

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 2018

S. F. AHMED & CO
Chartered Accountants
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Independent Auditors' Report to the Shareholders of AB Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the 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 separate balance sheets as at 31 December 2018, 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 notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2018, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 1.2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our assessed key audit matters and how we addressed them are outlined below:

Measurement of provision for loans and advances

The process for estimating the provision for loans and advances associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. At year end the Group reported total gross loans and advances of BDT 249,185 million (2017: BDT 237,634 million) and provision for loans and advances of BDT 10,640 million (2017: BDT 8,734 million). Refer to the note nos. 7(a), 8(a) and 14 to the financial statements.

We tested the design and operating effectiveness of key controls focusing on the provisioning process and identification of loss events including early warning indicator. Our substantive procedures in relation to the provision for margin loans were reviewing the adequacy of the provision requirement, assessing the methodology on which the provision amounts are based, recalculating the provisions and tested the completeness and accuracy of the underlying information and finally assessing the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank's guidelines.

Valuation of treasury bill and treasury bond

The classification and measurement of T-Bills and T-Bonds require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment. Refer to the note no. 6.1 to the financial statements.

We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank's guidelines.

Impairment assessment of unquoted investments

In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment. Refer to the note no. 6.2.1 to the financial statements.



Independent Auditors' Report to the Shareholders of AB Bank Limited

We have assessed the processes and controls put in place by the Bank to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31 December 2018 and compared our results to the recorded value. Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank's guidelines.

Measurement of deferred tax assets

The Bank reports net deferred tax assets totaling to BDT 1,892 million (2017: 1,428 million) as at 31 December 2018. Significant judgment is required in relation to measurement of deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years. Refer to the note no. 10.1 to the financial statements.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of deferred tax assets and assumptions used in estimating Bank's future taxable income. We also assessed the completeness and accuracy of the data used for estimation of future taxable income. Finally we assessed the appropriateness and presentation of disclosures against IAS 12 – Income Tax.

IT systems and controls

Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised. We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Legal and regulatory matters

We focused on this area because the Bank and its subsidiaries (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established as other contingent liabilities. Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Bank's provisions and contingent liabilities disclosure.

Carrying value of investments in subsidiary by the Bank

The Bank has invested in equity shares of its five subsidiaries, namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited (CBL) and AB International Finance Limited, Hong Kong. As at 31 December 2018 the carrying value of these investments is BDT 6,249 million. At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in the above subsidiaries stated at cost. Management has conducted impairment assessment and calculated recoverable value of its subsidiaries in accordance with IAS 36. Refer to note no. 10 to the financial statements.

We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36. In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation. We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and our auditors' report thereon. The annual report is expected to be made available for our review after the date of this auditors' report.



Independent Auditors' Report to the Shareholders of AB Bank Limited

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to request management and those charged with governance to correct the material misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 1.2, and for such internal controls as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (amendment up to 2018) and the Bangladesh Bank's Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, Management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Independent Auditors' Report to the Shareholders of AB Bank Limited

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange, Rules 1987, the Bank Company Act, 1991 (amendment up to 2018) and the rules and regulations issued by Bangladesh Bank, we also report that:

- i) 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;
- ii) 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 consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the consolidated and separate financial statements and internal control:
 - a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - b) 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 Group and its related entities (other than matters disclosed in these financial statements);
- iii) consolidated financial statements of the Bank include four subsidiaries, namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited (CBL) and AB International Finance Limited, Hong Kong reflect total assets of BDT 8,563 million, BDT 1,402 million, BDT 79 million and BDT 1,097 million respectively as at 31 December 2018 and total revenue of BDT 295 million, BDT 123 million, BDT 0 and BDT 50 million respectively for the year ended 31 December 2018. The subsidiaries of the Bank has been audited by other component auditors who have expressed unmodified audit opinion. The results of the subsidiaries have been properly reflected in the Group's consolidated financial statements;
- iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- viii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- ix) adequate provisions in concurrent with Bangladesh Bank, have been made for advance and other assets which are in our opinion, doubtful of recovery and Bangladesh Bank's instruction in this regard have been followed properly;
- x) the information and explanations required by us have been received and found satisfactory;
- xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 7,100 person hours; and
- xii) capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



Dhaka, Bangladesh
Dated, 30 April 2019


S. F. AHMED & CO
Chartered Accountants

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2018

		31 Dec 2018	31 Dec 2017
		BDT	BDT
<u>PROPERTY AND ASSETS</u>	Notes		
Cash	3(a)	16,433,155,519	17,780,902,708
In hand (including foreign currencies)	3.1(a)	1,960,489,318	1,572,393,188
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	14,472,666,202	16,208,509,520
Balance with other banks and financial institutions	4(a)	3,378,419,653	4,241,335,582
In Bangladesh	4.1(a)	1,823,369,874	2,490,976,583
Outside Bangladesh	4.2(a)	1,555,049,778	1,750,358,999
Money at call and on short notice	5(a)	589,822,961	496,384,436
Investments	6(a)	44,351,747,141	46,382,136,275
Government	6.1(a)	33,523,320,645	39,732,017,188
Others	6.2(a)	10,828,426,496	6,650,119,087
Loans, advances and lease/investments		249,185,305,270	237,634,491,780
Loans, cash credits, overdrafts, etc./Investments	7(a)	246,986,421,356	235,801,195,989
Bills purchased and discounted	8(a)	2,198,883,913	1,833,295,791
Fixed assets including premises, furniture and fixtures	9(a)	4,453,456,276	4,699,245,091
Other assets	10(a)	6,761,916,852	5,863,914,006
Non-banking assets		-	-
Total Assets		325,153,823,673	317,098,409,881
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	18,272,449,759	21,872,486,519
AB Bank Subordinated Bond	12	8,700,000,000	6,000,000,000
Deposits and other accounts	13(a)	235,383,290,846	235,562,075,504
Current account and other accounts		22,819,200,149	21,821,895,346
Bills payable		2,994,339,125	2,251,301,559
Savings bank deposits		28,685,663,090	29,869,956,989
Fixed deposits		128,219,725,045	129,606,179,136
Other deposits		52,664,363,438	52,012,742,474
Other liabilities	14(a)	38,902,322,164	29,660,121,941
Total Liabilities		301,258,062,768	293,094,683,964
Capital/Shareholders' Equity			
Equity attributable to equity holders of the parent company		23,885,346,764	23,993,619,305
Paid-up capital	15	7,581,303,150	7,581,303,150
Statutory reserve	16	6,623,362,740	6,549,242,999
Other reserve	17(a)	2,713,091,416	2,811,305,460
Retained earnings	18(a)	6,967,589,458	7,051,767,695
Non- controlling interest	18(b)	10,414,140	10,106,613
Total Equity		23,895,760,904	24,003,725,917
Total Liabilities and Shareholders' Equity		325,153,823,673	317,098,409,881

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2018

		31 Dec 2018	31 Dec 2017
		BDT	BDT
Off-Balance Sheet Items	Notes		
Contingent liabilities	19	57,209,035,486	65,450,616,147
Acceptances and endorsements		21,728,577,752	24,089,423,485
Letters of guarantee	19.1	14,569,014,333	13,525,351,128
Irrevocable letters of credit		12,060,360,225	15,836,913,326
Bills for collection		7,389,781,311	9,392,397,842
Other contingent liabilities		1,461,301,865	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		57,209,035,486	65,450,616,147

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

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

-Sd-	-Sd-	-Sd-	-Sd-
Tarique Afzal	Syed Afzal Hasan Uddin	Kaiser A. Chowdhury	Muhammad A. (Rumee) Ali
President & Managing Director (CC)	Director	Independent Director	Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 30 April 2019

-Sd-
S. F. AHMED & CO
Chartered Accountants

AB Bank Limited and Its Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2018

		2018	2017
		BDT	BDT
OPERATING INCOME	Notes		
Interest income/profit on investments	21(a)	19,810,850,595	18,095,388,527
Interest/profit paid on deposits and borrowings, etc.	22(a)	(17,580,405,167)	(14,937,382,065)
Net interest income		2,230,445,428	3,158,006,462
Investment income	23(a)	4,247,045,852	4,726,135,143
Commission, exchange and brokerage	24(a)	2,478,088,129	2,994,211,871
Other operating income	25(a)	197,808,332	178,404,749
		6,922,942,313	7,898,751,763
Total operating income (a)		9,153,387,741	11,056,758,225
OPERATING EXPENSES			
Salary and allowances	26(a)	2,895,883,578	2,990,025,060
Rent, taxes, insurance, electricity, etc.	27(a)	763,029,339	747,204,508
Legal expenses	28(a)	3,387,229	8,406,763
Postage, stamps, telecommunication, etc.	29(a)	127,410,823	136,794,287
Stationery, printing, advertisement, etc.	30(a)	152,615,016	199,948,266
Chief executive's salary and fees	26.1	9,932,258	9,940,551
Directors' fees	31(a)	4,760,439	8,653,653
Auditors' fees	32(a)	3,311,405	3,781,823
Depreciation and repairs of Bank's assets	33(a)	486,259,551	537,590,602
Other expenses	34(a)	1,267,436,388	1,378,563,037
Total operating expenses (b)		5,714,026,026	6,020,908,551
Profit before provision (c = (a-b))		3,439,361,715	5,035,849,674
Provision against loans and advances	35(a)	2,090,710,683	4,950,134,798
Provision for investments	36(a)	578,186,075	12,050,000
Other provisions	37(a)	67,408,023	171,752
Total provision (d)		2,736,304,781	4,962,356,549
Profit before tax (c-d)		703,056,934	73,493,124
Provision for taxation		659,868,356	32,658,543
Current tax		1,140,140,836	1,594,023,822
Deferred tax		(480,272,480)	(1,561,365,279)
Net profit after tax		43,188,578	40,834,581
Appropriations			
Statutory reserve		95,281,616	26,124,722
General reserve		-	-
Dividends, etc.		-	-
		95,281,616	26,124,722
Retained surplus		(52,093,038)	14,709,859
Non- controlling interest		321,715	190,013
Net Profit attributable to the shareholders of parent company		(52,414,754)	14,519,847
Consolidated Earnings Per Share (EPS)	39(a)	0.06	0.05

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

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

-Sd- Tarique Afzal President & Managing Director (CC)	-Sd- Syed Afzal Hasan Uddin Director	-Sd- Kaiser A. Chowdhury Independent Director	-Sd- Muhammad A. (Rumeen) Ali Chairman
See annexed report of the date			

Dhaka, Bangladesh
Dated, 30 April 2019

-Sd-
S. F. AHMED & CO
Chartered Accountants

AB Bank Limited and Its Subsidiaries
**Consolidated Cash Flow Statement
For the year ended 31 December 2018**

	2018 BDT	2017 BDT
Cash Flows from Operating Activities		
Interest receipts	16,243,063,341	15,019,781,262
Interest payments	(16,680,179,937)	(15,277,464,801)
Dividend receipts	117,278,867	128,909,211
Fee and commission receipts	1,644,180,688	1,895,002,924
Recoveries on loans previously written off	8,725,518	6,286,093
Payments to employees	(2,905,815,836)	(2,999,965,611)
Payments to suppliers	(152,615,016)	(199,948,266)
Income taxes paid	(580,417,332)	(797,656,950)
Receipts from other operating activities	5,152,757,240	5,868,553,536
Payments for other operating activities	(2,348,505,250)	(2,501,464,992)
Operating profit before changes in operating assets & liabilities	498,472,282	1,142,032,405
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(8,683,801,244)	(11,290,321,149)
Other assets	(875,546,698)	(362,260,459)
Deposits from other banks	(324,430,192)	(2,356,427,434)
Deposits from customers	(754,579,697)	(7,135,818,746)
Trading liabilities (short-term borrowings)	(3,549,314,585)	6,230,544,019
Other liabilities	6,780,686,111	4,505,177,704
	(7,406,986,304)	(10,409,106,066)
Net cash used in operating activities (a)	(6,908,514,022)	(9,267,073,662)
Cash Flows from Investing Activities		
(Sale)/Purchase of government securities	6,122,045,589	1,732,969,841
(Purchase)/Sale of trading securities, shares, bonds, etc.	(3,921,120,204)	527,860,194
Purchase of property, plant and equipment	(59,473,930)	(335,210,688)
Net cash flow from investing activities (b)	2,141,451,455	1,925,619,347
Cash Flows from Financing Activities		
Increase/(decrease) of long-term borrowings	2,649,277,825	(615,812,976)
Dividend paid	(317,554)	(302,045)
Net cash flow from/(used in) financing activities (c)	2,648,960,271	(616,115,021)
Net (decrease)/increase in cash (a+b+c)	(2,118,102,296)	(7,957,569,335)
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	22,521,816,127	30,479,385,462
Cash and cash equivalents at end of the period (*)	20,403,713,833	22,521,816,127
(*) Cash and cash equivalents:		
Cash	1,960,489,318	1,572,393,188
Prize bonds	2,315,700	3,193,400
Money at call and on short notice	589,822,961	496,384,436
Balance with Bangladesh Bank and its agent bank(s)	14,472,666,202	16,208,509,520
Balance with other banks and financial institutions	3,378,419,653	4,241,335,582
	20,403,713,833	22,521,816,127
Net Operating Cash Flow Per Share (NOCFPS)	(9.11)	(12.22)

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

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

-Sd-

Tarique Afzal

President & Managing Director (CC)

-Sd-

Syed Afzal Hasan Uddin

Director

-Sd-

Kaiser A. Chowdhury

Independent Director

-Sd-

Muhammad A. (Rume) Ali

Chairman

Dhaka, Bangladesh

Dated, 30 April 2019

AB Bank Limited and Its Subsidiaries

Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

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
Restated balance at 01 January 2018	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
Net profit after taxation for the year	-	-	-	-	-	-	321,715	42,866,863	43,188,578
Addition/(Adjustment) made during the year	-	95,281,616	-	(2,270,683)	-	(101,796,835)	(14,187)	(93,010,933)	(101,811,022)
Foreign exchange rate fluctuation	-	(21,161,876)	939,791	-	4,913,683	-	-	(34,034,167)	(49,342,568)
Balance at 31 December 2018	7,581,303,150	6,623,362,740	1,303,199,679	1,298,209,633	5,517,410	106,164,694	10,414,141	6,967,589,458	23,895,760,904
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

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

-Sd-
Tarique Afzal
President & Managing Director (CC)

-Sd-
Syed Afzal Hasan Uddin
Director

-Sd-
Kaiser A. Chowdhury
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka, Bangladesh
Dated, 30 April 2019

AB Bank Limited
**Balance Sheet
As at 31 December 2018**

		31 Dec 2018 BDT	31 Dec 2017 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3	16,433,059,322	17,780,769,152
In hand (including foreign currencies)	3.1	1,960,393,120	1,572,259,632
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	14,472,666,202	16,208,509,520
Balance with other banks and financial institutions	4	3,178,371,232	3,987,238,222
In Bangladesh		1,625,277,794	2,295,067,692
Outside Bangladesh		1,553,093,439	1,692,170,531
Money at call and on short notice	5	1,428,822,961	1,170,389,436
Investments	6	43,593,782,292	45,749,363,948
Government	6.1	33,523,320,645	39,732,017,188
Others	6.2	10,070,461,647	6,017,346,761
Loans, advances and lease/investments	7	241,070,141,407	229,647,286,231
Loans, cash credits, overdrafts, etc./Investments		239,945,454,388	228,624,340,946
Bills purchased and discounted	8	1,124,687,019	1,022,945,284
Fixed assets including premises, furniture and fixtures	9	3,886,208,770	4,113,341,268
Other assets	10	12,935,585,637	12,116,611,208
Non-banking assets		-	-
Total Assets		322,525,971,620	314,564,999,466
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	18,272,449,759	21,871,443,363
AB Bank Subordinated Bond	12	8,700,000,000	6,000,000,000
Deposits and other accounts	13	235,444,849,491	235,954,308,453
Current accounts and other accounts		22,820,201,543	21,822,803,753
Bills payable		2,994,339,125	2,251,301,559
Savings bank deposits		28,685,663,090	29,869,956,989
Fixed deposits		128,219,725,045	129,606,179,136
Other deposits		52,724,920,690	52,404,067,016
Other liabilities	14	37,458,190,496	27,968,002,561
Total Liabilities		299,875,489,746	291,793,754,377
Capital/Shareholders' Equity			
Total Shareholders' Equity		22,650,481,875	22,771,245,089
Paid-up capital	15	7,581,303,150	7,581,303,150
Statutory reserve	16	6,623,362,740	6,549,242,999
Other reserve	17	2,540,663,004	2,628,706,941
Retained earnings	18	5,905,152,980	6,011,991,999
Total Liabilities and Shareholders' Equity		322,525,971,620	314,564,999,466

AB Bank Limited

Balance Sheet

As at 31 December 2018

		31 Dec 2018	31 Dec 2017
		BDT	BDT
Off-Balance Sheet Items	Notes		
Contingent liabilities	19	57,209,035,486	65,450,616,147
Acceptances and endorsements		21,728,577,752	24,089,423,485
Letters of guarantee	19.1	14,569,014,333	13,525,351,128
Irrevocable letters of credit		12,060,360,225	15,836,913,326
Bills for collection		7,389,781,311	9,392,397,842
Other contingent liabilities		1,461,301,865	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		57,209,035,486	65,450,616,147

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

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

-Sd- Tarique Afzal President & Managing Director (CC)	-Sd- Syed Afzal Hasan Uddin Director	-Sd- Kaiser A. Chowdhury Independent Director	-Sd- Muhammad A. (Rume) Ali Chairman
			See annexed report of the date

Dhaka, Bangladesh
Dated, 30 April 2019

-Sd-
S. F. AHMED & CO
Chartered Accountants

AB Bank Limited
Profit and Loss Account
For the year ended 31 December 2018

		2018 BDT	2017 BDT
OPERATING INCOME	Notes		
Interest income/profit on investments	21	19,467,459,807	17,566,941,274
Interest paid/profit on deposits and borrowings, etc.	22	(17,557,309,639)	(14,896,849,195)
Net interest income		1,910,150,168	2,670,092,078
Investment income	23	4,277,547,629	4,781,859,929
Commission, exchange and brokerage	24	2,332,595,175	2,784,725,871
Other operating income	25	127,566,812	110,356,902
		6,737,709,616	7,676,942,702
Total operating income (a)		8,647,859,784	10,347,034,780
OPERATING EXPENSES			
Salary and allowances	26	2,825,003,440	2,914,079,909
Rent, taxes, insurance, electricity, etc.	27	748,748,069	734,026,531
Legal expenses	28	2,826,348	7,587,144
Postage, stamps, telecommunication, etc.	29	114,789,243	125,681,567
Stationery, printing, advertisement, etc.	30	151,418,300	198,728,972
Chief executive's salary and fees	26.1	9,932,258	9,940,551
Directors' fees	31	4,009,591	7,984,642
Auditors' fees	32	2,646,052	3,164,822
Depreciation and repairs of Bank's assets	33	465,467,337	516,842,435
Other expenses	34	1,247,892,797	1,352,875,569
Total operating expenses (b)		5,572,733,435	5,870,912,144
Profit before provision (c = (a-b))		3,075,126,349	4,476,122,637
Provision against loans and advances	35	1,938,210,683	4,623,884,798
Provision for investments	36	513,513,018	10,000,000
Other provisions	37	67,408,023	171,752
Total provision (d)		2,519,131,724	4,634,056,549
Profit before taxation (c-d)		555,994,625	(157,933,912)
Provision for taxation		537,671,047	(187,534,877)
Current tax		1,003,412,961	1,377,814,079
Deferred tax		(465,741,914)	(1,565,348,957)
Net profit after taxation		18,323,578	29,600,965
Appropriations			
Statutory reserve		95,281,616	26,124,722
General reserve		-	-
Dividends, etc.		-	-
		95,281,616	26,124,722
Retained surplus		(76,958,038)	3,476,243
Earnings Per Share (EPS)	39	0.02	0.04

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

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

-Sd-	-Sd-	-Sd-	-Sd-
Tarique Afzal	Syed Afzal Hasan Uddin	Kaiser A. Chowdhury	Muhammad A. (Rumee) Ali
President & Managing Director (CC)	Director	Independent Director	Chairman

See annexed report of the date

AB Bank Limited
**Cash Flow Statement
For the year ended 31 December 2018**

		2018 BDT	2017 BDT
Cash flows from Operating Activities	Notes		
Interest receipts		15,899,672,553	14,491,334,008
Interest payments		(16,657,084,409)	(15,236,931,931)
Dividend receipts		198,357,616	187,773,760
Fees and commission receipts		1,505,554,954	1,690,166,432
Recoveries on loans previously written off		8,725,518	6,286,093
Payments to employees		(2,834,935,698)	(2,924,020,460)
Payments to suppliers		(151,418,300)	(198,728,972)
Income taxes paid		(396,705,898)	(587,953,908)
Receipts from other operating activities	40	4,999,566,689	5,779,382,812
Payments for other operating activities	41	(2,298,516,163)	(2,447,719,622)
Operating profit before changes in operating assets & liabilities		273,216,861	759,588,210
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(8,555,842,931)	(11,080,165,586)
Other assets	42	(796,687,496)	(270,659,557)
Deposits from other banks		(324,430,192)	(2,356,427,434)
Deposits from customers		(1,085,254,000)	(6,989,964,285)
Trading liabilities (short-term borrowings)		(3,548,271,429)	6,532,834,196
Other liabilities	43	7,224,614,281	4,221,168,415
		(7,085,871,766)	(9,943,214,250)
Net cash used in operating activities (a)		(6,812,654,906)	(9,183,626,040)
Cash Flows from Investing Activities			
Purchase of government securities		6,122,045,589	1,732,969,841
(Purchase)/Sale of trading securities, shares, bonds, etc.		(3,795,927,682)	266,079,840
Purchase of property, plant and equipment		(61,444,269)	(332,118,804)
Net cash flow from investing activities (b)		2,264,673,638	1,666,930,877
Cash Flows from Financing Activities			
Increase/(decrease) of long-term borrowings		2,649,277,825	(615,812,976)
Dividend paid		(317,554)	(302,045)
Net cash flow from/(used in) financing activities (c)		2,648,960,271	(616,115,021)
Net Increase/(decrease) in cash (a+b+c)		(1,899,020,997)	(8,132,810,183)
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		22,941,590,211	31,074,400,393
Cash and cash equivalents at end of the period (*)		21,042,569,215	22,941,590,211
(*) Cash and cash equivalents:			
Cash		1,960,393,120	1,572,259,632
Prize bonds		2,315,700	3,193,400
Money at call and on short notice		1,428,822,961	1,170,389,436
Balance with Bangladesh Bank and its agent bank(s)		14,472,666,202	16,208,509,520
Balance with other banks and financial institutions		3,178,371,232	3,987,238,222
		21,042,569,215	22,941,590,211
Net Operating Cash Flow Per Share (NOCFPS)	44	(8.99)	(12.11)

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

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

-Sd-

Tarique Afzal

President & Managing Director (CC)

-Sd-

Syed Afzal Hasan Uddin

Director

-Sd-

Kaiser A. Chowdhury

Independent Director

-Sd-

Muhammad A. (Rume) Ali

Chairman

Dhaka, Bangladesh

Dated, 30 April 2019

AB Bank Limited

**Statement of Changes in Equity
For the year ended 31 December 2018**

Particulars	Paid-up capital BDT	Statutory reserve BDT	General reserve BDT	Assets revaluation reserve BDT	Investment revaluation reserve BDT	Retained earnings BDT	Total BDT
Balance at 01 January 2018	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
Net profit after taxation for the year	-	-	-	-	-	18,323,578	18,323,578
Addition/(Adjustment) made during the year	-	95,281,616	-	(2,270,683)	(85,773,253)	(93,010,933)	(85,773,253)
Foreign exchange rate fluctuation	-	(21,161,876)	-	-	-	(32,151,664)	(53,313,539)
Balance at 31 December 2018	7,581,303,150	6,623,362,740	1,222,199,200	1,298,209,633	20,254,171	5,905,152,980	22,650,481,875
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

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

-Sd-
Tarique Afzal
President & Managing Director (CC)

-Sd-
Syed Afzal Hasan Uddin
Director

-Sd-
Kaiser A. Chowdhury
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka, Bangladesh
Dated, 30 April 2019

AB Bank Limited

Liquidity Statement (analysis of maturity of assets and liabilities)

As at 31 December 2018

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
Assets						
Cash in hand and with banks	3,138,643,179	-	-	-	13,294,416,143	16,433,059,322
Balance with other banks and financial institutions	1,948,371,232	1,230,000,000	-	-	-	3,178,371,232
Money at call and on short notice	680,635,007	723,355,000	24,832,954	-	-	1,428,822,961
Investments	152,315,700	4,140,381,813	369,077,692	17,962,067,895	20,969,939,192	43,593,782,292
Loans, advances and lease/investments	36,884,322,364	65,073,796,056	100,234,083,171	30,865,614,576	8,012,325,240	241,070,141,407
Fixed assets including premises, furniture and fixtures	-	-	-	-	3,886,208,770	3,886,208,770
Other assets	342,807,796	2,836,592,571	2,754,603,885	1,404,515,225	5,597,066,160	12,935,585,637
Non-banking assets	-	-	-	-	-	-
Total Assets	43,147,095,277	74,004,125,440	103,382,597,701	50,232,197,696	51,759,955,505	322,525,971,619
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	8,870,606,325	2,355,063,500	7,959,435,982	5,548,367,584	2,238,976,368	26,972,449,758
Deposit and other accounts	33,108,099,730	70,454,513,428	85,516,435,835	44,737,062,747	1,628,737,751	235,444,849,491
Provision and other liabilities	843,751,724	1,122,267,723	8,539,277,232	26,848,916,031	103,977,787	37,458,190,496
Total Liabilities	42,822,457,779	73,931,844,650	102,015,149,050	77,134,346,362	3,971,691,905	299,875,489,746
Net liquidity excess/(shortage)	324,637,498	72,280,790	1,367,448,652	(26,902,148,666)	47,788,263,600	22,650,481,874

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

-Sd-
Tarique Afzal
President & Managing Director (CC)

-Sd-
Syed Afzal Hasan Uddin
Director

-Sd-
Kaiser A. Chowdhury
Independent Director

-Sd-
Muhammad A. (Rumeen) Ali
Chairman

Dhaka, Bangladesh
Dated, 30 April 2019

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2018

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.

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.

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

Presentation of the financial statements

The consolidated and separate financial statements of the Bank have been prepared for the year ended December 31, 2018 in accordance with the measurement and recognition requirements of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which have replaced Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) vide circular no. 1/1/ICAB-2017 of the Institute of Chartered Accountants of Bangladesh, the accounting standard setting body for Bangladesh, dated 14 December 2017 for due period begins on or after 1 January 2018.

The financial statements cover a full set of financial statements which comprise of consolidated and separate Balance Sheets, Profit or Loss Accounts, cash flow statements, statements of changes in equity, liability statements and relevant notes and disclosures.

The financial statements have been prepared under 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.

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 IFRS 10 "Consolidated Financial Statements". The Consolidated Financial Statements have been prepared to a common reporting period ending on 31 December 2018.

Mumbai branch, India

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

Islami Banking branch

Islami Banking Branch has been maintaining separate set of books and records for its operations following Bangladesh Bank guidelines. All assets-liabilities and income-expenses of this Branch have been incorporated in similar heads of account of the Bank's financial statements. Balance Sheet and Profit and Loss Account of Islami Banking Branch is shown separately in **Annexure-G** as per Bangladesh Bank BRPD Circular No. 15 dated 09 November 2009. Distribution of profit under Islamic Banking Operation and fixation of final rate for the year 2018 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**.

Yangon Representative Office, Myanmar

AB Bank Limited, Yangon Representative Office, Myanmar, has been established primarily for encouraging and procuring Business under Border Trade Agreement between the Government of the Peoples' Republic of Bangladesh and the Republic of Union of Myanmar. YRO is also maintaining liaison with the Regulatory Bodies and Business Agencies of Myanmar. Statement of Receipts and Payments representative office have been shown separately in **Annexure-K**.

Investment in Amana Bank Limited

AB Bank Limited invested in Amana Bank Limited, Srilanka which is a licensed commercial bank and established under the Banking Act No. 30 of 1988 (Srilankan 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. AB has invested 7.22% in the equity of AMANA Bank Limited.

Subsidiaries operation

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

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2018

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 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 Room 1608, 16th Floor, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, 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 IAS/ IFRS.

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 IAS 21 "The Effects of Changes in Foreign Exchange Rates".

**Notes to the Financial Statements
For the year ended 31 December 2018**

Assets and liabilities in foreign currencies as at 31 December 2018 have been converted into Taka currency at the average of the prevailing buying and selling rates of the relevant foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no. BRPD (R) 717/2004-959 dated 21 November 2004.

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

Cash flow statement

Cash Flow Statement is prepared principally in accordance with IAS 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 period. Cash Flows during the year 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 IAS 1 "Presentation of Financial Statements" and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

Liquidity statement

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

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

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

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

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

Loans and advances

- i. Loans and advances/investments in Islamic Banking Branch are stated at gross amounts at 31 December 2018.
- 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, BRPD Circular No. 15 dated 27 September 2017, BRPD Circular No. 01/2018 dated 20.02.2018 and BRPD Circular No. 07/2018 dated 21.06.2018. 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	Credit Card				
UC	Standard	1%	5%	1%	2%	2%	0.25%	2%	1%
	SMA	-	5%	1%	2%	2%	0.25%	2%	1%
Classified	SS	5%	20%	20%	20%	20%	20%	20%	20%
	DF	5%	50%	50%	50%	50%	50%	50%	50%
	BL	100%	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.

Notes to the Financial Statements
For the year ended 31 December 2018

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.

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 IAS 27 "Separate Financial Statements".

Fixed assets

- i) All fixed assets are stated at cost less accumulated depreciation as per IAS 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 IFRS.
- 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 2018

- 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 IAS 17 "Leases". All other leases are classified as operating leases as per IAS 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.

AB Bank Limited**Notes to the Financial Statements****For the year ended 31 December 2018**

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 IAS 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 @ 37.50% on the accounting profit made by the Bank after considering taxable allowances and disallowances as per income tax laws applicable for the Bank.

Deferred Tax

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

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

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

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

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

The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the Profit and Loss Account as per IAS-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 IAS 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 IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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 IFRS 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

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

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 IAS 1 "Presentation of Financial Statements".

Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the IAS 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 2018.

1.7 Earnings Per Share (EPS)

Basic earnings per share

Basic earnings per share have been calculated in accordance with IAS 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 period was restated giving effect of issue of bonus shares.

Diluted earnings per share

Diluted earnings per share is to be calculated by adjusting profit or loss attributable to ordinary equity holders of the parent entity, and weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

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 and BRPD circular no. 07 dated 21 June 2018, general provision for Off-Balance Sheet exposure of the Bank as at 31 December 2018 has been considered. 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 2018**
1.10 Segment Reporting

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

By geographical location and segment business

Particulars	AB Bank Limited							Subsidiaries				Adjustment	AB Bank and it's subsidiaries
	Inside Bangladesh				Mumbai Branch, India	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)			
BDT in Crore													
<u>Profit and loss account</u>													
Interest income	1,939.96	61.36	-	27.32	6.45	(88.34)	1,946.75	23.94	5.26	0.35	5.37	(0.59)	1,981.09
Int. paid on deposits & borrowings, etc.	1,705.91	55.04	39.61	41.27	2.24	(88.34)	1,755.73	-	2.54	-	0.63	(0.86)	1,758.04
Net interest income	234.05	6.32	(39.61)	(13.95)	4.21	-	191.02	23.94	2.72	0.35	4.74	0.27	223.04
Investment income	406.99	0.55	17.66	-	2.55	-	427.75	1.93	5.22	0.01	-	(10.22)	424.70
Commission, exchange and brokerage	202.42	1.86	-	(0.00)	32.41	(3.42)	233.26	3.66	4.36	-	6.53	-	247.81
Other operating income	12.16	0.05	-	-	0.54	-	12.76	1.29	0.17	-	6.38	(0.82)	19.78
Total operating income	855.62	8.78	(21.95)	(13.95)	39.70	(3.42)	864.79	30.83	12.48	0.37	17.65	(10.77)	915.34
Operating Expenses													
Salary and allowances	278.07	3.06	-	0.55	1.82	-	283.49	1.49	2.50	0.03	3.07	-	290.58
Rent, taxes, insurance, electricity, etc.	72.51	0.20	0.00	0.00	2.16	-	74.87	0.21	0.80	0.00	0.97	(0.55)	76.30
Legal expenses	0.26	-	-	-	0.02	-	0.28	0.02	-	-	0.03	-	0.34
Postage, stamps, telecom., etc.	10.59	0.05	-	0.01	0.83	-	11.48	0.08	0.14	0.00	1.04	-	12.74
Stationery, printing, advertisement, etc.	14.89	0.04	-	0.01	0.21	-	15.14	0.02	0.05	-	0.06	-	15.26
Directors' fees	0.39	0.01	-	-	-	-	0.40	0.03	0.04	0.01	-	-	0.48
Auditors' fees	0.17	-	-	-	0.10	-	0.26	0.01	0.01	0.00	0.04	-	0.33
Charges on loan losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & repairs of Bank's assets	45.73	0.19	-	0.12	0.51	-	46.55	1.85	0.15	0.00	0.08	-	48.63
Other expenses	111.50	0.73	0.22	0.09	12.25	-	124.79	0.75	0.81	0.01	0.38	-	126.74
Total operating expenses	534.11	4.27	0.23	0.78	17.89	-	557.27	4.47	4.50	0.05	5.66	(0.55)	571.40
Profit before provision	321.52	4.51	(22.17)	(14.73)	21.81	(3.42)	307.51	26.36	7.98	0.32	11.99	(10.22)	343.94
Provision against loans and advances							193.82						209.07
Provision for investments							51.35						57.82
Other provisions							6.74						6.74
Total provision							251.91						273.63
Profit before taxation							55.60						70.31
Provision for taxation							53.77						65.99
Net profit after taxation							1.83						4.32

AB Bank Limited
**Notes to the Financial Statements
For the year ended 31 December 2018**
By geographical location and segment business (cont.)
Balance Sheet

BDT in Crore													
Particulars	AB Bank Limited							Subsidiaries				Adjustment	AB Bank and its subsidiaries
	Inside Bangladesh				Mumbai Branch, India	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	1,617.18	25.71	-	-	0.42	-	1,643.31	0.00	0.00	0.00	0.01	-	1,643.32
Balance with other banks & fin.institution	62.79	153.81	-	0.90	105.91	(5.57)	317.84	0.02	21.94	3.91	0.29	(6.15)	337.84
Money at call and on short notice	1,022.92	-	-	83.90	23.98	(987.92)	142.88	-	-	-	-	(83.90)	58.98
Investments	3,787.26	26.75	381.61	162.05	37.66	(35.95)	4,359.38	59.84	15.96	-	-	-	4,435.17
Loans and advances	22,790.42	535.25	-	693.18	89.86	(1.69)	24,107.01	678.11	88.19	-	107.42	(62.20)	24,918.53
Fixed assets	386.82	0.80	-	0.16	0.84	-	388.62	56.52	0.15	0.00	0.05	-	445.35
Other assets	2,737.60	4.65	2.83	49.53	46.57	(1,547.61)	1,293.56	15.71	5.66	3.24	2.80	(644.77)	676.19
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	32,404.98	746.97	384.44	989.72	305.24	(2,578.75)	32,252.60	810.19	131.90	7.15	110.57	(797.03)	32,515.38

LIABILITIES AND CAPITAL
Liabilities

Borrowings from other banks, financial institutions and agents	2,649.25	205.65	-	989.54	-	(1,147.19)	2,697.24	42.35	19.85	-	83.99	(146.19)	2,697.24
Deposits and other accounts	22,859.93	516.56	0.00004	1.30	172.17	(5.47)	23,544.48	-	-	-	-	(6.16)	23,538.33
Other liabilities	4,566.81	24.76	386.35	18.70	19.15	(1,269.96)	3,745.82	87.35	61.09	0.98	6.55	(11.55)	3,890.23
Total Liabilities	30,075.98	746.97	386.35	1,009.54	191.32	(2,422.62)	29,987.55	129.70	80.93	0.98	90.54	(163.90)	30,125.81
Total Shareholders' Equity	2,329.00	-	(1.91)	(19.82)	113.91	(156.13)	2,265.05	680.49	50.97	6.17	20.03	(634.17)	2,388.53
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1.04	1.04
Total Liabilities & Shareholders' Equity	32,404.98	746.97	384.44	989.72	305.24	(2,578.75)	32,252.60	810.19	131.90	7.15	110.57	(797.03)	32,515.38

Notes to the Financial Statements
For the year ended 31 December 2018

1.11 Compliance of International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS)

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

SI no.	Name of IAS	No. of IAS	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	Income Taxes	12	Complied
7	Property, Plant and Equipment	16	Complied
8	Leases	17	Complied
9	Employee Benefits	19	Complied
10	Accounting for Govt. Grants and Disclosure of Govt. Assistance	20	N/A
11	The Effects of Changes in Foreign Exchanges Rates	21	Complied
12	Borrowing Costs	23	Complied
13	Related Party Disclosures	24	Complied
14	Accounting and Reporting by Retirement Benefit Plans	26	Complied
15	Separate Financial Statements	27	Complied
16	Investments in Associates and Joint Ventures	28	Complied
17	Financial Reporting in Hyperinflationary Economics	29	N/A
18	Interests in Joint Ventures	31	N/A
19	Financial Instruments: Presentation	32	*
20	Earnings Per Share	33	Complied
21	Interim Financial Reporting	34	Complied
22	Impairment of Assets	36	Complied
23	Provisions, Contingent Liabilities and Contingent Assets	37	Complied
24	Intangible Assets	38	Complied
25	Investment Property	40	N/A
26	Agriculture	41	N/A

SI no.	Name of IFRS	No. of IFRS	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	*
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	Complied
14	Regulatory Deferral Accounts	14	N/A
15	Revenue from Contracts with Customers	15	Complied

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

1.11.1 New and amended standards and interpretations

IFRS 15 - Revenue from Contract with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition.

The Bank has consistently applied the accounting policies as set out in Note 1.2 to all periods presented in these financial statements. IFRS 15 has been adopted from January 2018, which did not impact the timing or amount of fee and commission income from contract with customers and the related assets and liabilities recognized by the Bank.

In December 2017 the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted IFRS replacing BFRS effective for annual periods beginning on or after January 01, 2018. As BFRS have been adopted from IFRS without any major modification, above change does not have material impact on financial statements. A number of standards and amendments to standards are effective for annual periods beginning after January 01, 2019 and earlier application is permitted. However, the Bank has not early adopted new standards i.e IFRS 16 "Leases" & IFRS 17 "Insurance Contracts" in preparing these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2018

1.12 Compliance of Bangladesh Bank regulations over IAS/IFRS:

SI no.	Issues	IAS/IFRS	Bangladesh Bank
1	Presentation	As per IAS 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 IAS 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 IAS 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 IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors the investment in shares and securities generally falls either under at "fair value through profit and loss account (FVTPL)" or at "fair value through other comprehensive income (FVOCI)" where any change in the fair value of securities measured under FVTPL is taken to the profit and loss account and any changes in the fair value of securities measured under FVOCI is transferred to equity through other comprehensive income.	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 IFRS 9, an entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. For securities like treasury bills and treasury bonds designated as "held for trading" measured at fair value, gains and losses are recognised entirely in profit or loss (fair value through profit or loss, FVTPL). T-bills and T-Bonds designated as "held to maturity" are measured at amortized cost method and interest income is recognized 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 2018

SI no.	Issues	IAS/IFRS	Bangladesh Bank
5	Repo and reverse repo transactions	As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognized at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The 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 IFRS 9, an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. Expected credit losses are required to be measured through a loss allowance at an amount equal to: (i) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or (ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). For loans & Advances whose credit risk increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is required. For loans & advances whose credit risk didn't increased significantly, a loss allowance equal to the 12-month expected credit losses is required.	As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), BRPD Circular No. 12 (20 August 2017) and BRPD Circular No. 15 (27 September 2017), 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 IFRS 9. 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 at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit- impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified; interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to interest suspense account, which is presented as liability in the balance sheet.
8	Non-banking asset	No indication of Non-banking asset is found in any IFRS.	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 IAS 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.

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2018**

SI no.	Issues	IAS/IFRS	Bangladesh Bank
10	Financial guarantee	As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within 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
- xii. Financial Reporting Disclosure (as per BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated, 20 June 2018)

1.14 Reporting period

SI no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2018 to 31 December 2018
2	Off Shore Banking Unit	01 January 2018 to 31 December 2018
3	Mumbai Branch, India	01 January 2018 to 31 December 2018
4	AB Investment Limited	01 January 2018 to 31 December 2018
5	AB Securities Limited	01 January 2018 to 31 December 2018
6	Cashlink Bangladesh Limited	01 January 2018 to 31 December 2018
7	AB International Finance Limited	01 January 2018 to 31 December 2018
8	Arab Bangladesh Bank Foundation	01 January 2018 to 31 December 2018

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 polices. 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.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2018

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 Sept 2018	January 10, 2019	A ₂	ST-2
Jan to Dec 2017	June 4, 2018	A ₁	ST-2
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 IAS -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:

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

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2018

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	4,068,000

- 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	423,537,438
02	AB Securities Limited	99.91% owned Subsidiary	Loans and advances	198,475,836
03	AB International Finance Limited	Fully owned (100%) Subsidiary	Placement through OBU	839,000,000
Total loans/placement to subsidiary				1,461,013,274

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2018

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. Composition of the Audit Committee (2018) is as below:

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. Syed Golam Kibria	Director	Member	From July 23, 2018	Post Graduate Diploma on Development Administration from Manchester, U.K.
3	Mr. Khairul Alam Choudhury	Director	Member	From July 23, 2018	Barrister-at –Law, Lincoln’s Inn., London

Subsequently, Board in its 671st Meeting held on April 20, 2019 reconstituted the Audit Committee as below:

Sl. no.	Name	Status with Bank	Status with Committee	Duration	Educational/ professional qualification
1	Mr. Kaiser A Chowdhury	Independent Director	Chairman	With effect from April 20, 2019	Master of Arts (Economics), Dhaka University
2	Mr. Moshtaque Ahmed Chowdhury	Director	Member	With effect from April 20, 2019	Graduate
3	Mr. Khairul Alam Choudhury	Director	Member	With effect from April 20, 2019	Barrister-at –Law, Lincoln’s Inn., London

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

ii) Meeting held with Audit Committee

During the year 2018, the Audit Committee conducted 11 (eleven) meeting in which, among others, focused on following activities (not an exhaustive test):

- Reviewed Internal Audit Plan for the year 2018
- Reviewed Draft Financial Statements and after discussing with the External Auditors recommended it to the Board for their considerations.
- Reviewed the Management Letter issued by the External Auditors, Management responses thereto and corrective measures taken by the Bank to avoid recurrence of the lapses mentioned therein.
- Reviewed quarterly and half-yearly Financial Statements 2018 of the Bank.
- Reviewed significant Internal Audit findings and advised corrective actions.
- Reviewed Comprehensive Inspection Report of Bangladesh Bank including status of compliance thereof.
- Reviewed branch inspection reports and Head Office functions conducted by the Department of Internal Control & Compliance (ICC).

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2018

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:

SI 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. Tarique Afzal, President & Managing Director (CC), ABBL	Member	MBA, Victoria University
6	Jb. Dr. Mohd. Haroon Rashid	Member-Secretary	M.A, M. Phil PhD Aligor University, (1st Class) Darul Ulum Dewband, India

During the year 2018, AB Bank Shariah Supervisory Committee met Twice and reviewed different operational issues, including those referred to it by the Management of the Bank and gave opinion & decisions related to Islamic Shariah.

The important issues attended by the Shariah Supervisory Committee during the year 2018, are:

- Reviewing the Half-Yearly Shariah Audit Report (July-December,2017) of Islami Banking Branch and its observations.
- Approving the Final Accounts, 2017 of Islami Banking Branch.
- Approving the Annual Report of Shariah Supervisory Committee for the year 2017 on Islamic banking operation of the Bank.
- Reviewing the Half-Yearly Shariah Audit Report (January-June,2018) of Islami Banking Branch and its observations.
- Approved the revised Compensation Fund Policy of the Bank for submission to the BOD.

2. General

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

Notes to the Financial Statements
For the year ended 31 December 2018

		31 Dec 2018 BDT	31 Dec 2017 BDT
3. Cash			
Cash in hand	(Note 3.1)	1,960,393,120	1,572,259,632
Balance with Bangladesh Bank and its agent bank(s)	(Note 3.2)	14,472,666,202	16,208,509,520
		16,433,059,322	17,780,769,152
3(a) Consolidated Cash			
AB Bank Limited		16,433,059,322	17,780,769,152
AB Investments Limited		25,000	25,000
AB International Finance Limited		60,069	54,421
AB Securities Limited		7,699	17,235
Cashlink Bangladesh Limited (CBL)		3,429	36,899
		16,433,155,519	17,780,902,708
3.1 Cash in hand			
In local currency		1,930,310,067	1,535,640,422
In foreign currency		30,083,053	36,619,210
		1,960,393,120	1,572,259,632
3.1(a) Consolidated Cash in hand			
AB Bank Limited		1,960,393,120	1,572,259,632
AB Investments Limited		25,000	25,000
AB International Finance Limited		60,069	54,421
AB Securities Limited		7,699	17,235
Cashlink Bangladesh Limited (CBL)		3,429	36,899
		1,960,489,318	1,572,393,188
3.2 Balance with Bangladesh Bank and its agent bank(s)			
Balance with Bangladesh Bank			
In local currency		13,768,884,839	15,817,138,378
In foreign currency		512,577,340	46,019,236
		14,281,462,179	15,863,157,613
Sonali Bank Limited		191,204,023	345,351,907
(as an agent bank of Bangladesh Bank) - local currency		14,472,666,202	16,208,509,520
3.2.1 Balance with Bangladesh Bank- local currency			
Balance as per Bank Ledger		13,768,884,839	15,817,138,378
<u>Unresponded debit entries</u>		237,862,211	72,033,679
Bangladesh Bank statement		237,862,211	72,033,679
AB Bank's ledger		-	-
<u>Unresponded credit entries</u>		219,221,917	87,858,834
Bangladesh Bank statement		219,221,917	87,668,834
AB Bank's ledger		-	190,000
		13,750,244,545	15,832,963,533

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 2018 is given below:

Year of Unreconciliation	Number of unresponded entry		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	21	15	237,362,211	219,221,917
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	1	-	500,000	-
Total	22	15	237,862,211	219,221,917

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
3.2.2 Balance with Bangladesh Bank-foreign currency		
Balance as per Bank Ledger	512,577,340	46,019,236
<u>Unresponded debit entries</u>	310,430	42,771,544
Bangladesh Bank statement	-	42,152,169
AB Bank's ledger	310,430	619,375
<u>Unresponded credit entries</u>	298,371,169	407,436,105
Bangladesh Bank statement	93,629,207	119,873,698
AB Bank's ledger	204,741,962	287,562,407
Balance as per Bangladesh Bank Statement	810,638,079	410,683,797

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 2018 is given below:

Period of unreconciliation	Number of unresponded entry		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	1	249	310,430	288,692,087
3 months to less than 6 months	-	3	-	192,956
6 months to less than 12 months	-	3	-	9,486,126
12 months and more	-	-	-	-
Total	1	255	310,430	298,371,169

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

AB Bank Limited	14,472,666,202	16,208,509,520
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	14,472,666,202	16,208,509,520

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 DOS circular no. 01 dated 19 January 2014 and MPD Circular No. 01 dated 03 April 2018.

The statutory cash reserve requirement is on the Bank's time and demand liabilities at the rate 5.50% 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 03 April 2018, Bank has to maintain CRR @ 5.50% on fortnightly cumulative average basis and minimum CRR @ 5.00% on daily basis.

i. Daily position as on the reporting date

Required reserve	13,040,855,568	15,303,518,084
Actual reserve maintained	13,485,683,970	15,491,428,205
Surplus	444,828,402	187,910,122

Notes to the Financial Statements
For the year ended 31 December 2018

As per Bank ledger, balance with Bangladesh Bank (local currency) is BDT 13,515,324,264 while as per Bangladesh Bank Statements balance is BDT 13,496,683,970. Difference between the balance as per Bank Ledger and as per the Bangladesh Bank Statement is properly reconciled and adjusted accordingly.

	31 Dec 2018 BDT	31 Dec 2017 BDT
ii. Fortnightly cumulative position		
As per Bangladesh Bank MPD Circular No. 01 dated 03 April 2018, Bank has to maintain CRR @ 5.50% on fortnightly cumulative average basis.		
Required reserve (5.5% of total time & demand liabilities)	221,694,544,657	260,159,807,423
Actual reserve maintained	225,497,223,322	262,922,547,239
Surplus	3,802,678,664	2,762,739,816

(b) Statutory Liquidity Ratio (SLR)

Required reserve (13% of total time & demand liabilities)	30,823,840,434	30,607,036,167
Actual reserve maintained	35,842,185,990	41,546,971,700
Total surplus	5,018,345,557	10,939,935,533

As per Bangladesh Bank MPD Circular No. 01 dated 03 April 2018, all scheduled Banks have to maintain CRR and SLR @ 5.50% and @ 13.00% respectively of their total time and demand liabilities on bi-weekly average basis, where the Bank maintained @ 5.59% and @ 15.12% respectively at the year end.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand	1,952,648,620	1,564,885,884
Balance with Sonali Bank	191,204,023	345,351,907
HTM Securities	29,554,292,681	35,703,878,392
HFT Securities	3,699,212,265	3,744,945,396
Excess Reserve of CRR	444,828,402	187,910,122
	35,842,185,990	41,546,971,700

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

(a) Cash Reserve Requirement (CRR)

Required reserve	252,782,263	330,016,093
Actual reserve maintained	253,560,575	330,535,328
Surplus	778,311	519,235

(b) Statutory Liquidity Ratio (SLR)

Total required reserve	252,782,263	279,244,386
Total actual reserve held	271,854,196	283,968,455
Total surplus	19,071,933	4,724,069

Notes to the Financial Statements
For the year ended 31 December 2018

Mumbai branch

Cash reserve ratio and statutory liquidity ratio

Cash reserve ratio and statutory liquidity ratio have been calculated and maintained in accordance with Section 24 of the Banking Companies Act 1949, Section 42 (2) of the RBI Act 1934 and RBI circular nos. DBOD. No.Ret. BC.24/12.01.001/2015-16

The statutory cash reserve ratio is required on the Bank's time and demand liabilities at the rate of 4.00% and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 19.50% 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 Dec 2018 BDT	31 Dec 2017 BDT
(a) Cash Reserve Ratio (CRR)		
Required reserve	12,940,123	14,086,760
Actual reserve maintained	23,483,616	31,560,412
Surplus	10,543,493	17,473,651
(b) Statutory Liquidity Ratio (SLR)		
Required reserve	241,466,715	248,186,509
Actual reserve maintained	472,471,382	495,667,389
Surplus	231,004,667	247,480,880
Total required reserve	254,406,838	262,273,269
Total actual reserve held	495,954,998	527,227,800
Total surplus	241,548,160	264,954,531
4. Balance with other banks and financial institutions		
In Bangladesh (Note 4.1)	1,625,277,794	2,295,067,692
Outside Bangladesh (Note 4.2)	1,553,093,439	1,692,170,531
	3,178,371,232	3,987,238,222
4(a) Consolidated balance with other banks and financial institutions		
In Bangladesh	1,823,369,874	2,490,976,583
Outside Bangladesh (Nostro Accounts)	1,555,049,778	1,750,358,999
	3,378,419,653	4,241,335,582
4.1 In Bangladesh		
Current Deposits		
Standard Chartered Bank, Dhaka City Centre Branch	2,473,196	3,389,364
Agrani Bank Ltd., VIP Road Branch, Sylhet	5,004,895	5,018,965
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	534	24,500,534
Janata Bank Ltd., Jessore Branch	11,528	23,125
Agrani Bank Ltd., Mymensingh Branch	21,050	34,200
Trust Bank Ltd., Mymensingh Branch	5,060,316	73,754
Janata Bank Ltd., Corporate Branch, Bogra	9,898	18,730
Rupali Bank Ltd., Bogra Branch	5,950	9,600
Agrani Bank Ltd., Thana Road Branch, Bogra	9,008,242	14,017,621
RAKUB, Bogra Branch	8,156	16,586
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi	5,000	5,000

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
Janata Bank Ltd., Rajshahi Branch	5,000	5,000
Rupali Bank Ltd., Rajshahi Branch	9,425	10,000
Janata Bank Ltd., Rangpur Branch	16,103,769	5,630,865
RAKUB, Rangpur Branch	1,643	107,943
Rupali Bank Ltd., Rangpur Branch	31,542	203,317
Janata Bank Ltd., Chapai Nawabganj Branch	218	1,027,330
Janata Bank Ltd., Sirajgonj Branch	222	1,312
Agrani Bank Ltd., Brahmanbaria Branch	-	155
	37,802,744	54,135,562

Special Notice Deposits

Agrani Bank Ltd., Rangpur Branch	749,421	9,282,234
Agrani Bank Ltd., Saidpur Branch	1,592	2,742
Agrani Bank Ltd., VIP Road Branch, Sylhet	2,980	2,936
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	19,519,970	33,825,293
Agrani Bank Ltd., Sirajgonj Branch	27,558	41,588
RAKUB, Sirajgonj Branch	2,035	5,595
Agrani Bank Ltd., Sir Iqbal Road Branch, Khulna Br.	32,335	31,238
Agrani Bank Ltd., Naogaon Branch	5,510,562	11,675,861
Agrani Bank Ltd., Jessore Branch	8,558,056	17,494
Agrani Bank Ltd., Moulvi Bazar Branch	374,121	2,256,379
Agrani Bank Ltd., Satkhira Branch	9,506,568	8,293
Southeast Bank Ltd., Principal Branch	48,120	48,120
Agrani Bank Ltd., Principal Branch, Dhaka	9,533,399	45,476
Agrani Bank Ltd., Barisal Branch	79,333	30,227
Bangladesh Krishi Bank, Barisal Branch	199,304	11,019
Janata Bank Ltd., Barisal Branch	291,118	9,890
Standard Chartered Bank, Dhaka City Centre Branch	1,038,033	1,038,033
Islami Bank Bangladesh Ltd., HO Complex Corporate Br.	553,269	538,525
Bank Asia Ltd., Islami Banking Window, Shantinagar Branch	40,028	40,010
First Security Islami Bank Ltd, Dilkusha Br.	54,727	160,655
Al-Arafah Islami Bank Ltd, Dilkusha Branch	58,083,838	4,064,410
Shahjalal Islami Bank Ltd, Dhaka Main Branch	437,295	425,723
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka	341,463	337,993
Bank Alfalah Ltd, Main Branch, Dhaka	19,721	2,606,689
Southeast Bank Ltd., Islami Banking Br, Motijheel	56,485	2,542,053
ICB Islamic Bank Ltd., Principal Br, Motijheel	136,947	134,778
Agrani Bank Ltd., Islami Banking Window, Amin Court Corp. Br.	346,031	4,275,989
Jamuna Bank Ltd., Islami Banking Br, Nayabazar	348,043	364,635
Union Bank Ltd., Dilkusha Branch	3,811,320	5,804
Premier Bank Ltd., Islami Banking Br, Mohakhali	1,771,300	-
Pubali Bank Ltd., Islamic Branch, Dilkusha, Dhaka	2,000,000	-
	123,484,501	73,839,212

Savings Deposits

Social Islamic Bank Ltd. Principal Branch	3,433,247	2,688,789
EXIM Bank Ltd, Motijheel Branch	557,302	4,404,129
	3,990,549	7,092,918

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
Fixed Deposits		
Hajj Finance Company Ltd.	230,000,000	230,000,000
Social Islami Bank Ltd.	-	350,000,000
Phoenix Finance and Investment Ltd.	230,000,000	-
Islamic Finance & Investment Ltd.	250,000,000	230,000,000
Union Capital Ltd.	150,000,000	150,000,000
IDLC Finance Ltd.	200,000,000	200,000,000
IIDFC	200,000,000	-
EXIM Bank Ltd.	-	200,000,000
Shahjalal Islami Bank Ltd.	-	400,000,000
IPDC Finance Ltd.	-	200,000,000
Premier Bank Ltd.	-	200,000,000
Union Bank Ltd	200,000,000	-
	1,460,000,000	2,160,000,000
	1,625,277,794	2,295,067,692
4.1.a Consolidated In Bangladesh		
AB Bank Limited	1,625,277,794	2,295,067,692
AB Investment Limited	163,372	165,858
AB International Finance Limited	-	-
AB Securities Limited	219,418,078	549,802,993
Cashlink Bangladesh Limited (CBL)	39,142,292	37,340,142
	1,884,001,535	2,882,376,685
<u>Less: Inter company transaction</u>	60,631,661	391,400,102
	1,823,369,874	2,490,976,583
4.2 Outside Bangladesh		
Current Deposits		
The Bank of Tokyo Mitsubishi Limited	1,467,354	3,041,177
MFT, Yangon	83,900	82,700
JP Morgan Chase Bank	196,314,137	220,714,707
Sonali Bank (Kolkata)	6,919,651	7,932,736
Myanmar Economic Bank	34,399	33,907
Citibank NA	31,006,436	5,760,273
Hatton National Bank Limited	1,609,079	2,945,111
Commerz Bank AG	35,035,314	170,870,132
NIB Bank Limited	4,184,789	4,124,935
Mashreq Bank Psc	66,719,462	21,194,535
Nepal Bangladesh Bank Limited	4,169,515	1,437,099
Bank of Bhutan	1,019,523	2,794,032
Wachovia Bank/Wells Fargo N.A	-	22,702,648
Habib America Bank	35,586,168	28,656,850
Commerz Bank AG	21,224,254	19,134,580
Hypovereins Bank	4,198,043	2,438,145
Habib Metro Bank	8,612,786	18,724,066
Habib Bank AG(AED)	-	272,922
Commerz BK CAD	513,500	1,393,371
Commerz BK CHF	673,737	2,158,142
JPMC NY	112,963,206	65,683,512
Commerz Bank ®	1,383,604	1,729
Reserve Bank of India	23,483,791	31,560,411
HDFC Bank CSG	3,064,236	451,862
HDFC Bank Limited	41,131,070	97,020,543

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
Kotak Mahindra Bank	36,963,129	50,882,238
Habib American Bank Limited	4,541,971	5,783,907
JP CHASE ACU	839,966,397	685,571,611
Standard Chartered Bank, NY, USA	58,992,119	210,866,129
Standard Chartered Bank, Singapore	1,163,500	1,588,669
Standard Chartered Bank, UK, GBP	2,578,870	617,015
JP Morgan Chase Bank	7,489,500	5,730,838
	1,553,093,439	1,692,170,531
Details are given in Annex - A		
4.2.a Consolidated Outside Bangladesh (Nostro Accounts)		
AB Bank Limited	1,553,093,439	1,692,170,531
AB Investment Limited	-	-
AB International Finance Limited	2,873,543	59,014,786
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	1,555,966,982	1,751,185,317
<u>Less: Inter company transactions</u>	917,204	826,318
	1,555,049,778	1,750,358,999
4.3 Account-wise/grouping of balance with other banks and financial institutions		
Current deposits	1,590,896,183	1,746,306,093
Savings deposits	3,990,549	7,092,918
Short-Notice Deposits	123,484,501	73,839,212
Fixed deposits	1,460,000,000	2,160,000,000
	3,178,371,233	3,987,238,222
4.4 Maturity grouping of balance with other banks		
Repayable – on demand	1,593,903,231	1,746,306,093
– up to 3 months	1,384,468,001	1,290,932,130
– over 3 months but below 1 year	200,000,000	950,000,000
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	3,178,371,233	3,987,238,222
5. Money at call and on short notice		
In Bangladesh	(Note 5.1) 350,000,000	120,000,000
Outside Bangladesh	(Note 5.2) 1,078,822,961	1,050,389,436
	1,428,822,961	1,170,389,436
5.1 In Bangladesh		
<u>With banking companies</u>		
Local Currency:		
IFIC Bank Limited	350,000,000	-
	350,000,000	-
<u>With non-banking financial institutions</u>		
International Leasing & Financial Services Ltd.	-	120,000,000
	-	120,000,000
	350,000,000	120,000,000

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
<u>At short notice</u>	-	-
<u>On calls and placements</u>		
IFIC Bank Limited	350,000,000	-
International Leasing & Financial Services Limited	-	120,000,000
	350,000,000	120,000,000
5.2 Outside Bangladesh		
AB International Finance Limited	839,000,000	674,005,000
Kotak Mahindra Bank	11,378,301	34,861,827
Abu Dhabi Commercial Bank	-	64,558,938
HDFC Bank Limited	228,444,660	276,963,671
	1,078,822,961	1,050,389,436
5(a) Consolidated money at call and on short notice		
AB Bank Limited	1,428,822,961	1,170,389,436
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	1,428,822,961	1,170,389,436
<u>Less:</u> Inter-group transaction	(839,000,000)	(674,005,000)
	589,822,961	496,384,436
6. Investments	43,593,782,292	45,749,363,948
Nature wise (Bangladesh operation)		
Held for Trading	3,699,212,265	3,744,945,396
Held to Maturity	29,554,292,681	35,703,878,392
Others	9,963,674,237	5,804,872,772
	43,217,179,183	45,253,696,560
Nature wise (Mumbai branch)		
Held for Trading/Available for Sale	146,215,267	248,827,063
Held to Maturity	230,387,843	246,840,326
Others	-	-
	376,603,110	495,667,389
Claim wise		
Government securities (Note 6.1)	33,523,320,645	39,732,017,188
Other investments (Note 6.2)	10,070,461,647	6,017,346,761
	43,593,782,292	45,749,363,948
6 (a) Consolidated investments		
AB Bank Limited	43,593,782,292	45,749,363,948
AB International Finance Limited	-	-
AB Investment Limited	598,400,806	456,075,615
AB Securities Limited	159,564,043	176,002,092
Cashlink Bangladesh Limited (CBL)	-	694,619
	44,351,747,141	46,382,136,275
6.1 Government securities		
Treasury bonds	33,253,504,945	39,448,823,788
Bangladesh Bank Islami Investment bonds	267,500,000	280,000,000
Prize bonds	2,315,700	3,193,400
	33,523,320,645	39,732,017,188

Notes to the Financial Statements
For the year ended 31 December 2018

		31 Dec 2018 BDT	31 Dec 2017 BDT
6.1.1 Maturity wise Treasury Bonds			
<u>Treasury Bond</u>			
(i) 02 Years Treasury Bond		202,708,927	2,407,647,942
(ii) 05 Years Treasury Bond		5,369,174,833	7,848,757,096
(iii) 10 Years Treasury Bond		15,414,846,942	18,280,620,598
(iv) 15 Years Treasury Bond		6,892,244,230	5,935,703,813
(v) 20 Years Treasury Bond		5,374,530,014	4,976,094,339
Total Treasury Bond		33,253,504,946	39,448,823,788
6.1(a) Consolidated Government securities			
AB Bank Limited		33,523,320,645	39,732,017,188
AB Investment Limited		-	-
AB International Finance Limited		-	-
AB Securities Limited		-	-
Cashlink Bangladesh Limited (CBL)		-	-
		33,523,320,645	39,732,017,188
6.2 Other investments			
Shares	(Note 6.2.1)	4,073,326,681	3,914,325,564
Bond	(Note 6.2.2)	4,000,000,000	10,000,000
Pinnacle Global Fund Pte Limited		1,620,531,856	1,597,353,808
		9,693,858,537	5,521,679,372
Investments -ABBL, Mumbai branch			
Treasury bills		376,603,110	495,667,389
Debentures and bonds		-	-
		376,603,110	495,667,389
Total other investments		10,070,461,647	6,017,346,761
6.2 (a) Consolidated other investments			
AB Bank Limited		10,070,461,647	6,017,346,761
AB Investment Limited		598,400,806	456,075,615
AB International Finance Limited		-	-
AB Securities Limited		159,564,043	176,002,092
Cashlink Bangladesh Limited (CBL)		-	694,619
		10,828,426,496	6,650,119,087
6.2.1 Investments in shares			
Quoted (Publicly traded)		3,579,023,347	3,683,054,634
Unquoted		494,303,334	231,270,930
		4,073,326,681	3,914,325,564
Details are given in Annexure-B			
6.2.2 Investment in subordinated bonds			
United Commercial Bank Ltd.		2,750,000,000	-
National Bank Ltd.		1,250,000,000	-
Trust Bank Limited		-	10,000,000
		4,000,000,000	10,000,000
6.3 Maturity grouping of Investment			
Repayable – on demand		-	-
– upto 3 months		4,292,697,513	4,234,014,528
– over 3 months but below 1 year		369,077,692	3,835,507,059
– over 1 year but below 5 years		17,962,067,895	18,901,620,407
– over 5 years		20,969,939,192	18,778,221,955
		43,593,782,292	45,749,363,948

Notes to the Financial Statements
For the year ended 31 December 2018

6.4 Disclosure of uniform accounting procedures for REPO transactions under DOS circular no 06 dated July 15, 2010 is given below:

a.(i) Disclosure regarding outstanding Repo as on 31 December 2018:

BDT			
Counter party name	Agreement date	Reversal date	1st leg cash consideration
The City Bank Ltd	27/Dec/18	03/Jan/19	2,799,856,718
NCC Bank Ltd	27/Dec/18	01/Jan/19	1,025,096,215
Prime Bank Ltd.	27/Dec/18	01/Jan/19	990,968,699
Brac Bank Ltd.	26/Dec/18	02/Jan/19	1,195,301,192
Janata Bank Ltd.	26/Dec/18	02/Jan/19	736,470,384
			6,747,693,208

(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2018:

Counter party name	Agreement date	Reversal date	Amount (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	-	4,000,000,000	64,304,904
ii) with other banks & FIS	-	13,999,870,000	6,631,590,411
Securities purchased under reverse repo:			
i) from Bangladesh Bank	-	-	-
ii) from other banks & FIS	-	-	-

	31 Dec 2018 BDT	31 Dec 2017 BDT
7. Loans, advances and lease/investments	241,070,141,407	229,647,286,231
7.1 Maturity grouping		
Repayable – on demand	1,104,744,898	11,027,431,162
– upto 3 months	100,853,373,522	87,214,391,125
– over 3 months but below 1 year	100,234,083,171	97,214,979,369
– over 1 year but below 5 years	30,865,614,576	28,335,873,877
– over 5 years	8,012,325,240	5,854,610,697
	241,070,141,407	229,647,286,231
7.2 Broad category-wise breakup excluding bills purchased and discounted In Bangladesh		
Loans	218,454,567,396	207,877,392,872
Overdraft	21,469,015,304	20,554,992,156
Cash credits	-	-
	239,923,582,701	228,432,385,028
Outside Bangladesh: ABBL, Mumbai branch		
Loans	857,155	159,418,220
Overdrafts	-	903,730
Cash credits	21,014,532	31,633,969
	21,871,687	191,955,919
	239,945,454,388	228,624,340,946

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
7.3 Product wise loans and advances		
Overdraft	21,469,015,305	20,555,895,885
Cash Credit	21,006,327	31,633,969
Time loan	46,947,975,111	54,036,738,437
Term loan	141,557,459,481	120,930,057,739
Forced loan	15,025,508,515	14,302,328,224
Bills under LC	233,527,167	191,964,472
Trust Receipt	9,119,100,070	8,596,126,094
Packing credit	250,357,756	271,923,598
Loan against accepted bills	415,571,483	3,517,530,162
Loan-EDF	1,834,273,779	3,032,580,962
Consumer Loan	1,498,011,188	1,593,196,897
Staff loan	1,573,648,204	1,564,364,507
Bills purchased & discounted	1,124,687,019	1,022,945,284
	241,070,141,407	229,647,286,231
7.4 Net loans, advances and lease/investments		
Gross loans and advances	241,070,141,407	229,647,286,231
<u>Less:</u>		
Interest suspense	19,704,000,511	13,345,309,883
Provision for loans and advances	10,639,913,428	8,733,640,130
	30,343,913,940	22,078,950,013
	210,726,227,467	207,568,336,218
7.5 Significant concentration		
Advances to industries	120,969,900,000	110,749,171,853
Advances to customer groups	111,342,191,407	110,208,442,108
Advances to allied concerns of Directors	8,758,050,000	8,689,650,000
Advances to Chief Executive	-	22,270
	241,070,141,407	229,647,286,231
7.6 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	33,046,112,927	31,286,475,023
Number of clients	26	29
Amount of outstanding advances	106,499,800,000	95,849,000,000
Amount of classified advances	38,793,125,234	-
Measures taken for recovery	Rescheduling is under process	-
7.7 Industry-wise loans, advances and lease/investments		
Agriculture	4,341,300,000	3,040,772,761
Large and medium scale industry	67,716,750,000	65,407,500,000
Working capital	57,021,000,000	52,057,000,000
Export	3,506,164,871	3,752,300,000
Commercial lending	58,036,526,100	56,026,547,200
Small and cottage industry	2,112,400,000	1,973,100,000
Others	48,336,000,436	47,390,066,270
	241,070,141,407	229,647,286,231
7.8 Geographical location-wise (division) distribution		
In Bangladesh		
Urban branches		
Dhaka	177,398,148,260	164,547,995,621
Chittagong	45,044,489,929	47,471,677,254
Khulna	4,241,865,534	4,093,418,574
Sylhet	1,706,871,983	1,909,214,061
Barisal	209,418,491	243,634,815
Rajshahi	3,947,785,970	3,749,730,933
Rangpur	4,773,577,125	4,012,776,878
Mymensingh	813,560,601	747,434,891
	238,135,717,892	226,775,883,026

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
<u>Rural branches</u>		
Dhaka	1,422,797,756	1,514,835,643
Chittagong	484,638,715	538,937,833
Khulna	-	-
Sylhet	51,017,378	51,782,529
Barisal	-	-
Rajshahi	-	-
Rangpur	-	-
Mymensingh	77,400,044	-
	<u>2,035,853,894</u>	<u>2,105,556,005</u>
Outside Bangladesh		
ABBL, Mumbai branch	898,569,620	765,847,200
	<u>241,070,141,407</u>	<u>229,647,286,231</u>

7.9 Classification of loans, advances and lease/investments

In Bangladesh

Unclassified

Standard	130,508,546,015	185,848,238,016
Special Mention Account	29,935,179,745	26,774,600,307
	<u>160,443,725,759</u>	<u>212,622,838,323</u>

Classified

Sub-Standard	4,145,600,000	432,900,000
Doubtful	3,809,100,000	720,600,000
Bad/Loss	71,773,146,027	15,105,100,708
	<u>79,727,846,027</u>	<u>16,258,600,708</u>
	<u>240,171,571,787</u>	<u>228,881,439,031</u>

Outside Bangladesh- Mumbai Branch

Unclassified Loan	898,569,620	615,656,886
Classified Loan	-	150,190,314
	<u>898,569,620</u>	<u>765,847,200</u>
	<u>241,070,141,407</u>	<u>229,647,286,231</u>

Classification of Loans have been made as per Bangladesh Bank Letter no. DBI-1/101/2019-905 dated April 24, 2019.

7.10 Particulars of loans, advances and lease/investments

(i) Loans considered good in respect of which the Bank is fully secured	224,195,351,556	212,631,440,170
(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	16,874,789,850	17,015,846,061
(iv) Loans adversely classified but provision not maintained there against	-	-
	<u>241,070,141,407</u>	<u>229,647,286,231</u>

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,573,648,204	1,564,364,507
(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)]	1,604,509,873	1,613,436,443
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	-	-
(ix) Due from other banking companies	-	-
(x) Amount of classified loans on which interest has not been charged:	-	-
(a) Increase/(decrease) of provision (specific)	1,167,540,114	3,940,700,374
(b) Amount of loan written off	148,319,152	3,277,937,869
(c) Amount realised against loan previously written off	8,735,518	10,374,551
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	4,626,067,423	3,542,367,423
(e) Interest creditable to interest suspense account	6,467,603,060	3,675,066,572
(xi) Written off loan:		
Opening written off loan	15,337,568,598	12,059,630,730
<u>Add:</u> Written off during the year	148,319,152	3,277,937,869
Cumulative Written off loans	15,485,887,750	15,337,568,598
<u>Less:</u> Adjustments/ recoveries/ Settlement up to the period	3,089,505,668	3,079,704,079
Closing Balance of Written off loan	12,396,382,082	12,257,864,520
The amount of written off loans for which lawsuits have been filed for its recovery	12,307,823,443	12,159,504,291

7.10 (a) The amount represents loans Tk. 1,604,509,873 due by the employees of the Bank.

7.11 Securities wise loans, advances and lease/investments

Nature of security

Collateral of movable/immovable assets	209,062,976,813	196,391,824,578
Cash collateral	4,909,809,022	3,997,954,353
Banks and financial institutions guarantee	-	-
Personal guarantee	10,886,541,122	11,291,823,248
Corporate guarantee	5,888,847,641	5,724,022,813
Other securities	10,321,966,809	12,241,661,239
	241,070,141,407	229,647,286,231

Notes to the Financial Statements
For the year ended 31 December 2018

31 Dec 2018
BDT

31 Dec 2017
BDT

7.12 Large Loan Restructuring

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

Name of the Client	Loan Type	Expiry Date	Amount in BDT
Abdul Monem Sugar	Term Loan	22 Dec 2021	387,061,983
Beximco Ltd.	Term Loan	26 Jun 2028	1,072,215,148
Beximco Ltd.	Term Loan	29 Jun 2022	144,865,692
BEL Construction SDN BHD Ltd	SME-Term	30 Sep 2027	3,864,445,422
BEL Construction SDN BHD Ltd	SME-Term	30 Sep 2021	500,747,877
R & R Aviation Limited	Term Loan	23 Dec 2027	93,531,536
International Knitwear & Apparels Ltd.	Term Loan	29 Jun 2028	806,257,887
Bangladesh Export Import Co. Ltd	Term Loan	29 Jun 2022	588,405,443
New Dacca Industries Ltd	Term Loan	29 Jun 2022	2,987,680,388
New Dacca Industries Ltd	Term Loan	29 Jun 2028	856,331,200
R & R Holdings	Term Loan	23 Dec 2027	2,800,559,833
			14,102,102,409

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

AB Bank Limited	239,945,454,388	228,624,340,946
AB Investment Limited	6,781,090,546	6,809,008,852
AB International Finance Limited	-	-
AB Securities Limited	881,889,697	926,452,178
Cashlink Bangladesh Limited (CBL)	-	-
	247,608,434,630	236,359,801,976
Less: Inter company transaction	622,013,274	558,605,987
	246,986,421,356	235,801,195,989

8 Bills purchased and discounted

In Bangladesh	247,989,086	449,054,003
Outside Bangladesh - ABBL, Mumbai Branch	876,697,933	573,891,281
	1,124,687,019	1,022,945,284

8 (a) Consolidated Bills purchased and discounted

AB Bank Limited	1,124,687,019	1,022,945,284
AB Investment Limited	-	-
AB International Finance Limited	1,074,196,894	810,350,507
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	2,198,883,913	1,833,295,791

8.1 Maturity grouping of Bills Purchased and discounted

Repayable – within 1 month	375,670,205	412,112,663
– over 1 month but within 3 months	556,871,058	289,320,851
– over 3 months but within 6 months	192,145,756	237,210,422
– over 6 months	-	84,301,348
	1,124,687,019	1,022,945,284

9. Fixed assets including premises, furniture and fixtures

Cost:

Land and Building	3,334,695,983	3,334,695,982
Furniture and fixtures	251,696,675	251,645,602
Office appliances	64,842,310	63,934,080
Electrical appliances	1,696,166,546	1,686,952,850
Motor vehicles	746,846,242	839,192,792
Intangible Assets	655,429,056	625,401,300
	6,749,676,812	6,801,822,607
Less: Accumulated depreciation and amortization	2,863,468,043	2,688,481,339
	3,886,208,770	4,113,341,268

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

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Cost:		
AB Bank Limited	6,749,676,812	6,801,822,607
AB Investments Limited	687,202,886	687,932,186
AB International Finance Limited	4,635,529	6,665,421
AB Securities Limited	30,343,698	30,284,145
Cashlink Bangladesh Limited (CBL)	81,471,369	81,471,358
	<u>7,553,330,294</u>	<u>7,608,175,717</u>
Accumulated depreciation:		
AB Bank Limited	2,863,468,043	2,688,481,339
AB Investments Limited	122,007,063	104,376,007
AB International Finance Limited	4,118,552	6,513,299
AB Securities Limited	28,809,002	28,120,447
Cashlink Bangladesh Limited (CBL)	81,471,358	81,439,535
	<u>3,099,874,018</u>	<u>2,908,930,626</u>
	<u>4,453,456,276</u>	<u>4,699,245,091</u>
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
	<u>6,223,910,978</u>	<u>6,223,910,978</u>
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	-	441,450,222
	<u>5,203,944</u>	<u>446,654,166</u>
	<u>6,229,114,922</u>	<u>6,670,565,144</u>
Non-income generating		
Arab Bangladesh Bank Foundation (99.60% owned subsidiary company of ABBL)	19,920,000	19,920,000
Deferred tax assets (Note 10.1)	1,891,779,670	1,428,042,515
Accounts receivable	2,299,178,425	1,156,026,660
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	999,244,181	875,183,299
Exchange for clearing	453,222,112	492,291,351
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	605,240,157	968,925,438
Security deposits	162,207,512	177,077,324
Local drafts paid without advice	-	-
Advance rent and advertisement	226,716,629	262,872,811
Stationery, stamps, printing materials, etc.	48,962,028	65,706,665
	<u>6,706,470,714</u>	<u>5,446,046,063</u>
	<u>12,935,585,637</u>	<u>12,116,611,208</u>

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
10(a) Consolidated Other assets		
AB Bank Limited	12,935,585,637	12,116,611,208
AB Investment Limited	157,065,820	101,742,474
AB International Finance Limited	28,019,758	29,837,793
AB Securities Limited	56,626,977	69,807,179
Cashlink Bangladesh Limited (CBL)	32,354,358	30,209,100
	13,209,652,550	12,348,207,754
<u>Less: Inter-group transaction</u>	<u>6,447,735,698</u>	<u>6,484,293,747</u>
	6,761,916,852	5,863,914,006
10.1 Deferred tax assets		
a) Deferred tax assets for specific provisions of loans and advances		
Opening Deferred Tax (Assets)/Liabilities	1,508,826,970	2,433,514,889
<u>Add: Deferred Tax Income during the year</u>	<u>486,740,431</u>	<u>1,523,845,563</u>
	-	2,448,533,482
<u>Less: Write-Off adjustment</u>	<u>-</u>	<u>2,448,533,482</u>
Closing Deferred Tax Assets	1,995,567,400	1,508,826,970
b) Deferred tax liabilities against property, plant & equipment		
Balance at 01 January	80,784,454	121,450,602
<u>Add/(less): Provision made during the year</u>	<u>20,998,517</u>	<u>(41,503,394)</u>
<u>Add/(Less): Adjustment for Rate Fluctuation during the year</u>	<u>2,004,759</u>	<u>837,246</u>
Closing Deferred Tax Liabilities	103,787,730	80,784,454
Net Deferred Tax Assets (a-b)	1,891,779,670	1,428,042,515
Net Deferred Tax Income during the year	465,741,914	1,565,348,957
10.02 Calculations of deferred tax liabilities		
Bangladesh Operations:		
Deferred tax liabilities against Property, Plant & Equipment		
Carrying amount of Property, Plant & Equipment	3,877,785,440	4,101,447,139
Tax base of Property, Plant & Equipment	3,595,032,878	3,830,247,195
Taxable/(Deductible) Temporary Difference	282,752,562	271,199,945
Effective Tax Rate	37.50%	40.00%
Deferred Tax (Assets)/Liabilities	106,032,211	108,479,978
Deferred Tax (Assets)/Liabilities of Mumbai Branch	(2,244,482)	(27,695,525)
Closing Deferred Tax (Assets)/Liabilities	103,787,729	80,784,453
11. Borrowings from other banks, financial institutions and agents		
In Bangladesh (Note 11.1)	18,272,449,759	20,599,348,916
Outside Bangladesh (Note 11.2)	-	1,272,094,447
	18,272,449,759	21,871,443,363
11.1 In Bangladesh		
11.1.1 Bangladesh Bank		
Export Development Fund	1,495,730,627	2,958,975,925
Islamic Investment Bond	2,056,462,900	2,103,666,667
Refinance against IPFF	317,210,749	351,221,098
Refinance against Women Entr., Small Enterprise, ETP & Others	211,517,384	228,229,210
	4,080,921,660	5,642,092,900

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
11.1.2 Call & Term Borrowing from		
Mutual Trust Bank Limited	-	600,000,000
NCC Bank Ltd.	500,000,000	-
NRB Commercial Bank Limited	400,000,000	-
Agrani Bank Limited	4,000,000,000	2,444,600,542
Sonali Bank Limited	2,600,000,000	2,950,000,000
IFIC Bank Limited	-	500,000,000
Janata Bank Limited	1,000,000,000	700,000,000
Meghna Bank Limited	700,000,000	-
Basic Bank Limited	250,000,000	1,000,000,000
Uttara Bank Limited	2,500,000,000	1,000,000,000
Bank Asia Limited	-	3,332,330,704
Phoneix Finance Ltd	20,000,000	-
Rupali Bank Limited	1,922,900,000	2,000,000,000
Krishi Bank Limited	-	82,700,000
Modhumoti Bank Limited	-	41,350,000
Bank Alfalah	-	207,554,028
Krishi Bank Limited	125,850,000	-
Accrued interest	166,646,489	96,030,907
Accrued Interest Repo Other Bank	6,131,610	2,689,835
	14,191,528,098	14,957,256,016
Total in Bangladesh	18,272,449,759	20,599,348,916
11.2 Outside Bangladesh		
ICICI Bank	-	1,272,094,447
	-	1,272,094,447
Schedule of Borrowings from other banks, financial institutions and agents outside Bangladesh is given in Annex - D .		
11.3 Analysis by security		
Secured (assets pledge as security for liabilities)	-	-
Unsecured	18,272,449,759	21,871,443,363
	18,272,449,759	21,871,443,363
11.4 Repayment pattern		
Repayable on demand	3,450,000,000	3,250,000,000
Repayable on maturity (Note 11.4.1)	14,822,449,759	18,621,443,363
	18,272,449,759	21,871,443,363
11.4.1 Repayable on maturity		
<u>Bangladesh Bank :</u>		
Export Development Fund	1,495,730,627	2,958,975,925
Islamic Investment Bond	2,056,462,900	2,103,666,667
Refinance against IPFF	317,210,749	351,221,098
Refinance against Women Entr., Small Enterprise, ETP & Others	211,517,384	228,229,210
	4,080,921,660	5,642,092,900

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
<u>Term borrowings:</u>		
BASIC Bank Limited	-	1,000,000,000
Phoneix Finance Ltd	20,000,000	-
Agrani Bank Limited	4,000,000,000	2,444,600,542
NCC Bank Limited	500,000,000	-
Uttara Bank Limited	-	1,000,000,000
Bank Asia Limited	-	3,332,330,704
Rupali Bank Limited	1,922,900,000	2,000,000,000
Bank Al Falah	-	207,554,028
Sonali Bank Limited	500,000,000	1,500,000,000
Uttara Bank Limited	2,500,000,000	-
Krishi Bank Limited	125,850,000	82,700,000
Janata Bank Limited	1,000,000,000	-
Modhumoti Bank Limited	-	41,350,000
ICICI BK LTD,HK	-	1,272,094,447
Accrued interest	172,778,098	98,720,742
	10,741,528,098	12,979,350,463
	14,822,449,759	18,621,443,363

11(a) Consolidated Borrowings from other banks, financial institutions and agents

AB Bank Limited	18,272,449,759	21,871,443,363
AB Investment Limited	423,537,438	333,601,157
AB International Finance Limited	839,904,947	669,218,846
AB Securities Limited	198,475,836	226,047,986
Cashlink Bangladesh Limited (CBL)	-	-
	19,734,367,980	23,100,311,353
<u>Less: Intercompany transactions</u>	1,461,918,222	1,227,824,834
	18,272,449,759	21,872,486,519

12. AB Bank Subordinated Bond

AB Bank Subordinated Bond-I	1,500,000,000	2,000,000,000
AB Bank Subordinated Bond-II	3,200,000,000	4,000,000,000
AB Bank Subordinated Bond-III	4,000,000,000	-
	8,700,000,000	6,000,000,000

AB Bank Subordinated Bonds

Bank has issued 7 years Sub-Ordinated bonds in three phases, namely- AB Bank Subordinated Bond-I for BDT 250 crore in August 2014, AB Bank Subordinated Bond-II for BDT 400 crore in September 2015 and AB Bank Subordinated Bond-III for BDT 400 crore in May 2018 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	600,000,000	800,000,000
Sonali Bank Limited	1,100,000,000	1,400,000,000
Agrani Bank Limited	700,000,000	900,000,000
Midland Bank Limited	120,000,000	160,000,000
BRAC Bank Limited	300,000,000	380,000,000
NRB Commercial Bank Limited	300,000,000	380,000,000
Mutual Trust Bank Limited	48,000,000	64,000,000
Grameen Capital Management Limited	12,000,000	16,000,000
Rupali Bank Limited	800,000,000	1,000,000,000
Janata Bank Limited	400,000,000	500,000,000
Uttara Bank Limited	240,000,000	300,000,000
National Life Insurance Co. Limited	80,000,000	100,000,000
Jamuna Bank Limited	2,300,000,000	-
National Credit & Commerce Bank Limited	1,700,000,000	-
	8,700,000,000	6,000,000,000

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
13. Deposit and other accounts		
Inter-bank deposits	2,000,947,652	2,325,377,844
Other deposits	233,443,901,839	233,628,930,609
	235,444,849,491	235,954,308,453
13(a) Consolidated Deposit and other accounts		
AB Bank Limited	235,444,849,491	235,954,308,453
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	235,444,849,491	235,954,308,453
<u>Less: Inter-group transaction</u>	61,558,646	392,232,950
	235,383,290,846	235,562,075,504
13.1 Maturity analysis of inter-bank deposits		
Repayable – on demand	1,349,926,197	1,142,095,233
– within 1 month	366,884,208	353,183,027
– over 1 month but within 3 months	201,607,663	-
– over 3 months but within 1 year	82,529,583	830,099,583
– over 1 period but within 5 years	-	-
– over 5 periods but within 10 years	-	-
– over 10 years	-	-
	2,000,947,652	2,325,377,844
13.2 Maturity analysis of other deposits		
Repayable – on demand	2,868,833,572	5,338,163,161
– within 1 month	28,522,455,752	19,151,436,695
– over 1 month but within 3 months	70,252,905,765	64,344,086,654
– over 3 months but within 1 year	85,433,906,252	95,939,421,864
– over 1 period but within 5 years	44,737,062,747	47,383,162,966
– over 5 years	1,628,737,751	1,472,659,270
	233,443,901,839	233,628,930,609
13.3 Demand and time deposits		
a) Demand Deposits	28,396,250,345	26,762,401,441
Current accounts and other accounts	22,820,201,543	21,822,803,753
Savings Deposits (9%)	2,581,709,678	2,688,296,129
Bills Payable	2,994,339,125	2,251,301,559
b) Time Deposits	207,048,599,146	209,191,907,013
Savings Deposits (91%)	26,103,953,412	27,181,660,860
Short Notice Deposits	32,204,480,815	32,995,346,150
Fixed Deposits	128,219,725,045	129,606,179,136
Other Deposits	20,520,439,875	19,408,720,866
Total Demand and Time Deposits	235,444,849,491	235,954,308,453
13.4 Sector-wise break up of deposits and other accounts		
Government	1,967,543,202	2,409,574,719
Deposit money Banks	2,000,947,652	2,325,377,844
Autonomous & Semi-Autonomous Bodies	4,474,952,909	4,227,465,204
Public Non-Financial Organisation	43,935,841,158	49,037,812,443
Other Public	3,411,397,293	3,414,634,389
Foreign Currency	9,770,384,592	7,348,050,954
Private	169,883,782,686	167,191,392,900
	235,444,849,491	235,954,308,453

Notes to the Financial Statements
For the year ended 31 December 2018

		31 Dec 2018 BDT	31 Dec 2017 BDT
14. Other liabilities			
Accumulated provision against loans and advances	(Note 14.1)	10,639,913,428	8,733,640,130
Inter-branch adjustment		838,178	5,405,965
Provision for current tax (net of advance tax)	(Note 14.2)	1,500,377,781	889,411,024
Interest suspense account	(Note 14.3)	19,704,000,511	13,345,309,883
Provision against other assets	(Note 14.4)	318,685,468	250,198,969
Accounts payable - Bangladesh Bank		1,642,013,761	1,439,084,087
Accrued expenses		224,980,797	218,789,290
Provision for off balance sheet items	(Note 14.5)	810,000,000	860,000,000
Provision against investments	(Note 14.6)	1,889,303,000	1,560,053,000
Others (*)		728,077,572	666,110,214
		37,458,190,496	27,968,002,561

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

14.1 Accumulated provision against loans and advances

The movement in specific provision for bad and doubtful debts

Balance at 01 January		3,772,067,423	2,463,153,374
Fully provided debts written off during the period	(-)	-	(2,506,985,952)
Recovery of amounts previously written off	(+)	8,725,518	6,286,093
Specific provision made during the year	(+)	1,297,974,482	3,809,613,907
		1,306,700,000	1,308,914,048
Balance at 31 December		5,078,767,423	3,772,067,423
Provision made by ABBL, Mumbai Branch		-	90,382,514
Total provision on classified loans and advances		5,078,767,423	3,862,449,936

On unclassified loans

Balance at 01 January		4,867,316,658	4,095,267,313
Transfer from other assets provisions	(+)	-	-
Transferred from Off Balance Sheet provisions	(+)	50,000,000	-
Transfer from Other Assets	(+)	-	-
Transferred from provision for current tax	(+)	-	-
General provision made during the year	(+)	639,817,000	772,049,345
		689,817,000	772,049,345
Balance at 31 December		5,557,133,658	4,867,316,658
Provision made by ABBL, Mumbai Branch		4,012,348	3,873,536
Total provision on un-classified loans and advances		5,561,146,006	4,871,190,194
Total provision on loans and advances		10,639,913,428	8,733,640,130

		31 Dec 2018	
Provision for	Required	Maintained	Excess
Un-classified loans and advances	5,555,287,348	5,561,146,006	5,858,658
Classified loans and advances	5,078,700,000	5,078,767,422	67,422
	10,633,987,348	10,639,913,428	5,926,080

Provision against loans and advances has been maintained as per Bangladesh Bank letter no. DBI-1/101/2019-905 dated April 24, 2019. According to letter, there is a provision shortfall of Tk. 6,171 crore against loans and advances which requires to be kept in next 10 years equally from 2019-2028.

Notes to the Financial Statements
For the year ended 31 December 2018

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

Standard
Special Mention Account

Specific Provision

Substandard
Doubtful
Bad/Loss

31 Dec 2018	
Required	Maintained
5,555,287,348	5,561,146,006
4,837,987,348	4,843,846,006
717,300,000	717,300,000
5,078,700,000	5,078,767,423
109,700,000	109,700,000
343,000,000	343,000,000
4,626,000,000	4,626,067,423

Excess provision maintained at 31 December 2018

5,926,080

14.2 Provision for current tax (net of advance tax)

Current Tax (note 14.2.1)
Advance Income Tax (note 14.2.2)
Provision for current tax (net of advance tax)

31 Dec 2018 BDT	31 Dec 2017 BDT
14,978,959,012	14,075,970,095
13,478,581,232	13,186,559,071
1,500,377,781	889,411,024

14.2.1 Provision for current tax

Balance at 01 January
Add: Provision made during the year
Less: Write-off adjustment
Balance at 31 December
Provision held by ABBL, Mumbai Branch

13,917,551,618	15,080,733,191
918,280,342	1,285,351,909
-	2,448,533,482
14,835,831,960	13,917,551,618
143,127,052	158,418,477
14,978,959,012	14,075,970,095

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2014 (Assessment Year 2015-16). Corporate income tax return for the years 2015, 2016 & 2017 submitted under section 82BB corresponding to Assessment Years 2016-17, 2017-18 & 2018-19. 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 2018
Paid during the year
Less: Transfer/Adjustment during the year
Balance at 31 December
Advance tax of ABBL, Mumbai Branch

13,008,910,364	12,514,607,418
321,089,875	494,302,946
-	-
13,330,000,239	13,008,910,364
148,580,992	177,648,707
13,478,581,232	13,186,559,071

14.3 Interest suspense account

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

13,280,998,451	10,414,337,836
6,467,603,060	3,675,066,572
31,189,000	27,486,040
13,412,000	9,968,000
-	770,951,917
19,704,000,511	13,280,998,451
-	64,311,431
19,704,000,511	13,345,309,883

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
14.4 Provision against other assets		
Provision for		
Prepaid legal expenses	107,530,000	95,030,000
Protested bills	76,055,610	26,065,610
Others	135,099,858	129,103,359
	318,685,468	250,198,969

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

14.4.1 Calculation of Provision against other assets

Particulars	Outstanding amount	Base for Provision	Rate	Provisions Requirement	Provisions Maintained
Prepaid legal expenses	107,407,898	107,407,898	50% & 100%	53,703,949	107,530,000
Protested bills	70,489,001	70,489,001	100%	70,489,001	76,055,610
Others	92,548,490	92,548,490	100%	92,548,490	135,099,858
Required provision for other assets				216,741,441	318,685,468
Total provision requirement					216,741,441
Total provision maintained					318,685,468
Excess provision maintained at 31 December 2018					101,944,027

14.5 Provision for off balance sheet items

Opening balance	860,000,000	860,000,000
Less: Transferred to general provisions	50,000,000	-
Add: Provision made during the year	-	-
Less: Adjustment during the year	-	-
Closing balance	810,000,000	860,000,000

14.5.1 Particulars of required provision for Off-Balance Sheet Items

	Base for Provision	Rate (%)	31 Dec 2018	31 Dec 2017
Acceptances and endorsements	21,664,813,157	1%	216,648,132	238,793,226
Letters of guarantee	14,569,014,333	1%	145,690,143	135,253,511
Irrevocable letters of credit	12,060,360,225	1%	120,603,602	158,369,133
Bills for collection	-	1%	-	64,023,893
Others	1,461,301,865	1%	14,613,019	26,065,304
Total Off Balance Sheet Items & required provision	49,755,489,580		497,554,896	622,505,066
Total provision maintained			810,000,000	860,000,000
Excess provision at 31 December 2018			312,445,104	237,494,934

No provision has been maintained against Off Balance Sheet items of Mumbai Branch BDT 2,684,695,185 as per Reserve Bank of India (RBI) guidelines.

14.6 Provision against investments

Provision against quoted shares:

Opening balance	1,560,053,000	1,550,053,000
Add: Provision made during the year	90,000,000	10,000,000
Closing Balance	1,650,053,000	1,560,053,000
Total provision maintained for Investment	1,650,053,000	1,560,053,000
Total provision requirement for Investment	1,642,820,432	1,557,650,635
Excess provision	7,232,568	2,402,366
Provision for Pinnacle Global Fund Pte Limited:		
Provision made during the year	239,250,000	-

(*) Provision for Pinnacle Global Fund Pte Limited of BDT 137.41 crore has been deferred as per Bangladesh Bank letter no. DBI-1/101/2019-905 dated April 24, 2019 for 10 years from 2019-2028.

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
Total Provision maintained against investment:		
Provision against quoted shares	1,650,053,000	1,560,053,000
Provision for Pinnacle Global Fund Pte Limited	239,250,000	-
	1,889,303,000	1,560,053,000
14(a) Consolidated Other liabilities		
AB Bank Limited	37,458,190,496	27,968,002,561
AB Investment Limited	873,488,971	829,769,725
AB International Finance Limited	65,509,340	50,956,308
AB Securities Limited	610,856,624	976,422,273
Cashlink Bangladesh Limited (CBL)	9,770,756	9,765,006
	39,017,816,187	29,834,915,872
<u>Less:</u> Inter-group transaction	115,494,023	174,793,931
	38,902,322,164	29,660,121,941
15. Share Capital	7,581,303,150	7,581,303,150
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	7,431,303,150
	7,581,303,150	7,581,303,150
15.3 Percentage of shareholding		
	As at 31 December 2018	As at 31 December 2017
	No. of shares %	No. of shares %
Sponsors and public	753,784,637 99.43	753,784,637 99.43
Government	4,345,678 0.57	4,345,678 0.57
	758,130,315 100.00	758,130,315 100.00
15.4 Classification of shareholders by holding		

Notes to the Financial Statements
For the year ended 31 December 2018

15.5 Names of the Directors and their shareholding as at 31 December 2018

Name of the Director	Status	No. of Shareholding including nominating institution/individual	
		31 Dec 2018	31 Dec 2017
Mr. Feroz Ahmed	Director	15,730,196	15,730,196
Mr. Syed Afzal Hasan Uddin, Nominated by Mr. M. Morshed Khan	Nominated Director	38,251,403	38,251,403
Mr. Moshtaque Ahmed Chowdhury, Nominated by Mr. M. Morshed Khan	Nominated Director		
Mr. Syed Golam Kibria, Nominated by Pacific Traders Limited*	Nominated Director	75,696,901	75,696,901
Mr. Asish Baran Sarkar, Nominated by Pacific Motors Limited	Nominated Director	54,725,559	54,725,559
Mr. Shajir Ahmed, Nominated by Mr. Salim Ahmed	Nominated Director	17,907,293	17,907,293
Mr. Khairul Alam Choudhury, Nominated by Pacific Industries Limited	Nominated Director	74,157,802	74,157,802
Mr. Shishir Ranjan Bose FCA **	Independent Director	-	-
Mr. Kaiser Ahmed Chowdhury	Independent Director	-	-
Mr. Tarique Afzal	President & Managing Director (CC)	-	-

* Mr. Syed Golam Kibria replaced by Mr. Muhammad A. (Rume) Ali in the 669th Board Meeting held on February 27, 2019.

** Mr. Shishir Ranjan Bose, FCA, Independent Director, resigned from the Board in the 669th Board Meeting held on February 27, 2019.

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 December 31, 2018 is Taka 39,548,106,424 as against available Total Common Equity Tier-I Capital of Taka 20,338,050,098 and Total Tier-2 Capital available of Taka 14,571,253,536 that is, a total of Taka 34,909,303,635 thereby showing deficit capital of Taka 4,638,802,789 at that date. Details are shown below:

Tier I Capital (Going-Concern Capital)

Common Equity Tier-I Capital

Fully Paid-up Capital/Capital Deposited with BB

Statutory Reserve

Non-repayable share premium account

General Reserve

Retained earnings

Minority interest in Subsidiaries

Non-Cumulative irredeemable Preferences shares

Dividend Equalization Account

7,581,303,150	7,581,303,150
6,623,362,740	6,549,242,999
-	-
1,303,199,679	1,302,259,888
6,967,589,458	7,051,767,695
10,414,140	10,106,613
-	-
-	-
22,485,869,167	22,494,680,345

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
Regulatory adjustment:		
Goodwill and all other Intangible Assets	117,481,270	165,644,969
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)	1,995,567,400	1,433,385,621
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	24,810,399	34,857,814
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991 (amendment up to 2018).	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	9,960,000	9,960,000
Other if any	-	-
	<u>2,147,819,069</u>	<u>1,643,848,403</u>
Total Common Equity Tier-I Capital	20,338,050,098	20,850,831,942
Additional Tier-I Capital	-	-
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	7,090,083,994	6,297,628,181
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)	7,460,000,000	5,600,000,000
Minority Interest	-	-
HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital	-	-
Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)	849,638,093	849,638,093
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	15,399,722,087	12,747,266,274
Regulatory Adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	679,710,474	509,782,856
Investment in own T-2 Instruments/Shares	-	-
Reciprocal crossholdings in the T-2 capital of Banking, Financial and Insurance Entities	-	-
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991. (50% of Investment)	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	9,960,000	9,960,000
Other (if any)	138,798,076	94,776,107
Total Tier-2 Capital Available	14,571,253,536	12,132,747,311
Total Eligible Capital	34,909,303,635	32,983,579,253

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
Total assets including off-Balance Sheet items	382,362,859,159	382,549,026,029
Total risk-weighted assets (RWA)	333,036,685,673	293,184,224,499
B. Total required capital (11.875% of Total RWA)	39,548,106,424	32,983,225,256
Capital Surplus / (Shortfall) [A-B]	(4,638,802,789)	353,997
Capital to Risk Weighted Assets Ratio (CRAR)	10.48%	11.25%

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 31 December 2018 is BDT 39,137,978,979 as against available Common Equity Tier-I capital of BDT 19,194,159,001 and Total Tier-2 Capital Available capital of BDT 13,851,953,926 that is, a total of BDT 33,046,112,927 thereby showing deficit capital of BDT 6,091,866,052 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	7,581,303,150
Statutory Reserve	6,623,362,740	6,549,243,000
Non-repayable share premium account	-	-
General Reserve	1,222,199,200	1,222,199,200
Retained earnings	5,905,152,980	6,011,991,999
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	21,332,018,070	21,364,737,348

Regulatory adjustment :

Goodwill and all other Intangible Assets	117,481,270	165,644,969
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)	1,995,567,400	1,433,385,621
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	24,810,399	34,857,814
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	-	-
	2,137,859,069	1,633,888,403
Total Common Equity Tier-I Capital	19,194,159,001	19,730,848,945
Additional Tier-I Capital	-	-

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	6,371,146,006	5,731,190,194
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)	7,460,000,000	5,600,000,000
Minority Interest		
HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital	-	-
Revaluation Reserves as on 31 December, 2014(50% of Fixed Assets and Securities & 10% of Equities)	798,029,978	798,029,978
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	14,629,175,984	12,129,220,172
Regulatory adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	638,423,982	478,817,987
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)	138,798,076	94,776,107
Total Tier-2 Capital Available	13,851,953,926	11,555,626,078
Total Eligible Capital	33,046,112,927	31,286,475,023
Total assets including off-Balance Sheet items	379,735,007,106	380,015,615,614
Total risk-weighted assets (RWA)	329,582,980,874	289,742,290,566
B. Total required capital (11.875% of Total RWA)	39,137,978,979	32,596,007,689
Capital Surplus / (Shortfall) [A-B]	(6,091,866,052)	(1,309,532,666)
Capital to Risk Weighted Assets Ratio (CRAR)	10.03%	10.80%

Bangladesh Bank vide letter no. DOS(CAMS)1157/1(II)-A/2019-1797 dated April 30, 2019 provide exemption for maintaining capital against newly classified loans of Tk. 6,011.09 crore and on related deferred provisions in 2018.

16. Statutory reserve

In Bangladesh

Opening balance	6,256,894,064	6,256,894,064
Add: Addition during the year	67,659,496	-
Add./less Adjustment for Foreign Exchange Rate Fluctuation	-	-
	6,324,553,560	6,256,894,064

Outside Bangladesh - ABBL, Mumbai Branch

Opening balance	292,348,935	238,743,376
Add: Addition during the year	27,622,121	26,124,722
Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation	(21,161,876)	27,480,837
	298,809,180	292,348,935
	6,623,362,740	6,549,242,999

17. Other reserve

General reserve	(Note 17.1)	1,222,199,200	1,222,199,200
Assets revaluation reserve	(Note 17.2)	1,298,209,633	1,300,480,317
Investment revaluation reserve	(Note 17.3)	20,254,171	106,027,424
Foreign exchange revaluation for investment in foreign operation		-	-
		2,540,663,004	2,628,706,941

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
17.1 General reserve	1,222,199,200	1,222,199,200
17.2 Assets revaluation reserve		
Opening balance	1,300,480,317	1,303,760,781
<u>Less:</u> Transferred to retained earnings	(2,270,684)	(3,280,464)
	1,298,209,633	1,300,480,317
17.3 Investment revaluation reserve (T.Bills & T.Bonds)		
<u>In Bangladesh</u>		
Revaluation Reserve for:		
Held to Maturity (HTM)	Note (17.3.1) 4,789,464	3,483,281
Held for Trading (HFT)	Note (17.3.2) 15,464,707	102,544,143
	20,254,171	106,027,424
<u>Outside Bangladesh</u>		
ABBL, Mumbai Branch	-	-
	20,254,171	106,027,424
17.3.1 Revaluation Reserve for Held to Maturity (HTM)		
Opening balance	3,483,281	2,227,349
<u>Add:</u> Addition during the year	1,306,183	1,255,932
	4,789,464	3,483,281
<u>Less:</u> Adjustment during the year	-	-
	4,789,464	3,483,281
17.3.2 Revaluation Reserve for Held for Trading (HFT)		
Opening balance	102,544,143	542,035,509
<u>Add:</u> Addition during the year	666,902,427	425,339,665
	769,446,570	967,375,174
<u>Less:</u> Adjustment during the year	753,981,863	864,831,030
	15,464,707	102,544,143
17(a) Consolidated Other reserve		
AB Bank Limited	2,540,663,004	2,628,706,941
AB Investment Limited	-	-
AB International Finance Limited	86,517,889	80,664,415
AB Securities Limited	85,910,523	101,934,105
Cashlink Bangladesh Limited (CBL)	-	-
	2,713,091,416	2,811,305,460
18. Retained earnings		
Opening balance	6,011,991,999	6,809,663,765
<u>Add/(Less)</u> Adjustment for investment in Amana Bank	-	(17,852,549)
<u>Add:</u> Post-tax profit for the year	18,323,578	29,600,965
<u>Less:</u> Transfer to statutory reserve	(95,281,616)	(26,124,722)
Cash dividend	-	-
Bonus shares issued	-	(842,367,010)
	5,935,033,960	5,952,920,449
<u>Add/(Less):</u> Transferred from Assets Revaluation Reserve	2,270,683	3,280,464
<u>Add/(Less):</u> Foreign Exchange Translation gain/(loss)	(32,151,664)	55,791,085
	5,905,152,980	6,011,991,999
18(a) Consolidated Retained earnings		
AB Bank Limited	5,905,152,980	6,011,991,999
AB Investment Limited	348,015,148	330,303,286
AB International Finance Limited	108,540,902	88,586,493
AB Securities Limited	151,680,259	147,708,877
Cashlink Bangladesh Limited (CBL)	(180,470,666)	(183,652,421)
	6,332,918,623	6,394,938,234
<u>Add/(Less):</u> Adjustment made during the year	616,758,478	638,595,388
Non-controlling interest	(17,912,357)	(18,234,073)
	6,967,589,458	7,051,767,695

Notes to the Financial Statements
For the year ended 31 December 2018

	31 Dec 2018 BDT	31 Dec 2017 BDT
18(b) Non-controlling interest		
AB Investment Limited	10,297	10,270
AB Securities Limited	450,910	461,585
Cashlink Bangladesh Limited	9,952,933	9,634,758
	10,414,140	10,106,613
19. Contingent liabilities	57,209,035,486	65,450,616,147
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	68,158,730	126,395,210
Others	14,500,855,603	13,398,955,918
	14,569,014,333	13,525,351,128
20. Profit and loss account	2018 BDT	2017 BDT
<u>Income:</u>		
Interest, discount and similar income	23,098,116,994	21,544,112,223
Dividend income	198,357,616	187,773,760
Fee, commission and brokerage	1,505,554,954	1,690,166,432
Gains less losses arising from investment securities	85,890,892	138,878,628
Gains less losses arising from dealing in foreign currencies	827,040,221	1,094,559,439
Other operating income	127,566,812	110,356,902
Gains less losses arising from dealing securities	362,641,934	478,036,591
Income from non-banking assets	-	-
	26,205,169,423	25,243,883,976
<u>Expenses:</u>		
Interest, fee and commission	17,557,309,639	14,896,849,195
Administrative expenses	4,036,977,365	4,217,593,486
Other operating expenses	1,247,892,797	1,352,875,569
Depreciation and amortization on banking assets	287,863,273	300,443,088
Loss on loans and advances	-	-
	23,130,043,074	20,767,761,339
	3,075,126,349	4,476,122,637
21. Interest income/profit on investments		
Interest on loans and advances:		
Loans and advances	18,255,386,422	16,364,512,852
Bills purchased and discounted	912,573,703	931,362,946
	19,167,960,125	17,295,875,799
Less. Incentive for good borrowers	-	16,295,110
	19,167,960,125	17,279,580,689
Interest on:		
Calls and placements	282,532,512	277,525,463
Balance with foreign banks	10,680,185	5,693,056
Reverse Repo	-	542,680
Balance with Bangladesh Bank	6,286,984	3,599,386
	299,499,682	287,360,585
	19,467,459,807	17,566,941,274

Notes to the Financial Statements
For the year ended 31 December 2018

	2018	2017
	BDT	BDT
21(a) Consolidated Interest income/profit on investments		
AB Bank Limited	19,467,459,807	17,566,941,274
AB International Finance Limited	53,701,638	39,751,793
AB Investment Limited	239,440,553	414,656,876
AB Securities Limited	52,615,368	75,431,578
Cashlink Bangladesh Limited (CBL)	3,542,157	3,153,072
	19,816,759,522	18,099,934,592
<u>Less: Intercompany transactions</u>	5,908,926	4,546,065
	19,810,850,595	18,095,388,527
22. Interest/profit paid on deposits, borrowings, etc.		
Interest on deposits:		
Fixed deposits	10,299,866,141	7,487,499,642
Savings deposits	936,686,464	818,641,453
Special notice deposits	1,930,914,402	2,233,473,872
Other deposits	1,868,620,349	1,919,605,262
	15,036,087,355	12,459,220,229
Interest on borrowings:		
Local banks, financial institutions including BB	1,677,800,912	1,761,916,638
Subordinated Bond	843,421,371	675,712,328
	17,557,309,639	14,896,849,195
22(a) Consolidated Interest/profit paid on deposits, borrowings, etc.		
AB Bank Limited	17,557,309,639	14,896,849,195
AB Investment Limited	-	15,986,805
AB International Finance Limited	6,286,955	4,878,151
AB Securities Limited	25,388,336	26,884,815
Cashlink Bangladesh Limited (CBL)	-	-
	17,588,984,930	14,944,598,966
<u>Less: Intercompany transactions</u>	8,579,762	7,216,901
	17,580,405,167	14,937,382,065
23. Investment income		
Capital gain on sale of shares	85,890,892	138,878,628
Interest on treasury bills	34,783,208	60,970,692
Dividend on shares	198,357,616	187,773,760
Income from Amana Bank Limited as Associates	-	19,619,698
Interest on treasury bonds	3,348,921,201	3,891,812,992
Gain/(Loss) on treasury bills and treasury bonds	362,641,934	478,036,591
Interest on other bonds & others	246,952,778	4,767,568
	4,277,547,629	4,781,859,929
23(a) Consolidated Investment income		
AB Bank Limited	4,277,547,629	4,781,859,929
AB Investment Limited	19,347,382	13,436,300
AB International Finance Limited	-	-
AB Securities Limited	52,226,468	11,058,832
Cashlink Bangladesh Limited (CBL)	147,177	165,975
	4,349,268,656	4,806,521,037
<u>Less: Intercompany transactions</u>	102,222,804	80,385,894
	4,247,045,852	4,726,135,143

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

Notes to the Financial Statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
24. Commission, exchange and brokerage		
Other fees, commission and service charges	843,528,575	956,973,402
Commission on letters of credit	520,301,993	597,082,449
Commission on letters of guarantee	141,724,386	136,110,581
Exchange gains less losses arising from dealings in foreign currencies	827,040,221	1,094,559,439
	2,332,595,175	2,784,725,871
24(a) Consolidated Commission, exchange and brokerage		
AB Bank Limited	2,332,595,175	2,784,725,871
AB Investment Limited	36,645,977	68,867,462
AB International Finance Limited	65,264,303	55,747,240
AB Securities Limited	43,582,674	84,871,298
Cashlink Bangladesh Limited (CBL)	-	-
	2,478,088,129	2,994,211,871
25. Other operating income		
Locker rent, insurance claim and others	7,730,928	6,022,552
Recoveries on telex, telephone, fax, etc.	63,216,760	74,958,139
Recoveries on courier, postage, stamp, etc.	26,447,096	28,307,519
Non-operating income (*)	30,172,028	1,068,692
	127,566,812	110,356,902
(*) Non-operating income includes sale of scrap items.		
25(a) Consolidated other operating income		
AB Bank Limited	127,566,812	110,356,902
AB Investment Limited	12,904,246	12,599,044
AB International Finance Limited	63,810,277	60,721,521
AB Securities Limited	1,714,353	2,914,638
Cashlink Bangladesh Limited (CBL)	-	-
	205,995,688	186,592,105
<u>Less: Inter company transactions</u>	<u>8,187,356</u>	<u>8,187,356</u>
	197,808,332	178,404,749
26. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	2,640,981,766	2,718,310,414
Festival and incentive bonus	184,021,674	195,769,495
	2,825,003,440	2,914,079,909
26.1 Chief executive's salary and fees	9,932,258	9,940,551
26(a) Consolidated salary and allowances		
AB Bank Limited	2,825,003,440	2,914,079,909
AB Investment Limited	14,868,417	16,587,467
AB International Finance Limited	30,711,921	33,163,313
AB Securities Limited	25,032,872	25,928,018
Cashlink Bangladesh Limited (CBL)	266,928	266,352
	2,895,883,578	2,990,025,060

Notes to the Financial Statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
27. Rent, taxes, insurance, electricity, etc.		
Rent, rates and taxes	477,033,554	464,677,659
Electricity, gas, water, etc.	102,266,082	98,461,761
Insurance	169,448,434	170,887,110
	748,748,069	734,026,531
27(a) Consolidated Rent, taxes, insurance, electricity, etc.		
AB Bank Limited	748,748,069	734,026,531
AB Investment Limited	2,139,857	2,260,184
AB International Finance Limited	9,655,103	8,104,112
AB Securities Limited	7,991,824	8,330,201
Cashlink Bangladesh Limited (CBL)	11,005	-
	768,545,859	752,721,028
<u>Less:</u> Inter company transactions	5,516,520	5,516,520
	763,029,339	747,204,508
28. Legal expenses	2,826,348	7,587,144
28(a) Consolidated legal expenses		
AB Bank Limited	2,826,348	7,587,144
AB Investment Limited	241,260	239,700
AB International Finance Limited	319,621	499,420
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	80,500
	3,387,229	8,406,763
29. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	75,582,514	81,187,883
Telephone	7,573,194	9,008,959
Postage, stamp and shipping	31,633,536	35,484,725
	114,789,243	125,681,567
29(a) Consolidated Postage, stamp, telecommunication, etc.		
AB Bank Limited	114,789,243	125,681,567
AB Investment Limited	828,071	882,710
AB International Finance Limited	10,352,448	8,699,829
AB Securities Limited	1,440,910	1,530,181
Cashlink Bangladesh Limited (CBL)	150	-
	127,410,823	136,794,287
30. Stationery, printing, advertisements, etc.		
Printing and stationery	129,724,338	164,633,614
Publicity, advertisement, etc.	21,693,963	34,095,358
	151,418,300	198,728,972
30(a) Consolidated Stationery, printing, advertisements, etc.		
AB Bank Limited	151,418,300	198,728,972
AB Investment Limited	187,989	265,830
AB International Finance Limited	552,077	344,268
AB Securities Limited	456,649	609,196
Cashlink Bangladesh Limited (CBL)	-	-
	152,615,016	199,948,266

Notes to the Financial Statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
31. Directors' fees		
Directors' fees	1,984,800	2,171,200
Meeting expenses	2,024,791	5,813,442
	4,009,591	7,984,642
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	4,009,591	7,984,642
AB Investment Limited	293,348	200,010
AB International Finance Limited	-	-
AB Securities Limited	400,000	400,001
Cashlink Bangladesh Limited (CBL)	57,500	69,000
	4,760,439	8,653,653
32. Auditors' fees		
Statutory	1,363,565	1,330,236
Others	1,282,487	1,834,586
	2,646,052	3,164,822
32(a) Consolidated Auditors' fees		
AB Bank Limited	2,646,052	3,164,822
AB Investment Limited	143,750	143,750
AB International Finance Limited	404,853	362,251
AB Securities Limited	88,000	88,000
Cashlink Bangladesh Limited (CBL)	28,750	23,000
	3,311,405	3,781,823
33. Depreciation and repairs of Bank's assets		
<u>Depreciation :</u>		
Electrical appliances	103,256,528	107,777,727
Furniture and fixtures	12,423,358	13,332,628
Office appliances	2,309,425	2,252,659
Building	18,034,930	18,513,464
Motor vehicles	72,541,973	56,209,382
	208,566,214	198,085,859
<u>Repairs:</u>		
Motor vehicles	27,287,995	47,363,725
Electrical appliances	67,947,777	73,099,067
Office premises and others	75,548,423	87,269,665
Furniture and fixtures	1,918,434	2,841,023
Office appliances	4,901,434	5,825,866
	177,604,064	216,399,346
	386,170,278	414,485,205
Amortization of Intangible Assets	79,297,059	102,357,229
	465,467,337	516,842,435
33(a) Consolidated Depreciation and repairs of Bank's assets		
AB Bank Limited	465,467,337	516,842,435
AB Investment Limited	18,487,430	18,443,009
AB International Finance Limited	808,541	415,076
AB Securities Limited	1,464,420	1,817,399
Cashlink Bangladesh Limited (CBL)	31,824	72,683
	486,259,551	537,590,602

Notes to the Financial Statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
34. Other expenses		
Contractual service	484,157,680	496,815,426
Petrol, oil and lubricant	64,647,808	75,942,084
Software expenses	169,692,134	149,497,116
Entertainment	37,347,066	56,111,238
Travelling	19,666,937	33,808,109
Subscription, membership and sponsorship	60,198,184	21,373,168
Training, seminar and workshop	12,851,116	30,039,682
Local conveyance	9,996,958	10,981,982
Professional charges	74,644,077	45,794,517
Books, newspapers and periodicals	1,570,286	1,805,834
Branch opening expenses	189,954	357,175
Bank Charges	14,296,509	57,633,430
Sundry expenses (*)	298,634,089	372,715,808
	1,247,892,797	1,352,875,569
(*) Sundry expenses includes business promotion, rebate to foreign correspondents, donation & dress employees etc.		
34(a) Consolidated other expenses		
AB Bank Limited	1,247,892,797	1,352,875,569
AB Investment Limited	7,528,636	12,088,409
AB International Finance Limited	3,783,000	3,355,874
AB Securities Limited	8,120,531	10,205,381
Cashlink Bangladesh Limited (CBL)	111,425	37,805
	1,267,436,388	1,378,563,037
35. Provision against loans and advances		
On un-classified loans	640,236,201	760,041,382
On classified loans	1,297,974,482	3,863,843,415
	1,938,210,683	4,623,884,798
35(a) Consolidated provision against loans and advances		
AB Bank Limited	1,938,210,683	4,623,884,798
AB Investment Limited	100,000,000	270,000,000
AB International Finance Limited	-	-
AB Securities Limited	52,500,000	56,250,000
Cashlink Bangladesh Limited (CBL)	-	-
	2,090,710,683	4,950,134,798
36. Provisions for investments		
Provision for quoted shares in Bangladesh operations	90,000,000	10,000,000
Provision for Pinnacle Global Fund Pte Limited	239,250,000	-
Provision for Amana Bank Plc	184,263,018	-
Total provision for investments	513,513,018	10,000,000
36(a) Consolidated provisions for diminution in value of investments		
AB Bank Limited	513,513,018	10,000,000
AB Investment Limited	61,673,057	-
AB International Finance Limited	-	-
AB Securities Limited	3,000,000	2,050,000
Cashlink Bangladesh Limited (CBL)	-	-
	578,186,075	12,050,000

Notes to the Financial Statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT
37. Other provision		
Provision for off balance sheet items	-	-
Provision for Other assets	67,408,023	171,752
	67,408,023	171,752
Provision for other assets (prepaid legal expenses, protested bills and others) has been made as per Bangladesh Bank BRPD Circular # 14 dated 25 June 2001.		
37(a) Consolidated other provisions		
AB Bank Limited	67,408,023	171,752
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	67,408,023	171,752
38. Appropriations		
Retained earnings - brought forward	6,011,991,999	6,809,663,765
<u>Add/(Less)</u> Adjustment for investment in Amana Bank	-	(17,852,549)
<u>Add:</u> Post-tax profit for the period	18,323,578	29,600,965
	6,030,315,577	6,821,412,181
<u>Less:</u> Dividend-		
Cash dividend	-	-
Bonus shares issued	-	842,367,010
	6,030,315,577	5,979,045,171
<u>Transferred to</u>		
Statutory reserve	95,281,616	26,124,722
General reserve	-	-
Proposed dividend	-	-
	95,281,616	26,124,722
Retained earnings	5,935,033,961	5,952,920,449
<u>Add:</u> Transferred from Assets Revaluation Reserve	2,270,683	3,280,464
<u>Less:</u> Adjustment during the year	-	-
<u>Add:</u> Foreign Exchange translation gain/(Loss)	(32,151,664)	55,791,085
	5,905,152,980	6,011,991,999
39. Earnings Per Share (EPS)		
Profit after taxation	18,323,578	29,600,965
Number of ordinary shares outstanding	758,130,315	758,130,315
Earnings Per Share	0.02	0.04
39(a) Consolidated Earnings Per Share		
Net Profit attributable to the shareholders of parent company	42,866,863	40,644,569
Number of ordinary shares outstanding	758,130,315	758,130,315
Earnings Per Share	0.06	0.05

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of December 31, 2018 in terms of IAS 33.

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.

Notes to the Financial Statements
For the year ended 31 December 2018

	2018	2017
	BDT	BDT
40. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	4,079,190,013	4,574,466,471
Exchange earnings	792,809,864	1,094,559,439
Recoveries on telex, telephone, fax, etc.	63,216,760	74,958,139
Recoveries on courier, postage, stamp, etc.	26,447,096	28,307,519
Non-operating income	30,172,028	1,068,692
Others	7,730,928	6,022,552
	4,999,566,689	5,779,382,812
41. Payments for other operating activities		
Rent, taxes, insurance, electric	748,748,069	734,026,531
Postage, stamps, telecommunication, etc.	114,789,243	125,681,567
Repairs of Bank's assets	177,604,064	216,399,346
Legal expenses	2,826,348	7,587,144
Auditor's fees	2,646,052	3,164,822
Directors' fees	4,009,591	7,984,642
Other Expenses	1,247,892,797	1,352,875,569
	2,298,516,163	2,447,719,622
42. Decrease in other assets		
Investment in subsidiaries	6,229,114,922	6,229,114,922
Advance rent and advertisement	226,716,629	262,872,811
Stationery, stamps, printing materials, etc.	48,962,028	65,706,665
Security deposits	162,207,512	177,077,324
Commission and brokerage receivable on shares and debentures, and other income receivables	605,240,157	968,925,438
Accounts receivable	2,299,178,425	1,156,026,660
Preliminary, formation, organizational, renovation, development and prepaid expenses	999,244,181	875,183,299
Exchange for clearing	453,222,112	492,291,351
Arab Bangladesh Bank Foundation	19,920,000	19,920,000
	11,043,805,967	10,247,118,470
Net Decrease	796,687,496	270,659,557
43. Increase/(decrease) in other liabilities		
Accumulated provision against loans and advances	10,639,913,428	8,733,640,130
Provision for current tax	1,500,377,781	889,411,024
Interest suspense account	19,704,000,511	13,345,309,883
Accounts payable - Bangladesh Bank	1,642,013,761	1,439,084,087
Provision against other assets	318,685,468	250,198,969
Accrued expenses	224,980,797	218,789,290
Provision against investments	1,889,303,000	1,560,053,000
Provision against off balance sheet items	810,000,000	860,000,000
Others	728,077,572	666,110,214
	37,457,352,318	27,962,596,595
<u>Less: Adjustment for provision and others</u>	<u>16,037,642,766</u>	<u>13,767,501,323</u>
	21,419,709,552	14,195,095,272
Net Increase/(Decrease)	7,224,614,281	1,772,634,933
44. Net Operating Cash Flow Per Share (NOCFPS)		
Net Operating Cash Flow	(6,812,654,906)	(9,183,626,040)
Number of ordinary shares outstanding	758,130,315	758,130,315
Net Operating Cash Flow Per Share (NOCFPS)	(8.99)	(12.11)

Notes to the Financial Statements
For the year ended 31 December 2018

	2018 BDT	2017 BDT	
44(a) Consolidated Net Operating Cash Flow Per Share (NOCFPS)			
Net Operating Cash Flow	(6,908,514,022)	(9,267,073,662)	
Number of ordinary shares outstanding	758,130,315	758,130,315	
Net Operating Cash Flow Per Share (NOCFPS)	(9.11)	(12.22)	
45. Net Asset Value Per Share (NAVPS)			
Net Asset Value	22,650,481,875	22,771,245,089	
Number of ordinary shares outstanding	758,130,315	758,130,315	
Net Asset Value Per Share (NAVPS)	29.88	30.04	
45(a) Consolidated Net Asset Value Per Share (NAVPS)			
Net Asset Value	23,885,346,764	23,993,619,305	
Number of ordinary shares outstanding	758,130,315	758,130,315	
Net Asset Value Per Share (NAVPS)	31.51	31.65	
46. Reconciliation of net profit with cash flows from operating activities			
Bank prepares Cash flow statement in accordance with Bangladesh Bank, BRPD Circular No. 14 dated 25 June 2003.			
47. Conversion Rates			
Assets and liabilities as at December 31, 2018 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	106.4439
European Currency	EURO	1.00	95.3356
Indian Rupee	INR	1.00	1.1977
US Dollar	USD	1.00	83.9000
Honkong Dollar	HKD	1.00	10.7116
U.A.E Dirham	DIRHAM	1.00	22.8411

Notes to the Financial Statements
For the year ended 31 December 2018

48. Highlights of the overall activities of the Bank

SI no.	Particulars	31 Dec 2018 BDT	31 Dec 2017 BDT
1	Paid-up capital	7,581,303,150	7,581,303,150
2	Total capital	33,046,112,927	31,286,475,023
3	Capital surplus	(6,091,866,052)	(1,309,532,666)
4	Total assets	322,525,971,620	314,564,999,466
5	Total deposits	235,444,849,491	235,954,308,453
6	Total loans and advances	241,070,141,407	229,647,286,231
7	Total contingent liabilities and commitments	57,209,035,486	65,450,616,147
8	Credit-deposit ratio*	91.09%	86.24%
9	Ratio of classified loans against total loans and advances	33.07%	7.15%
10	Profit after tax and provision	18,323,578	29,600,965
11	Loans Classified during the year	63,462,551,323	8,321,910,856
12	Provision kept against classified loans	5,078,767,422	3,862,449,936
13	Provision surplus/ (deficit)	5,926,080	1,884,080
14	Cost of fund	8.64%	7.52%
15	Interest earning assets	214,824,532,505	270,092,805,867
16	Non-interest earning assets	107,701,439,114	44,472,193,599
17	Return on investments (ROI)	9.58%	10.18%
18	Return on assets (ROA)	0.01%	0.01%
19	Income from investments	4,277,547,629	4,781,859,929
20	Earnings per share	0.02	0.04
21	Net Income per share	0.02	0.04
22	Price-earnings ratio (Times)	496.49	566.02

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

-Sd-

Tarique Afzal

President & Managing Director (CC)

-Sd-

Syed Afzal Hasan Uddin

Director

-Sd-

Kaiser A. Chowdhury

Independent Director

-Sd-

Muhammad A. (Rume) Ali

Chairman

Dhaka, Bangladesh

Dated, 30 April 2019

AB Bank Limited

Currency wise balances

Name of the bank	Location	Name of currency	As at 31 December 2018		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in BDT
The Bank of Tokyo Mitsubishi Ltd.	Japan	JPY	1,928,699	0.7608	1,467,354
JP Morgan Chase Bank	USA	USD	2,339,859	83.9000	196,314,137
Sonali Bank (Kolkata)	India	ACU	82,475	83.9000	6,919,651
MFT, YANGON	Myanmar, YANGON	USD	1,000	83.9000	83,900
Myanmar Economic Bank	Myanmar	ACU	410	83.9000	34,399
Citibank NA	USA	USD	369,564	83.9000	31,006,436
Hatton National Bank Ltd.	Srilanka	ACU	19,179	83.9000	1,609,079
Commerz Bank AG	Germany	USD	417,584	83.9000	35,035,314
NIB Bank Ltd.	Pakistan	ACU	49,878	83.9000	4,184,789
Mashreq Bank Psc	USA	USD	795,226	83.9000	66,719,462
Nepal Bangladesh Bank Ltd.	Nepal	ACU	49,696	83.9000	4,169,515
Bank of Bhutan	Bhutan	ACU	12,152	83.9000	1,019,523
Habib America Bank	USA	USD	424,150	83.9000	35,586,168
Commerz Bank AG	Germany	EUR	222,627	95.3356	21,224,254
Hypovereins Bank	Germany	EUR	44,034	95.3356	4,198,043
Habib Metro Bank	Pakistan	ACU	102,655	83.9000	8,612,786
COMMERZ BK CAD	Germany	CAD	8,318	61.7366	513,500
COMMERZ BK CHF	Germany	CHF	7,921	85.0568	673,737
Reserve Bank of India	Mumbai	INR	19,607,146	1.1977	23,483,791
HDFC Bank Ltd.	Mumbai	INR	34,341,257	1.1977	41,131,070
HDFC BANK CSG	Mumbai	INR	2,558,400	1.1977	3,064,236
JP MORGAN CHASE	Newyork	USD	1,346,403	83.9000	112,963,206
HABIB AMERICAN	Newyork	USD	54,136	83.9000	4,541,971
JP CHASE ACU	Newyork	USD	10,011,518	83.9000	839,966,397
Kotak Mahindra Bank	India	INR	30,861,349	1.1977	36,963,129
Standard Chartered Bank	New York	USD	703,124	83.9000	58,992,119
Standard Chartered Bank	Singapore	SGD	19,042	61.1026	1,163,500
Standard Chartered Bank, UK	UK, London	GBP	24,228	106.4439	2,578,870
JPMC NY-OB	USA	USD	89,267	83.9000	7,489,500
COMMERZ BANK (R)	Germany	EUR	14,513	95.3356	1,383,604
Total					1,553,093,439

AB Bank Limited

Investment in Shares

As at 31 December 2018

Particulars	Number of shares	Market price per share	Total market price	Cost per Share	Total cost
		BDT	BDT	BDT	BDT
Dhaka Bank Limited	1,473,611	14.20	20,925,276	18.54	27,326,892
National Bank Limited	1,870,176	9.30	17,392,637	24.87	46,512,854
Premier Bank Limited	6,598,914	11.70	77,207,294	11.77	77,690,244
AB Bank 1st Mutual Fund	42,086,435	4.40	185,180,314	6.27	264,040,965
LR Global Bangladesh Mutual Fund One	10,369,343	6.90	71,548,467	9.64	100,000,001
Popular Life First Mutual Fund	748,479	4.20	3,143,612	5.12	3,829,325
Pragati Insurance Limited	1,162,492	27.90	32,433,527	108.03	125,579,300
Dhaka Electric Supply Company Limited	7,023,760	40.40	283,759,904	87.73	616,294,530
Dorren Power Generations & Sys Ltd.	22,000	79.90	1,757,800	90.07	1,981,501
Intraco Refuelling Station Ltd	11,200	26.80	300,160	9.52	106,671
Jamuna Oil Company Limited	20,444	190.50	3,894,582	211.26	4,318,986
Khulna Power Company Limited	345,865	59.30	20,509,795	88.49	30,606,883
Linde Bangladesh Limited	35,109	1198.40	42,074,626	1331.53	46,748,561
MJL Bangladesh Ltd.	21,000	99.20	2,083,200	98.76	2,074,001
Padma Oil Company Limited	321,333	225.20	72,364,192	303.53	97,533,757
Powergrid Company of Bangladesh Limited	3,366,500	48.00	161,592,000	81.61	274,723,472
Shahjibazar Power Co. Ltd.	137,644	94.80	13,048,651	121.85	16,771,327
Summit Power Limited	1,355,446	39.40	53,404,572	42.04	56,982,905
Active Fine Chemicals Ltd.	36,000	28.20	1,015,200	31.25	1,125,001
Advent Pharma Ltd	7,603	40.90	310,963	9.09	69,121
Beacon Pharmaceuticals Limited	6,642,500	16.20	107,608,500	73.96	491,289,694
Indo-Bangla Pharmaceuticals Ltd	3,239	31.10	100,733	9.09	29,451
Orion Pharma Limited	1,200,000	36.80	44,160,000	83.33	100,000,001
Silva Pharmaceuticals Ltd.	9,194	30.10	276,739	10.00	91,940
Appollo Ispat Complex Ltd.	2,678,000	8.20	21,959,600	16.17	43,289,997
BBS Cables Limited	575,228	96.30	55,394,456	107.37	61,764,159
Bangladesh Building Systems Ltd.	165,000	28.00	4,620,000	28.97	4,780,001
BSRM Steels Limited	2,454,161	59.90	147,004,244	98.32	241,287,030
GPH Ispat Limited	1,884,851	35.00	65,969,785	38.89	73,297,728
IFAD Autos Ltd.	631,503	108.40	68,454,925	105.65	66,719,567
Olympic Industries Ltd.	35,000	216.20	7,567,000	221.74	7,760,896
SS Steel	13,492	10.00	134,920	10.00	134,920
Heidelberg Cement Bangladesh Ltd.	66,720	334.70	22,331,184	555.88	37,088,160
LafargeHolcim Bangladesh Ltd.	125,000	43.50	5,437,500	134.50	16,812,600
Union Capital Limited	2,323,816	12.40	28,815,318	64.13	149,037,208
Bangladesh Export Import Company Limited	4,458,661	23.50	104,778,534	75.60	337,094,019
Shinepukur Ceramics Limited	1,181,500	14.00	16,541,000	56.68	66,964,579
Summit Alliance Port Ltd	10,000	25.30	253,000	28.10	281,000
SAIF Powertec Ltd.	324,000	21.00	6,804,000	25.63	8,305,001
Argon Denims Limited	2,000,000	26.30	52,600,000	38.26	76,525,581
Generation Next Fashions Ltd.	220,000	6.30	1,386,000	6.81	1,498,173
Kattali Textile Ltd	22,139	25.30	560,117	9.09	201,271
M.L. Dyeing Ltd.	14,496	29.70	430,531	19.46	282,063
Sk Trims & Industries Ltd.	11,179	46.30	517,588	9.09	101,631
VFS Thread Dyeing Ltd.	7,741	57.80	447,430	9.09	70,380
Total quoted shares (a)			1,828,099,874		3,579,023,347

Shares/Bond (unquoted)

Particulars	Number of shares	Cost per Share	Book Value/Cost
CDBL	5,000,000	2.00	10,000,002
CDBL (Placement)	711,804	8.00	5,694,428
IIDFCL	2,338,080	7.02	16,421,700.00
Bangladesh Fund	2,000,000	100.00	200,000,000
Stock Market Stabilization Fund	500,000	10.00	5,000,000

Total un-quoted shares (b)

237,116,130

Strategic Investment:

Particulars	Number of shares	Cost price	Book Value
Amana Bank Limited PLC, Srilanka	180,562,010	616,735,915	257,187,204
Total	180,562,010	616,735,915	257,187,204

Total investment (a+b+c)

4,073,326,681

AB Bank Limited

Schedule of Fixed Assets
As of 31 December 2018

Particulars	Land and Building BDT	Furniture and Fixtures BDT	Office Appliances BDT	Electrical Appliances BDT	Motor Vehicles BDT	Intangible Assets BDT	Total BDT
Cost/ Revaluation							
Balance at 01 January 2018	3,334,695,982	251,645,602	63,934,080	1,686,952,850	839,192,793	625,401,300	6,801,822,607
Addition during the year	-	1,048,475	1,384,642	28,654,001	-	31,414,128	62,501,246
Less: Disposal/adjustment during the year	-	756,050	90,596	17,954,311	92,097,555	-	110,898,512
Adjustment for rate fluctuation	-	241,351	385,815	1,485,995	248,995	1,386,372	3,748,528
At 31 December 2018	3,334,695,982	251,696,676	64,842,311	1,696,166,545	746,846,243	655,429,056	6,749,676,813
Accumulated Depreciation							
Balance at 01 January 2018	148,371,896	139,115,300	53,447,595	1,308,159,024	579,631,192	459,756,331	2,688,481,339
Addition during the year	18,034,930	12,423,358	2,309,425	103,256,529	72,541,973	79,297,059	287,863,273
Less: Disposal/adjustment during the year	-	569,689	89,086	17,085,268	92,097,492	-	109,841,536
Adjustment for rate fluctuation	-	209,476	371,701	1,297,771	50,481	1,105,605	3,035,034
At 31 December 2018	166,406,826	150,759,492	55,296,233	1,393,032,513	560,025,193	537,947,786	2,863,468,042
Net Book Value							
At 31 December 2018	3,168,289,156	100,937,184	9,546,078	303,134,032	186,821,050	117,481,270	3,886,208,770
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

Annexure-D

AB Bank Limited
Borrowings from other banks, financial institutions and agents-outside Bangladesh
As at December 2018

Name of the bank	Location	Currency	At 31 December 2018			At 31 December 2017		
			Amounts in foreign currency	Conversion rate	Equivalent amount in BDT	Amounts in foreign currency	Conversion rate	Equivalent amount in BDT
ICICI BK LTD	HK	USD	-	-	-	15,382,037	82.700	1,272,094,447
					-			1,272,094,447

AB Bank Limited

Detailed of Risk Weighted Assets under Basel III
As at 31 December 2018

Amount in BDT

Risk Weighted Assets (RWA) for	31 Dec 2018		31 Dec 2017	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit risk				
On balance sheet (as shown below)	309,735,185,970	271,289,319,712	302,777,928,713	232,432,582,990
Off balance sheet (as shown below)	33,209,625,000	27,318,731,921	35,749,204,708	26,766,226,885
B. Market risk		6,116,454,633		7,897,233,749
C. Operational risk		24,858,474,608		22,646,246,941
Total RWA (A+B+C)	342,944,810,970	329,582,980,874	338,527,133,420	289,742,290,566

Credit risk - On balance sheet

Sl.n o.	Exposure type	31 Dec 2018		31 Dec 2017	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and cash equivalents	1,962,708,820	-	1,575,453,032	-
b)	Claims on Bangladesh Government and Bangladesh Bank	44,444,889,757	-	52,215,088,344	-
c)	Claims on other Sovereigns and Central Banks*	376,603,110	188,301,555	495,667,389	247,833,694
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	-	-	-	-
g)	Claims on Banks and Non-bank Financial Institution (NBFIs)				
i)	Original maturity over 3 months	770,645,204	273,608,884	2,076,446,480	668,123,469
ii)	Maturity less than 3 months	5,568,011,515	1,113,602,303	7,976,940,597	1,595,388,119
h)	Claims on corporate (excluding equity exposure)	120,384,196,254	116,531,765,112	120,454,083,748	111,386,107,225
i)	Claims on SME	20,980,348,226	15,906,566,848	35,141,261,574	25,983,818,934
j)	Claims under Credit Risk Mitigation	6,432,337,426	1,357,430,660	5,482,587,046	1,237,703,022
	<u>Fixed Risk Weight groups:</u>				
k)	Claims categorised as retail portfolio (excluding consumer loan)	1,378,566,182	1,033,924,636	1,689,983,370	1,267,487,527
l)	Consumer loan	979,284,159	979,284,159	1,187,061,477	1,187,061,477
m)	Claims fully secured by residential property	1,169,278,436	584,639,218	1,253,441,297	626,720,648
n)	Claims fully secured by commercial real estate	6,366,432,806	6,366,432,806	6,317,522,175	6,317,522,175
o)	Past due Claims (Risk weights are to be assigned net of specific provision)	66,686,162,575	97,374,986,734	39,247,298,047	57,108,759,433
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	117,383,451	117,383,451	73,649,950	73,649,950
q)	Investments in venture capital	474,821,302	712,231,954	468,976,102	703,464,154
r)	Claim on capital market exposure	879,200,478	1,099,000,598	1,000,056,209	1,250,070,261
s)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	10,011,329,750	12,514,162,188	6,011,329,750	7,514,162,188
t)	Investments in premises, plant and equipment and all other fixed assets	3,768,727,500	3,768,727,500	3,947,696,299	3,947,696,299
u)	Claims on all fixed assets under operating lease	-	-	-	-
v)	All other assets	16,984,259,020	11,367,271,107	16,163,385,827	11,317,014,414
	Total	309,735,185,970	271,289,319,712	302,777,928,713	232,432,582,990

AB Bank Limited

**Detailed of Risk Weighted Assets under Basel III
As at 31 December 2018**

Credit risk off balance sheet

Amount in BDT

Sl.	Exposure type	31 Dec 2018		31 Dec 2017	
		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	34,079,365	6,815,873	63,197,605	12,639,521
g)	Claims on corporate (excluding equity exposure)	29,302,759,784	24,070,625,625	31,938,595,536	23,626,228,025
h)	Against retail portfolio (excluding consumer loan)	221,593,773	166,195,329	205,509,216	154,131,912
i)	Claims on SME	3,618,239,008	3,042,142,023	3,496,336,393	2,927,661,470
j)	Consumer loan	32,953,070	32,953,070	45,565,958	45,565,958
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		33,209,625,000	27,318,731,921	35,749,204,708	26,766,226,885

AB Bank Limited

Disclosures on Risk Based Capital (Basel III) Based on 31 December 2018

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

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
- 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

- 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;

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2018**
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%

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)

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2018
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.

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 in support of that counterparty to take account of possible future fluctuations in the value of either, occasioned by market movements. This will produce volatility adjusted amounts for both exposure and collateral.

AB Bank Limited

Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2018

9. a) Market Risk

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

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

b) Methodology

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

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

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

10. a) Operational risk

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

b) Measurement methodology

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

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

11. Disclosure under Pillar III

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

A) Scope of application

Qualitative disclosure

(a)	The name of the top corporate entity in the group to which this guidelines applies.	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>

AB Bank Limited

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2018**

(b)	Continued..	<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> <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 in Hong Kong. Its registered office and principal place of business is situated at Room 1608, 16th Floor, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, 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 2018
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</p> <p>a) General provisions;</p> <p>b) Subordinated debt / instruments issued by the banks that meet the qualifying criteria for Tier 2 capital;</p> <p>c) Noncontrolling interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified</p> <p>Less: Regulatory adjustments applicable on Tier-2 capital;</p>
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		BDT in Crore			
		31.12.2018		31.12.2017	
		Solo	Conso	Solo	Conso
(b) The amount of Regulatory capital, with separate disclosure of: CET 1 Capital	> Paid up Capital	758	758	758	758
	> Non- repayable share premium account	-	-	-	-
	> Statutory reserve	662	662	655	655
	> General reserve	122	130	122	130
	> Retained earnings	591	697	601	705
	> Non- Controlling Interest	-	1	-	1
	> Non- cumulative irredeemable preference shares	-	-	-	-
	> Dividend equalization account	-	-	-	-
		2,133	2,249	2,136	2,249
Additional Tier 1 Capital		-	-	-	-
Total Tier 1 Capital		2,133	2,249	2,136	2,249
Tier 2 Capital		1,385	1,457	1,156	1,213
(c) Regulatory Adjustments/Deductions from capital		214	215	163	164
(d) Total eligible capital		3,305	3,491	3,129	3,298

(a)	<p>A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.</p>	<p>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.</p>
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		BDT in Crore			
		31.12.2018		31.12.2017	
		Solo	Conso	Solo	Conso
(b)	Capital requirement for Credit Risk:	2,986	3,004	2,592	2,611
(c)	Capital requirement for Market Risk:	61	70	79	86
(d)	Capital requirement for Operational Risk:	249	257	226	235
(e)	Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:				
	> For the Bank alone	64.55%	-	68.29%	-
	> For the consolidated group	-	64.41%	-	68.20%
(f)	Capital Conservation Buffer	1.88%	1.88%	1.25%	1.25%
(g)	Available Capital under Pillar 2 requirement	1,385	1,457	1,156	1,213

<p>(a) The general qualitative disclosure requirement with respect to credit risk, including:</p> <p>> Definitions of past due and impaired (for accounting purposes)</p>	<p>Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and Non Performing Loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.</p> <p>An NPA (impaired) is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc.</p> <p>Classified loan is categorized under following 03 (three) categories:</p> <ul style="list-style-type: none"> > Sub-standard > Doubtful > Bad/Loss <p>Any continuous loan will be classified as:</p> <ul style="list-style-type: none"> > "Sub-standard" if it is past due/over due for 3 months or beyond but less than 6 months. > "Doubtful" if it is past due/over due for 6 months or beyond but less than 9 months. > 'Bad/Loss' if it is past due/over due for 9 months or beyond. <p>Any Demand Loan will be classified as:</p> <ul style="list-style-type: none"> > Sub-standard' if it remains past due/overdue for 3 months or beyond but not over 6 months from the date of claim by the Bank or from the date of creation of forced loan. > Doubtful' if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the Bank or from the date of creation of forced loan. > Bad/Loss' if it remains past due/overdue for 9 months or beyond from the date of claim by the Bank or from the date of creation of forced loan. <p>In case of any installment(s) or part of installment(s) of a fixed term loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'defaulted installment'.</p>
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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2018

<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>			Particulars		Short Term Agri Credit	Consumer Financing			SMEF	Loans to BHs/MBs/SDs	All other Credit	Off Balance Sheet Exposures
	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%		
<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>											

		31.12.2018		31.12.2017	
		In (%)	BDT/Crore	In (%)	BDT/Crore
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	8.91%	2,147	8.95%	2,056
	Cash credit	0.01%	2	0.01%	3
	Time loan	19.47%	4,695	23.53%	5,404
	Term loan	58.72%	14,156	52.66%	12,093
	Forced loan	6.23%	1,503	6.23%	1,430
	Bills under LC	0.10%	23	0.08%	19
	Trust receipt	3.78%	912	3.74%	860
	Packing credit	0.10%	25	0.12%	27
	Loan against accepted bills	0.17%	42	1.53%	352
	Loan-EDF	0.76%	183	1.32%	303
	Consumer Loan	0.62%	150	0.69%	159
	Staff loan	0.65%	157	0.68%	156
	Bills purchased and discounted	0.47%	112	0.45%	102
	Total	100%	24,107	100%	22,965

AB Bank Limited
Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2018

		31.12.2018		31.12.2017	
		In (%)	BDT/Crore	In (%)	BDT/Crore
(C) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	Urban branches				
	Dhaka	74.49%	17,740	72.56%	16,455
	Chittagong	18.92%	4,504	20.93%	4,747
	Khulna	1.78%	424	1.81%	409
	Sylhet	0.72%	171	0.84%	191
	Barisal	0.09%	21	0.11%	24
	Rajshahi	1.66%	395	1.65%	375
	Rangpur	2.00%	477	1.77%	401
	Mymensingh	0.34%	81	0.33%	75
		100%	23,814	100%	22,678
	Rural branches				
	Dhaka	69.89%	142	71.94%	151
	Chittagong	23.81%	48	25.60%	54
	Khulna	0.00%	-	0.00%	-
	Sylhet	2.51%	5	2.46%	5
	Barisal	0.00%	-	0.00%	-
	Rajshahi	0.00%	-	0.00%	-
	Rangpur	0.00%	-	0.00%	-
	Mymensingh	3.80%	8	0.00%	-
		100%	204	100%	211
	Outside Bangladesh				
	ABBL, Mumbai branch	0.37%	90	0.33%	77
		100%	24,107	100%	22,965
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Agriculture	1.80%	434	1.32%	304
	Large and medium scale indus.	28.09%	6,772	28.48%	6,541
	Working capital	23.65%	5,702	22.67%	5,206
	Export	1.45%	351	1.63%	375
	Commercial lending	24.07%	5,804	24.40%	5,603
	Small and cottage industry	0.88%	211	0.86%	197
	Others	20.05%	4,834	20.64%	4,739
		100%	24,107	100%	22,965
(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand	0.46%	110	4.80%	1,103
	– upto 3 months	41.84%	10,085	37.98%	8,721
	– over 3 months but below 1 year	41.58%	10,023	42.33%	9,721
	– over 1 year but below 5 years	12.80%	3,087	12.34%	2,834
	– over 5 years	3.32%	801	2.55%	585
		100%	24,107	100%	22,965
(f) By major industry or counterparty type:	i. Amount of impaired loans and if available, past due loans, provided separately	33.07%	7,973	7.15%	1,641
	ii. Specific and general provisions		1,064		873
	iii. Charges for specific allowances and charge-offs during the period		131		632
(g) Gross Non Performing Assets (NPAs) (NPAs) to outstanding Loans & advances	Non Performing Assets (NPAs)			2018	2017
	NPAs to outstanding Loans & advances			BDT/Crore	BDT/Crore
				7,973	1,641
				33.07%	7.15%
	Movement of NPAs Bangladesh Operations:				
	Opening balance			1,625.86	1,124.32
	Additions			6,407.93	1,245.38
	Reductions			61.01	743.84
	Closing balance			7,972.78	1,625.86
	Movement of specific provision for NPAs				
	Opening balance			377.21	246.32
	Provision made during the period			130.67	381.59
	Write-off			-	250.70
	Closing balance			507.88	377.21
	Provision held by Mumbai branch			-	9.04
				507.88	386.25

Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2018

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 (2018)</p>	<p style="text-align: center;"><u>BDT in Crore</u> 8.59</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;">(175.08)</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 2018

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	
		31.12.18	31.12.17
	Market value of assets	32,786	31,713
	Market value of liability	30,040	29,552
	Weighted avg. duration GAP	0.74	0.92
	CRAR after different level of Shocks:		
	Minor level	9.42%	9.96%
	Moderate level	8.81%	9.12%
	Major level	8.19%	8.25%

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	
		31.12.18	31.12.17
	Interest rate risk	17.63	22.11
	Equity position risk	36.56	42.16
	Foreign exchange risk	6.97	14.70
	Commodity risk	-	-
		61.16	78.97

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 2018**

<p>> Policies and processes for mitigating operational risk</p>	<p>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.</p>
<p>> Approach for calculating capital charge for operational risk</p>	<p>Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.</p>

Quantitative Disclosure

BDT in Crore	
31.12.18	31.12.17
248.58	226.46

(b) The capital requirements for Operational Risk

I) Liquidity Ratio

Qualitative Disclosure

<p>(a) > Views of BOD on system to reduce liquidity Risk</p>	<p>Liquidity risk is the potential for loss to the bank arising from either its inability to meet its obligations of depositors as they fall due or to fund in increased assets as per commitment.</p> <p>To mitigate liquidity risk Bank assesses its risk appetite and 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, MTLR, MCO, ADR, LCR, NSFR) and uses internal monitoring tools (WBG, CLP and MAT)</p>
<p>> Methods used to measure Liquidity risk</p>	<p>Liquidity measurement involves forecasting the Bank's cash inflows against its outflows to identify the potential for any net shortfalls going forward. For measuring Bank uses some simple techniques as mentioned below:</p> <p>> 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 2018

<p>> Liquidity risk management system</p>	<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>
<p>> Policies and processes for mitigating liquidity risk</p>	<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/Crore 31.12.2018
Liquidity Coverage Ratio	119.15%
Net Stable Funding Ratio (NSFR)	104.59%
Stock of high quality liquid assets	5,001.52
Total net cash outflows over the next 30 calendar days	4,197.83
Available amount of stable funding	25,774.19
Required amount of stable funding	24,642.42

J) Leverage Ratio

Qualitative Disclosure

<p>(a) > Views of BOD on system to reduce excessive leverage</p>	<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 2018

<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><table><tr><th>Exposures Types</th><th>CCF</th><th>Notional amount</th><th>Exposure</th></tr><tr><td></td><td></td><th>BDT/Crore</th><th>BDT/Crore</th></tr><tr><td>Direct credit substitutes</td><td>100%</td><td>2,228</td><td>2,228</td></tr><tr><td>Performance related contingencies</td><td>50%</td><td>1,100</td><td>550</td></tr><tr><td>Short-term self-liquidating trade letters of credit</td><td>20%</td><td>1,170</td><td>234</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>1,539</td><td>308</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>0%</td><td>1,405</td><td>-</td></tr><tr><td>Market related Off-Balance sheet exposure</td><td>1%</td><td>146.13</td><td>1.46</td></tr><tr><td>Total</td><td></td><td>7,587</td><td>3,321</td></tr></table></div>	Exposures Types	CCF	Notional amount	Exposure			BDT/Crore	BDT/Crore	Direct credit substitutes	100%	2,228	2,228	Performance related contingencies	50%	1,100	550	Short-term self-liquidating trade letters of credit	20%	1,170	234	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%	1,539	308	Commitments with original maturity of over one year	50%	-	-	Other commitments that can be unconditionally cancelled by any time	0%	1,405	-	Market related Off-Balance sheet exposure	1%	146.13	1.46	Total		7,587	3,321
Exposures Types	CCF	Notional amount	Exposure																																														
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Total		7,587	3,321																																														

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2018

(b)		BDT/Crore
	Leverage Ratio	31.12.2018
	On balance sheet exposure	5.49%
	Off balance sheet exposure	31,744.72
	Total deduction from On and Off-Balance Sheet Exposure	3,459.96
	Total exposure	213.79 34,990.89

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 stand 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 2018

(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>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>> A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</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>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>> 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>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>> A discussion of the ways in which these measures affect remuneration.</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>> 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>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>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 ration, capital to risk weighted ratio, ROE, ROA, Liquidity position, maintenance of CRR and SLR etc. beside non-financial KPI.</p>
	<p>> A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.</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 liked to other elements of remuneration package, so aggregate of all employees has reasonable impact on the remuneration package and not insignificant.</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>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 2018**

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

Quantitative Disclosure

(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	<p>The main body that oversees remunerations organizes meeting as & when needed to discuss issues arising in the process of administration.</p>
	<p>> Number of employees having received a variable remuneration award during the financial year.</p>	<p>Not applicable (Variable remuneration practice is not available)</p>
	<p>> Number and total amount of guaranteed bonuses awarded during the financial year.</p>	<p>Bank has disbursed 02 (two) festival bonus among the employees amounting to taka 184,021,674 during the year 2018.</p>
	<p>> Number and total amount of sign-on awards made during the financial year.</p>	<p>Not applicable</p>

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2018

g)	> 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

(h)	Breakdown of amount of remuneration awards for the financial year to show:	
	Fixed and variable.	BDT 283.49 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 2018

	2018 INR	2017 INR
PROPERTY AND ASSETS		
Cash	23,087,617	27,482,592
In hand (including foreign currencies)	3,480,471	3,039,492
Balance with Reserve Bank India (including foreign currencies)	19,607,146	24,443,100
Balance with other banks and financial institutions	864,664,939	699,658,623
In India	67,761,006	114,898,608
Outside India	796,903,933	584,760,015
Money at call and on short notice	200,233,592	291,504,512
Investments	314,434,420	383,887,500
Government	314,434,420	383,887,500
Others	-	-
Loans and advances	750,236,018	593,138,007
Loans, cash credits, overdrafts, etc.	18,261,164	148,667,190
Bills purchased and discounted	731,974,854	444,470,817
Fixed assets including premises, furniture and fixtures	7,032,825	8,856,858
Other assets	388,787,607	341,579,628
Non-banking assets	-	-
Total Assets	2,548,477,019	2,346,107,720
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, FIs and agents	-	-
Deposits and other accounts	1,437,476,065	1,189,176,007
Current deposits	1,195,191,952	959,563,493
Demand deposits	334,282	124,275
Bills payable	286,571	682,575
Savings deposits	9,635,889	8,969,744
Fixed deposits	232,027,371	219,835,919
Other deposits	-	-
Other liabilities	159,919,759	280,394,571
Total Liabilities	1,597,395,823	1,469,570,578
Capital/Shareholders' Equity		
Total Shareholders' Equity	951,081,196	876,537,142
Paid-up capital	369,822,602	369,822,602
Statutory reserve	249,482,516	226,420,185
Other reserve	-	-
Retained earnings	331,776,078	280,294,355
Total Liabilities and Shareholders' Equity	2,548,477,019	2,346,107,720

AB Bank Limited**Mumbai Branch****Balance Sheet****As at 31 December 2018**

	2018 INR	2017 INR
Off-Balance Sheet Items		
Contingent liabilities	2,511,998,368	2,630,571,155
Acceptances and endorsements	61,583,182	169,397,016
Letters of guarantee	-	-
Irrevocable letters of credit	-	-
Bills for collection	2,450,415,186	2,461,174,139
Other contingent liabilities	-	-
Other commitments	162,218	82,036
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total	<u>2,512,160,586</u>	<u>2,630,653,191</u>

Mumbai Branch

Profit and Loss Account

For the year ended 31 December 2018

	2018 INR	2017 INR
Operating Income		
Interest income	52,846,532	43,420,203
Interest paid on deposits and borrowings, etc.	(18,383,732)	(18,416,303)
Net interest income	34,462,800	25,003,900
Investment income	20,857,968	25,061,241
Commission, exchange and brokerage	267,010,450	275,875,139
Other operating income	2,869,570	2,723,173
	290,737,988	303,659,553
Total operating income (a)	325,200,788	328,663,453
Operating Expenses		
Salary and allowances	14,868,940	13,913,618
Rent, taxes, insurance, electricity, etc.	17,665,162	17,556,777
Legal expenses	192,708	155,232
Postage, stamps, telecommunication, etc.	6,829,631	7,990,141
Stationery, printing, advertisement, etc.	1,703,459	2,347,601
Auditors' fees	788,445	658,420
Depreciation and repairs of Bank's assets	4,157,928	4,808,322
Other expenses	100,323,887	124,995,660
Total operating expenses (b)	146,530,158	172,425,772
Profit before provision (c = a-b)	178,670,630	156,237,681
Provision against loans and advances	350,000	32,700,000
General Provision	-	(10,000,000)
Other provisions	20,000	64,700
Total provision (d)	370,000	22,764,700
Profit before taxation (c-d)	178,300,630	133,472,981
Provision for taxation	90,654,972	55,145,800
Current tax	71,079,142	70,313,794
Deferred tax	19,575,831	(15,167,994)
Net profit after taxation	87,645,658	78,327,181
Appropriations		
Statutory reserve	23,062,331	20,233,234
	23,062,331	20,233,234
Retained surplus	64,583,327	58,093,947

Islami Banking Branch
Balance Sheet
As at 31 December 2018

	2018 Taka	2017 Taka
<u>PROPERTY AND ASSETS</u>		
Cash in hand	256,807,225	333,984,548
Cash in Hand (Including foreign currencies)	3,575,885	3,449,220
Balance with Bangladesh Bank and its Agent Banks (Incl. FC)	253,231,340	330,535,328
Balance with Other Banks and Financial Institutions	1,538,385,936	2,220,827,730
In Bangladesh	1,538,385,936	2,220,827,730
Outside Bangladesh	-	-
Placement with other Banks & Financial Institutions	-	-
Investment in shares & other financial institutions	267,500,000	280,000,000
Government (BGIB For SLR)	267,500,000	280,000,000
Others	-	-
Investments	5,352,510,723	4,613,170,208
General Investments etc.	5,352,510,723	4,613,170,208
Bills Purchased & Discounted	-	-
Fixed Assets	8,003,563	11,264,559
Other Assets	46,488,135	39,958,785
Non-Banking Assets	-	-
	7,469,695,583	7,499,205,830
<u>LIABILITIES AND CAPITAL</u>		
Liabilities		
Placement from Banks (BGIB)& Other Financial Institutions	2,056,462,900	2,103,666,667
Deposits and Other Accounts	5,165,623,614	5,240,822,184
Mudaraba Savings Deposits	108,438,855	122,988,024
Mudaraba Term Deposits	4,030,241,207	4,022,553,327
Other Mudaraba Deposits	964,488,862	961,993,777
Al-Wadeeah Current and Other Deposit Accounts	39,046,928	126,690,801
Bills Payable	23,407,761	6,596,254
Other Liabilities	247,609,069	154,716,980
Total Liabilities	7,469,695,583	7,499,205,830

AB Bank Limited

**Islami Banking Branch
Balance Sheet
As at 31 December 2018**

	2018 Taka	2017 Taka
Contingent Liabilities		
Acceptances & Endorsements	395,754,826	1,376,260,269
Letter of Guarantee	13,806,354	76,293,835
Irrevocable Letters of Credit (including Back to Back Bills)	150,341,764	189,119,729
Inland Bills for collection	-	-
Other Contingent Liabilities	-	-
Total	559,902,944	1,641,673,833
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	559,902,944	1,641,673,833

Islami Banking Branch

Profit and Loss Account

For the year ended 31 December 2018

	2018 Taka	2017 Taka
Investment Income	613,580,736	537,326,238
Profit paid on Deposits	550,427,943	383,669,723
Net Investment Income	63,152,793	153,656,514
Income from Investments in Shares/Securities	5,534,045	1,959,010
Commission, Exchange and Brokerage	18,581,799	31,418,994
Other Operating Income	543,189	649,276
Total Operating Income	87,811,826	187,683,795
Operating Expenses		
Salaries and Allowances	30,552,528	36,452,483
Rent, Taxes, Insurance, Electricity etc.	2,046,030	1,441,640
Legal Expenses	-	2,300
Postage, Stamps, Telecommunication etc.	450,525	482,756
Stationeries, Printing and Advertisement etc.	394,709	518,465
Shariah Supervisory Committee's Fees & Expenses	65,200	114,200
Depreciation and repair to Bank's Assets	1,907,389	2,164,263
Other Expenses	7,263,788	7,629,075
Total Operating Expenses	42,680,169	48,805,182
Operating Profit	45,131,657	138,878,613

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 2018 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	0.60 - 0.83	7.25 - 10.00
. 12 Months	0.60 - 0.92	7.25 - 11.00
. 9 Months	0.73 - 0.75	8.75 - 9.00
. 6 Months	0.71 - 0.85	8.50 - 10.25
. 4 Months	0.63 - 0.67	7.50 - 8.00
. 3 Months	0.50 - 0.71	6.00 - 8.50
. 1 Month	0.42	5.00-5.00
4. Mudaraba Probable Millionaire Scheme	1.04	12.5
5. Mudaraba Hajj Deposit Scheme	0.67 - 1.11	8.00 - 13.34
6. Mudaraba Pension Deposit Scheme	0.67 - 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	0.67	8

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 2018, Shariah Supervisory Committee met in 02 (Two) meetings and reviewed different operational issues. The Committee also audited the branch through its Muraqib and reviewed the audit report in its 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 2018

	2018 Taka	2017 Taka
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	5,275	15,825
Intangible Assets	-	-
Total Non Current Assets	5,275	15,825
Current Assets		
Cash and Bank Balances	-	-
Advance, Deposit and Prepayments	-	-
Accounts Receivables	20,700,410	20,700,410
Total Current Assets	20,700,410	20,700,410
Total Assets	20,705,685	20,716,235
LIABILITIES		
Non-Current Liabilities	-	-
Current Liabilities		
Payable to Head Office	9,273,317	9,287,417
Accounts Payable	11,402,368	11,402,368
Provision for Audit Fees	30,000	26,450
Total Current Liabilities	20,705,685	20,716,235
Total Liabilities	20,705,685	20,716,235

Custodian Wing

Profit and Loss Account

For the year ended 31 December 2018

	2018 Taka	2017 Taka
Operating Income		
Commission, exchange and brokerage	-	8,744,805
Total Operating Income	-	8,744,805
Operating Expenses		
Rent, taxes and insurance	11,500	11,500
Auditor's fees	61,050	26,450
Depreciation and repair of bank's assets	10,550	10,550
Other expenses	6,500	178,311
Total operating expenses	89,600	226,811
Operating Profit	(89,600)	8,517,994

Off-Shore Banking Unit (OBU)

Balance Sheet

As at 31 December 2018

	2018 Taka	2018 USD	2017 Taka	2017 USD
PROPERTY AND ASSETS				
Cash	-	-	-	-
Balance with Other Banks and FIs'	8,995,466	107,217	5,897,061	71,307
In Bangladesh	122,363	1,458	164,494	1,989
Outside Bangladesh	8,873,103	105,758	5,732,567	69,318
Money at call and on short notice (Placement)	839,000,000	10,000,000	674,005,000	8,150,000
Investment	1,620,531,856	19,315,040	1,597,353,808	19,315,040
Loans and Advances:	7,425,982,306	88,509,920	10,660,157,888	128,901,546
Loans & Advances - Regular	4,543,272,124	54,151,038	7,580,739,608	91,665,533
Loans & Advances - Classified	2,882,710,182	34,358,882	3,079,418,280	37,236,013
Premises and Fixed Assets (WDV)	1,613,028	19,226	2,645,348	31,987
Other Assets:	1,075,960	12,824	1,606,898	19,430
Accrued Interest	930,330	11,089	516,874	6,250
Pre-paid Advances	145,630	1,736	169,387	2,048
Miscellaneous	-	-	920,637	11,132
Total Assets	9,897,198,617	117,964,227	12,941,666,002	156,489,311
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from Bank & FIs'	9,895,362,230	117,942,339	12,792,565,600	154,686,404
In Bangladesh	9,895,362,230	117,942,339	11,520,471,150	139,304,367
Outside Bangladesh	-	-	1,272,094,450	15,382,037
Deposits and Other Accounts	13,016,543	155,144	14,167,846	171,316
Demand Deposits	10,967,742	130,724	13,936,826	168,523
Demand Deposits - Others	2,048,801	24,420	231,021	2,793
Other Deposits	-	-	-	-
Other Liabilities	187,023,905	2,229,129	184,348,951	2,229,129
Total Liabilities	10,095,402,679	120,326,611	12,991,082,397	157,086,849
Capital and Shareholders' Equity				
Profit/(Loss)	(198,204,062)	(2,362,385)	(49,416,395)	(597,538)
Total Shareholders' Equity	(198,204,062)	(2,362,385)	(49,416,395)	(597,538)
Total Liabilities and Shareholders' Equity	9,897,198,617	117,964,227	12,941,666,002	156,489,311

Off-Shore Banking Unit (OBU)
Profit and Loss Account
For the year ended 31 December 2018

	2018 Taka	2018 USD	2017 Taka	2017 USD
Interest income	273,174,003	3,272,451	451,417,488	5,573,284
Interest paid on deposits and borrowing etc.	412,662,801	4,943,438	488,855,214	6,035,497
Net Interest income	(139,488,799)	(1,670,987)	(37,437,726)	(462,213)
Commission, exchange and brokerage	(24,295)	(291)	2,665,223	32,905
Other operating income	-	-	24,675	305
Total operating income	(139,513,094)	(1,671,278)	(34,747,827)	(429,003)
Salaries and allowances	5,496,774	65,848	6,416,184	79,215
Rent, taxes, insurance, electricity etc.	36,369	436	21,497	265
Legal expenses	-	-	-	-
Postage, stamps, telecommunication etc.	92,692	1,110	247,301	3,053
Stationeries, printing, advertisement etc.	82,828	992	210,364	2,597
Depreciation and repair of bank's assets	1,153,345	13,816	992,087	12,248
Other expenses	948,775	11,366	5,766,357	71,193
Total operating expenses	7,810,782	93,568	13,653,789	168,572
Operating Profit/(Loss)	(147,323,875)	(1,764,847)	(48,401,617)	(597,575)

Myanmar Representative Office
Statement of Receipts and Payments
For the year ended 31 December 2018

Annexure-K

Receipts	Total		Payments	Total	
	USD	BDT		USD	BDT
Opening Balance	71,033.55	5,433,785.89	Bank Charges (Nostro & Others)	17.00	1,419.29
			Miscellaneous Contract Service	79.00	6,591.50
			Local Conveyance	120.00	10,014.62
			Internet bill	256.00	21,346.34
			Electricity Bill	23.00	1,918.10
			Allowances- Officers	6,000.00	500,465.00
			Stationery & Others	37.00	3,085.06
			Water and Sewerage	3.00	250.40
			Audit Fees	700.00	58,383.50
			Mobile Bill	7.00	583.09
			Other Fees and Taxes	785.00	65,789.56
			Repair & Maintenance	63.00	5,264.69
			Judicial & Non- judicial Stamps	59.00	4,950.10
			Office Rent	11,700.00	981,630.00
			Closing Balance	51,184.55	3,772,094.64
Total	71,033.55	5,433,785.89	Total	71,033.55	5,433,785.89

Statement of Financial Position (Balance Sheet)
As at 31 December 2018

	2018 Taka	2017 Taka
ASSETS		
Non-current assets		
Property, plant and equipment	565,195,823	583,556,178
Current Assets	7,997,528,479	7,796,628,683
Investment in shares	598,400,806	456,075,614
Loans to clients	6,781,090,546	6,816,006,993
Advances, deposits and prepayments	21,200,715	21,478,465
Receivable from brokers	135,865,105	80,264,009
Advance income tax	460,782,935	422,612,744
Cash and bank balances	188,372	190,858
TOTAL ASSETS	8,562,724,302	8,380,184,861
EQUITY AND LIABILITIES		
Equity	6,804,914,958	6,787,203,101
Share capital	6,456,899,810	6,456,899,810
Retained earnings	348,015,148	330,303,291
Liabilities		
Non-current liabilities	22,598,746	36,956,123
Provident fund, gratuity fund and recreation club fund	9,710,739	9,445,327
Deferred tax liability	12,888,007	27,510,796
Current liabilities	1,735,210,598	1,556,025,637
Borrowing from banks	423,537,438	333,601,157
Liabilities for expenses	640,397	629,900
Provision for taxation	497,305,203	514,359,458
Provision for loans and investment	769,818,239	608,145,182
Payable to clients	43,909,321	99,289,940
Total liabilities	1,757,809,344	1,592,981,760
TOTAL EQUITY AND LIABILITIES	8,562,724,302	8,380,184,861

Statement of Profit or Loss and Other Comprehensive Income
(Profit and Loss Statement)
For the year ended 31 December 2018

	2018 Taka	2017 Taka
Operating income	308,338,158	509,559,685
Interest income	239,440,553	414,656,876
Management fee	9,523,160	11,869,438
Transaction/settlement fee	27,114,817	56,978,027
Investment income	19,347,382	13,436,301
Other operating income	12,912,246	12,619,043
Operating expenses	44,718,758	67,097,873
Salary and allowances	14,784,115	16,473,995
Audit and consultancy fees	385,010	383,450
Administrative expenses	29,483,898	34,170,685
Financial expenses	65,735	16,069,743
Profit before provision for loans and investment	263,619,400	442,461,812
Provision for loan	100,000,000	270,000,000
Provision for investment	61,673,057	-
Net profit before tax for the year	101,946,343	172,461,812
Income tax expenses	84,234,486	169,752,308
Current tax expenses	98,857,275	165,923,180
Deferred tax expenses	(14,622,789)	3,829,128
Net profit after tax for the year	17,711,857	2,709,505
Other comprehensive Income	-	-
Total Comprehensive Income	17,711,857	2,709,505
Earnings per share (EPS)	0.027	0.004

Statement of Financial Position

As at 31 December 2018

	2018 Taka	2017 Taka
I Sources of Fund		
A) <u>Shareholders' Equity</u>	509,708,626	521,775,108
Share Capital	272,041,880	272,041,880
Revaluation Reserve	85,986,590	102,024,360
Retained Earnings	151,680,156	147,708,868
B) <u>Non-Current Liabilities</u>	298,149,255	336,574,727
Liabilities for Other Finance	280,263,485	320,263,485
Provision for Gratuity	6,049,607	5,591,542
Provision for Provident Fund	11,836,163	10,719,700
Total Source of Fund (A+B)	807,857,881	858,349,835
II Application of Fund		
A) <u>Non Current Assets</u>	3,902,598	4,720,166
Property, Plant & Equipment	1,534,696	2,163,698
Deferred Tax Assets	2,367,901	2,556,468
B) <u>Investments</u>	159,564,043	176,002,093
C) <u>Current Assets</u>	1,238,961,689	1,621,439,266
Cash and Cash Equivalents	219,425,776	549,820,229
Advance, Deposit & Prepayments	5,305,760	7,622,820
Advance Income Tax	83,571,185	75,360,853
Accounts Receivable	48,769,272	62,183,186
Margin Loan	881,889,697	926,452,178
D) <u>Current Liabilities and Provisions</u>	594,570,450	943,811,690
Accounts Payable	125,232,074	497,210,126
Bank Overdraft	198,475,836	226,047,986
Liabilities for Expense	663,561	669,325
Provision for Income Tax	86,789,374	91,974,649
Other Liabilities	183,409,604	127,909,604
E) <u>Net Current Assets (C-D)</u>	644,391,240	677,627,576
F) <u>Total Application of Fund (A+B+E)</u>	807,857,881	858,349,835

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2018

	2018 Taka	2017 Taka
A) Operating Income	124,750,427	147,392,990
Brokerage Commission	43,582,574	84,872,824
Interest Income	27,227,032	48,546,763
Investment Income	52,226,468	11,058,832
Other Operating Income	1,714,353	2,914,571
B) Operating & Other Expense	44,995,209	48,909,844
Operating Expenses	43,451,552	47,038,673
Other Financial Expenses	855,102	877,637
Depreciation on Property, Plant & Equipment	688,555	993,534
C) Profit before Provision (A-B)	79,755,218	98,483,146
D) Provision	55,500,000	58,300,000
For Diminution in Value of Investments	3,000,000	2,050,000
For Diminution in Value of Loan	52,500,000	56,250,000
E) Profit before Taxation (C-D)	24,255,218	40,183,146
F) Provision for Taxation	20,283,929	33,500,000
Current Tax	20,095,362	33,345,450
Deferred Tax	188,567	154,550
Net Profit After Taxation (E-F)	3,971,289	6,683,146
Earnings Per Share (EPS)	0.15	0.25

Statement of Financial Position
As at 31 December 2018

	2018 Taka	2017 Taka
ASSETS		
Non Current Assets		
Property, Plant and Equipment	3	31,825
	3	31,825
Current Assets		
Cash & Bank Balances	26,156	2,733,542
Investment in FDR	39,118,566	34,643,500
Investment in Shares	1,000	694,619
Advance, Deposit & Prepayment	37,980,017	38,174,733
Other Receivable	2,061,820	54,282
	79,187,559	76,300,676
Total Assets	79,187,562	76,332,500
EQUITY AND LIABILITIES		
Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Earnings	(180,470,668)	(183,652,421)
Total Equity	61,729,332	58,547,579
Liabilities		
Non-Current Liabilities		
Long Term Loan	9,742,006	9,742,006
Current Liabilities		
Accrued Expenses	28,750	23,000
Provision for Taxation	7,687,474	8,019,914
	7,716,224	8,042,914
Total Liabilities	17,458,230	17,784,920
Total Equity and Liabilities	79,187,562	76,332,500

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2018

	2018 Taka	2017 Taka
Revenue	-	-
Less: General and Administration Expenses	496,576	548,815
Operating Profit/(Loss)	(496,576)	(548,815)
Add: Other Income	3,542,157	3,153,072
Non-Operating Income/(Loss)	147,177	165,975
	3,192,758	2,770,232
Less: Other Expenses	11,005	525
Profit/(Loss) Before Provision	3,181,753	2,769,707
Provision for Decrease in Market Value of Investment in Share	-	-
Profit/(Loss) Before Taxation	3,181,753	2,769,707
Provision for taxation	-	928,745
Net Profit/(Loss) After Tax	3,181,753	1,840,962
Other Comprehensive Income	-	-
Total Comprehensive Income/(Expenses)	3,181,753	1,840,962

Balance Sheet
As at 31 December 2018

	2018 HK\$	2017 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	48,262	14,368
CURRENT ASSETS		
Discounted bills receivable	99,457,270	76,539,908
Deposits, prepayments and other receivable	2,615,840	2,818,264
Cash and bank balances	273,873	5,579,254
	102,346,983	84,937,426
CURRENT LIABILITIES		
Accrued liabilities and other payables	4,391,757	3,580,081
Deferred interest income	691,956	757,240
Provision for long service payments	461,635	521,805
Due to ultimate holding company	77,500,000	63,162,500
Tax payable	654,888	964
	83,700,236	68,022,590
NET CURRENT ASSETS	18,646,747	16,914,836
	18,695,009	16,929,204
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	9,569,146	7,803,341
Capital Reserve	7,561,960	7,561,960
	18,695,009	16,929,204

Profit and Loss Account
For the year ended 31 December 2018

	2018 HK\$	2017 HK\$
Interest income	4,638,664	3,653,515
Interest expenses	(590,099)	(471,318)
Net interest income	4,048,565	3,182,197
Other operating income	12,516,917	11,442,157
Total operating income	16,565,482	14,624,354
Staff costs	(2,357,701)	(2,658,025)
Depreciation	(13,696)	(9,024)
Provision for long service payments	(1,582)	(1,549)
Other operating expenses	(2,972,909)	(2,640,001)
Total operating expenses	(5,345,888)	(5,308,599)
Profit before taxation	11,219,594	9,315,755
Income tax	(1,650,448)	(1,512,414)
Profit for the year	9,569,146	7,803,341
Retained earnings at start of the year	563,904	563,904
Dividends	(9,569,146)	(7,803,341)
Retained earnings at the end of the year	563,904	563,904

Statement of Financial Position

As at 31 December 2018

	2018 Taka	2017 Taka
ASSETS		
Non Current Assets	39,158,212	39,814,974
Property, Plant & Equipment	39,157,212	39,813,974
Investment at cost in equity share of ABIL	1,000	1,000
Current Assets	433,852,986	585,164,083
Loan to ABSL	260,000,000	300,000,000
Investment in FDR	93,305,220	87,187,619
Accrued income	37,669	37,669
Advance Tax	1,035,163	128,783,664
Cash and Cash equivalents	79,474,935	69,155,131
TOTAL ASSETS	473,011,198	624,979,056
EQUITY AND LIABILITIES		
Shareholders' Equity	461,007,876	501,184,454
Share Capital	20,000,000	20,000,000
Retained Earnings	441,007,876	481,184,454
Non-Current Liabilities		
Advance Rent	693,376	1,145,402
Current Liabilities	11,309,946	122,649,199
Provision for Income Tax	11,219,446	122,193,799
Provision for expenses	90,500	455,400
TOTAL EQUITY AND LIABILITIES	473,011,198	624,979,056

Statement of Comprehensive Income
For the year ended 31 December 2018

	2018 Taka	2017 Taka
Income		
Operating Income	33,659,773	29,888,173
Interest Income	32,755,721	28,984,121
Rental Income	904,052	904,052
Less : Operating & Other Expenses	1,604,212	10,827,270
Operating expenses	1,604,212	3,371,470
Other expenses	-	7,455,800
Profit before Tax	32,055,561	19,060,904
Less: Provision for Tax	11,219,446	6,671,316
Profit carried forward	20,836,115	12,389,588

Name of the Directors and entities in which had interest as on December 31, 2018

Sl. No.	Name	Status	Name of Firms/Companies in which interested as proprietor/partner/director/managing agent/guarantor/employees etc.
1	Mr. Feroz Ahmed	Director	1. AB International Finance Ltd; Hong Kong, Chairman, nominated by AB Bank Ltd. 2. Hexagaon Chemical Complex Ltd; Chairman 3. Elite Paint & Chemical Ind. Ltd.; Chairman 4. Elite International Ltd.; Managing Director 5. FDN Energy Ltd.; Managing Director 6. Ahmed Securities Services Ltd.; Managing Director 7. Bangladesh General Insurance Company Ltd.; Shareholder 8. Holy Crescent Hospital, Shareholder
2	Mr. Syed Afzal Hasan Uddin, Barrister-at-Law	Nominated Director	1. Syed Ishtiaq Ahmed & Associates Partner 2. Square Textiles Ltd., Independent Director 3. Color City Ltd. Independent Director 4. Forward Air Aviation Ltd., Nominated Director. 5. Managewell Media Ltd., Nominated Director. 6. Managewell Holdings Ltd. 7. Managewell Investment Ltd. 8. Managewell Service Ltd.
3	Mr. Syed Golam Kibria*	Nominated Director	1. North East University Bangladesh, Telihaor, Sheikhghat, Sylhet-3100 – Director Finance & Registrar (Acting)
4	Mr. Asish Baran Sarkar	Nominated Director	Nil
5	Mr. Shajir Ahmed	Nominated Director	1. Elite paint & chemical Industries Ltd., Director 2. Super refinery (Pvt.) Ltd., Director 3. Super share & Securities Ltd., Director 4. Elite super plastic Ind. (Pvt.) Ltd., Director 5. Super sea Fish (Pvt.) Ltd., Director 6. Super Tel Limited, Director 7. Super silica Bangladesh Ltd., Director 8. Aurora Décor Limited, Director 9. Broast Foods Ind (Pvt) Ltd., Director 10. Elite Foods Industries Ltd., Director
6	Mr. Moshtaque Ahmed Chowdhury	Nominated Director	1. M.A CHY & CO; Proprietor
7	Mr. Shishir Ranjan Bose, FCA**	Independent Director	1. S .R. Bose & Co., Chartered Accountants, Proprietor 2. Therapeutics (Bangladesh) Ltd., Independent Director 3. AB Securities Ltd., Independent Director, Nominated by AB Bank Limited. 4. AB International Finance Limited, Hong Kong; Director, Nominated by AB Bank Limited. 5. Cashlink Bangladesh Ltd., Independent Director, Nominated by AB Bank Limited. 6. Golden Son Limited Chairman Audit Committee & Independent Director
8	Mr. Khairul Alam Choudhury	Nominated Director	Nil
9	Mr. Kaiser Ahmed Chowdhury	Independent Director	Nil
10	Mr. Tarique Afzal	President & Managing Director (CC)	Nil

*Mr. Syed Golam Kibria replaced by Mr. Muhammad A. (Rume) Ali in the 669th Board Meeting held on February 27, 2019 by Pacific Traders Limited. Below is the list of entities where Mr. Muhammad A. (Rume) Ali has interest:

1. Bangladesh International Arbitration Centre (BIAC), Chief Executive Officer
2. Finnova Technologies Limited, Chairman
3. Finaction Bangladesh Limited, Chairman
4. R & I Ventures Ltd, Managing Director
5. Eastland Insurance Company Limited, Independent Director

** Mr. Shishir Ranjan Bose, FCA, Independent Director, resigned from the Board in the 669th Board Meeting held on February 27, 2019.