre Branch	3,389,364	2,913,073
Agrani Bank Ltd., VIP Road Branch, Sylhet	5,018,965	7,010
Agrani Bank Ltd., Local Office, Dhaka	24,885	24,885
Islami Bank Bangladesh Ltd., Local Office	17,277	17,277
Agrani Bank Ltd., Bhairab Bazar Branch	24,500,534	7,000,534
Janata Bank Ltd., Jessore Branch	23,125	60,463
Agrani Bank Ltd., Mymensingh Branch	34,200	47,350
Trust Bank Ltd., Mymensingh Branch	73,754	87,774
Janata Bank Ltd., Corporate Branch, Bogra	18,730	38,685
Rupali Bank Ltd., Bogra Branch	9,600	10,175
Agrani Bank Ltd., Thana Road Branch, Bogra	14,017,621	41,322,566
RAKUB, Bogra Branch	16,586	11,339

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	31.12.2017	31.12.2016
	BDT	BDT
Current Deposits (cont.)		
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi	5,000	5,000
Janata Bank Ltd., Rajshahi Branch	5,000	5,000
Rupali Bank Ltd., Rajshahi Branch	10,000	7,925
Janata Bank Ltd., Rangpur Branch	5,630,865	17,305,223
RAKUB, Rangpur Branch	107,943	109,593
Rupali Bank Ltd., Rangpur Branch	203,317	691,095
Janata Bank Ltd., Chapai Nawabganj Branch	1,027,330	13,919
Janata Bank Ltd., Sirajgonj Branch	1,312	-
Agrani Bank Ltd., Brahmanbaria Branch	155	270
	54,135,562	69,679,155
Special Notice Deposits		
Agrani Bank Ltd., Rangpur Branch	9,282,234	22,587,987
Agrani Bank Ltd., Saidpur Branch	2,742	3,892
Agrani Bank Ltd., VIP Road Branch, Sylhet	2,936	23,939
Agrani Bank Ltd., Bogra Branch	7,530	7,530
Agrani Bank Ltd., Pabna Branch	1,000	1,000
Janata Bank Ltd., Pabna Branch	1,000	1,000
Agrani Bank Ltd., Jhikargachha Branch	33,825,293	23,059,512
Agrani Bank Ltd., Sirajgonj Branch	41,588	18,858,257
RAKUB, Sirajgonj Branch	5,595	1,425
Agrani Bank Ltd., Sir Iqbal Road Branch, Khulna	31,238	45,595
Agrani Bank Ltd., Naogaon Branch	11,675,861	15,571,462
Agrani Bank Ltd., Jessore Branch	17,494	5,031,193
Agrani Bank Ltd., Moulvi Bazar Branch	2,256,379	2,540,180
Agrani Bank Ltd., Satkhira Branch	8,293	9,443
Southeast Bank Ltd., Principal Branch	48,120	48,120
Agrani Bank Ltd., Principal Branch, Dhaka	45,476	668
Agrani Bank Ltd., Barisal Branch	30,227	31,542
Bangladesh Krishi Bank, Barisal Branch	11,019	42,691
Janata Bank Ltd., Barisal Branch	9,890	5,142
Standard Chartered Bank, Dhaka City Centre Branch	1,038,033	1,039,533
Islami Bank Bangladesh Ltd., Head Office Complex Corp. Br.	538,525	527,037
Bank Asia Ltd., Islami Banking Window, Shantinagar Branch	40,010	40,222
First Security Islami Bank Ltd, Dilkusha Br.	160,655	158,321
Al-Arafah Islami Bank Ltd, Dilkusha Branch	4,064,410	333,306,075
Shahjalal Islami Bank Ltd, Dhaka Main Branch	425,723	165,961
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka	337,993	89,319
Bank Alfalah Ltd, Main Branch, Dhaka	2,606,689	250,000,000
Southeast Bank Ltd., Motijheel Branch (Islami Banking)	2,542,053	2,473,793
ICB Islamic Bank Ltd., Principal Br, Motijheel	134,778	139,688
Agrani Bank Ltd., Islami Banking Window, Amin Court Corp. Br.	4,275,989	3,878,505
Jamuna Bank Ltd. Nayabazar Islami Banking Br.	364,635	14,665
Union Bank Ltd., Dilkusha Branch	5,804	6,758
	73,839,212	679,710,453
Savings Deposits		
Social Islamic Bank Ltd. Principal Branch	2,688,789	2,008,758
EXIM Bank Ltd, Motijheel Branch	4,404,129	305,873
	7,092,918	2,314,630

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	31.12.2017	31.12.2016
	BDT	BDT
Fixed Deposits		
Hajj Finance Company Ltd.	230,000,000	230,000,000
Social Islami Bank Ltd.	350,000,000	700,000,000
Phoenix Finance and Investment Ltd.	-	200,000,000
Islamic Finance & Investment Ltd.	230,000,000	100,000,000
Union Capital Ltd.	150,000,000	150,000,000
IDLC Finance Ltd.	200,000,000	150,000,000
IIDFC	-	150,000,000
EXIM Bank Ltd.	200,000,000	-
Shahjalal Islami Bank Ltd.	400,000,000	-
Peoples Leasing	-	100,000,000
IPDC Finance Ltd.	200,000,000	-
Premier Bank Ltd.	200,000,000	-
	2,160,000,000	1,780,000,000
	2,295,067,692	2,531,704,237
4.1.a Consolidated In Bangladesh		
AB Bank Limited	2,295,067,692	2,531,704,237
AB Investment Limited	165,858	589,394
AB International Finance Limited	-	-
AB Securities Limited	549,802,993	301,781,150
Cashlink Bangladesh Limited (CBL)	37,340,142	35,129,817
	2,882,376,685	2,869,204,598
<u>Less: Intercompany transaction</u>	<u>391,400,102</u>	<u>244,916,234</u>
	2,490,976,583	2,624,288,364
4.2 Outside Bangladesh		
Current Deposits		
The Bank of Tokyo Mitsubishi Limited	3,041,177	1,517,399
MFT, Yangon	82,700	-
JP Morgan Chase Bank	220,714,707	66,606,161
Sonali Bank (Kolkata)	7,932,736	4,419,042
Sonali Bank (UK) Limited USD	-	34,651,846
Sonali Bank (UK) Limited GBP	-	14,327
Myanmar Economic Bank	33,907	32,272
Citibank NA	5,760,273	15,969,528
Hatton National Bank Limited	2,945,111	3,582,419
Commerz Bank AG	170,870,132	27,564,966
NIB Bank Limited	4,124,935	7,467,975
Mashreq Bank Psc	21,194,535	56,562,687
Nepal Bangladesh Bank Limited	1,437,099	1,417,764
Bank of Bhutan	2,794,032	7,409,209
Habib Zurich	-	1,012,020
Wachovia Bank/Wells Fargo N.A	22,702,648	232,728,906
Habib America Bank	28,656,850	34,895,134
Commerz Bank AG	19,134,580	11,002,073

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	31.12.2017	31.12.2016
	BDT	BDT
Current Deposits (cont.)		
Hypovereins Bank	2,438,145	16,085,422
Habib Metro Bank	18,724,066	29,493,069
Habib Bank AG(AED)	272,922	295,963
Commerz BK CAD	1,393,371	3,614,893
Commerz BK CHF	2,158,142	4,198,199
JPMC NY	65,683,512	102,727,497
Commerz Bank ®	1,729	19,479
Reserve Bank of India	31,560,411	25,831,749
HDFC Bank CSGl	451,862	264,968
HDFC Bank Limited	97,020,543	40,875,802
Kotak Mahindra Bank	50,882,238	61,554,263
Habib American Bank Limited	5,783,907	3,303,805
Habib Bank	-	2,963,103
Habib Bank ACU	-	1,744,326
JP CHASE ACU	685,571,611	1,087,748,226
Habib Sons Bank	-	1,593,766
Standard Chartered Bank, NY, USA	210,866,129	37,347,945
Standard Chartered Bank, Singapore	1,588,669	1,721,935
Standard Chartered Bank, UK, GBP	617,015	4,491,311
Habib UK, GBP	-	1,532,647
Habib UK, USD	-	45,922,344
JP Morgan Chase Bank	5,730,838	45,546,283
(Details are given in Annex - A)	1,692,170,531	2,025,730,721
4.2.a Consolidated Outside Bangladesh (Nostro Accounts)		
AB Bank Limited	1,692,170,531	2,025,730,721
AB Investment Limited	-	-
AB International Finance Limited	59,014,786	6,443,952
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	1,751,185,317	2,032,174,673
<u>Less:</u> Intercompany transactions	826,318	1,460,530
	1,750,358,999	2,030,714,143
4.3 Account-wise/grouping of balance with other Banks and Financial Institutions		
Current deposits	1,746,306,093	2,095,409,877
Savings deposits	7,092,918	2,314,630
Short-Notice Deposits	73,839,212	679,710,453
Fixed deposits	2,160,000,000	1,780,000,000
	3,987,238,223	4,557,434,958
4.4 Maturity grouping of balance with other banks		
Repayable – on demand	1,746,306,093	2,095,409,877
– up to 3 months	1,290,932,130	2,132,025,082
– over 3 months but below 1 year	950,000,000	330,000,000
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	3,987,238,223	4,557,434,958

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

		31.12.2017	31.12.2016
		BDT	BDT
5. Money at call and on short notice			
In Bangladesh	(note 5.1)	120,000,000	5,636,133,300
Outside Bangladesh	(note 5.2)	1,050,389,436	1,169,430,159
		1,170,389,436	6,805,563,459
5.1 In Bangladesh			
<u>With banking companies</u>			
<u>Local Currency:</u>			
Mercantile Bank Limited		-	1,000,000,000
NRB Commercial Bank Limited		-	400,000,000
National Bank Limited		-	1,000,000,000
NRB Global Bank Limited		-	100,000,000
Jamuna Bank Limited		-	500,000,000
BASIC Bank Limited		-	1,000,000,000
		-	4,000,000,000
<u>Foreign Currency:</u>			
Eastern Bank Limited		-	236,133,300
		-	236,133,300
<u>With non-banking financial institutions</u>			
Prime Finance & Investment Ltd.		-	150,000,000
Bay Leasing and Investment Limited		-	100,000,000
GSP Finance Limited		-	100,000,000
Lanka Bangla Finance Limited		-	200,000,000
Delta Brac Housing Limited		-	250,000,000
Union Capital Limited		-	150,000,000
International Leasing & Financial Services Ltd.		120,000,000	450,000,000
		120,000,000	1,400,000,000
		120,000,000	5,636,133,300
<u>At short notice</u>		-	-
<u>On calls and placements</u>			
Eastern Bank Limited		-	236,133,300
Mercantile Bank Limited		-	1,000,000,000
NRB Commercial Bank Limited		-	400,000,000
National Bank Limited		-	1,000,000,000
NRB Global Bank Limited		-	100,000,000
Jamuna Bank Limited		-	500,000,000
BASIC Bank Limited		-	1,000,000,000
GSP Finance Limited		-	100,000,000
Lanka Bangla Finance Limited		-	200,000,000
Delta Brac Housing Limited		-	250,000,000
Union Capital Limited		-	150,000,000
Prime Finance & Investment Limited		-	150,000,000
Bay Leasing & Investment Limited		-	100,000,000
International Leasing & Financial Services Limited		120,000,000	450,000,000
		120,000,000	5,636,133,300

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

		31.12.2017	31.12.2016
		BDT	BDT
5.2	Outside Bangladesh		
	AB International Finance Limited	674,005,000	692,657,680
	Kotak Mahindra Bank	34,861,827	93,789,706
	Abu Dhabi Commercial Bank	64,558,938	34,736,928
	HDFC Bank Limited	276,963,671	348,245,845
		1,050,389,436	1,169,430,159
5(a)	Consolidated money at call and on short notice		
	AB Bank Limited	1,170,389,436	6,805,563,459
	AB Investment Limited	-	-
	AB International Finance Limited	-	-
	AB Securities Limited	-	-
	Cashlink Bangladesh Limited (CBL)	-	-
		1,170,389,436	6,805,563,459
	Less: Intercompany transaction	(674,005,000)	(692,657,680)
		496,384,436	6,112,905,779
6.	Investments	45,749,363,948	48,187,206,862
	Nature wise (Bangladesh operation):		
	Held for Trading	3,744,945,396	14,878,994,246
	Held to Maturity	35,703,878,392	26,772,534,816
	Others	5,804,872,772	6,113,385,019
		45,253,696,560	47,764,914,081
	Nature wise (Mumbai Branch):		
	Held for Trading/Available for Sale	248,827,063	168,382,569
	Held to Maturity	246,840,326	253,910,212
	Others	-	-
		495,667,389	422,292,782
	Claim wise:		
	Government securities (note 6.1)	39,732,017,188	41,903,780,261
	Other investments (note 6.2)	6,017,346,761	6,283,426,601
		45,749,363,948	48,187,206,862
6 (a)	Consolidated investments		
	AB Bank Limited	45,749,363,948	48,187,206,862
	AB International Finance Limited	-	-
	AB Investment Limited	456,075,615	721,255,054
	AB Securities Limited	176,002,092	172,865,988
	Cashlink Bangladesh Limited (CBL)	694,619	431,639
		46,382,136,275	49,081,759,543

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

		31.12.2017	31.12.2016
		BDT	BDT
6.1	Government securities		
	Treasury bills	-	3,099,601,719
	Treasury bonds	39,448,823,788	38,551,927,342
	Bangladesh Bank Islami Investment bonds	280,000,000	248,500,000
	Prize bonds	3,193,400	3,751,200
		39,732,017,188	41,903,780,261
6.1.1	Maturity wise Treasury Bills and Bonds		
(a)	30 Days Bangladesh Bank Bill	-	-
(b)	<u>Treasury Bill</u>		
	(i) 91 Days Treasury Bill	-	-
	(ii) 182 Days Treasury Bill	-	89,883,720
	(iii) 364 Days Treasury Bill	-	3,009,717,999
	Total Treasury Bill	-	3,099,601,719
(c)	<u>Treasury Bond</u>		
	(i) 02 Years Treasury Bond	2,407,647,942	2,754,212,762
	(ii) 05 Years Treasury Bond	7,848,757,096	4,244,212,683
	(iii) 10 Years Treasury Bond	18,280,620,598	19,015,316,652
	(iv) 15 Years Treasury Bond	5,935,703,813	6,914,912,645
	(v) 20 Years Treasury Bond	4,976,094,339	5,623,272,600
	Total Treasury Bond	39,448,823,788	38,551,927,343
	Total (a)+(b)+(c)	39,448,823,788	41,651,529,062
6.1(a)	Consolidated Government securities		
	AB Bank Limited	39,732,017,188	41,903,780,261
	AB Investment Limited	-	-
	AB International Finance Limited	-	-
	AB Securities Limited	-	-
	Cashlink Bangladesh Limited (CBL)	-	-
		39,732,017,188	41,903,780,261
6.2	Other investments		
	Shares (note 6.2.1)	3,914,325,564	4,275,825,774
	Bond (note 6.2.2)	10,000,000	65,000,000
	Pinnacle Global Fund Pte Limited (note 6.2.3)	1,597,353,808	1,520,308,045
		5,521,679,372	5,861,133,819
	Investments -ABBL, Mumbai Branch		
	Treasury bills	495,667,389	422,292,782
	Debentures and Bonds	-	-
		495,667,389	422,292,782
	Total other investments	6,017,346,761	6,283,426,601

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	31.12.2017 BDT	31.12.2016 BDT
6.2 (a) Consolidated other investments		
AB Bank Limited	6,017,346,761	6,283,426,601
AB Investment Limited	456,075,615	721,255,054
AB International Finance Limited	-	-
AB Securities Limited	176,002,092	172,865,988
Cashlink Bangladesh Limited (CBL)	694,619	431,639
	6,650,119,087	7,177,979,281
6.2.1 Investments in shares		
Quoted (publicly traded)	3,683,054,634	4,044,554,844
Unquoted	231,270,930	231,270,930
	3,914,325,564	4,275,825,774
Details are given in <u>Annexure-B</u>		
6.2.2 Investment in subordinated bonds		
Prime Bank Limited	-	45,000,000
Trust Bank Limited	10,000,000	20,000,000
	10,000,000	65,000,000
6.2.3 Pinnacle Global Fund Pte Limited		
Provision for the above has been maintained as per Bangladesh Bank Letter no. DBI-1/101/2018-1316 dated April 26, 2018.		
6.3 Maturity grouping		
Repayable – on demand	-	-
– upto 3 months	4,234,014,528	5,564,780,980
– over 3 months but below 1 year	3,835,507,059	4,450,983,640
– over 1 year but below 5 years	18,901,620,407	13,545,313,989
– over 5 years	18,778,221,955	24,626,128,253
	45,749,363,948	48,187,206,862
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 2017:

Counter party name	Agreement date	Reversal date	BDT (1st leg cash consideration)
Janata Bank Ltd.	27.12.2017	02.01.2018	2,516,782,578
Agrani Bank Ltd.	28.12.2017	03.01.2018	2,308,408,476
Total			4,825,191,054

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2017:

Counter party name	Agreement date	Reversal date	BDT (1st leg cash consideration)
NIL	N/A	N/A	N/A

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

	Minimum outstanding during the year/period	Maximum outstanding during the year/period	Daily average outstanding during the year/period
Securities sold under repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIS	-	8,694,300,000	3,257,878,575
Securities purchased under reverse repo:			
i) from Bangladesh Bank	-	-	-
ii) from other banks & FIS	-	999,347,000	15,896,289

31.12.2017

BDT

31.12.2016

BDT

7. Loans, advances and lease/investments

229,647,286,231 218,769,451,248

7.1 Maturity grouping

Repayable – on demand	11,027,431,162	7,483,816,192
– upto 3 months	87,214,391,125	76,286,162,255
– over 3 months but below 1 year	97,214,979,369	95,569,461,888
– over 1 year but below 5 years	28,335,873,877	34,298,354,326
– over 5 years	5,854,610,697	5,131,656,587
	229,647,286,231	218,769,451,248

7.2 Broad category-wise breakup (excluding bills purchased & discounted)

In Bangladesh

Loans	207,877,392,872	196,098,211,776
Overdrafts	20,554,992,156	21,894,121,995
Cash credits	-	-
	228,432,385,028	217,992,333,771

Outside Bangladesh: ABBL, Mumbai branch

Loans	159,418,220	127,607,382
Overdrafts	903,730	2,657,760
Cash credits	31,633,969	13,807,503
	191,955,919	144,072,646
	228,624,340,946	218,136,406,416

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017	31.12.2016
	BDT	BDT
7.3 Product wise loans and advances		
Overdraft	20,555,895,885	21,896,779,755
Cash credit	31,633,969	13,807,503
Time loan	54,036,738,437	49,910,880,314
Term loan	120,930,057,739	119,784,568,627
Forced loan	14,302,328,224	7,905,900,729
Bills under LC	191,964,472	207,109,508
Trust receipt	8,596,126,094	9,162,163,925
Packing credit	271,923,598	212,208,534
Loan against accepted bills	3,517,530,162	2,930,851,022
Loan-EDF	3,032,580,962	3,205,905,915
Consumer loan	1,593,196,897	1,402,328,120
Staff loan	1,564,364,507	1,503,902,463
Bills purchased and discounted	1,022,945,284	633,044,832
	229,647,286,231	218,769,451,248
7.4 Net loans, advances and lease/investments		
Gross loans and advances	229,647,286,231	218,769,451,248
<u>Less:</u>		
Interest suspense	13,345,309,883	10,459,867,308
Provision for loans and advances	8,733,640,130	6,605,083,960
	22,078,950,013	17,064,951,268
	207,568,336,218	201,704,499,980
7.5 Significant concentration		
Advances to industries	119,438,821,853	103,892,254,569
Advances to customer groups	110,208,442,108	114,877,038,550
Advances to allied concerns of Directors	-	-
Advances to Chief Executive	22,270	158,129
	229,647,286,231	218,769,451,248
7.6 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	31,286,475,023	30,640,391,090
Number of clients	29	29
Amount of outstanding advances	95,849,000,000	81,708,700,000
Amount of classified advances	-	-
Measures taken for recovery	Not applicable	Not applicable
7.7 Industry-wise loans, advances and lease/investments		
Agriculture	3,040,772,761	3,116,265,264
Large and medium scale industry	65,407,500,000	64,053,600,000
Working capital	52,057,000,000	38,301,100,000
Export	3,752,300,000	3,722,200,000
Commercial lending	56,026,547,200	52,550,500,000
Small and cottage industry	1,973,100,000	1,537,400,000
Others	47,390,066,270	55,488,385,984
	229,647,286,231	218,769,451,248

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017 BDT	31.12.2016 BDT
7.8 Geographical location-wise (division) distribution		
In Bangladesh		
<u>Urban branches</u>		
Dhaka	164,547,995,621	154,911,059,292
Chittagong	47,471,677,254	45,824,548,751
Khulna	4,093,418,574	4,787,526,569
Sylhet	1,909,214,061	2,083,030,726
Barisal	243,634,815	247,632,983
Rajshahi	3,749,730,933	3,637,345,158
Rangpur	4,012,776,878	3,903,431,024
Mymensingh	747,434,891	947,782,315
	226,775,883,026	216,342,356,818
<u>Rural branches</u>		
Dhaka	1,514,835,643	1,405,596,596
Chittagong	538,937,833	504,644,774
Khulna	-	-
Sylhet	51,782,529	47,546,256
Barisal	-	-
Rajshahi	-	-
Rangpur	-	-
Mymensingh	-	-
	2,105,556,005	1,957,787,626
Outside Bangladesh		
ABBL, Mumbai Branch	765,847,200	469,306,804
	229,647,286,231	218,769,451,248
7.9 Classification of loans, advances and lease/investments		
In Bangladesh		
<u>Unclassified</u>		
Standard	185,848,238,016	191,153,443,332
Special Mention Account	26,774,600,307	15,903,500,316
	212,622,838,323	207,056,943,648
<u>Classified</u>		
Sub-Standard	432,900,000	1,236,200,000
Doubtful	720,600,000	1,175,345,000
Bad/Loss	15,105,100,708	8,831,655,796
	16,258,600,708	11,243,200,796
	228,881,439,031	218,300,144,444
Outside Bangladesh-Mumbai Branch		
Unclassified loan	615,656,886	347,689,566
Classified loan	150,190,314	121,617,238
	765,847,200	469,306,804
	229,647,286,231	218,769,451,248

Classification of Loans has been made in accordance with Bangladesh Bank Letter no. DBI-1/101/2018-1316 dated 26 April 2018.

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017 BDT	31.12.2016 BDT
7.10 Particulars of loans, advances and lease/investments		
(i) Loans considered good in respect of which the Bank is fully secured	212,631,440,170	204,625,033,550
(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	17,015,846,061	14,144,417,698
(iv) Loans adversely classified but provision not maintained there against	-	-
	229,647,286,231	218,769,451,248
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,564,364,507	1,503,902,463
(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)]	1,613,436,443	1,503,902,463
(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)	3,940,700,374	1,947,800,261
(b) Amount of loan written off	3,277,937,869	3,039,972,301
(c) Amount realised against loan previously written off	10,374,551	23,892,175
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	3,542,367,423	2,108,653,374
(e) Interest creditable to interest suspense account	3,675,066,572	5,184,751,472
(xi) Written off loan:		
Openning written off loan	12,059,630,730	9,019,658,429
Add: Written off during the year	3,277,937,869	3,039,972,301
Cumulative Written off loans	15,337,568,598	12,059,630,730
Less: adj./ recoveries/ settlement up to the period	3,079,704,079	3,062,264,760
Closing Balance of Written off loan	12,257,864,520	8,997,365,970
The amount of written off loans for which lawsuits have been filed for its recovery	12,248,970,863	8,989,538,956

7.10 (a) The amount represents loans BDT 1,613,436,443 due by the employees of the Bank.

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017	31.12.2016	
	BDT	BDT	
7.11 Securities wise loans, advances and lease/investments			
<u>Nature of security</u>			
Collateral of movable/immovable assets	196,391,824,578	178,714,611,427	
Cash collateral	3,997,954,353	4,374,830,636	
Banks and financial institutions guarantee	-	632,913,831	
Personal guarantee	11,291,823,248	10,167,850,166	
Corporate guarantee	5,724,022,813	3,976,567,532	
Other securities	12,241,661,239	20,902,677,657	
	229,647,286,231	218,769,451,249	
7.12 Large Loan Restructuring			
Bank has restructured some loans and advances by complying with the Bangladesh Bank, BRPD Circular No. 04, dated 29 January 2015. Restructured loan details of the Bank has given below:			
Name of the client	Loan type	Expiry date	BDT
Abdul Monem Sugar	Term Loan	22-Dec-21	449,031,902
Beximco Ltd.	Term Loan	26-Jun-28	1,043,771,711
Beximco Ltd.	Term Loan	29-Jun-22	140,213,297
BEL Construction SDN BHD Ltd.	Term Loan	30-Sep-27	3,616,987,943
BEL Construction SDN BHD Ltd.	Term loan	30-Sep-21	470,733,530
R & R Aviation Limited	Term loan	23-Dec-27	87,522,764
International Knitwear & Apparels	Term loan	29-Jun-28	766,332,436
Bangladesh Export Import Co. Ltd.	Term loan	29-Jun-22	574,780,667
New Dacca Industries Ltd.	Term loan	29-Jun-22	2,833,911,940
New Dacca Industries Ltd.	Term loan	29-Jun-28	811,483,467
R & R Holdings	Term loan	23-Dec-27	2,643,154,541
			13,437,924,199
7(a) Consolidated loans, advances and lease/investments			
AB Bank Limited	228,624,340,946	218,136,406,416	
AB Investment Limited	6,809,008,852	7,229,768,195	
AB International Finance Limited	-	-	
AB Securities Limited	926,452,178	957,742,708	
Cashlink Bangladesh Limited (CBL)	-	-	
	236,359,801,976	226,323,917,319	
<u>Less:</u> Intercompany transaction	558,605,987	1,299,950,122	
	235,801,195,989	225,023,967,197	
8 Bills purchased and discounted			
In Bangladesh	449,054,003	307,810,673	
Outside Bangladesh - ABBL, Mumbai Branch	573,891,281	325,234,158	
	1,022,945,284	633,044,832	
8 (a) Consolidated bills purchased and discounted			
	-	-	
AB Bank Limited	1,022,945,284	633,044,832	
AB Investment Limited	-	-	
AB International Finance Limited	810,350,507	889,489,205	
AB Securities Limited	-	-	
Cashlink Bangladesh Limited (CBL)	-	-	
	1,833,295,791	1,522,534,037	

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017 BDT	31.12.2016 BDT
8.1 Maturity grouping		
Repayable – within 1 month	412,112,663	273,275,308
– over 1 month but within 3 months	289,320,851	173,851,736
– over 3 months but within 6 months	237,210,422	138,487,586
– over 6 months	84,301,348	47,430,201
	1,022,945,284	633,044,831
9. Fixed assets including premises, furniture and fixtures		
Cost:		
Land and Building	3,334,695,982	3,341,682,082
Furniture and fixtures	251,645,602	244,966,861
Office appliances	63,934,080	60,825,847
Electrical appliances	1,686,952,850	1,558,912,484
Motor vehicles	839,192,792	680,140,745
Intangible assets	625,401,300	594,165,723
	6,801,822,607	6,480,693,743
<u>Less: Accumulated depreciation and amortization</u>	<u>2,688,481,339</u>	<u>2,400,316,308</u>
	4,113,341,268	4,080,377,435
A schedule of fixed assets is given in Annexure-C		
9(a) Consolidated fixed assets including premises, furniture and fixtures		
Cost:		
AB Bank Limited	6,801,822,607	6,480,693,743
AB Investments Limited	687,932,186	683,616,541
AB International Finance Limited	6,665,421	7,889,183
AB Securities Limited	30,284,145	30,284,145
Cashlink Bangladesh Limited (CBL)	81,471,358	81,471,360
	7,608,175,717	7,283,954,972
Accumulated depreciation:		
AB Bank Limited	2,688,481,339	2,400,316,308
AB Investments Limited	104,376,007	86,449,029
AB International Finance Limited	6,513,299	7,728,873
AB Securities Limited	28,120,447	27,126,913
Cashlink Bangladesh Limited (CBL)	81,439,535	81,366,850
	2,908,930,626	2,602,987,972
	4,699,245,091	4,680,967,000
10 Other assets:		
Income generating-equity investment		
In Bangladesh:		
AB Investment Limited (99.99% owned subsidiary company of ABBL)	5,811,431,750	5,811,431,750
AB Securities Limited (99.91% owned subsidiary company of ABBL)	199,898,000	199,898,000
Cashlink Bangladesh Limited (CBL) (90% owned subsidiary company of ABBL)	212,581,228	212,581,228
	6,223,910,978	6,223,910,978

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017 BDT	31.12.2016 BDT
Outside Bangladesh:		
AB International Finance Ltd., Hong Kong (wholly owned subsidiary company of ABBL)	5,203,944	5,203,944
Investment in Amana Bank Limited as Associates	441,450,222	439,683,073
	446,654,166	444,887,018
	6,670,565,144	6,668,797,996
Non-income generating		
Arab Bangladesh Bank Foundation (99.60% owned subsidiary company of ABBL)	19,920,000	19,920,000
Share Money Deposits - AB Investment Limited	-	-
Deferred Tax (note 10.1)	1,428,042,515	2,312,064,286
Accounts receivable	1,156,026,660	889,650,552
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	875,183,299	805,559,950
Exchange for clearing	492,291,351	570,641,969
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	968,925,438	1,026,651,535
Security deposits	177,077,324	159,266,370
Advance rent and advertisement	262,872,811	246,555,630
Stationery, stamps, printing materials, etc.	65,706,665	28,476,396
Inter-branch adjustment	-	621,590
	5,446,046,063	6,059,408,278
	12,116,611,208	12,728,206,273
10(a) Consolidated other assets		
AB Bank Limited	12,116,611,208	12,728,206,273
AB Investment Limited	101,742,474	56,699,559
AB International Finance Limited	29,837,793	23,437,029
AB Securities Limited	69,807,179	32,836,258
Cashlink Bangladesh Limited (CBL)	30,209,100	30,917,320
	12,348,207,754	12,872,096,439
<u>Less:</u> Intercompany transaction	6,484,293,747	6,488,188,273
	5,863,914,006	6,383,908,169
10.1 Deferred tax assets		
a) Deferred tax assets for specific provisions of loans and advances		
Opening Deferred tax (assets)/liabilities	2,433,514,889	1,561,348,994
<u>Add:</u> Deferred tax income during the year (Tax @ 40% on Specific provision made during the year BDT 3,809,613,907)	1,523,845,563	872,165,895
<u>Less:</u> Write-off adjustment	2,448,533,482	-
Closing deferred tax assets	1,508,826,970	2,433,514,889

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017	31.12.2016
	BDT	BDT
b) Deferred tax liabilities against property, plant and equipment		
Balance at 01 January	121,450,602	133,096,262
Add/(less): Provision made during the year	(41,503,394)	(11,504,515)
Add/(Less): Adjustment for rate fluctuation during the year	837,246	(141,145)
Closing deferred tax liabilities	80,784,454	121,450,602
Net Deferred Tax Assets (a-b)	1,428,042,515	2,312,064,287
Net Deferred Tax Income during the year	1,565,348,957	883,670,410
11. Borrowings from other banks, financial institutions and agents		
In Bangladesh (note 11.1)	20,599,348,916	9,941,690,524
Outside Bangladesh (note 11.2)	1,272,094,447	5,512,731,619
	21,871,443,363	15,454,422,143
11.1 In Bangladesh:		
11.1.1 Bangladesh Bank		
ADB loan	-	890,625
Export Development Fund	2,958,975,925	2,961,842,309
Islamic Investment Bond	2,103,666,667	-
Refinance against IPFF	351,221,098	372,713,265
Refinance against Women Entrepreneur., Small Enterprise, ETP and Others	228,229,210	321,659,394
	5,642,092,900	3,657,105,593
11.1.2 Call and term borrowing from		
Mutual Trust Bank Limited	600,000,000	-
Dutch Bangla Bank Limited	-	792,450,236
CITI Bank NA	-	220,000,000
Agrani Bank Limited	2,444,600,542	393,555,500
Prime Bank Limited	-	800,000,000
Sonali Bank Limited	2,950,000,000	-
IFIC Bank Limited	500,000,000	-
Janata Bank Limited	700,000,000	-
National Bank Limited	-	900,000,000
BASIC Bank Limited	1,000,000,000	-
Uttara Bank Limited	1,000,000,000	-
Bank Asia Limited	3,332,330,704	-
Habib Bank Limited	-	79,236,934
Southeast Bank Limited	-	712,722,451
Bank Al Falah	-	196,777,750
Dhaka Bank Limited	-	1,187,290,259
Rupali Bank Limited	2,000,000,000	-

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017	31.12.2016
	BDT	BDT
<u>Call and term borrowing from (cont.)</u>		
Krishi Bank Limited	82,700,000	-
Modhumoti Bank Limited	41,350,000	-
Bank Alfalah	207,554,028	-
Trust Bank Limited	-	1,000,000,000
Accrued interest	96,030,907	1,447,372
Accrued interest repo other Bank	2,689,835	1,104,429
	14,957,256,016	6,284,584,931
	20,599,348,916	9,941,690,524
11.2 Outside Bangladesh		
Sonali Bank UK	-	495,452,954
ICICI Bank	1,272,094,447	-
Banca UBAE, Italy	-	395,436,258
Al-Noor Bank Limited	-	3,940,519,398
RAK BANK	-	681,323,009
	1,272,094,447	5,512,731,619
Schedule of borrowings from other Banks, Financial Institutions and Agents outside Bangladesh is given in <u>Annex - D.</u>		
11.3 Analysis by security		
Secured (assets pledge as security for liabilities)	-	-
Unsecured	21,871,443,363	15,454,422,143
	21,871,443,363	15,454,422,143
11.4 Repayment pattern		
Repayable on demand	3,250,000,000	1,120,000,000
Repayable on maturity (note 11.4.1)	18,621,443,363	14,334,422,143
	21,871,443,363	15,454,422,143
11.4.1 Repayable on maturity		
<u>Bangladesh Bank:</u>		
ADB loan	-	890,625
Export Development Fund	2,958,975,925	2,961,842,309
Islamic investment bond	2,103,666,667	-
Refinance against IPFF	351,221,098	372,713,265
Refinance against Women Entrepreneur., Small Enterprise, ETP and Others	228,229,210	321,659,394
	5,642,092,900	3,657,105,593
<u>Term borrowings:</u>		
BASIC Bank Limited	1,000,000,000	-
Trust Bank Limited	-	1,000,000,000
Agrani Bank Limited	2,444,600,542	393,555,500
South East Bank Limited	-	712,722,451

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	31.12.2017 BDT	31.12.2016 BDT
Term borrowings (cont.):		
Uttara Bank Limited	1,000,000,000	-
Bank Asia Limited	3,332,330,704	-
Rupali Bank Limited	2,000,000,000	-
Bank Al Falah	207,554,028	196,777,750
Sonali Bank Limited	1,500,000,000	-
Dhaka Bank Limited	-	1,187,290,259
Krishi Bank Limited	82,700,000	-
Prime Bank Limited	-	800,000,000
Modhumoti Bank Limited	41,350,000	-
Habib Bank Limited	-	79,236,934
Dutch Bangla Bank Ltd	-	792,450,236
BANCA UBAE SPA	-	395,436,258
RAK Bank	-	681,323,009
Sonali Bank UK	-	495,452,954
ICICI BK LTD,HK	1,272,094,447	-
Al-Noor Bank Limited	-	3,940,519,398
Accrued interest	98,720,742	2,551,802
	12,979,350,463	10,677,316,550
	18,621,443,363	14,334,422,143
11(a) Consolidated borrowings from other Banks, Financial Institutions and Agents		
AB Bank Limited	21,871,443,363	15,454,422,143
AB Investment Limited	333,601,157	1,207,273,365
AB International Finance Limited	669,218,846	692,242,365
AB Securities Limited	226,047,986	253,621,766
Cashlink Bangladesh Limited (CBL)	-	-
	23,100,311,353	17,607,559,639
<u>Less: Intercompany transactions</u>	1,227,824,834	1,849,804,163
	21,872,486,519	15,757,755,476
12. AB Bank subordinated bonds		
AB Bank subordinated bond-I	2,000,000,000	2,500,000,000
AB Bank subordinated bond-II	4,000,000,000	4,000,000,000
	6,000,000,000	6,500,000,000
AB Bank subordinated bonds		
Bank has issued 7 years subordinated 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	800,000,000	1,000,000,000
Sonali Bank Limited	1,400,000,000	1,500,000,000
Agrani Bank Limited	900,000,000	1,000,000,000
Midland Bank Limited	160,000,000	200,000,000
BRAC Bank Limited	380,000,000	400,000,000
NRB Commercial Bank Limited	380,000,000	400,000,000
Mutual Trust Bank Limited	64,000,000	80,000,000
Grameen Capital Management	16,000,000	20,000,000
Rupali Bank Limited	1,000,000,000	1,000,000,000
Janata Bank Limited	500,000,000	500,000,000
Uttara Bank Limited	300,000,000	300,000,000
National Life Insurance Co. Limited	100,000,000	100,000,000
	6,000,000,000	6,500,000,000

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017	31.12.2016
	BDT	BDT
13. Deposit and other accounts		
Inter-bank deposits	2,325,377,844	4,681,805,278
Other deposits	233,628,930,609	240,958,977,631
	235,954,308,453	245,640,782,909
13(a) Consolidated deposit and other accounts		
AB Bank Limited	235,954,308,453	245,640,782,909
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	235,954,308,453	245,640,782,909
<u>Less: Intercompany transaction</u>	392,232,950	246,378,489
	235,562,075,504	245,394,404,421
13.1 Maturity analysis of inter-bank deposits		
Repayable – on demand	1,142,095,233	1,323,228,968
– within 1 month	353,183,027	3,338,175,477
– over 1 month but within 3 months	-	-
– over 3 months but within 1 year	830,099,583	20,400,833
– over 1 period but within 5 years	-	-
– over 5 periods but within 10 years	-	-
– over 10 years	-	-
	2,325,377,844	4,681,805,278
13.2 Maturity analysis of other deposits		
Repayable – on demand	5,338,163,161	3,408,558,336
– within 1 month	19,151,436,695	23,157,287,099
– over 1 month but within 3 months	64,344,086,654	60,103,828,484
– over 3 months but within 1 year	95,939,421,864	89,682,914,421
– over 1 period but within 5 years	47,383,162,966	62,520,054,989
– over 5 years	1,472,659,270	2,086,334,302
	233,628,930,609	240,958,977,631
13.3 Demand and time deposits		
a) Demand deposits	26,762,401,441	29,685,925,468
Current accounts and other accounts	21,822,803,753	22,298,120,917
Savings deposits (9%)	2,688,296,129	2,522,222,229
Bills payable	2,251,301,559	4,865,582,322
b) Time Deposits	209,191,907,013	215,954,857,441
Savings deposits (91%)	27,181,660,860	25,502,469,205
Short notice deposits	32,995,346,150	49,236,728,682
Fixed deposits	129,606,179,136	122,034,379,371
Other deposits	19,408,720,866	19,181,280,183
Total demand and time deposits	235,954,308,453	245,640,782,909

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017	31.12.2016
	BDT	BDT
13.4 Sector-wise break up of deposits and other accounts		
Government	2,409,574,719	1,753,988,460
Deposit money Banks	2,325,377,844	4,681,805,278
Autonomous and Semi-Autonomous Bodies	4,227,465,204	4,667,196,517
Public non-financial organisation	49,037,812,443	61,334,737,839
Other public	3,414,634,389	3,394,084,791
Foreign currency	7,348,050,954	6,805,419,728
Private	167,191,392,900	163,003,550,296
	235,954,308,453	245,640,782,909

14. Other liabilities

Accumulated provision against loans and advances	(note 14.1)	8,733,640,130	6,605,083,960
Inter-branch adjustment		5,405,965	-
Provision for current tax (net of advance tax)	(note 14.2)	889,411,024	2,561,589,337
Interest suspense account	(note 14.3)	13,345,309,883	10,459,867,308
Provision against other assets	(note 14.4)	250,198,969	237,198,969
Accounts payable - Bangladesh Bank		1,439,084,087	802,485,542
Accrued expenses		218,789,290	360,305,082
Provision for off balance sheet items	(note 14.5)	860,000,000	860,000,000
Provision against investments	(note 14.6)	1,560,053,000	1,550,053,000
Others (*)		666,110,214	689,642,580
		27,968,002,561	24,126,225,778

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

14.1 Accumulated provision against loans and advances

The movement in specific provision for bad and doubtful debts

Balance at 01 January		2,463,153,374	2,564,529,261
Fully provided debts written off during the year	(-)	(2,506,985,952)	(2,305,175,887)
Recovery of amounts previously written off	(+)	6,286,093	23,385,264
Specific provision made during the year	(+)	3,809,613,907	2,180,414,736
		1,308,914,048	(101,375,887)
Balance at the year ended		3,772,067,423	2,463,153,374
Provision made by ABBL, Mumbai Branch		90,382,514	43,189,581
Total provision on classified loans and advances		3,862,449,936	2,506,342,955

On unclassified loans

Balance at 01 January		4,095,267,313	2,115,067,313
Transferred from other assets provisions	(+)	-	100,000,000
Transferred from investment provisions	(+)	-	350,000,000
Transferred from other assets	(+)	-	440,000,000
Transferred from provision for current tax	(+)	-	350,000,000
General provision made during the year	(+)	772,049,345	740,200,000
		772,049,345	1,980,200,000
Balance at the year ended		4,867,316,658	4,095,267,313
Provision made by ABBL, Mumbai Branch		3,873,536	3,473,693
Total provision on un-classified loans and advances		4,871,190,194	4,098,741,006
Total provision on loans and advances		8,733,640,130	6,605,083,960

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

Provision for 2017:	Required	BDT	
		Maintained	Excess
Un-classified loans and advances	4,870,173,536	4,871,190,194	1,016,658
Classified loans and advances	3,861,582,514	3,862,449,936	867,422
	8,731,756,050	8,733,640,130	1,884,080

Provision for Loans and advances has been maintained as per Bangladesh Bank Letter no. DBL-1/101/2018-1316 dated 26 April 2018.

14.1.1 Details of provision for loans and advances

	BDT	
	Required	Maintained
General provision	4,870,173,536	4,871,190,194
Standard	4,405,573,536	4,406,590,194
Special Mention Account	464,600,000	464,600,000
Specific provision	3,861,582,514	3,862,449,936
Substandard	48,100,000	48,100,000
Doubtful	271,982,514	271,982,514
Bad/Loss	3,541,500,000	3,542,367,423
Excess provision maintained at 31 December 2017		1,884,080
	31.12.2017	31.12.2016
	BDT	BDT

14.2 Provision for current tax (net of advance tax)

Current tax	(note 14.2.1)	14,075,970,095	15,150,207,047
Advance income tax	(note 14.2.2)	13,186,559,071	12,588,617,710
Provision for current tax (net of advance tax)		889,411,024	2,561,589,337

14.2.1 Provision for current tax

Balance at 01 January	15,080,733,191	13,935,338,386
Add: Provision made during the year	1,285,351,909	1,495,394,805
Less: Write-off adjustment	2,448,533,482	-
Less: Adjustment during the year	-	350,000,000
Balance at the year ended	13,917,551,618	15,080,733,191
Provision held by ABBL, Mumbai Branch	158,418,477	69,473,856
	14,075,970,095	15,150,207,047

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2013 (assessment year 2014-15). Corporate income tax return for the years 2014, 2015 and 2016 submitted under section 82BB corresponding to assessment years 2015-16, 2016-17 & 2017-18. Tax assessments for income years 1995, 1996, 1997, 2007, 2009, 2010, 2011 and 2012 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 2017	12,514,607,418	11,180,990,162
Add: Paid during the year	445,715,627	1,241,741,245
Tax withheld during the year	48,587,319	91,876,011
Paid during the year	494,302,946	1,333,617,256
Less: Transfer/adjustment during the year	-	-
Balance at 31 December	13,008,910,364	12,514,607,418
Advance tax of ABBL, Mumbai Branch	177,648,707	74,010,292
	13,186,559,071	12,588,617,710

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

		31.12.2017	31.12.2016
		BDT	BDT
14.3 Interest suspense account			
Balance at 01 January		10,414,337,836	6,038,040,779
Add: Transfer during the year	(+)	3,675,066,572	5,184,751,472
Less: Recovery during the year	(-)	27,486,040	34,455,000
Less: Waiver during the year	(-)	9,968,000	39,203,000
Less: Write off during the year	(-)	770,951,917	734,796,414
Balance at December 31		13,280,998,451	10,414,337,836
Mumbai Branch		64,311,431	45,529,471
		13,345,309,883	10,459,867,307

14.4 Provision against other assets

Provision for

Prepaid legal expenses	95,030,000	85,030,000
Protested bills	26,065,610	26,065,610
Others	129,103,359	126,103,359
	250,198,969	237,198,969

Provision against other assets was made as per BRPD Circular no. 14 dated 25 June 2001 issued by Bangladesh Bank.

14.4.1 Calculation of provision against other assets

	Outstanding amount	Base for Provision	Rate	Provisions Requirement	Provisions Maintained
Prepaid legal expenses	94,106,966	94,106,966	50% & 100%	47,053,483	95,030,000
Protested bills	25,284,034	25,284,034	100%	25,284,034	26,065,610
Others	93,521,478	93,521,478	100%	93,521,478	129,103,359

Required provision for other assets **165,858,995** **250,198,969**

Total provision requirement 165,858,995

Total provision maintained 250,198,969

Excess provision maintained at 31 December 2017 **84,339,973**

14.5 Provision for off balance sheet items

Balance at 01 January	860,000,000	860,000,000
Less: Transfer to general reserve	-	-
Add: Provision made during the year	-	-
Less: Adjustment during the year	-	-
	860,000,000	860,000,000

14.5.1 Particulars of required provision for off-balance sheet items

	Base for Provision	Rate (%)	31.12.2017	31.12.2016
Acceptances and endorsements	23,879,322,558	1%	238,793,226	289,666,378
Letters of guarantee	13,525,351,128	1%	135,253,511	139,203,069
Irrevocable letters of credit	15,836,913,326	1%	158,369,133	220,056,800
Bills for collection	6,402,389,259	1%	64,023,893	60,313,969
Others	2,606,530,367	1%	26,065,304	-
Total off balance sheet items and required provision	62,250,506,638		622,505,066	709,240,216
Total provision maintained			860,000,000	860,000,000
Excess provision at 31 December 2017			237,494,934	150,759,784

No provision has been maintained against off balance sheet items of Mumbai Branch amounting BDT 3,200,109,510 as per Reserve Bank of India (RBI) guidelines.

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017 BDT	31.12.2016 BDT
14.6 Provision against investments		
Balance at 01 January	1,550,053,000	1,875,053,000
Add: Provision made during the year	10,000,000	25,000,000
Less: Transfer to general provision for loans and advances	-	350,000,000
Less: Transfer to General Reserve	-	-
Closing Balance	1,560,053,000	1,550,053,000
Total provision maintained for investment	1,560,053,000	1,550,053,000
Total provision requirement for investment	1,557,650,635	1,547,018,037
Excess provision	2,402,366	3,034,963
14(a) Consolidated other liabilities		
AB Bank Limited	27,968,002,561	24,126,225,778
AB Investment Limited	829,769,725	613,737,751
AB International Finance Limited	50,956,308	55,835,113
AB Securities Limited	976,422,273	699,671,854
Cashlink Bangladesh Limited (CBL)	9,765,006	9,914,506
	29,834,915,872	25,505,385,002
Less: Intercompany transaction	174,793,931	322,893,637
	29,660,121,941	25,182,491,365
15. Share Capital	7,581,303,150	6,738,936,140
15.1 Authorised Capital		
1,500,000,000 ordinary shares of BDT 10 each	15,000,000,000	15,000,000,000
15.2 Issued, Subscribed and Paid-up Capital		
10,000,000 ordinary shares of BDT 10 each issued for cash	100,000,000	100,000,000
5,000,000 ordinary shares of BDT 10 each issued for rights	50,000,000	50,000,000
743,130,315 ordinary shares of BDT 10 each issued as bonus shares	7,431,303,150	6,588,936,140
	7,581,303,150	6,738,936,140
15.3 Percentage of shareholding		
	As at 31 December 2017	As at 31 December 2016
	No. of shares %	No. of shares %
Sponsors and public	753,784,637 99.43	670,030,788 99.43
Government	4,345,678 0.57	3,862,826 0.57
	758,130,315 100.00	673,893,614 100.00

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**Notes to the Financial Statements
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15.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Upto 500	41,184	40,376	53.50	55.74
501 to 5,000	27,537	25,968	35.77	35.85
5,001 to 10,000	3,820	3,082	4.96	4.26
10,001 to 20,000	2,191	1,570	2.85	2.17
20,001 to 30,000	719	514	0.93	0.71
30,001 to 40,000	372	199	0.48	0.27
40,001 to 50,000	236	145	0.31	0.20
50,001 to 100,000	443	250	0.58	0.35
100,001 to 1,000,000	411	270	0.53	0.37
Over 1,000,000	64	58	0.08	0.08
	76,977	72,432	100	100

15.5 Names of the Directors and their shareholding as at December 31, 2017

Name of the Director	Status	No of Shareholding	
		31.12.2017	31.12.2016
Mr. M. A. Awal	Chairman	4,749	4,222
Mr. Feroz Ahmed	Vice Chairman	15,730,196	13,982,398
Mr. Syed Afzal Hasan Uddin	Director	3,371	2,997
Mr. Md. Mesbahul Hoque	Director	3,371	2,997
Mr. Syed Golam Kibria	Director	1,125	1,000
Mr. Asish Baran Sarkar	Director	1,125	1,000
Mr. Moshtaque Ahmed Chowdhury*	Director	-	-
Mrs. Shireen Scheik Mainuddin*	Director	-	-
Mr. Shajir Ahmed*	Director	-	-
Mr. Shishir Ranjan Bose FCA	Independent Director	-	-
Prof. Dr. M. Imtiaz Hossain	Independent Director	-	-
Mr. Moshir Rahman Chowdhury	President & Managing Director	-	-

* Appointed in the 35th Annual General Meeting held on 21 December 2017. Bangladesh Bank accorded its consent on 04 January 2018.

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 2018) 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 2017 is BDT 32,983,225,256 as against available Total Common Equity Tier-I Capital of BDT 20,850,831,942 and Total Tier-2 Capital available of BDT 12,132,747,311 that is a total of BDT 32,983,579,253 thereby showing surplus capital of BDT 353,997 at that date. Details are shown below:

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017 BDT	31.12.2016 BDT
<u>Tier I Capital (Going-Concern Capital)</u>		
<u>Common Equity Tier-I Capital</u>		
Fully Paid-up capital/Capital Deposited with BB	7,581,303,150	6,738,936,140
Statutory reserve	6,549,242,999	6,495,637,440
Non-repayable share premium account	-	-
General reserve	1,302,259,888	1,298,909,942
Retained earnings	7,051,767,695	7,836,238,115
Non-controlling Interest in subsidiaries	10,106,613	9,911,986
Non-cumulative irredeemable preferences shares	-	-
Dividend equalization account	-	-
	22,494,680,345	22,379,633,623
Regulatory Adjustment:		
Goodwill and all other Intangible Assets	165,644,969	238,275,824
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)	1,433,385,621	2,311,839,144
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	34,857,814	13,489,480
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991.	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	9,960,000	9,960,000
Other if any	-	-
	1,643,848,403	2,573,564,448
Total Common Equity Tier-I Capital	20,850,831,942	19,806,069,176
Additional Tier-I Capital	-	-
<u>Tier-2 Capital (Gone concern capital)</u>		
General Provision/General loan-loss reserve	6,297,628,181	5,064,140,543
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)	5,600,000,000	6,500,000,000
Non-controlling 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 and 10% of Equities)	849,638,093	849,638,093
Other (if any item approved by Bangladesh Bank)	-	-
Sub-total	12,747,266,274	12,413,778,636

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017 BDT	31.12.2016 BDT
Regulatory adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	509,782,856	339,855,237
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 Other (if any)	9,960,000 94,776,107	9,960,000 -
Total Tier-2 Capital available	12,132,747,311	12,063,963,398
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)	18,534,304,513	17,605,614,890
Excess amount over maximum limit of T 2	-	-
Total admissible Tier 2 Capital	12,132,747,311	12,063,963,398
A. Total Eligible Capital	32,983,579,253	31,870,032,574
Total assets including off-Balance Sheet items	382,549,026,029	390,647,684,343
Total Risk Weighted Assets (RWA)	293,184,224,499	287,204,203,147
B. Total required capital (11.25% of Total RWA)	32,983,225,256	30,515,446,584
Capital Surplus / (Shortfall) [A-B]	353,997	1,354,585,990
Capital to Risk Weighted Assets Ratio (CRAR)	11.25%	11.10%

Solo - Capital to Risk Weighted Assets Ratio (CRAR)

In terms of section 13(2) of the Bank Company (amendment up to 2018) 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 December 31, 2017 is BDT 32,596,007,689 as against available Common Equity Tier-I capital of BDT 19,730,848,945 and Total Tier-2 Capital Available capital of BDT 11,555,626,078 that is a total of BDT 31,286,475,023 thereby showing deficit capital of BDT 1,309,532,666 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	7,581,303,150	6,738,936,140
Statutory reserve	6,549,243,000	6,495,637,440
Non-repayable share premium account	-	-
General reserve	1,222,199,200	1,222,199,200
Retained earnings	6,011,991,999	6,809,663,765
Non-controlling interest in subsidiaries	-	-
Non-cumulative irredeemable preferences shares	-	-
Dividend equalization account	-	-
	21,364,737,348	21,266,436,546

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	31.12.2017	31.12.2016
	BDT	BDT
Regulatory adjustment:		
Goodwill and all other intangible assets	165,644,969	238,275,824
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)	1,433,385,621	2,311,839,144
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	34,857,814	13,489,480
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991.	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	-	-
Other if any	-	-
	1,633,888,403	2,563,604,448
Total Common Equity Tier-I Capital	19,730,848,945	18,702,832,098
Additional Tier-I Capital	-	-
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	5,731,190,194	4,958,741,006
All other preference shares		
Subordinated debt/Instruments issued by the banks that meet the	5,600,000,000	6,500,000,000
Non-controlling interest		
HO borrowings in foreign currency received that meet the criteria of Revaluation reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)	798,029,978	798,029,978
Other (if any item approved by Bangladesh Bank)		
Sub-Total	12,129,220,172	12,256,770,984
Regulatory adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	478,817,987	319,211,991
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	-	-
Other (if any)	94,776,107	-
Total Tier-2 Capital available	11,555,626,078	11,937,558,993
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)	17,538,751,627	16,624,947,452
Excess amount over maximum limit of T 2	-	-
Total admissible Tier 2 capital	11,555,626,078	11,937,558,993
A. Total Eligible Capital	31,286,475,023	30,640,391,090

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

		31.12.2017	31.12.2016
		BDT	BDT
Total assets including off-Balance Sheet items		380,015,615,614	388,314,805,147
Total Risk Weighted Assets (RWA)		289,742,290,566	284,028,538,801
B. Total required capital (11.25% of Total RWA)		32,596,007,689	30,178,032,248
Capital Surplus / (Shortfall) [A-B]		(1,309,532,666)	462,358,843
Capital to Risk Weighted Assets Ratio (CRAR)		10.80%	10.79%
16. Statutory reserve			
In Bangladesh			
Opening balance		6,256,894,064	5,888,708,849
Add: Addition during the year		-	368,185,215
Add/less: Adjustment for Foreign Exchange Rate Fluctuation		-	-
		6,256,894,064	6,256,894,064
Outside Bangladesh - ABBL, Mumbai Branch			
Opening balance		238,743,376	222,494,695
Add: Addition during the year		26,124,722	20,527,152
Add: Transferred from Investment fluctuation reserve		-	-
Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation		27,480,837	(4,278,471)
		292,348,935	238,743,376
		6,549,242,999	6,495,637,440
17. Other reserve			
General reserve	(note 17.1)	1,222,199,200	1,222,199,200
Assets revaluation reserve	(note 17.2)	1,300,480,317	1,303,760,781
Investment revaluation reserve	(note 17.3)	106,027,424	544,262,857
		2,628,706,941	3,070,222,838
17.1 General reserve			
Opening balance		1,222,199,200	1,222,199,200
Add: Transferred from general provision of loans and advances		-	-
Add: Transferred from off balance sheet provisions		-	-
Add: Transferred from investment provisions		-	-
		1,222,199,200	1,222,199,200
17.2 Assets revaluation reserve			
Opening balance		1,303,760,781	1,305,535,182
Less: Transferred to retained earnings		(3,280,464)	(1,774,401)
		1,300,480,317	1,303,760,781
17.3 Investment revaluation reserve (T.Bills and T.Bonds)			
In Bangladesh			
Revaluation reserve for:			
Held to Maturity (HTM)	(note 17.3.1)	3,483,281	2,227,349
Held for Trading (HFT)	(note 17.3.2)	102,544,143	542,035,508
		106,027,424	544,262,857
Outside Bangladesh			
ABBL, Mumbai Branch		-	-
		106,027,424	544,262,857

AB Bank Limited

**Notes to the Financial Statements
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	31.12.2017	31.12.2016
	BDT	BDT
17.3.1 Revaluation Reserve for Held to Maturity (HTM)		
Opening balance	2,227,349	2,176,484
Add: Addition during the year	1,255,932	672,032
	3,483,281	2,848,516
Less: Adjustment during the year	-	621,167
	3,483,281	2,227,349
17.3.2 Revaluation Reserve for Held for Trading (HFT)		
Opening balance	542,035,509	1,329,998,553
Add: Addition during the year	425,339,665	2,261,509,415
	967,375,174	3,591,507,968
Less: Adjustment during the year	864,831,030	3,049,472,459
	102,544,143	542,035,509
17(a) Consolidated other reserve		
AB Bank Limited	2,628,706,941	3,070,222,838
AB Investment Limited	-	-
AB International Finance Limited	80,664,415	81,237,501
AB Securities Limited	101,934,105	101,934,926
Cashlink Bangladesh Limited (CBL)	-	-
	2,811,305,460	3,253,395,264
18. Retained earnings		
Opening balance	6,809,663,765	6,830,946,921
Add/(Less): Adjustment for investment in Amana Bank	(17,852,549)	(180,140,019)
Add: Post-tax profit for the year	29,600,965	1,304,670,423
Less: Transfer to statutory reserve	(26,124,722)	(388,712,367)
Cash dividend	-	-
Bonus shares issued	(842,367,010)	(748,770,680)
	5,952,920,449	6,817,994,278
Add/(Less): Transferred from assets revaluation reserve	3,280,464	1,774,401
Add/(Less): Foreign exchange translation gain/(loss)	55,791,085	(10,104,914)
	6,011,991,999	6,809,663,765
18(a) Consolidated Retained earnings		
AB Bank Limited	6,011,991,999	6,809,663,765
AB Investment Limited	330,303,286	635,065,186
AB International Finance Limited	88,586,493	84,608,098
AB Securities Limited	147,708,877	166,317,601
Cashlink Bangladesh Limited (CBL)	(183,652,421)	(185,493,381)
	6,394,938,234	7,510,161,269
Add/(Less): Adjustment made during the year	638,595,388	307,674,218
Non-controlling interest	(18,234,073)	(18,402,628)
	7,051,767,695	7,836,238,115
18(b) Non- controlling interest		
AB Investment Limited	10,270	9,797
AB Securities Limited	461,585	451,527
Cashlink Bangladesh Limited	9,634,758	9,450,662
	10,106,613	9,911,986

AB Bank Limited

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	31.12.2017 BDT	31.12.2016 BDT
19. Contingent liabilities	65,450,616,147	73,478,914,136
19.1 Letters of guarantee		
Money for which the Bank is contingently liable in respect of guarantees issued favoring:		
Directors	-	-
Government	-	-
Banks and other financial institutions	126,395,210	126,303,800
Others	13,398,955,918	13,794,003,122
	13,525,351,128	13,920,306,922
	2017 BDT	2016 BDT
20. Profit and loss account		
<u>Income:</u>		
Interest, discount and similar income	21,544,112,223	22,941,335,413
Dividend income	187,773,760	192,687,562
Fees, commission and brokerage	1,690,166,432	1,872,192,713
Gains less losses arising from investment securities	138,878,628	96,492,875
Gains less losses arising from dealing in foreign currencies	1,094,559,439	844,901,183
Other operating income	110,356,902	115,809,979
Gains less losses arising from dealing securities	478,036,591	1,086,468,655
Income from non-banking assets	-	-
Loss on disposal of AB Exchange (UK) Limited	-	(54,787,885)
	25,243,883,976	27,095,100,496
<u>Expenses:</u>		
Interest, fee and commission	14,896,849,195	16,077,046,356
Administrative expenses	4,217,593,486	4,236,639,417
Other operating expenses	1,352,875,569	1,424,393,841
Depreciation and amortization on banking assets	300,443,088	337,585,289
Losses on loans and advances	-	-
	20,767,761,339	22,075,664,903
	4,476,122,637	5,019,435,593
21. Interest income/profit on investments		
Interest on loans and advances:		
Loans and advances	16,364,512,852	18,052,078,467
Bills purchased and discounted	931,362,946	361,618,093
	17,295,875,799	18,413,696,561
*Less. Incentive for good borrowers	16,295,110	13,655,184
	17,279,580,689	18,400,041,377
Interest on:		
Calls and placements	277,525,463	497,120,122
Balance with foreign banks	5,693,056	1,315,791
Reverse Repo	542,680	12,732,711
Balance with Bangladesh Bank	3,599,386	2,817,625
	287,360,585	513,986,250
	17,566,941,274	18,914,027,627

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

AB Bank Limited

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	2017	2016
	BDT	BDT
21(a). Consolidated Interest income/profit on investments		
AB Bank Limited	17,566,941,274	18,914,027,627
AB International Finance Limited	39,751,793	50,392,731
AB Investment Limited	414,656,876	412,045,652
AB Securities Limited	75,431,578	77,480,793
Cashlink Bangladesh Limited (CBL)	3,153,072	1,470,187
	<u>18,099,934,592</u>	<u>19,455,416,990</u>
<u>Less: Intercompany transactions</u>	<u>4,546,065</u>	<u>5,411,074</u>
	<u>18,095,388,527</u>	<u>19,450,005,916</u>
22. Interest/profit paid on deposits, borrowings, etc.		
Interest on deposits:		
Fixed deposits	7,487,499,642	8,442,005,899
Savings deposits	818,641,453	769,587,124
Special notice deposits	2,233,473,872	2,981,596,605
Other deposits	1,919,605,262	1,932,860,542
	<u>12,459,220,229</u>	<u>14,126,050,170</u>
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	1,761,916,638	1,254,092,081
Subordinated Bonds	675,712,328	696,904,106
	<u>14,896,849,195</u>	<u>16,077,046,356</u>
22(a). Consolidated Interest/profit paid on deposits, borrowings, etc.		
AB Bank Limited	14,896,849,195	16,077,046,356
AB Investment Limited	15,986,805	36,372,222
AB International Finance Limited	4,878,151	5,774,974
AB Securities Limited	26,884,815	28,053,154
Cashlink Bangladesh Limited (CBL)	-	-
	<u>14,944,598,966</u>	<u>16,147,246,706</u>
<u>Less: Intercompany transactions</u>	<u>7,216,901</u>	<u>8,089,228</u>
	<u>14,937,382,065</u>	<u>16,139,157,478</u>
23. Investment income		
Capital gain on sale of shares	138,878,628	96,492,875
Interest on treasury bills	60,970,692	423,855,841
Dividend on shares	187,773,760	192,687,562
Income from Amana Bank Limited as Associates	19,619,698	3,087,178
Loss on disposal of ABEL	-	(54,787,885)
Interest on treasury bonds	3,891,812,992	3,590,641,483
Gain/(loss) on treasury bills and treasury bonds	478,036,591	1,086,468,655
Interest on other bonds and others	4,767,568	9,723,285
	<u>4,781,859,929</u>	<u>5,348,168,994</u>
23(a). Consolidated Investment income		
AB Bank Limited	4,781,859,929	5,348,168,994
AB Investment Limited	13,436,300	7,902,899
AB International Finance Limited	-	-
AB Securities Limited	11,058,832	10,978,747
Cashlink Bangladesh Limited (CBL)	165,975	(182,616,310)
	<u>4,806,521,037</u>	<u>5,184,434,330</u>
<u>Less: Intercompany transactions (*)</u>	<u>80,385,894</u>	<u>78,569,034</u>
	<u>4,726,135,143</u>	<u>5,105,865,296</u>

(*) Intercompany transactions includes dividend income from AB International Finance Limited.

AB Bank Limited

**Notes to the Financial Statements
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	2017 BDT	2016 BDT
24. Commission, exchange and brokerage		
Other fees, commission and service charges	956,973,402	1,039,395,834
Commission on letters of credit	597,082,449	657,804,855
Commission on letters of guarantee	136,110,581	174,992,024
Exchange gains less losses arising from dealings in foreign currencies	1,094,559,439	844,901,183
	2,784,725,871	2,717,093,896
24(a). Consolidated commission, exchange and brokerage		
AB Bank Limited	2,784,725,871	2,717,093,896
AB Investment Limited	68,867,462	42,541,797
AB International Finance Limited	55,747,240	51,446,422
AB Securities Limited	84,871,298	43,504,521
Cashlink Bangladesh Limited (CBL)	-	123,290,014
	2,994,211,871	2,977,876,650
<u>Less:</u> Intercompany transactions	-	122,088,458
	2,994,211,871	2,855,788,192
25. Other income		
Locker rent, insurance claim and others	6,022,552	4,751,956
Recoveries on telex, telephone, fax, etc.	74,958,139	84,781,759
Recoveries on courier, postage, stamp, etc.	28,307,519	26,005,800
Non-operating income (*)	1,068,692	270,463
	110,356,902	115,809,979
(*) Non-operating income includes sale of scrap items.		
25(a). Consolidated other income		
AB Bank Limited	110,356,902	115,809,979
AB Investment Limited	12,599,044	11,407,551
AB International Finance Limited	60,721,521	47,838,245
AB Securities Limited	2,914,638	2,087,087
Cashlink Bangladesh Limited (CBL)	-	-
	186,592,105	177,142,862
<u>Less:</u> Intercompany transactions	8,187,356	8,233,583
	178,404,749	168,909,279
26. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	2,718,310,414	2,603,883,283
Festival and incentive bonus	195,769,495	329,639,622
	2,914,079,909	2,933,522,905
26.1 Chief executive's salary and fees	9,940,551	13,510,481

In 2017, incentive bonus paid to Chief Executive Officer BDT 610,481 which was charged against salary and allowances in 2016. Thus, Chief Executive's salary and fees for the year 2016 has been restated by BDT 610,481 with salary and allowances.

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	2017 BDT	2016 BDT
26(a). Consolidated salary and allowances		
AB Bank Limited	2,914,079,909	2,933,522,905
AB Investment Limited	16,587,467	15,167,897
AB International Finance Limited	33,163,313	30,941,853
AB Securities Limited	25,928,018	30,607,697
Cashlink Bangladesh Limited (CBL)	266,352	230,714
	2,990,025,060	3,010,471,065
27. Rent, taxes, insurance, electricity, etc.		
Rent, rates and taxes	464,677,659	430,192,895
Electricity, gas, water, etc.	98,461,761	97,314,193
Insurance	170,887,110	170,375,310
	734,026,531	697,882,398
27(a). Consolidated rent, taxes, insurance, electricity, etc.		
AB Bank Limited	734,026,531	697,882,398
AB Investment Limited	2,260,184	2,651,581
AB International Finance Limited	8,104,112	7,766,735
AB Securities Limited	8,330,201	8,382,409
Cashlink Bangladesh Limited (CBL)	-	-
	752,721,028	716,683,124
<u>Less: Intercompany transactions</u>	5,516,520	5,516,520
	747,204,508	711,166,604
28. Legal expenses		
Legal expenses	7,587,144	18,146,709
28(a). Consolidated legal expenses		
AB Bank Limited	7,587,144	18,146,709
AB Investment Limited	239,700	112,700
AB International Finance Limited	499,420	260,838
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	80,500	51,750
	8,406,763	18,571,996
29. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	81,187,883	91,998,742
Telephone	9,008,959	10,731,635
Postage, stamp and shipping	35,484,725	33,170,694
	125,681,567	135,901,070
29(a). Consolidated postage, stamp, telecommunication, etc.		
AB Bank Limited	125,681,567	135,901,070
AB Investment Limited	882,710	891,607
AB International Finance Limited	8,699,829	7,466,800
AB Securities Limited	1,530,181	1,603,253
Cashlink Bangladesh Limited (CBL)	-	413
	136,794,287	145,863,143
<u>Less: Intercompany transactions</u>	-	(2,088,458)
	136,794,287	143,774,685

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	2017	2016
	BDT	BDT
30. Stationery, printing, advertisements, etc.		
Printing and stationery	164,633,614	152,711,368
Publicity, advertisement, etc.	34,095,358	43,456,291
	198,728,972	196,167,659
30(a). Consolidated stationery, printing, advertisements etc.		
AB Bank Limited	198,728,972	196,167,659
AB Investment Limited	265,830	362,806
AB International Finance Limited	344,268	338,886
AB Securities Limited	609,196	492,926
Cashlink Bangladesh Limited (CBL)	-	-
	199,948,266	197,362,277
31. Directors' fees		
Directors' fees	2,171,200	2,718,600
Meeting expenses	5,813,442	6,867,943
	7,984,642	9,586,543
Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee, Risk Management Committee and Shariah Council.		
31(a). Consolidated directors' fees		
AB Bank Limited	7,984,642	9,586,543
AB Investment Limited	200,010	373,352
AB International Finance Limited	-	-
AB Securities Limited	400,001	480,001
Cashlink Bangladesh Limited (CBL)	69,000	260,000
	8,653,653	10,699,895
32. Auditors' fees		
Statutory	1,330,236	1,213,141
Others	1,834,586	3,799,649
	3,164,822	5,012,790
32(a). Consolidated Auditors' fees		
AB Bank Limited	3,164,822	5,012,790
AB Investment Limited	143,750	138,000
AB International Finance Limited	362,251	353,849
AB Securities Limited	88,000	85,000
Cashlink Bangladesh Limited (CBL)	23,000	172,500
	3,781,823	5,762,139
33. Depreciation and repairs of Bank's assets		
Depreciation:		
Electrical appliances	107,777,727	135,030,950
Furniture and fixtures	13,332,628	13,762,881
Office appliances	2,252,659	2,359,829
Building	18,513,464	19,070,730
Motor vehicles	56,209,382	59,394,125
	198,085,859	229,618,514

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	2017 BDT	2016 BDT
Repairs:		
Motor vehicles	47,363,725	40,955,249
Electrical appliances	73,099,067	75,952,267
Office premises and others	87,269,665	102,485,767
Furniture and fixtures	2,841,023	2,769,995
Office appliances	5,825,866	4,745,584
	216,399,346	226,908,863
	414,485,205	456,527,377
Amortization of Intangible Assets	102,357,229	107,966,775
	516,842,435	564,494,152
33(a). Consolidated Depreciation and repairs of bank's assets		
AB Bank Limited	516,842,435	564,494,152
AB Investment Limited	18,443,009	18,916,434
AB International Finance Limited	415,076	351,140
AB Securities Limited	1,817,399	2,036,397
Cashlink Bangladesh Limited (CBL)	72,683	72,683
	537,590,602	585,870,806
34. Other expenses		
Contractual service	496,815,426	582,616,075
Petrol, oil and lubricant	75,942,084	74,903,921
Software expenses	149,497,116	145,829,727
Entertainment	56,111,238	49,906,193
Travelling	33,808,109	28,945,241
Subscription, membership and sponsorship	21,373,168	79,105,129
Training, seminar and workshop	30,039,682	37,369,497
Local conveyance	10,981,982	9,659,008
Professional charges	45,794,517	55,930,874
Books, newspapers and periodicals	1,805,834	1,611,813
Branch opening expenses	357,175	311,994
Bank charges	57,633,430	73,070,673
Sundry expenses (*)	372,715,808	285,133,696
	1,352,875,569	1,424,393,841
(*) Sundry expenses includes business promotion, rebate to foreign correspondents, donation and dress employees etc.		
34(a). Consolidated other expenses		
AB Bank Limited	1,352,875,569	1,424,393,841
AB Investment Limited	12,088,409	7,294,724
AB International Finance Limited	3,355,874	2,520,695
AB Securities Limited	10,205,381	9,743,783
Cashlink Bangladesh Limited (CBL)	37,805	23,045
	1,378,563,037	1,443,976,088
Less: Intercompany transactions	-	120,038,909
	1,378,563,037	1,323,937,179

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	2017 BDT	2016 BDT
35. Provision against loans and advances		
On un-classified loans	760,041,382	740,200,000
On classified loans	3,863,843,415	2,192,572,661
	4,623,884,798	2,932,772,661
35(a). Consolidated provision against loans and advances		
AB Bank Limited	4,623,884,798	2,932,772,661
AB Investment Limited	270,000,000	-
AB International Finance Limited	-	-
AB Securities Limited	56,250,000	6,212,275
Cashlink Bangladesh Limited (CBL)	-	-
	4,950,134,798	2,938,984,936
36. Provisions for diminution in value of investments		
In quoted shares	10,000,000	25,000,000
36(a). Consolidated provisions for diminution in value of investments		
AB Bank Limited	10,000,000	25,000,000
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	2,050,000	1,287,725
Cashlink Bangladesh Limited (CBL)	-	(4,307,246)
	12,050,000	21,980,479
37. Other provision		
Provision for off balance sheet items	-	-
Provision for other assets	171,752	59,558,484
	171,752	59,558,484
Provision for other assets included prepaid legal expenses, protested bills and others has been made as per Bangladesh Bank BRPD Circular no. 14 dated 25 June 2001.		
37(a). Consolidated other provisions		
AB Bank Limited	171,752	59,558,484
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	171,752	59,558,484
38. Appropriations		
Retained earnings - brought forward	6,809,663,765	6,830,946,921
Add/(less): Adjustment for investment in Amana Bank	(17,852,549)	(180,140,019)
Add: Post-tax profit for the year	29,600,965	1,304,670,423
	6,821,412,181	7,955,477,324
Less: Dividend		
Cash dividend	-	-
Bonus shares issued	842,367,010	748,770,680
	5,979,045,171	7,206,706,644

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**

	2017 BDT	2016 BDT
Transferred to		
Statutory reserve	26,124,722	388,712,367
General reserve	-	-
Proposed dividend	-	-
	26,124,722	388,712,367
Retained earnings	5,952,920,449	6,817,994,277
<u>Add:</u> Transferred from Assets Revaluation Reserve	3,280,464	1,774,401
<u>Less:</u> Adjustment during the year	-	-
<u>Add:</u> Foreign Exchange translation gain/(Loss)	55,791,085	(10,104,914)
	6,011,991,998	6,809,663,765
39. Earnings Per Share (EPS)		
Profit after taxation	29,600,965	1,304,670,423
Number of ordinary shares outstanding	758,130,315	758,130,315
Earnings per share	0.04	1.72
39.(a) Consolidated earnings per share		
Net profit attributable to the shareholders of parent company	40,644,569	1,514,736,427
Number of ordinary shares outstanding	758,130,315	758,130,315
Earnings Per Share	0.05	2.00
Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of December 31, 2017 in terms of Bangladesh Accounting Standard (BAS)-33. According to BAS-33, EPS for the year ended December 31, 2016 was restated for the issues of bonus share in 2017.		
40. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	4,574,466,471	5,207,182,139
Exchange earnings	1,094,559,439	844,901,183
Recoveries on telex, telephone, fax, etc.	74,958,139	84,781,759
Recoveries on courier, postage, stamp, etc.	28,307,519	26,005,800
Non-operating income	1,068,692	270,463
Others	6,022,552	4,751,956
	5,779,382,812	6,167,893,301
41. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	734,026,531	697,882,398
Postage, stamps, telecommunication, etc.	125,681,567	135,901,070
Repairs of Bank's assets	216,399,346	226,908,863
Legal expenses	7,587,144	18,146,709
Auditor's fees	3,164,822	5,012,790
Directors' fees	7,984,642	9,586,543
Other expenses	1,352,875,569	1,424,393,841
	2,447,719,622	2,517,832,213

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2017

	2017 BDT	2016 BDT	
42. Decrease in other assets			
Investment in subsidiaries	6,229,114,922	6,229,114,922	
Advance rent and advertisement	262,872,811	246,555,630	
Stationery, stamps, printing materials, etc.	65,706,665	28,476,396	
Security deposits	177,077,324	159,266,370	
Commission and brokerage receivable on shares and debentures, and other income receivables	968,925,438	1,026,651,535	
Accounts receivable	1,156,026,660	889,650,552	
Preliminary, formation, organizational, renovation, development and prepaid expenses	875,183,299	805,559,950	
Exchange for clearing	492,291,351	570,641,969	
Arab Bangladesh Bank Foundation	19,920,000	19,920,000	
Inter-branch adjustment	-	621,590	
	10,247,118,470	9,976,458,914	
Add. Adjustment during the year	-	50,423,392	
	10,247,118,470	10,026,882,306	
Net Decrease	270,659,557	575,458,450	
43. Increase/(decrease) in other liabilities			
Accumulated provision against loans and advances	8,733,640,130	6,605,083,960	
Provision for current tax	889,411,024	2,561,589,337	
Interest suspense account	13,345,309,883	10,459,867,308	
Accounts payable - Bangladesh Bank	1,439,084,087	802,485,542	
Provision against other assets	250,198,969	237,198,969	
Accrued expenses	218,789,290	360,305,082	
Provision against investments	1,560,053,000	1,550,053,000	
Provision against off balance sheet items	860,000,000	860,000,000	
Others	666,110,214	689,642,580	
	27,962,596,595	24,126,225,778	
Less: Adjustment for provision and others	13,767,501,323	11,703,765,438	
	14,195,095,272	12,422,460,340	
Net Increase/(Decrease)	1,772,634,933	5,776,275,074	
44. Conversion rates			
Assets and liabilities as at 31 December 2017 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:			
Currency	Abbreviation	Unit	Equivalent to BDT
British Pound Sterling	GBP	1.00	110.60
European Currency	EURO	1.00	98.07
Indian Rupee	INR	1.00	1.29
Japanese Yen	JPY	1.00	0.73
US Dollar	USD	1.00	82.70
Honkong Dollar	HKD	1.00	10.59
U.A.E Dirham	DIRHAM	1.00	22.52

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2017**


45 Highlights of the overall activities of the Bank

Sl no.	Particulars	2017 Taka	2016 Taka
1	Paid-up capital	7,581,303,150	6,738,936,140
2	Total capital	31,286,475,023	30,640,391,090
3	Capital surplus/ (deficit)	(1,309,532,666)	462,358,843
4	Total assets	314,564,999,466	314,835,891,011
5	Total deposits	235,954,308,453	245,640,782,909
6	Total loans and advances	229,647,286,231	218,769,451,248
7	Total contingent liabilities and commitments	65,450,616,147	73,478,914,136
8	Credit-deposit ratio*	86.24%	83.67%
9	Ratio of classified loans against total loans and advances	7.15%	5.19%
10	Profit after tax and provision	29,600,965	1,304,670,423
11	Loans classified during the year	8,321,910,856	7,785,711,884
12	Provision kept against classified loans	3,862,449,936	2,506,342,955
13	Provision surplus/ (deficit)	1,884,080	23,728,687
14	Cost of fund	7.52%	8.06%
15	Interest earning assets	270,092,805,867	272,624,556,302
16	Non-interest earning assets	44,472,193,599	42,211,334,710
17	Return on investments (ROI)	10.18%	13.50%
18	Return on assets (ROA)	0.01%	0.44%
19	Income from investments	4,781,859,929	5,348,168,994
20	Earnings per share	0.04	1.72
21	Net Income per share	0.04	1.72
22	Price-earnings ratio (Times)	566.02	12.96

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



Moshir Rahman Chowdhury
President & Managing Director



Syed Golam Kibria
Director



Prof. Dr. M. Imtiaz Hossain
Director



M. A. Awal
Chairman

Dhaka, Bangladesh
Dated, 30 April 2018

AB Bank Limited

Currency wise balances
As at 31 December 2017

Name of the bank	Location	Name of currency	Amounts in foreign currency	Conversion rate	Equivalent amounts in BDT
The Bank of Tokyo Mitsubishi Ltd.	Japan	JPY	4,164,285	0.7303	3,041,177.34
JP Morgan Chase Bank	USA	USD	2,668,860	82.7000	220,714,707.11
Sonali Bank (Kolkata)	India	ACU	95,922	82.7000	7,932,736.17
MFT, YANGON	Myanmar, Yangon	USD	1,000	82.7000	82,700.00
Myanmar Economic Bank	Myanmar	ACU	410	82.7000	33,907.00
Citibank NA	USA	USD	69,653	82.7000	5,760,272.50
Hatton National Bank Ltd.	Srilanka	ACU	35,612	82.7000	2,945,110.75
Commerz Bank AG	Germany	USD	2,066,144	82.7000	170,870,131.96
NIB Bank Ltd.	Pakistan	ACU	49,878	82.7000	4,124,934.58
Mashreq Bank Psc	USA	USD	256,282	82.7000	21,194,534.63
Nepal Bangladesh Bank Ltd.	Nepal	ACU	17,377	82.7000	1,437,098.58
Bank of Bhutan	Bhutan	ACU	33,785	82.7000	2,794,031.91
Wachovia Bank/Wells Fargo N.A	USA	USD	274,518	82.7000	22,702,647.70
Habib America Bank	USA	USD	346,516	82.7000	28,656,850.04
Commerz Bank AG	Germany	EUR	195,104	98.0739	19,134,579.78
Hypovereins Bank	Germany	EUR	24,860	98.0739	2,438,144.61
Habib Metro Bank	Pakistan	ACU	226,410	82.7000	18,724,066.48
Habib Bank AG	Dubai	AED	12,120	22.5187	272,921.92
COMMERZ BK CAD	Germany	CAD	21,381	65.1694	1,393,371.30
COMMERZ BK CHF	Germany	CHF	25,812	83.6114	2,158,141.50
Reserve Bank of India	Mumbai	INR	24,443,100	1.29	31,560,411.49
HDFC Bank Ltd.	Mumbai	INR	75,141,061	1.29	97,020,542.63
HDFC BANK CSGL	Mumbai	INR	349,961	1.29	451,861.63
JP MORGAN CHASE	New York	USD	794,238	82.70	65,683,512.37
HABIB AMERICAN	New York	USD	69,938	82.70	5,783,906.51
JP CHASE ACU	New York	USD	8,289,862	82.70	685,571,611.38
Kotak Mahindra Bank	India	INR	39,407,586	1.29	50,882,238.44
Standard Chartered Bank	New York	USD	2,549,772	82.7000	210,866,128.69
Standard Chartered Bank	Singapore	SGD	25,807	61.5602	1,588,669.31
Standard Chartered Bank, UK	UK, London	GBP	5,579	110.6030	617,015.43
JPMC NY-OBUS	USA	USD	69,297	82.7000	5,730,837.92
COMMERZ BANK (R)	Germany	EUR	18	98.0739	1,729.04
Total					1,692,170,531

AB Bank Limited

Investment in Shares
As at 31 December 2017

Particulars	Number of shares	Market price per share	Total market price	Cost per Share	Total cost
			BDT	BDT	BDT
Dhaka Bank Limited	809,907	22.00	17,817,954	22.89	18,536,293
National Bank Limited	1,669,800	13.00	21,707,400	27.86	46,512,853
Premier Bank Limited	1,551,488	15.70	24,358,362	15.21	23,601,267
AB Bank 1st Mutual Fund	39,456,033	6.60	260,409,818	6.69	264,040,964
LR Global Bangladesh Mutual Fund One	10,369,343	8.30	86,065,547	9.64	100,000,001
Popular Life First Mutual Fund	713,592	6.20	4,424,270	5.37	3,829,324
Pragati Insurance Limited	1,107,136	29.80	32,992,653	113.43	125,579,299
Dhaka Electric Supply Company Limited	7,023,760	45.40	318,878,704	87.73	616,189,886
Jamuna Oil Company Limited	20,444	189.70	3,878,227	211.26	4,318,986
Khulna Power Company Limited	3,868,584	58.50	226,312,164	97.34	376,579,625
Linde Bangladesh Limited	29,614	1284.70	38,045,106	1348.28	39,927,965
Padma Oil Company Limited	321,333	239.00	76,798,587	303.53	97,533,757
Powergrid Company of Bangladesh Ltd.	3,366,500	52.20	175,731,300	81.61	274,723,472
Shahjibazar Power Co. Ltd.	133,635	116.10	15,515,024	125.50	16,771,326
Summit Power Limited	1,025,000	35.90	36,797,500	41.13	42,154,517
Beacon Pharmaceuticals Limited	6,642,500	21.30	141,485,250	73.96	491,289,694
Orion Pharma Limited	1,200,000	48.70	58,440,000	83.33	100,000,001
Heidelberg Cement Bangladesh Limited	66,720	424.90	28,349,328	555.88	37,088,160
Lafarge Surma Cement Limited	125,000	69.90	8,737,500	134.50	16,812,600
Appollo Ispat Complex Ltd.	675,668	16.50	11,148,522	16.47	11,128,487
BBS Cables Limited	5,310	105.70	561,267	8.70	46,181
BSRM Steels Limited	2,231,055	78.50	175,137,818	108.15	241,287,029
GPH Ispat Limited	1,713,501	38.80	66,483,839	42.78	73,297,727
IFAD Autos Ltd.	283,914	126.00	35,773,164	112.91	32,056,787
Nahee Aluminum Composite Panel Ltd.	6,847	73.40	502,570	9.09	62,247
Oimex Electrode Ltd.	7,128	65.20	464,746	9.09	64,801
Union Capital Limited	2,213,159	20.10	44,484,496	67.34	149,037,207
Bangladesh Export Import Company Ltd.	4,246,344	27.00	114,651,288	79.38	337,094,018
Shinepukur Ceramics Limited	1,181,500	17.00	20,085,500	56.68	66,964,579
Argon Denims Limited	2,000,000	30.90	61,800,000	38.26	76,525,581
			2,107,837,901		3,683,054,634

Shares/Bond (unquoted)

Particulars	Number of shares	Cost per share	Book value/cost
		BDT	BDT
CDBL	5,000,000	2.00	10,000,002
CDBL (Placement)	711,804	8.00	5,694,428
IIDFCL	105,765	100.00	10,576,500
Bangladesh Fund	2,000,000	100.00	200,000,000
Stock Market Stabilization Fund	500,000	10.00	5,000,000
			231,270,930

AB Bank Limited

Schedule of Fixed Assets
As of 31 December 2017

Particulars	Land and Building BDT	Furniture and Fixtures BDT	Office Appliances BDT	Electrical Appliances BDT	Motor Vehicles BDT	Intangible Assets BDT	Total BDT
<u>Cost/ Revaluation</u>							
Balance at 01 January 2017	3,341,682,082	244,966,861	60,825,847	1,558,912,484	680,140,745	594,165,724	6,480,693,744
Addition during the year	-	7,950,298	2,737,000	139,017,051	160,535,794	29,053,538	339,293,681
Less: Disposal/adjustment during the year	6,986,100	1,606,969	178,953	13,113,863	1,792,132	-	23,678,018
Adjustment for rate fluctuation	-	(335,412)	(550,186)	(2,137,178)	(308,385)	(2,182,038)	(5,513,199)
At 31 December 2017	3,334,695,982	251,645,602	63,934,080	1,686,952,850	839,192,793	625,401,300	6,801,822,607
<u>Accumulated Depreciation</u>							
Balance at 01 January 2017	131,346,742	126,876,325	50,856,608	1,210,378,101	524,968,634	355,889,900	2,400,316,310
Addition during the year	18,513,464	13,332,627	2,252,658	107,777,728	56,209,382	102,357,230	300,443,089
Less: Disposal/adjustment during the year	1,488,310	1,327,957	162,821	11,731,920	1,792,132	-	16,503,140
Adjustment for rate fluctuation	-	(234,305)	(501,150)	(1,735,114)	(245,309)	(1,509,202)	(4,225,080)
At 31 December 2017	148,371,896	139,115,300	53,447,595	1,308,159,024	579,631,192	459,756,331	2,688,481,339
<u>Net Book Value</u>							
At 31 December 2017	3,186,324,086	112,530,302	10,486,485	378,793,827	259,561,600	165,644,969	4,113,341,268
At 31 December 2016	3,210,335,341	118,090,535	9,969,239	348,534,384	155,172,112	238,275,824	4,080,377,435

AB Bank Limited

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

As at 31 December 2017

Name of the Bank	Location	Currency	At 31 December 2017			At 31 December 2016		
			Amounts in foreign currency	Conversion rate	Equivalent amount in BDT	Amounts in foreign currency	Conversion rate	Equivalent amount in BDT
Sonali Bank UK	UK	USD			-	6,294,575	78.711	495,452,954
ICICI BK LTD	HK	USD	15,382,037	82.7000	1,272,094,447	-	78.711	-
Noor Bank Limited	UAE	USD			-	50,063,071	78.711	3,940,519,398
RAK Bank	UAE	USD	-	-	-	8,655,997	78.711	681,323,009
BANCA UBAE SPA	Italy	USD	-	-	-	5,023,894	78.711	395,436,258
					1,272,094,447			5,512,731,619

AB Bank Limited

**Detailed of Risk Weighted Assets under Basel III
As at 31 December 2017**

Amount in BDT

Risk Weighted Assets (RWA) for	31.12.2017		31.12.2016	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit risk				
On balance sheet (as shown below)	302,777,928,713	232,432,582,990	292,818,157,041	218,150,288,581
Off balance sheet (as shown below)	35,749,204,708	26,766,226,885	42,739,092,226	34,969,765,767
B. Market risk		7,897,233,749		8,767,854,108
C. Operational risk		22,646,246,941		22,140,630,345
Total RWA (A+B+C)	338,527,133,420	289,742,290,566	335,557,249,267	284,028,538,801

Credit risk - On balance sheet

Sl. no	Exposure type	31.12.2017		31.12.2016	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and cash equivalents	1,575,453,032	-	1,540,083,692	-
b)	Claims on Bangladesh Government and Bangladesh Bank	52,215,088,344	-	45,170,375,416	-
c)	Claims on other Sovereigns and Central Banks*	495,667,389	247,833,694	422,292,782	211,146,391
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	-	-	28,021,152	14,010,576
g)	Claims on Banks and Non-bank Financial Institution (NBFI)				
i)	Original maturity over 3 months	2,076,446,480	668,123,469	2,365,363,255	618,679,356
ii)	Maturity less than 3 months	7,976,940,597	1,595,388,119	14,589,166,314	2,917,833,263
h)	Claims on corporate (excluding equity exposure)	120,454,083,748	111,386,107,225	125,278,972,963	116,520,195,230
i)	Claims on SME	35,141,261,574	25,983,818,934	36,418,048,526	28,403,178,039
j)	Claims under Credit Risk Mitigation	5,482,587,046	1,237,703,022	5,504,105,664	1,074,326,375
	Fixed Risk Weight groups:				
k)	Claims categorised as retail portfolio (excluding consumer loan)	1,689,983,370	1,267,487,527	2,544,276,130	1,908,207,097
l)	Consumer loan	1,187,061,477	1,187,061,477	1,053,460,558	1,053,460,558
m)	Claims fully secured by residential property	1,253,441,297	626,720,648	1,335,088,529	667,544,264
n)	Claims fully secured by commercial real estate	6,317,522,175	6,317,522,175	6,779,256,684	6,779,256,684
o)	Past due Claims (Risk weights are to be assigned net of specific provision)	39,247,298,047	57,108,759,433	24,783,786,556	36,238,413,591
p)	Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there against is less than 20% of outstanding amount	73,649,950	73,649,950	14,256,000	14,256,000
q)	Investments in venture capital	468,976,102	703,464,154	468,976,102	703,464,154
r)	Claim on capital market exposure	1,000,056,209	1,250,070,261	1,597,244,871	1,996,556,089
s)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	6,011,329,750	7,514,162,188	6,011,329,750	7,514,162,188
t)	Investments in premises, plant and equipment and all other fixed assets	3,947,696,299	3,947,696,299	3,842,101,611	3,842,101,611
u)	Claims on all fixed assets under operating lease	-	-	-	-
v)	All other assets	16,163,385,827	11,317,014,414	13,071,950,486	7,673,497,117
	Total	302,777,928,713	232,432,582,990	292,818,157,041	218,150,288,581

AB Bank Limited

Detailed of Risk Weighted Assets under Basel III
As at 31 December 2017

Credit risk off balance sheet

Amount in BDT

Sl.	Exposure type	31.12.2017		31.12.2016	
		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 and 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	63,197,605	12,639,521	63,151,900	12,630,380
g)	Claims on corporate (excluding equity exposure)	31,938,595,536	23,626,228,025	39,482,534,916	32,311,550,491
h)	Against retail portfolio (excluding consumer loan)	205,509,216	154,131,912	222,061,902	166,546,427
i)	Claims on SME	3,496,336,393	2,927,661,470	2,925,630,204	2,433,325,165
j)	Consumer loan	45,565,958	45,565,958	45,713,304	45,713,304
k)	Claims fully secured by residential property	-	-	-	-
l)	Claims fully secured by commercial real estate	-	-	-	-
m)	Investments in venture capital	-	-	-	-
n)	Capital market exposure	-	-	-	-
o)	All other assets	-	-	-	-
Total		35,749,204,708	26,766,226,885	42,739,092,226	34,969,765,767

AB Bank Limited

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017

These disclosures have been made in accordance with the Bangladesh Bank BRPD Circular no. 18 dated 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 01 January 2015. The guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of the Bank Company Act, 1991 (amendment up to 2018).

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 categorised 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) Noncontrolling interest in subsidiaries

Less: Regulatory adjustments applicable on CET1

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017

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 Annex 4.
- b) Noncontrolling 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
- b) Subordinated debt / Instruments issued by the Banks that meet the qualifying criteria for Tier 2 capital;
- c) Noncontrolling Interest i.e. Tier 2 capital 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

Particulars	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	-	0.625%	1.25%	1.875%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4.50%	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%	10.625%	11.25%	11.875%	12.50%

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017
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%
>5.125% - 5.75%	80%
>5.75% - 6.375%	60%
>6.375% - 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 securitisation 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 harmonised 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.

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017

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, 2017. 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 01 January 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 01 January 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 Standardised 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 collateralised 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

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017

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:

AB Bank Limited

Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2017

A) Scope of application

Qualitative disclosure

(a) The name of the top corporate entity in the group to which this guidelines applies.	AB Bank Limited
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	<p>The consolidated financial statements of the Bank include the financial statements of (a) AB Bank Limited (b) AB Investment Limited (c) AB Securities Limited (d) Cash Link Bangladesh Limited and (e) AB International Finance Limited. A brief description of these are given below:</p> <p><u>AB Bank Limited (ABBL)</u></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 Act 1991 (amendment up to 2018) . 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 105 Branches including 1 Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has five (05) subsidiary companies, AB Investment Limited (ABIL), AB Securities Limited (ABSL), CashLink Bangladesh Limited (CBL), AB International Finance Limited (ABIFL), incorporated in Hong Kong, and Arab Bangladesh Bank Foundation (ABBF).</p>
	<p><u>AB Investment Limited</u></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><u>AB Securities Limited</u></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>

AB Bank Limited

Disclosures on Risk Based Capital (Basel III) Based on 31 December 2017

	<p><u>Cashlink Bangladesh Limited</u></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><u>AB International Finance Limited</u></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><u>Arab Bangladesh Bank Foundation</u></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: BDT. 20,000,000</p> <p>Name of subsidiary: Arab Bangladesh Bank Foundation (ABBF)</p>

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017

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.	<p>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:</p> <p>Common Equity Tier 1 capital instruments</p> <p>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.</p> <p>Statutory reserve: As per Section 24(1) of the Bank Company Act, 1991 (amendment up to 2018), an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund.</p> <p>General reserve: Any reserve created through Profit and Loss appropriation account for fulfilling any purpose.</p> <p>Retained earnings: Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p>In this respect, Bank is complied.</p> <p>Additional Tier 1 Capital Bank has no any type of Additional Tier I Capital.</p> <p>Tier 2 Capital a) General provisions; b) Subordinated debt / instruments issued by the banks that meet the qualifying criteria for Tier 2 capital; c) Noncontrolling interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified Less: Regulatory adjustments applicable on Tier-2 capital;</p>
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		Taka in Crore			
		31.12.2017		31.12.2016	
		Solo	Conso	Solo	Conso
(b) The amount of Regulatory capital, with separate disclosure of: CET 1 Capital	> Paid up Capital	758	758	674	674
	> Non- repayable share premium account	-	-	-	-
	> Statutory reserve	655	655	650	650
	> General reserve	122	130	122	130
	> Retained earnings	601	705	681	784
	> Non- Controlling Interest	-	1	-	1
	> Non- cumulative irredeemable preference shares	-	-	-	-
	> Dividend equalization account	-	-	-	-
		2,136	2,249	2,127	2,238
Additional Tier 1 Capital		-	-	-	-
Total Tier 1 Capital		2,136	2,249	2,127	2,238
Tier 2 Capital		1,156	1,213	1,194	1,206
(c) Regulatory Adjustments/Deductions from capital		163	164	256	257
(d) Total eligible capital		3,129	3,298	3,064	3,187

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017
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 standardised approach for credit risk, standardised (rule based) Approach for Market Risk and Basic Indicator Approach for Operational Risk for computing capital adequacy.			
		Taka in Crore			
		31.12.2017		31.12.2016	
		Solo	Conso	Solo	Conso
(b)	Capital requirement for Credit Risk:	2,592	2,611	2,531	2,546
(c)	Capital requirement for Market Risk:	79	86	88	98
(d)	Capital requirement for Operational Risk:	226	235	221	228
(e)	Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:				
	> For the Bank alone	68.29%	-	69.41%	-
	> For the consolidated group	-	68.20%	-	70.22%
(f)	Capital Conservation Buffer	1.25%	1.25%	0.625%	0.625%
(g)	Available Capital under Pillar 2 requirement	1,156	1,213	1,194	1,206

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'.

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017

<div>> Definitions of past due and impaired (for accounting purposes)</div>	<div>i. In case of fixed term loans :</div> <div>> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 3 (three) months, the entire loan will be classified as "Sub-standard".</div> <div>> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loan will be classified as "Doubtful".</div> <div>> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 9 (nine) months, the entire loan will be classified as "Bad/Loss".</div> <div>If any fixed term loan is repayable on monthly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 06 monthly installments. Similarly, if the loan is repayable on quarterly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 2 quarterly installments.</div>																																																																	
<div>> Description of approaches followed for specific and general allowances and statistical methods</div>	<table><tr><th colspan="2" rowspan="2">Particulars</th><th rowspan="2">Short Term Agri Credit</th><th colspan="3">Consumer Financing</th><th rowspan="2">SMEF</th><th rowspan="2">Loans to BHs/MBs/SDs</th><th rowspan="2">All other Credit</th><th rowspan="2">Off Balance Sheet Exposures</th></tr><tr><th>Other than HF, LP</th><th>HF</th><th>LP</th></tr><tr><td rowspan="2">UC</td><td>Standard</td><td>2.50%</td><td>5%</td><td>2%</td><td>2%</td><td>0.25%</td><td>2%</td><td>1%</td><td rowspan="5">1%</td></tr><tr><td>SMA</td><td>-</td><td>5%</td><td>2%</td><td>2%</td><td>0.25%</td><td>2%</td><td>1%</td></tr><tr><td rowspan="3">Classified</td><td>SS</td><td>5%</td><td>20%</td><td>20%</td><td>20%</td><td>20%</td><td>20%</td><td>20%</td></tr><tr><td>DF</td><td>5%</td><td>50%</td><td>50%</td><td>50%</td><td>50%</td><td>50%</td><td>50%</td></tr><tr><td>BL</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr></table>										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%
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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%																																																										
<div>> Discussion of the Bank's credit risk management policy</div>	<div>The Board approves the credit policy keeping in view relevant Bangladesh Bank guidelines to ensure best practice in credit risk management and maintain quality of assets. Authorities are properly delegated in ensuring check and balance in credit operation at every stage i.e. screening, assessing risk, identification, management and mitigation of credit risk as well as monitoring, supervision and recovery of loans with provision for early warning system. There is a separate Credit Risk Management Division for ensuring proper risk management of Loans and Credit Administration Management Division for monitoring and recovery of irregular loans. Internal control and 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 focus on monitoring of top 30 loans, Sectoral exposures etc. among others limit.</div>																																																																	

		31.12.2017		31.12.2016	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	8.95%	2,055.59	10.01%	2,189.68
	Cash credit	0.01%	3.16	0.01%	1.38
	Time loan	23.53%	5,403.67	22.81%	4,991.09
	Term loan	52.66%	12,093.01	54.75%	11,978.46
	Forced loan	6.23%	1,430.23	3.61%	790.59
	Bills under LC	0.08%	19.20	0.09%	20.71
	Trust receipt	3.74%	859.61	4.19%	916.22
	Packing credit	0.12%	27.19	0.10%	21.22
	Loan against accepted bills	1.53%	351.75	1.34%	293.09
	Loan-EDF	1.32%	303.26	1.47%	320.59
	Consumer Loan	0.69%	159.32	0.64%	140.23
	Staff loan	0.68%	156.44	0.69%	150.39
	Bills purchased and discounted	0.45%	102.29	0.29%	63.30
	Total	100%	22,965	100%	21,877

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Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2017

E) Equities: Disclosures for Banking book positions

Qualitative Disclosure

<p>(a) The general qualitative disclosure requirement with respect to the equity risk, including:</p> <ul style="list-style-type: none"> > differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons > discussion of important policies covering the valuation and accounting of equity holdings in the Banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices 	<p>Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.</p> <p>Quoted shares are valued at cost. Necessary provision is maintained if market price fall below the cost price. Unquoted shares are valued at cost.</p>
<p>(b) Value disclosed in the balance sheet of investment, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.</p>	<p>Not applicable</p>
<p>(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period (2017)</p>	<p style="text-align: center;"><u>BDT in Crore</u> 13.89</p>
<p>(d) > Total unrealized gains (losses)</p> <p>> Total latent revaluation gains (losses)</p> <p>> Any amounts of the above included in Tier 2 capital</p>	<p style="text-align: center;">(157.52)</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p>
<p>(e) Capital requirements broken down by appropriate equity grouping, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements</p>	<p style="text-align: center;">Nil</p>

F) Interest Rate Risk in the Banking Book (IRRBB)

Qualitative Disclosure

<p>(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.</p>	<p>Interest rate risk is the potential that the value of the On Balance Sheet and the Off Balance Sheet position of the Bank would be negatively effected with the change in the interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using duration GAP under Stress Testing Analysis.</p> <p>AB Bank has also been exercising the Stress Testing using the duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital Adequacy Ratio (CAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Under the assumption of three different interest rate changes i.e. 1%, 2% and 3%.</p>
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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017
Quantitative Disclosure

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	BDT in Crore	
	31.12.17	31.12.16
Market value of assets	31,713	32,012
Market value of liability	29,552	29,296
Weighted avg. duration GAP	0.92	0.98
CRAR after different level of Shocks:		
Minor level	9.96%	9.87%
Moderate level	9.12%	8.93%
Major level	8.25%	7.96%

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	Standardised 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.

(b) The capital requirements for:	BDT in Crore	
	31.12.17	31.12.16
Interest rate risk	22.11	37.53
Equity position risk	42.16	48.33
Foreign exchange risk	14.70	1.82
Commodity risk	-	-
	78.97	87.68

H) Operational Risk
Qualitative Disclosure

(a) > Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control and 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 and 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.

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017**

> Policies and processes for mitigating operational risk	The policy for operational risks including internal control and 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 and 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

	BDT in Crore	
	31.12.17	31.12.16
(b) The capital requirements for Operational Risk	226.46	221.41

I) Liquidity Ratio

Qualitative Disclosure

(a) > Views of BOD on system to reduce liquidity Risk	<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 manage the risk within a structured frame work. 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>
> Methods used to measure Liquidity risk	<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>>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>> 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>> 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>> 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 place this fund for short term lending.</p> <p>> Bank uses variety of ratios to quantify the liquidity and interpret them taking into account the qualitative factors.</p>

Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2017

> Liquidity risk management system	<p>The Management of the Bank measures the liquidity risk and manage 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>

(b)	BDT/Cr. 31.12.2017
Liquidity Coverage Ratio	125.76%
Net Stable Funding Ratio (NSFR)	104.66%
Stock of high quality liquid assets	5,751.88
Total net cash outflows over the next 30 calendar days	4,573.54
Available amount of stable funding	24,867.73
Required amount of stable funding	23,760.51

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"> • Emphasised to keep LD ratio at the optimal level/budgeted level • Stressed to keep the interest rate spread at the optimal level for ensuring the profitability of the Bank • Market competitive Cost of Fund must be maintained • Non-funded business i.e. import, export and bank guarantee to be expedited as per budget • Operational expenses must be reduced at rational level • Decentralisation of portfolio in SME and retail business • Special Mentioned Account (SMA) and classified loans are to be closely monitored for ensuring asset quality, and • Recovery cell must ensure the monitoring of risk assets frequently to maintain the asset quality.
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Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2017

<div>> Policies and processes for managing excessive on and off-balance sheet leverage</div>	<div>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.</div> <div>All these above measures as a whole, helps the Management to keep the exposures at sound level.</div>																																																
<div>> Approach for calculating exposure</div>	<div>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:</div> <div><div>i. 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).</div><div>ii. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure.</div><div>iii. Netting of loans and deposits is not allowed.</div></div>																																																
	<div><div>On Balance Sheet Items</div><div>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.):</div><div>Repurchase agreements and securities financing:</div><div>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><div>• The accounting measure of exposure; and</div><div>• Without netting various long and short positions with the same counterparty</div></div><div>Off Balance Sheet Items</div><div>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 21 December 2014. OBS exposures calculation is given below for considering Leverage Ratio of the Bank:</div></div> <table><tr><th>Exposures Types</th><th>CCF</th><th>Notional amount</th><th>Exposure</th></tr><tr><td></td><td></td><th>BDT/Cr.</th><th>BDT/Cr.</th></tr><tr><td>Direct credit substitutes</td><td>100%</td><td>2,472</td><td>2,472</td></tr><tr><td>Performance related contingencies</td><td>50%</td><td>1,074</td><td>537</td></tr><tr><td>Short-term self-liquidating trade letters of credit</td><td>20%</td><td>1,536</td><td>307</td></tr><tr><td>Lending of securities or posting of securities as collateral</td><td>100%</td><td>-</td><td>-</td></tr><tr><td>Other commitments with certain drawdown</td><td>100%</td><td>-</td><td>-</td></tr><tr><td>Commitments with original maturity of one year or less</td><td>20%</td><td>1,294</td><td>259</td></tr><tr><td>Commitments with original maturity of over one year</td><td>50%</td><td>-</td><td>-</td></tr><tr><td>Other commitments that can be unconditionally cancelled by any time</td><td>10%</td><td>1,606</td><td>161</td></tr><tr><td>Market related Off-Balance sheet exposure</td><td></td><td>-</td><td>-</td></tr><tr><td>Total</td><td>103</td><td>7,982</td><td>3,735</td></tr></table>	Exposures Types	CCF	Notional amount	Exposure			BDT/Cr.	BDT/Cr.	Direct credit substitutes	100%	2,472	2,472	Performance related contingencies	50%	1,074	537	Short-term self-liquidating trade letters of credit	20%	1,536	307	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%	1,294	259	Commitments with original maturity of over one year	50%	-	-	Other commitments that can be unconditionally cancelled by any time	10%	1,606	161	Market related Off-Balance sheet exposure		-	-	Total	103	7,982	3,735
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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017

(b)		BDT/Cr.
	Leverage Ratio	<u>31.12.2017</u>
	On balance sheet exposure	5.70%
	Off balance sheet exposure	31,070.25
	Total deduction from On and Off-Balance Sheet Exposure	3,735.45
	Total exposure	163.39
		<u>34,642.31</u>

K) Remuneration**Qualitative Disclosure**

(a)	Information relating to the bodies that oversees remuneration.	
	> 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 and 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)	Information relating to the design and structure of remuneration processes.	
	> 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 and 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 and guidance from the Board from time to time</p>

Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2017

(b)	<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.</p> <p>> A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</p>	<p>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> <p>Risks and 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</p>
(c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes.</p> <p>> An overview of the key risks that the bank takes into account when implementing remuneration measures.</p> <p>> An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure</p> <p>> A discussion of the ways in which these measures affect remuneration.</p> <p>> 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>	<p>The business risks including credit/default risk, compliance and reputational risk, financial and liquidity risk are considered while implementing remuneration measures for each employee/group of employees.</p> <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 and 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> <p>Individual employee's performance standards are set in term of financial and 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 and not achieved) leading to variation in performance reward (annual merit pay) thus affects in remuneration.</p> <p>Based on differentiating performance outcome employees are rewarded annually. Differentiating reward i.e. good, better and best impact on competitive motivation at work as usual. No material change in remuneration package.</p>
(d)	<p>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</p> <p>> An overview of main performance metrics for bank, top-level business lines and individuals.</p> <p>> A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.</p> <p>> A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak</p>	<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> <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> <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.</p>

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017

Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.		
(e)	<p>> 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.</p>	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 favourably met.
	<p>> 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.</p>	Not applicable
Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms.		
(f)	<p>> An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms</p>	Not applicable
	<p>> 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.</p>	Not applicable

Quantitative Disclosure

(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	The main body that oversees remunerations organizes meeting as & when needed to discuss issues arising in the process of administration.
	<p>> Number of employees having received a variable remuneration award during the financial year.</p>	Not applicable (Variable remuneration practice is not available)
	<p>> Number and total amount of guaranteed bonuses awarded during the financial year.</p>	Bank has disbursed 02 (two) festival bonus among the employees amounting to taka 186,742,610 during the year 2017.
	<p>> Number and total amount of sign-on awards made during the financial year.</p>	Not applicable

AB Bank Limited

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2017**

	> Number and total amount of severance payments made during the financial year	None during the financial year
	> Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Not applicable
	> Total amount of deferred remuneration paid out in the financial year.	Not applicable

(j)	Breakdown of amount of remuneration awards for the financial year to show:	
	Fixed and variable.	BDT 292.40 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:	
	> Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Not applicable
	> Total amount of reductions during the financial year due to ex post explicit adjustments.	Not applicable
	> Total amount of reductions during the financial year due to ex post implicit adjustments.	Not applicable

Mumbai Branch

Balance Sheet

As at 31 December 2017

	2017 INR	2016 INR
PROPERTY AND ASSETS		
Cash	27,482,592	29,802,230
In hand (including foreign currencies)	3,039,492	7,493,047
Balance with Reserve Bank India (including foreign currencies)	24,443,100	22,309,183
Balance with other banks and financial institutions	699,658,623	1,075,082,607
In India	114,898,608	88,690,944
Outside India	584,760,015	986,391,664
Money at call and on short notice	291,504,512	411,757,031
Investments	383,887,500	364,706,500
Government	383,887,500	364,706,500
Others	-	-
Loans and advances	593,138,007	405,309,419
Loans, cash credits, overdrafts, etc	148,667,190	124,426,068
Bills purchased and discounted	444,470,817	280,883,351
Fixed assets including premises, furniture and fixtures	8,856,858	10,288,025
Other assets	341,579,628	267,229,419
Non-banking assets	-	-
Total Assets	2,346,107,720	2,564,175,231
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, FIs and agents	-	-
Deposits and other accounts	1,189,176,007	1,367,943,715
Current deposits	959,563,493	1,155,747,445
Demand deposits	124,275	586,287
Bills payable	682,575	626,723
Savings deposits	8,969,744	9,100,177
Fixed deposits	219,835,919	201,883,083
Other deposits	-	-
Other liabilities	280,394,571	189,063,895
Total Liabilities	1,469,570,578	1,557,007,610
Capital/Shareholders' Equity		
Total Shareholders' Equity	876,537,142	1,007,167,621
Paid-up capital	369,822,602	369,822,602
Statutory reserve	226,420,185	206,186,951
Other reserve	-	-
Retained earnings	280,294,355	431,158,067
Total Liabilities and Shareholders' Equity	2,346,107,720	2,564,175,231

AB Bank Limited

Mumbai Branch

Balance Sheet

As at 31 December 2017

	2017 INR	2016 INR
Off-Balance Sheet Items		
Contingent liabilities	2,630,571,155	2,297,960,888
Acceptances and endorsements	169,397,016	150,505,021
Other Items in respect of which the bank is contingently liable	-	-
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	2,461,174,139	2,147,455,867
Other contingent liabilities	-	-
Other commitments	82,036	62,880
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	82,036	62,880
Other Items (DEAFA/C)	-	-
Total	<u>2,630,653,191</u>	<u>2,298,023,768</u>

Mumbai Branch

Profit and Loss Account

For the year ended 31 December 2017

	2017 INR	2016 INR
Operating Income		
Interest income	43,420,203	52,470,472
Interest paid on deposits and borrowings, etc.	(18,416,303)	(16,866,394)
Net interest income	25,003,900	35,604,078
Investment income	25,061,241	23,643,631
Commission, exchange and brokerage	275,875,139	276,706,121
Other operating income	2,723,173	2,048,641
	303,659,553	302,398,392
Total operating income (a)	328,663,453	338,002,470
Operating Expenses		
Salary and allowances	13,913,618	13,190,755
Rent, taxes, insurance, electricity, etc.	17,556,777	15,980,320
Legal expenses	155,232	65,687
Postage, stamps, telecommunication, etc.	7,990,141	9,100,531
Stationery, printing, advertisement, etc.	2,347,601	2,514,864
Directors' fees	-	-
Auditors' fees	658,420	573,080
Depreciation and repairs of Bank's assets	4,808,322	6,275,591
Other expenses	124,995,660	101,760,381
Total operating expenses (b)	172,425,772	149,461,208
Profit before provision (c = a-b)	156,237,681	188,541,263
Provision against loans and advances	32,700,000	10,500,000
Kolkata Provision	-	30,194,200
General Provision	(10,000,000)	10,000,000
Other provisions	64,700	15,300
Total provision (d)	22,764,700	50,709,500
Profit before taxation (c-d)	133,472,981	137,831,763
Provision for taxation	55,145,800	74,148,100
Current tax	70,313,794	74,212,703
Deferred tax	(15,167,994)	(64,603)
Net profit after taxation	78,327,181	63,683,663
Appropriations		
Statutory reserve	20,233,234	17,727,951
General reserve	-	-
Profit Remitted during the Year	-	-
	20,233,234	17,727,951
Retained surplus	58,093,947	45,955,711

Islami Banking Branch
Balance Sheet
As at 31 December 2017

	2017 Taka	2016 Taka
<u>PROPERTY AND ASSETS</u>		
Cash in hand	333,984,548	270,140,394
Cash in Hand (Including foreign currencies)	3,449,220	4,300,384
Balance with Bangladesh Bank and its Agent Banks (Incl. FC)	330,535,328	265,840,010
Balance with Other Banks and Financial Institutions	2,220,827,730	2,415,566,470
In Bangladesh	2,220,827,730	2,415,566,470
Outside Bangladesh	-	-
Placement with other Banks & Financial Institutions	-	-
Investment in shares & other financial institutions	280,000,000	248,500,000
Government (BGIB For SLR)	280,000,000	248,500,000
Others	-	-
Investments	4,613,170,208	4,422,979,996
General Investments etc.	4,613,170,208	4,422,979,996
Bills Purchased & Discounted	-	-
Fixed Assets	11,264,559	9,251,533
Other Assets	39,958,785	26,517,395
Non-Banking Assets	-	-
	7,499,205,830	7,392,955,787
<u>LIABILITIES AND CAPITAL</u>		
Liabilities		
Placement from Banks (BGIB)& Other Financial Institutions	2,103,666,667	-
Deposits and Other Accounts	5,240,822,184	7,311,296,055
Mudaraba Savings Deposits	122,988,024	106,811,149
Mudaraba Term Deposits	4,022,553,327	4,081,262,744
Other Mudaraba Deposits	961,993,777	3,000,929,470
Al-Wadeeah Current and Other Deposit Accounts	126,690,801	116,562,265
Bills Payable	6,596,254	5,730,426
Other Liabilities	154,716,980	81,659,732
Total Liabilities	7,499,205,830	7,392,955,787

AB Bank Limited

**Islami Banking Branch
Balance Sheet
As at 31 December 2017**

	2017 Taka	2016 Taka
Contingent Liabilities		
Acceptances & Endorsements	1,376,260,269	380,418,216
Letter of Guarantee	76,293,835	130,000,000
Irrevocable Letters of Credit (including Back to Back Bills)	189,119,729	332,550,279
Inland Bills for collection	-	-
Other Contingent Liabilities	-	-
Total	1,641,673,833	842,968,495
Other Commitments		
Documentary Credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other-commitments	-	-
Total Off-Balance Sheet items including Contingent Liabilities	1,641,673,833	842,968,495

Islami Banking Branch

Profit and Loss Account

For the year ended 31 December 2017

	2017 Taka	2016 Taka
Investment Income	537,326,238	583,877,086
Profit paid on Deposits	383,669,723	385,240,147
Net Investment Income	153,656,514	198,636,940
Income from Investments in Shares/Securities	1,959,010	475,476
Commission, Exchange and Brokerage	31,418,994	34,601,038
Other Operating Income	649,276	695,741
Total Operating Income	187,683,795	234,409,194
Operating Expenses		
Salaries and Allowances	36,452,483	33,161,266
Rent, Taxes, Insurance, Electricity etc.	1,441,640	1,491,079
Legal Expenses	2,300	-
Postage, Stamps, Telecommunication etc.	482,756	556,819
Stationeries, Printing and Advertisement etc.	518,465	473,596
Shariah Supervisory Committee's Fees & Expenses	114,200	155,087
Depreciation and repair to Bank's Assets	2,164,263	2,938,660
Other Expenses	7,629,075	7,456,303
Total Operating Expenses	48,805,182	46,232,809
Operating Profit	138,878,613	188,176,385

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 2017 final profit has been paid to the depositors as per following weightage and rates:

Types of Deposit	Weightage	Rate of Profit (%)
1. Mudaraba Savings Deposits	0.29	3.50
2. Mudaraba Special Notice Deposits		
a. General	0.21	2.50
b. Inter - Bank	0.25 - 0.29	3.00 - 3.50
3. <u>Mudaraba Term Deposits</u>		
a. <u>General</u>		
• 24 Months	0.50 - 0.81	6.00 - 9.75
• 12 Months	0.50 - 0.75	6.00 - 9.00
• 6 Months	0.48 - 0.65	5.75 - 7.75
• 3 Months	0.46 - 0.62	5.50 - 7.50
• 1 Month	0.33	4.00
4. Mudaraba Probable Millionaire Scheme	1.04	12.50
5. Mudaraba Hajj Deposit Scheme	0.75 - 1.11	9.00 - 13.34
6. Mudaraba Pension Deposit Scheme	0.66 - 1.04	8.00 - 12.50
7. Mudaraba Monthly Profit Payment Scheme	0.58 - 1.11	7.00 - 13.34
8. Mudaraba Cash WAQF Deposit	0.66	8.00

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 2017, Shariah Supervisory Committee met in 04 (Four) meetings (Full Committee 02+Sub-Committee 02) 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.

Custodian Wing
Balance Sheet
As at 31 December 2017

	2017 Taka	2016 Taka
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	15,825	26,375
Intangible Assets	-	-
Total Non Current Assets	15,825	26,375
Current Assets		
Cash and Bank Balances	-	-
Advance, Deposit and Prepayments	-	-
Accounts Receivables	20,700,410	30,975,447
Total Current Assets	20,700,410	30,975,447
Total Assets	20,716,235	31,001,822
LIABILITIES		
Non-Current Liabilities	-	-
Current Liabilities		
Payable to AB Bank	9,287,417	13,505,085
Accounts Payable	11,402,368	17,470,287
Provision for Audit Fees	26,450	26,450
Total Current Liabilities	20,716,235	31,001,822
Total Liabilities	20,716,235	31,001,822

Custodian Wing

Profit and Loss Account

For the year ended 31 December 2017

	2017 Taka	2016 Taka
Operating Income		
Commission, exchange and brokerage	8,744,805	937,500
Total Operating Income	8,744,805	937,500
Operating Expenses		
Rent, taxes and insurance	11,500	16,500
Auditor's fees	26,450	26,450
Depreciation and repair of bank's assets	10,550	10,550
Other expenses	178,311	347,891
Total operating expenses	226,811	401,391
Operating Profit	8,517,994	536,109

Off-Shore Banking Unit (OBU)

Balance Sheet

As at 31 December 2017

	2017 Taka	2017 USD	2016 Taka	2016 USD
PROPERTY AND ASSETS				
Cash	-	-	-	-
Balance with Other Banks and FIs'	5,897,061	71,307	103,481,273	1,314,697
In Bangladesh	164,494	1,989	734,297	9,329
Outside Bangladesh	5,732,567	69,318	102,746,976	1,305,368
Money at call and on short notice (Placement)	674,005,000	8,150,000	692,657,680	8,800,000
Investment	1,597,353,808	19,315,040	1,520,308,045	19,315,040
Loans and Advances:	10,660,157,888	128,901,546	11,361,144,011	144,339,795
Loans & Advances - Regular	7,580,739,608	91,665,533	11,361,144,011	144,339,795
Loans & Advances - CL	3,079,418,280	37,236,013	-	-
Premises and Fixed Assets (WDV)	2,645,348	31,987	1,842,866	23,413
Other Assets:	1,606,898	19,430	30,308,004	385,054
Accrued Interest	516,874	6,250	416,408	5,290
Pre-paid Advances	169,387	2,048	165,957	2,108
Miscellaneous	920,637	11,132	29,725,640	377,655
Total Assets	12,941,666,002	156,489,311	13,709,741,880	174,177,999
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from Bank & FIs'	12,792,565,600	154,686,404	13,351,236,403	169,623,298
In Bangladesh	11,520,471,150	139,304,367	7,838,504,785	99,585,761
Outside Bangladesh	1,272,094,450	15,382,037	5,512,731,619	70,037,538
Deposits and Other Accounts	14,167,846	171,316	71,688,147	910,776
Demand Deposits	13,936,826	168,523	21,473,619	272,816
Demand Deposits - Others	231,021	2,793	50,214,528	637,960
Other Deposits	-	-	-	-
Other Liabilities	184,348,951	2,229,129	101,454,560	1,288,949
Total Liabilities	12,991,082,397	157,086,849	13,524,379,110	171,823,023
Capital and Shareholders' Equity				
Profit/(Loss)	(49,416,395)	(597,538)	185,362,770	2,354,976
Total Shareholders' Equity	(49,416,395)	(597,538)	185,362,770	2,354,976
Total Liabilities and Shareholders' Equity	12,941,666,002	156,489,311	13,709,741,880	174,177,999

Off-Shore Banking Unit (OBU)
Profit and Loss Account
For the year ended 31 December 2017

	2017 Taka	2017 USD	2016 Taka	2016 USD
Interest income	451,417,488	5,573,284	713,013,393	9,095,495
Interest paid on deposits and borrowing etc.	488,855,214	6,035,497	511,963,149	6,530,814
Net Interest income	(37,437,726)	(462,213)	201,050,244	2,564,680
Commission, exchange and brokerage	2,665,223	32,905	2,811,089	35,859
Other operating income	24,675	305	53,727	685
Total operating income	(34,747,827)	(429,003)	203,915,059	2,601,225
Salaries and allowances	6,416,184	79,215	5,786,944	73,821
Rent, taxes, insurance, electricity etc.	21,497	265	42,927	548
Legal expenses	-	-	62,961	803
Postage, stamps, telecommunication etc.	247,301	3,053	321,596	4,102
Stationeries, printing, advertisement etc.	210,364	2,597	46,442	592
Depreciation and repair of bank's assets	992,087	12,248	757,294	9,660
Other expenses	5,766,357	71,193	12,285,761	156,722
Total operating expenses	13,653,789	168,572	19,303,925	246,249
Operating Profit/(Loss)	(48,401,617)	(597,575)	184,611,134	2,354,976

Statement of Financial Position
As at 31 December 2017

	2017 Rs.	2016 Rs.
ASSETS		
Cash and Cash Equivalents	5,859,766,950	5,686,924,056
Balance with Central Bank of Sri Lanka	4,127,811,572	2,816,770,223
Derivative Financial Assets	127,616,662	59,483,044
Placements with Banks	5,285,796,238	4,662,466,350
Placements with Licensed Finance Companies	2,112,166,496	20,517
Financial Investments-Held for Trading	41,645,557	45,181,589
Financing and Receivables to Other Customers	42,914,143,571	38,451,662,449
Financial Investments-Available for Sale	323,264,501	394,775,149
Other Financial Assets	388,890,295	307,321,725
Other Non Financial Assets	333,169,325	227,058,761
Property, Plant and Equipment	1,795,135,517	1,247,590,879
Intangible Assets	230,675,871	269,376,298
Deferred Tax Assets	-	146,355,559
Total Assets	63,540,082,555	54,314,986,599
Liabilities		
Due to Banks	-	751,963,513
Derivative Financial Liabilities	29,924,292	98,341,433
Due to Other Customers	50,922,561,081	46,915,289,689
Other Financial Liabilities	680,470,646	566,565,119
Current tax liabilities	187,075,365	80,814,263
Other Non Financial Liabilities	70,765,834	31,360,761
Deferred Tax Liability	216,241,918	-
Retirement Benefit Liability	119,241,024	82,606,302
Total Liabilities	52,226,280,160	48,526,941,080
Shareholders' Funds		
Stated Capital	10,619,450,156	5,866,808,141
Statutory Reserve Fund	42,404,597	17,263,213
Other Reserves	(28,031,817)	(243,794,538)
Revaluation Reserve	820,716,783	526,908,060
Retained Earnings	(140,737,324)	(379,139,357)
Total Equity	11,313,802,395	5,788,045,519
Total Liabilities and Shareholders' Fund	63,540,082,555	54,314,986,599

Statement of Profit or Loss
For the year ended 31 December 2017

	2017 Rs.	2016 Rs.
Financing Income	5,544,237,256	4,039,624,179
Financing Expenses	(2,790,618,052)	(2,115,335,249)
Net Financing Income	2,753,619,204	1,924,288,930
Net fees and Commission Income	236,134,326	246,568,285
Net Trading Income	388,699,264	257,454,611
Net Other Operating Income	9,467,520	4,961,144
Total Operating Income	3,387,920,314	2,433,272,970
Impairment of Financial Assets	(289,782,674)	(217,177,926)
Net Operating Income	3,098,137,640	2,216,095,044
Personnel Expenses	1,095,792,424	1,025,032,323
Depreciation of Property Plant and Equipment	148,879,193	162,620,642
Amortisation of Intangible Assets	48,967,708	78,634,792
Other Operating Expenses	745,933,727	678,729,131
Total Operating Expenses	2,039,573,052	1,945,016,888
Operating Profit Before Value Added Tax on Financial Service & Nation Building Tax	1,058,564,588	271,078,156
Value Added Tax on Financial Services & Nation Building Tax	(319,245,989)	(168,266,306)
Profit Before Tax	739,318,599	102,811,850
Tax Expenses	(236,490,936)	(62,171,499)
Profit for the Year	502,827,663	40,640,351

Statement of Financial Position (Balance Sheet)
As at 31 December 2017

	2017 Taka	2016 Taka
ASSETS		
Non-current assets		
Property, plant and equipment	583,556,178	597,167,511
Current Assets	7,796,628,683	8,244,294,227
Investment in shares	456,075,614	721,255,054
Loans to clients	6,816,006,993	7,229,768,195
Advances, deposits and prepayments	21,478,465	23,461,147
Receivable from brokers	80,264,009	33,238,412
Advance income tax	422,612,744	235,957,025
Cash and bank balances	190,858	614,394
TOTAL ASSETS	8,380,184,861	8,841,461,738
EQUITY AND LIABILITIES		
Equity	6,787,203,101	6,784,493,596
Share capital	6,456,899,810	6,149,428,410
Retained earnings	330,303,291	635,065,186
Liabilities		
Non-current liabilities	36,956,123	31,475,919
Provident fund, gratuity fund and recreation club fund	9,445,327	7,794,251
Deferred tax liability	27,510,796	23,681,668
Current liabilities	1,556,025,637	2,025,492,223
Borrowing from banks	333,601,157	1,203,940,032
Liabilities for expenses	629,900	4,264,012
Payable against sale proceeds of shares	80,264,009	33,238,412
Provision for taxation	514,359,458	348,436,278
Provision for loans and investment	608,145,182	338,145,182
Credit balance with clients' accounts	19,025,931	97,468,307
Total liabilities	1,592,981,760	2,056,968,142
TOTAL EQUITY AND LIABILITIES	8,380,184,861	8,841,461,738

Statement of Profit or Loss and Other Comprehensive Income
(Profit and Loss Statement)
For the year ended 31 December 2017

	2017 Taka	2016 Taka
Operating income	509,559,685	473,897,899
Interest income	414,656,876	412,045,652
Management fee	11,869,438	16,349,835
Transaction/settlement fee	56,978,027	26,191,962
Investment income	13,436,301	7,902,899
Other operating income	12,619,043	11,407,551
Operating expenses	67,097,873	82,281,323
Salary and allowances	16,473,995	15,160,710
Audit and consultancy fees	383,450	250,700
Administrative expenses	34,170,685	30,474,024
Financial expenses	16,069,743	36,395,889
Profit before provision for loans and investment	442,461,812	391,616,576
Provision for loan	270,000,000	-
Provision for investment	-	-
Net profit before tax for the year	172,461,812	391,616,576
Income tax expenses	169,752,308	151,592,428
Current tax expenses	165,923,180	146,856,216
Deferred tax expenses	3,829,128	4,736,212
Net profit after tax for the year	2,709,505	240,024,148
Other comprehensive Income	-	-
Total Comprehensive Income	2,709,505	240,024,148
Earnings per share (EPS)	0.004	0.372

Statement of Financial Position

As at 31 December 2017

	2017 Taka	2016 Taka
I Sources of Fund		
A) <u>Shareholders' Equity</u>	521,775,108	515,091,961
Share Capital	272,041,880	246,750,000
Revaluation Reserve	102,024,360	102,024,360
Retained Earnings	147,708,868	166,317,601
B) <u>Non-Current Liabilities</u>	336,574,727	384,579,863
Liabilities for Other Finance	320,263,485	370,263,485
Deferred Liability-Gratuity	5,591,542	5,147,975
Provision for Provident Fund	10,719,700	9,168,403
Total Source of Fund (A+B)	858,349,835	899,671,824
II Application of Fund		
A) <u>Non Current Assets</u>	4,720,166	5,868,249
Property, Plant & Equipment	2,163,698	3,157,231
Deferred Tax Assets	2,556,468	2,711,018
B) <u>Investments</u>	176,002,093	172,865,988
C) <u>Current Assets</u>	1,621,439,266	1,341,210,825
Cash and Cash Equivalents	549,820,229	301,783,395
Advance, Deposit & Prepayments	7,622,820	3,301,145
Advance Income Tax	75,360,853	48,848,463
Accounts Receivable	62,183,186	29,535,114
Margin Loan	926,452,178	957,742,708
D) <u>Current Liabilities and Provisions</u>	943,811,690	620,273,237
Accounts Payable	497,210,126	233,669,082
Bank Overdraft	226,047,986	253,621,766
Liabilities for Expense	669,325	4,956,087
Provision for Income Tax	91,974,649	58,629,199
Other Liabilities	127,909,604	69,397,103
E) <u>Net Current Assets (C-D)</u>	677,627,576	720,937,587
F) <u>Total Application of Fund (A+B+E)</u>	858,349,835	899,671,824

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2017

	2017 Taka	2016 Taka
A) Operating Income	147,392,990	105,997,994
Brokerage Commission	84,872,824	43,504,521
Interest Income	48,546,763	49,427,639
Investment Income	11,058,832	10,978,747
Other Operating Income	2,914,571	2,087,087
B) Operating & Other Expense	48,909,844	53,431,466
Operating Expenses	47,038,673	51,327,321
Other Financial Expenses	877,637	804,138
Depreciation on Property, Plant & Equipment	993,534	1,300,007
C) Profit before Provision (A-B)	98,483,146	52,566,529
D) Provision	58,300,000	7,500,000
For Diminution in Value of Investments	2,050,000	1,287,725
For Diminution in Value of Loan	56,250,000	6,212,275
E) Profit before Taxation (C-D)	40,183,146	45,066,529
F) Provision for Taxation	33,500,000	16,894,868
Current Tax	33,345,450	17,081,016
Deferred Tax	154,550	(186,148)
Net Profit After Taxation (E-F)	6,683,146	28,171,661
Earnings Per Share (EPS)	0.25	1.04

Statement of Financial Position
As at 31 December 2017

	2017 Taka	2016 Taka
ASSETS		
Non Current Assets		
Property, Plant and Equipment	31,825	104,508
	31,825	104,508
Current Assets		
Cash & Bank Balances	2,733,542	2,667,656
Investment in FDR	34,643,500	32,500,000
Investment in Shares	694,619	431,639
Advance, Deposit & Prepayment	38,174,733	37,794,461
Accounts Receivable	-	-
Other Receivable	54,282	214,030
	76,300,676	73,607,785
Total Assets	76,332,500	73,712,293
EQUITY AND LIABILITIES		
Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Earnings	(183,652,421)	(185,493,383)
Total Equity	58,547,579	56,706,617
Liabilities		
Non-Current Liabilities		
Long Term Loan	9,742,006	9,742,006
Current Liabilities		
Accrued Expenses	23,000	172,500
Provision for Taxation	8,019,914	7,091,170
	8,042,914	7,263,670
Total Liabilities	17,784,920	17,005,676
Total Equity and Liabilities	76,332,500	73,712,293

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017

	2017 Taka	2016 Taka
Revenue	-	123,290,014
Less: General and Administration Expenses	548,815	613,081
Operating Profit/(Loss)	(548,815)	122,676,933
Add: Other Income	3,153,072	1,470,187
Non-Operating Income/(Loss)	165,975	(182,813,810)
	2,770,232	(58,666,690)
Less: Other Expenses	525	525
Profit/(Loss) Before Provision	2,769,707	(58,667,215)
Provision for Decrease in Market Value of Investment in Share	-	(4,307,246)
Profit/(Loss) Before Taxation	2,769,707	(54,359,970)
Provision for taxation	928,745	5,332,235
Net Profit/(Loss) After Tax	1,840,962	(59,692,205)
Other Comprehensive Income	-	-
Total Comprehensive Income/(Expenses)	1,840,962	(59,692,205)

Balance Sheet
As at 31 December 2017

	2017 HK\$	2016 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	14,368	15,803
CURRENT ASSETS		
Discounted bills receivable	76,539,908	87,683,696
Deposits, prepayments and other receivable	2,818,264	2,310,366
Cash and bank balances	5,579,254	636,227
	84,937,426	90,630,289
CURRENT LIABILITIES		
Accrued liabilities and other payables	3,580,081	4,134,050
Deferred interest income	757,240	818,675
Provision for long service payments	521,805	520,256
Due to ultimate holding company	63,162,500	68,200,000
Tax payable	964	70,689
	68,022,590	73,743,670
NET CURRENT ASSETS	16,914,836	16,886,619
	16,929,204	16,902,422
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	7,803,341	7,776,559
Capital Reserve	7,561,960	7,561,960
	16,929,204	16,902,422

Profit and Loss Account
For the year ended 31 December 2017

	2017 HK\$	2016 HK\$
Interest income	3,653,515	4,721,731
Interest expenses	(471,318)	(571,215)
Net interest income	3,182,197	4,150,516
Other operating income	11,442,157	10,083,178
Total operating income	14,624,354	14,233,694
Staff costs	(2,658,025)	(2,538,848)
Depreciation	(9,024)	(8,853)
Provision for long service payments	(1,549)	(4,206)
Other operating expenses	(2,640,001)	(2,393,778)
Total operating expenses	(5,308,599)	(4,945,685)
Profit before taxation	9,315,755	9,288,009
Income tax	(1,512,414)	(1,511,450)
Profit for the year	7,803,341	7,776,559
Retained earnings at start of the year	563,904	563,904
Dividends	(7,803,341)	(7,776,559)
Retained earnings at the end of the year	563,904	563,904

Statement of Financial Position

As at 31 December 2017

	2017 Taka	2016 Taka
ASSETS		
Non Current Assets	39,814,974	40,488,576
Property, Plant & Equipment	39,813,974	40,487,576
Investment at cost in equity share of ABIL	1,000	1,000
Current Assets	585,164,083	565,679,203
Loan to ABSL	300,000,000	350,000,000
Investment in FDR	87,187,619	34,541,836
Accrued income	37,669	12,725,169
Advance Tax	128,783,664	114,829,710
Cash and Cash equivalents	69,155,131	53,582,488
TOTAL ASSETS	624,979,056	606,167,779
EQUITY AND LIABILITIES		
Shareholders' Equity	501,184,454	488,794,866
Share Capital	20,000,000	20,000,000
Retained Earnings	481,184,454	468,794,866
Non-Current Liabilities		
Advance Rent	693,374	1,145,400
Current Liabilities	123,101,227	116,227,510
Provision for Income Tax	122,193,799	115,522,482
Advance Rent	452,028	452,028
Provision for expenses	455,400	253,000
TOTAL EQUITY AND LIABILITIES	624,979,056	606,167,779

Statement of Comprehensive Income
For the year ended 31 December 2017

	2017 Taka	2016 Taka
Income		
Operating Income	29,888,173	30,475,881
Interest Income	28,984,121	29,571,829
Rental Income	904,052	904,052
Less : Operating & Other Expenses	10,827,270	12,659,472
Operating expenses	3,371,470	3,087,272
Other expenses	7,455,800	9,572,200
Profit before Tax	19,060,904	17,816,409
Less: Provision for Tax	6,671,316	5,510,325
Profit carried forward	12,389,588	12,306,083

**Name of the Directors and entities in which had interest
As at 31 December 2017**

Sl. No.	Name	Status	Name of Firms / Companies in which interested as proprietor/partner/director/managing agent/guarantor/employees etc.
1	Mr. M. A. Awal	Chairman	1. AB International Finance Ltd., Hong Kong, Director, nominated by AB Bank Ltd.
2	Mr. Feroz Ahmed	Vice Chairman	1. AB International Finance Ltd., Hong Kong, Chairman, nominated by AB Bank Limited 2. Hexagon Chemical Complex Ltd., Chairman 3. Elite Paint & Chemical Ind. Ltd., Chairman 4. Elite International Ltd., Managing Director 5. FDN Energy Ltd., Managing Director 6. Ahemd Securities Services Ltd., Managing Director 7. Universal Shipping & Trawling Company, Managing Partner 8. Bangladesh General Insurance Company Ltd., Shareholder 9. Holy Crescent Hospital, Shareholder
3	Mr. Syed Afzal Hasan Uddin, Barrister-at-Law	Director	1. Syed Ishtiaq Ahmed & Associates, Partner 2. Square Textiles Ltd, Independent Director 3. Color City Ltd, Independent Director 4. Forward Air Aviation Ltd, Nominee Director 5. Managewell Media Ltd, Nominee Director 6. Managewell Holdings Ltd. 7. Managewell Investment Ltd. 8. Managewell Service Ltd.
4	Mr. Md. Mesbahul Hoque	Director	1. Therapeutics (BD) Ltd, Managing Director
5	Mr. Syed Golam Kibria	Director	1. North East University Bangladesh, Telihaor, Sheikhghat, Sylhet-3100 – Director Finance & Registrar (Acting)
6	Mr. Asish Baran Sarkar	Director	1. Pacific Bangladesh Telecom Ltd, Head of Supply Chain Management
7	Mr. Shajir Ahmed*	Director	1. Elite Paint & Chemical Industries Limited, Director 2. Super Refinery (Pvt.) Limited, Director 3. Super Shares & Securities Ltd., Director 4. Elite Super Plastic Ind. (Pvt.) Ltd., Director 5. Super Sea Fish (Pvt.) Limited, Director 6. Super Tel Limited, Director 7. Super Silica Bangladesh Ltd., Director 8. Aurora Decor Limited, Director 9. Broast Foods Ind. (Pvt.) Ltd., Director 10. Elite Foods Industries Limited, Director
8	Mrs. Shireen Scheik Mainuddin*	Director	1. DRM Limited, Director 2. ACALA Ltd, Director 3. ASSAN Advisory Ltd, Director
9	Mr. Moshtaque Ahmed	Director	1. M.A CHY & CO., Proprietor

**Name of the Directors and entities in which had interest
As at 31 December 2017**

Sl. No.	Name	Status	Name of Firms / Companies in which interested as proprietor/partner/director/managing agent/guarantor/employees etc.
	Chowdhury*		
10	Mr. Shishir Ranjan Bose, FCA	Independent Director	<ol style="list-style-type: none"> 1. AB Securities Ltd, Independent Director, nominated by AB Bank Limited 2. Cashlink Bangladesh Ltd, Independent Director, nominated by AB Bank Limited 3. AB International Finance Limited (ABIFL), Hong Kong, Independent Director, nominated by AB Bank Limited 4. S .R. Bose & Co., Chartered Accountants, Proprietor 5. Therapeutics (Bangladesh) Ltd, Independent Director 6. Golden Son Limited, Chairman Audit Committee & Independent Director
11	Prof. Dr. M. Imtiaz Hossain	Independent Director	<ol style="list-style-type: none"> 1. AB Investment Ltd, Independent Director, nominated by AB Bank Limited 2. Professor, Bangladesh University of Engineering and Technology (BUET)
12	Mr. Moshir Rahman Chowdhury	President & Managing Director	<ol style="list-style-type: none"> 1. AB Investment Limited, Director 2. AB Securities Ltd, Director 3. Cashlink Bangladesh Ltd, Director, nominated by AB Bank Limited 4. Arab Bangladesh Bank Foundation, Chairman, nominated By AB Bank Limited

* Appointed in the 35th Annual General Meeting held on December 21, 2017. Bangladesh Bank accorded approval on January 4, 2018.