

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

AB Bank Limited and Its Subsidiaries

Auditor's report on consolidated and separate audited financial statements
for the year ended 31 December 2019

S. F. Ahmed & Co.

Chartered Accountants | Since 1958

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Independent Auditor's 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 2019 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flows 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 financial position of the Group and the separate financial position of the Bank as at 31 December 2019, and of its consolidated and separate financial performance 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 Auditor's 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), and the guidelines issued by 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:

Transition to International Financial Reporting Standard 16 Leases (IFRS 16) from International Accounting Standard 17 Leases (IAS 17)

With reference to notes 1.3 and 15.5 to the financial statements, IFRS 16 Leases becomes effective for annual reporting beginning on or after 01 January 2019 which replaces the existing standard IAS 17. AB Bank Limited decided to implement the modified retrospective approach for the transition accounting. The application of new lease standard resulted in the recognition, for the 31 December 2019 closing balance sheet, right of use assets of BDT 1,121,443,944 (net value) and an increase in lease liabilities of BDT 842,847,290 (carrying value) to the financial statements of the Bank. We considered the implementation of IFRS 16 Leases as a key audit matter, since the balances recorded are material, management had to apply several judgments and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction to summarise the lease data for input into their lease calculation model.

We obtained an understanding of the management's processes for implementing IFRS 16 including financial controls designed by the management to mitigate the risks and assessed by us independently. We adopted a substantive strategy for lease accounting. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included understanding of the management processes and controls for leases, performing walkthrough procedures and substantive audit procedures, including: (a) obtaining and going through the accounting policy for compliance with IFRS 16 Leases; (b) obtaining and listing out all contracts and tested the contracts to determine the impact under IFRS 16. In respect of the testing lease agreements and related right of use assets and lease liabilities: (i) obtaining treasury bill/bond rate used for discounting; (ii) testing the assumptions used in the calculation model for the sample contracts selected for testing; (iii) testing the completeness of additions and changes to the leases population; (iv) performing test of details for measurement and valuation of the right of use assets and lease liabilities; (v) assessing the disclosure within the financial statements.



Independent Auditor's Report to the Shareholders of AB Bank Limited

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 264,385 million (2018: BDT 249,185 million) and provision for loans and advances of BDT 15,279 million (2018: BDT 10,640 million). Refer to the note nos. 7(a), 8(a) and 15 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 bills and treasury bonds

The classification and measurement of treasury bills (T-Bills) and treasury bonds (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 treasury bonds. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and treasury 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.

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 2019 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 2,559 million (2018: 1,892 million) as at 31 December 2019. 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.



Independent Auditor's Report to the Shareholders of AB Bank Limited

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

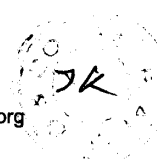
We focused on this area because the Bank and its subsidiaries (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be 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 subsidiaries by the Bank

The Bank has invested in equity shares of its five subsidiaries, namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, AB International Finance Limited, Hong Kong and Arab Bangladesh Bank Foundation. As at 31 December 2019 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.



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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 auditor's report.

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, we will 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 that give a true and fair view 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 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.

Auditor's 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 auditor's 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.



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- 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 auditor's 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.
- 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.

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 auditor's 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 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 Auditor's Responsibilities section in forming the above opinion on the consolidated financial statements of the group and separate financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the consolidated and separate financial statements and internal control;
 - (a) internal audit, internal control and risk management arrangements of the Group and the Bank 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 the Bank;



Independent Auditor's Report to the Shareholders of AB Bank Limited

- (iii) consolidated financial statements of the Bank include five subsidiaries, namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, AB International Finance Limited, Hong Kong and Arab Bangladesh Bank Foundation reflect total assets of BDT 8,710 million, BDT 1,230 million, BDT 82 million, BDT 1,143 million and BDT 504 million respectively as at 31 December 2019 and total revenue of BDT 57 million, BDT 28 million, BDT 0, BDT 52 million and BDT 33 million respectively for the year ended 31 December 2019. The financial statements of the Bank's subsidiaries have 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 Group's and the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as explained in the notes 1.11 and 1.13 as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions as allowed by Bangladesh Bank against the requirement as explained in note no 15.1, have been made for loans and advances and other assets which are in our opinion, doubtful of recovery and Bangladesh Bank's instructions 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 5,750 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) has been maintained adequately during the year based on provision allowed by Bangladesh Bank against the requirement as explained in notes 15.1 and 16.6.



Dhaka, Bangladesh
Dated, 29 June 2020


S. F. AHMED & CO
Chartered Accountants

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2019

	Notes	31 Dec 2019 BDT	31 Dec 2018 BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3(a)	19,872,575,058	16,433,155,519
In hand (including foreign currencies)	3.1(a)	1,136,228,324	1,960,489,318
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	18,736,346,733	14,472,666,202
Balance with other banks and financial institutions	4(a)	5,314,835,916	3,378,419,653
In Bangladesh	4.1(a)	1,022,559,568	1,823,369,874
Outside Bangladesh	4.2(a)	4,292,276,348	1,555,049,778
Money at call and on short notice	5(a)	3,927,493,241	589,822,961
Investments	6(a)	62,416,398,807	44,351,747,141
Government	6.1(a)	51,271,643,217	33,523,320,645
Others	6.2(a)	11,144,755,589	10,828,426,496
Loans, advances and lease/investments		264,385,001,408	249,185,305,270
Loans, cash credits, overdrafts, etc./Investments	7(a)	262,549,979,066	246,986,421,356
Bills purchased and discounted	8(a)	1,835,022,342	2,198,883,913
Fixed assets including premises, furniture and fixtures	9(a)	5,426,768,812	4,110,471,440
Other assets	10(a)	6,389,899,899	6,761,916,852
Non-banking assets	11	342,984,836	342,984,836
Total Assets		368,075,957,980	325,153,823,673
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	12(a)	14,820,181,442	18,272,449,759
AB Bank subordinated bond	13	7,400,000,000	8,700,000,000
Deposits and other accounts	14(a)	279,394,742,017	235,383,290,846
Current account and other accounts		24,205,281,483	22,819,200,149
Bills payable		4,568,375,122	2,994,339,125
Savings bank deposits		29,888,590,539	28,685,663,090
Fixed deposits		122,907,395,174	128,219,725,045
Other deposits		97,825,099,698	52,664,363,438
Other liabilities	15(a)	42,420,983,644	38,902,322,164
Total liabilities		344,035,907,103	301,258,062,768
Capital/Shareholders' equity			
Equity attributable to equity holders of the parent company		24,028,362,861	23,885,346,764
Paid-up capital	16	7,581,303,150	7,581,303,150
Statutory reserve	17	6,872,052,329	6,623,362,740
Other reserve	18(a)	2,740,036,949	2,713,091,416
Retained earnings	19(a)	6,834,970,432	6,967,589,458
Non- controlling interest	19(b)	11,688,017	10,414,140
Total equity		24,040,050,878	23,895,760,904
Total Liabilities and Shareholders' Equity		368,075,957,980	325,153,823,673

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2019

		31 Dec 2019	31 Dec 2018
		BDT	BDT
<u>OFF-BALANCE SHEET ITEMS</u>	Notes		
Contingent liabilities	20	47,836,302,228	57,209,035,486
Acceptances and endorsements		9,765,796,881	21,728,577,752
Letters of guarantee	20.1	14,058,371,146	14,569,014,333
Irrevocable letters of credit		6,195,569,825	12,060,360,225
Bills for collection		17,605,068,585	7,389,781,311
Other contingent liabilities		211,495,791	1,461,301,865
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		47,836,302,228	57,209,035,486

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	-Sd- Khairul Alam Choudhury Director	-Sd- Kaiser A. Chowdhury Independent Director	-Sd- Muhammad A. (Rumee) Ali Chairman
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See annexed report of the date

Dhaka, Bangladesh
Dated, 29 June 2020

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

AB Bank Limited and Its Subsidiaries
Consolidated Profit and Loss Account
For the year ended 31 December 2019

	Notes	2019 BDT	2018 BDT
OPERATING INCOME			
Interest income/profit on investments	22(a)	26,954,154,381	19,810,850,595
Interest/profit paid on deposits and borrowings, etc.	23(a)	(18,868,484,499)	(17,580,405,167)
Net interest income		8,085,669,883	2,230,445,428
Investment income	24(a)	2,922,021,590	4,247,045,852
Commission, exchange and brokerage	25(a)	1,897,836,728	2,478,088,129
Other operating income	26(a)	148,494,928	197,808,332
		4,968,353,246	6,922,942,313
Total operating income (a)		13,054,023,129	9,153,387,741
OPERATING EXPENSES			
Salary and allowances	27(a)	2,805,079,169	2,895,883,578
Rent, taxes, insurance, electricity, etc.	28(a)	580,714,352	763,029,339
Legal expenses	29(a)	12,497,065	3,387,229
Postage, stamps, telecommunication, etc.	30(a)	107,333,496	127,410,823
Stationery, printing, advertisement, etc.	31(a)	135,924,466	152,615,016
Chief executive's salary and fees	27.1	5,885,484	9,932,258
Directors' fees	32(a)	2,605,473	4,760,439
Auditors' fees	33(a)	7,606,315	3,311,405
Charges on loan losses		1,107,189,105	-
Depreciation and repairs of Bank's assets	34(a)	701,322,318	486,259,551
Other expenses	35(a)	1,116,768,196	1,267,436,388
Total operating expenses (b)		6,582,925,440	5,714,026,026
Profit before provision (c = (a-b))		6,471,097,689	3,439,361,715
Provision against loans and advances	36(a)	4,747,311,840	2,090,710,683
Provision for investments	37(a)	342,996,243	578,186,075
Other provisions	38(a)	18,227,696	67,408,023
Total provision (d)		5,108,535,778	2,736,304,781
Profit before tax (c-d)		1,362,561,911	703,056,934
Provision for taxation		1,239,311,637	659,868,356
Current tax		2,077,004,469	1,140,140,836
Deferred tax		(837,692,832)	(480,272,480)
Net profit after tax		123,250,274	43,188,578
Appropriations			
Statutory reserve		251,073,528	95,281,616
General reserve		-	-
Dividends, etc.		-	-
		251,073,528	95,281,616
Retained surplus		(127,823,254)	(52,093,038)
Non- controlling interest		1,273,877	321,715
Net Profit/(Loss) attributable to the shareholders of parent company		(129,097,131)	(52,414,753)
Consolidated Earnings Per Share (EPS)	40(a)	0.16	0.06

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	Khairul Alam Choudhury	Kaiser A. Chowdhury	Muhammad A. (Rumeen) Ali
President & Managing Director	Director	Independent Director	Chairman

See annexed report of the date

Dhaka, Bangladesh
Dated, 29 June 2020

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

AB Bank Limited and Its Subsidiaries

**Consolidated Cash Flow Statement
For the year ended 31 December 2019**

	2019 BDT	2018 BDT
Cash Flows from Operating Activities		
Interest receipts	23,170,672,611	16,243,063,341
Interest payments	(18,655,223,342)	(16,680,179,937)
Dividend receipts	174,026,446	117,278,867
Fee and commission receipts	1,347,903,819	1,644,180,688
Recoveries on loans previously written off	109,176,042	8,725,518
Payments to employees	(2,810,964,653)	(2,905,815,836)
Payments to suppliers	(135,924,466)	(152,615,016)
Income taxes paid	(1,058,411,978)	(580,417,332)
Receipts from other operating activities	3,446,422,981	5,134,553,222
Payments for other operating activities	(2,204,966,439)	(2,348,505,250)
Operating profit before changes in operating assets & liabilities	3,382,711,021	480,268,264
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(12,891,180,222)	(8,683,801,244)
Other assets	759,324,475	(875,546,698)
Deposits from other banks	362,544,953	(324,430,192)
Deposits from customers	43,435,645,062	(754,579,697)
Trading liabilities (short-term borrowings)	(3,353,112,220)	(3,549,314,585)
Other liabilities	(3,048,482,415)	6,780,686,111
	25,264,739,633	(7,406,986,304)
Net cash flow from/(used in) operating activities (a)	28,647,450,655	(6,926,718,040)
Cash Flows from Investing Activities		
(Purchase)/Sale of government securities	(17,718,213,702)	6,122,045,589
Purchase of trading securities, shares, bonds, etc.	(316,329,093)	(3,921,120,204)
Purchase of property, plant and equipment	(517,699,399)	(59,473,930)
Net cash (used in)/flow from investing activities (b)	(18,552,242,194)	2,141,451,455
Cash Flows from Financing Activities		
Increase/(decrease) of long-term borrowings	(1,399,156,097)	2,649,277,825
Dividend paid	(62,226)	(317,554)
Net cash (used in)/flow from Financing activities (c)	(1,399,218,323)	2,648,960,271
Net increase/(decrease) in cash (a+b+c)	8,695,990,137	(2,136,306,314)
Effects of exchange rate changes on cash and cash equivalents	16,803,746	18,204,018
Cash and cash equivalents at beginning of the year	20,403,713,833	22,521,816,127
Cash and cash equivalents at end of the period (*)	29,116,507,715	20,403,713,833
(*) Cash and cash equivalents:		
Cash	1,136,228,324	1,960,489,318
Prize bonds	1,603,500	2,315,700
Money at call and on short notice	3,927,493,241	589,822,961
Balance with Bangladesh Bank and its agent bank(s)	18,736,346,733	14,472,666,202
Balance with other banks and financial institutions	5,314,835,916	3,378,419,653
	29,116,507,715	20,403,713,833
Net Operating Cash Flow Per Share (NOCFPS)	37.79	(9.14)

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Kaiser A. Chowdhury
Independent Director

-Sd-
Muhammad A. (Rume) Ali
Chairman

Dhaka, Bangladesh
Dated, 29 June 2020

AB Bank Limited and Its Subsidiaries

Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

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 2019	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
Net profit after taxation for the year	-	-	-	-	-	-	1,273,877	121,976,397	123,250,274
Addition/(Adjustment) made during the year	-	251,073,528	-	(1,518,905)	-	30,821,070		(249,554,729)	30,820,964
Foreign exchange rate fluctuation	-	(2,383,939)	1,450,188	-	(3,806,819)	-	-	(5,040,693)	(9,781,264)
Balance at 31 December 2019	7,581,303,150	6,872,052,329	1,304,649,867	1,296,690,729	1,710,590	136,985,764	11,688,017	6,834,970,432	24,040,050,878
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

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Kaiser A. Chowdhury
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka, Bangladesh
Dated, 29 June 2020

AB Bank Limited
**Balance Sheet
As at 31 December 2019**

		31 Dec 2019	31 Dec 2018
	Notes	BDT	BDT
<u>PROPERTY AND ASSETS</u>			
Cash	3	19,872,447,371	16,433,059,322
In hand (including foreign currencies)	3.1	1,136,100,637	1,960,393,120
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	18,736,346,733	14,472,666,202
Balance with other banks and financial institutions	4	5,248,790,344	3,178,371,232
In Bangladesh		960,214,284	1,625,277,794
Outside Bangladesh		4,288,576,060	1,553,093,439
Money at call and on short notice	5	4,776,493,241	1,428,822,961
Investments	6	61,578,564,387	43,593,782,292
Government	6.1	51,271,643,217	33,523,320,645
Others	6.2	10,306,921,170	10,070,461,647
Loans, advances and lease/investments	7	256,512,476,640	241,070,141,407
Loans, cash credits, overdrafts, etc./Investments		255,778,280,956	239,945,454,388
Bills purchased and discounted	8	734,195,684	1,124,687,019
Fixed assets including premises, furniture and fixtures	9	4,871,210,242	3,543,223,934
Other assets	10	12,365,703,251	12,935,585,637
Non-banking assets	11	342,984,836	342,984,836
Total Assets		365,568,670,314	322,525,971,620
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	14,820,039,741	18,272,449,759
AB Bank subordinated bond	13	7,400,000,000	8,700,000,000
Deposits and other accounts	14	279,457,593,298	235,444,849,491
Current accounts and other accounts		24,205,740,688	22,820,201,543
Bills payable		4,568,375,122	2,994,339,125
Savings bank deposits		29,888,590,539	28,685,663,090
Fixed deposits		122,908,353,612	128,219,725,045
Other deposits		97,886,533,336	52,724,920,690
Other liabilities	15	41,050,555,751	37,458,190,496
Total liabilities		342,728,188,791	299,875,489,746
Capital/Shareholders' equity			
Shareholders' equity		22,840,481,523	22,650,481,875
Paid-up capital	16	7,581,303,150	7,581,303,150
Statutory reserve	17	6,872,052,329	6,623,362,740
Other reserve	18	2,569,965,170	2,540,663,004
Retained earnings	19	5,817,160,874	5,905,152,980
Total Liabilities and Shareholders' Equity		365,568,670,314	322,525,971,620

AB Bank Limited

Balance Sheet

As at 31 December 2019

		31 Dec 2019 BDT	31 Dec 2018 BDT
<u>OFF-BALANCE SHEET ITEMS</u>	Notes		
Contingent liabilities	20	47,836,302,228	57,209,035,486
Acceptances and endorsements		9,765,796,881	21,728,577,752
Letters of guarantee	20.1	14,058,371,146	14,569,014,333
Irrevocable letters of credit		6,195,569,825	12,060,360,225
Bills for collection		17,605,068,585	7,389,781,311
Other contingent liabilities		211,495,791	1,461,301,865
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		<u>47,836,302,228</u>	<u>57,209,035,486</u>

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	-Sd- Khairul Alam Choudhury Director	-Sd- Kaiser A. Chowdhury Independent Director	-Sd- Muhammad A. (Rume) Ali Chairman
			See annexed report of the date

Dhaka, Bangladesh
Dated, 29 June 2020

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

AB Bank Limited
Profit and Loss Account
For the year ended 31 December 2019

	Notes	2019 BDT	2018 BDT
OPERATING INCOME			
Interest income/profit on investments	22	26,715,497,527	19,467,459,807
Interest paid/profit on deposits and borrowings, etc.	23	(18,846,782,511)	(17,557,309,639)
Net interest income		7,868,715,017	1,910,150,168
Investment income	24	3,193,192,033	4,277,547,629
Commission, exchange and brokerage	25	1,752,591,584	2,332,595,175
Other operating income	26	69,510,357	127,566,812
		5,015,293,974	6,737,709,616
Total operating income (a)		12,884,008,991	8,647,859,784
OPERATING EXPENSES			
Salary and allowances	27	2,732,602,396	2,825,003,440
Rent, taxes, insurance, electricity, etc.	28	565,877,510	748,748,069
Legal expenses	29	11,038,914	2,826,348
Postage, stamps, telecommunication, etc.	30	92,753,460	114,789,243
Stationery, printing, advertisement, etc.	31	134,693,521	151,418,300
Chief executive's salary and fees	27.1	5,885,484	9,932,258
Directors' fees	32	2,076,187	4,009,591
Auditors' fees	33	6,956,164	2,646,052
Charges on loan losses		1,107,189,105	-
Depreciation and repairs of Bank's assets	34	679,740,496	465,467,337
Other expenses	35	1,095,487,977	1,247,892,797
Total operating expenses (b)		6,434,301,214	5,572,733,435
Profit before provision (c = (a-b))		6,449,707,777	3,075,126,349
Provision against loans and advances	36	4,747,311,840	1,938,210,683
Provision for investments	37	374,987,754	513,513,018
Other provisions	38	18,227,696	67,408,023
Total provision (d)		5,140,527,289	2,519,131,724
Profit before taxation (c-d)		1,309,180,488	555,994,625
Provision for taxation		1,141,439,224	537,671,047
Current tax		1,977,784,220	1,003,412,961
Deferred tax		(836,344,996)	(465,741,914)
Net profit after taxation		167,741,264	18,323,578
Appropriations			
Statutory reserve		251,073,528	95,281,616
General reserve		-	-
Dividends, etc.		-	-
		251,073,528	95,281,616
Retained surplus		(83,332,264)	(76,958,038)
Earnings Per Share (EPS)	40	0.22	0.02

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	-Sd- Khairul Alam Choudhury Director	-Sd- Kaiser A. Chowdhury Independent Director	-Sd- Muhammad A. (Rume) Ali Chairman
See annexed report of the date			

Dhaka, Bangladesh
Dated, 29 June 2020

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

AB Bank Limited
Cash Flow Statement
For the year ended 31 December 2019

	Notes	2019 BDT	2018 BDT
Cash flows from Operating Activities			
Interest receipts		22,932,015,757	15,899,672,553
Interest payments		(18,633,521,354)	(16,657,084,409)
Dividend receipts		235,761,409	198,357,616
Fees and commission receipts		1,209,120,076	1,505,554,954
Recoveries on loans previously written off		109,176,042	8,725,518
Payments to employees		(2,738,487,880)	(2,834,935,698)
Payments to suppliers		(134,693,521)	(151,418,300)
Income taxes paid		(984,829,539)	(396,705,898)
Receipts from other operating activities	41	3,553,608,744	4,981,362,671
Payments for other operating activities	42	(2,150,212,354)	(2,298,516,163)
Operating profit before changes in operating assets & liabilities		3,397,937,379	255,012,843
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(13,133,819,317)	(8,555,842,931)
Other assets	43	957,175,755	(796,687,496)
Deposits from other banks		362,544,953	(324,430,192)
Deposits from customers		43,436,937,697	(1,085,254,000)
Trading liabilities (short-term borrowings)		(3,353,253,921)	(3,548,271,429)
Other liabilities	44	(2,964,856,134)	7,224,614,281
		25,304,729,034	(7,085,871,767)
Net cash flow from/(used in) operating activities (a)		28,702,666,413	(6,830,858,924)
Cash Flows from Investing Activities			
(Purchase)/Sale of government securities		(17,718,213,702)	6,122,045,589
Purchase of trading securities, shares, bonds, etc.		(236,459,523)	(3,795,927,682)
Purchase of property, plant and equipment		(508,813,368)	(61,444,269)
Net cash (used in)/flow from investing activities (b)		(18,463,486,593)	2,264,673,638
Cash Flows from Financing Activities			
Increase/(decrease) of long-term borrowings		(1,399,156,097)	2,649,277,825
Dividend paid		(62,226)	(317,554)
Net cash (used in)/flow from Financing activities (c)		(1,399,218,323)	2,648,960,271
Net Increase/(decrease) in cash (a+b+c)		8,839,961,497	(1,917,225,015)
Effects of exchange rate changes on cash and cash equivalents		16,803,746	18,204,018
Cash and cash equivalents at beginning of the year		21,042,569,215	22,941,590,211
Cash and cash equivalents at end of the period (*)		29,899,334,457	21,042,569,215
(*) Cash and cash equivalents:			
Cash		1,136,100,637	1,960,393,120
Prize bonds		1,603,500	2,315,700
Money at call and on short notice		4,776,493,241	1,428,822,961
Balance with Bangladesh Bank and its agent bank(s)		18,736,346,733	14,472,666,202
Balance with other banks and financial institutions		5,248,790,344	3,178,371,232
		29,899,334,456	21,042,569,215
Net Operating Cash Flow Per Share (NOCFPS)	45	37.86	(9.01)

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

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Kaiser A. Chowdhury
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka, Bangladesh
Dated, 29 June 2020

AB Bank Limited

**Statement of Changes in Equity
For the year ended 31 December 2019**

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 2019	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
Net profit after taxation for the year	-	-	-	-	-	167,741,264	167,741,264
Addition/(Adjustment) made during the year	-	251,073,528	-	(1,518,905)	30,821,070	(249,554,623)	30,821,070
Foreign exchange rate fluctuation	-	(2,383,939)	-	-	-	(6,178,746)	(8,562,685)
Balance at 31 December 2019	7,581,303,150	6,872,052,329	1,222,199,200	1,296,690,729	51,075,241	5,817,160,874	22,840,481,524
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

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Kaiser A. Chowdhury
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka, Bangladesh
Dated, 29 June 2020

AB Bank Limited

Liquidity Statement (analysis of maturity of assets and liabilities)

As at 31 December 2019

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	4,966,395,682	-	-	-	14,906,051,688	19,872,447,371
Balance with other banks and financial institutions	4,518,790,344	730,000,000	-	-	-	5,248,790,344
Money at call and on short notice	4,294,495,472	458,234,561	23,763,208	-	-	4,776,493,241
Investments	2,682,991,799	9,060,366,871	6,523,081,683	22,516,592,280	20,795,531,753	61,578,564,387
Loans, advances and lease/investments	24,547,827,038	59,367,103,654	129,654,604,804	31,986,069,463	10,956,871,681	256,512,476,640
Fixed assets including premises, furniture and fixtures	-	-	-	-	4,871,210,241	4,871,210,241
Other assets	335,684,901	2,777,653,565	2,697,368,448	1,375,332,066	5,179,664,271	12,365,703,252
Non-banking assets	-	-	-	342,984,836	-	342,984,836
Total Assets	41,346,185,236	72,393,358,651	138,898,818,143	56,220,978,646	56,709,329,636	365,568,670,311
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	7,944,501,545	2,570,839,470	5,286,044,151	5,645,310,710	773,343,865	22,220,039,741
Deposit and other accounts	31,826,491,838	68,534,393,511	124,731,136,073	45,545,001,949	8,820,569,927	279,457,593,298
Provision and other liabilities	905,203,746	1,204,004,588	9,161,208,826	29,703,513,286	76,625,305	41,050,555,752
Total Liabilities	40,676,197,129	72,309,237,570	139,178,389,051	80,893,825,944	9,670,539,097	342,728,188,791
Net liquidity excess/(shortage)	669,988,107	84,121,081	(279,570,908)	(24,672,847,299)	47,038,790,539	22,840,481,522

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Kaiser A. Chowdhury
Independent Director

-Sd-
Muhammad A. (Rumeen) Ali
Chairman

Dhaka, Bangladesh
Dated, 29 June 2020

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2019

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, 2019 in accordance with the measurement and recognition requirements of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which have replaced Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) 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, Liquidity Statement and relevant notes and disclosures.

The financial statements have been prepared under historical cost convention, except investments categorised under treasury securities 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 2019.

Mumbai branch, India

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

Islami Banking branch

Islami Banking Branch has been maintaining separate set of books and records for its operations following Bangladesh Bank guidelines. All assets-liabilities and income-expenses of this Branch have been incorporated in similar heads of account of the Bank's financial statements. Balance Sheet and Profit and Loss Account of Islami Banking Branch is shown separately in **Annexure-F** 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 2019 has also been disclosed separately in **Annexure-G**.

Custodian Wing

Financial statements of Custodian Wing have been separately audited by the auditor 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-H**.

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-I**.

Yangon Representative Office, Myanmar

AB Bank Limited, Yangon Representative Office (YRO), 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 of the representative office has been shown separately in **Annexure-J**.

Investment in Amana Bank Limited

The Bank 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 shares 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 Investment Limited (ABIL)

AB Investment Limited (ABIL) started its operation from 10 March 2010 for Merchant Banking Operation. AB Bank Limited holds 99.99% shares in ABIL. The Balance Sheet and Profit and Loss Account of the ABIL have been shown separately in **Annexure-K**.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2019

AB Securities Limited (ABSL)

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

The Balance Sheet and Profit and Loss Account of the ABSL have been shown separately in **Annexure-L**.

Cashlink Bangladesh Limited (CBL)

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

The Balance Sheet and Profit and Loss Account of the CBL have been shown separately in **Annexure-M**.

AB International Finance Limited (ABIFL)

AB International Finance Limited (ABIFL) is a company incorporated in Hong Kong. Its registered office and principal place of business is situated at 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-N**.

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 -O**.

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".

Assets and liabilities in foreign currencies as at 31 December 2019 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:

- assets and liabilities for each items of Balance Sheet have been translated at the closing rate on the date of Balance sheet.
- income and expenses for Profit and Loss (P & L) Account have been translated at an monthly average rate of the year; and
- 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

- Loans and advances/investments in Islamic Banking Branch are stated at gross amounts at 31 December 2019.
- 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.

Notes to the Financial Statements
For the year ended 31 December 2019

- 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. 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 February 2018, BRPD Circular No. 07 dated 21 June 2018 and BRPD Circular No. 03 dated 21 April 2019. 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%	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 valued on the basis of marked 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.

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. Provision against Mutual Fund should be maintained in accordance with DOS circular letter no. 10 dated June 28, 2015.

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 over the estimated useful life of the assets using reducing balance method except motor vehicles, computers & computer equipments, core banking hardware 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%
Core banking hardware	12.5%

- 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.

Lease

Bank recognised a contract as (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Bank applied IFRS 16 using the modified retrospective approach and thereby the comparative figures were not restated and continues to be reported under IAS 17.

i) **Right-of-use assets**

The Bank recognises right-of-use assets at the date of initial application of IFRS 16. The cost of the right of use assets comprises present value of lease payments less incentive plus initial direct payment and dismantling cost etc. Right-of-use assets are depreciated on a straight-line basis over the lease term.

ii) **Lease liabilities**

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Bank recognised lease liabilities which are present value of lease payments to be made over the lease term from the date of commencement or 01 January 2019. The lease payment has been discounted using Treasury bill/bond rate supporting lease tenor 1-10 years as implicit borrowing rate.

iii) **Short-term leases and leases of low value assets**

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognises lease payments associated with these leases as an expense. The contracts for premises with all branches, head office, regional offices, data centres and disaster recovery centres are considered for lease calculation.

The Bank as lessee on lease-by-lease basis, elected a single threshold less than BDT 1 crore to consider low value asset on the basis of materiality (less than 1%) of Bank's Total capital BDT 3,355 crore. Hence, any payment made by the Bank under contract for use of any rental premises or assets for a period not exceeding twelve months, and or, falls as low value asset and substantially risks and benefits of ownership of those rental premises/assets do not transfer to the Bank, are recognised as expense.

iv) **Depreciation of Right-of-Use Assets**

The right of use assets are depreciated using a straight line method from the lease recognition date to the end of the lease term.

Stock of stationery

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

1.4 Capital, reserve, liabilities and provision and basis of their valuation

Share capital

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

Statutory reserve

As per Section 24 of the Bank Company Act, 1991 (amendment up to 2018), 20% of current year's profit of the Bank is required to be transferred to Statutory Reserve until such reserve together with share premium account equals to its paid up capital.

Revaluation reserve

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

**Notes to the Financial Statements
For the year ended 31 December 2019**

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 11.1).

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 the 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.

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 profit attributable to the ordinary shareholders by the numbers of ordinary 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 2019 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 2019**
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													
Profit and loss account													
Interest income	2,661.92	65.46	-	20.39	5.65	(81.87)	2,671.55	13.84	4.00	1.36	5.19	(0.53)	2,695.42
Int. paid on deposits & borrowings, etc.	1,836.12	58.06	40.59	34.87	1.90	(81.87)	1,889.67	0.00	2.31	-	0.57	(0.71)	1,891.84
Net interest income	825.80	7.40	(40.59)	(14.48)	3.75	-	781.88	13.84	1.70	1.36	4.62	0.19	803.58
Investment income	298.71	1.53	16.22	-	2.87	-	319.32	(13.16)	(2.99)	-	-	(10.96)	292.20
Commission, exchange and brokerage	142.84	0.31	-	(0.00)	32.11	-	175.26	3.84	3.88	-	6.80	-	189.78
Other operating income	6.74	0.01	-	-	0.19	-	6.95	1.19	0.18	-	7.27	(0.74)	14.85
Total operating income	1,274.09	9.25	(24.36)	(14.48)	38.91	-	1,283.41	5.71	2.76	1.36	18.69	(11.52)	1,300.41
Operating Expenses													
Salary and allowances	268.64	2.73	-	0.50	1.98	-	273.85	1.53	2.57	0.03	3.13	-	281.10
Rent, taxes, insurance, electricity, etc.	54.04	0.15	0.00	0.01	2.39	-	56.59	0.22	0.81	-	1.01	(0.55)	58.07
Legal expenses	1.09	-	-	-	0.01	-	1.10	0.04	-	-	0.10	-	1.25
Postage, stamps, telecom., etc.	8.47	0.02	-	0.01	0.77	-	9.28	0.09	0.15	-	1.22	-	10.73
Stationery, printing, advertisement, etc.	13.25	0.05	-	0.00	0.16	-	13.47	0.02	0.06	-	0.03	-	13.59
Directors' fees	0.20	0.01	-	-	-	-	0.21	0.01	0.03	0.01	-	-	0.26
Auditors' fees	0.59	-	-	-	0.11	-	0.70	-	0.02	0.00	0.05	-	0.76
Charges on loan losses	110.72	-	-	-	-	-	110.72	-	-	-	-	-	110.72
Depreciation & repairs of Bank's assets	67.18	0.15	-	0.11	0.53	-	67.97	1.90	0.20	-	0.05	-	70.13
Other expenses	89.62	0.66	0.37	0.07	13.85	-	104.56	0.98	0.94	0.01	0.20	-	106.69
Total operating expenses	613.80	3.78	0.37	0.70	19.79	-	638.44	4.80	4.78	0.05	5.78	(0.55)	653.30
Profit before provision	660.29	5.47	(24.73)	(15.18)	19.12	-	644.97	0.91	(2.02)	1.31	12.91	(10.96)	647.11
Provision against loans and advances							474.73						474.73
Provision for investments							37.50						34.30
Other provisions							1.82						1.82
Total provision							514.05						510.85
Profit before taxation							130.92						136.26
Provision for taxation							114.14						123.93
Net profit after taxation							16.77						12.33

AB Bank Limited
**Notes to the Financial Statements
For the year ended 31 December 2019**
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	1,958.22	28.63	-	-	0.39	-	1,987.24	0.00	0.00	0.00	0.01	-	1,987.26
Balance with other banks & fin.institution	319.70	173.95	-	1.26	123.58	(93.61)	524.88	0.02	8.16	4.20	0.41	(6.18)	531.48
Money at call and on short notice	1,253.14	-	-	84.90	28.52	(888.90)	477.65	-	-	-	-	(84.90)	392.75
Investments	5,560.84	28.00	394.23	163.98	52.23	(41.42)	6,157.86	73.64	10.14	-	-	-	6,241.64
Loans and advances	24,354.86	604.17	-	626.23	67.36	(1.37)	25,651.25	675.27	93.05	-	110.08	(91.15)	26,438.50
Fixed assets	485.33	0.73	-	0.06	0.85	0.16	487.12	54.75	0.77	-	0.03	-	542.68
Other assets	1,495.52	5.81	6.64	0.10	33.21	(304.71)	1,236.57	30.04	1.20	3.25	3.72	(635.79)	638.99
Non-banking assets	34.30	-	-	-	-	-	34.30	-	-	-	-	-	34.30
Total Assets	35,461.90	841.29	400.86	876.54	306.14	(1,329.87)	36,556.87	833.73	113.32	7.45	114.25	(818.02)	36,807.60

LIABILITIES AND CAPITAL
Liabilities

Borrowings from other banks, financial institutions and agents	2,180.71	181.65	-	891.11	-	(1,031.47)	2,222.00	73.72	17.45	-	84.59	(175.75)	2,222.02
Deposits and other accounts	27,239.28	627.63	0.00	1.65	172.43	(95.24)	27,945.76	-	-	-	-	(6.29)	27,939.47
Other liabilities	3,229.99	32.01	399.34	19.09	18.38	406.24	4,105.06	85.27	44.87	0.00	8.62	(1.72)	4,242.10
Total Liabilities	32,649.99	841.29	399.34	911.85	190.82	(720.47)	34,272.82	158.99	62.32	0.00	93.21	(183.75)	34,403.59
Total Shareholders' Equity	2,811.91	-	1.53	(35.31)	115.32	(609.40)	2,284.05	674.74	51.00	7.45	21.05	(635.44)	2,402.84
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1.17	1.17
Total Liabilities & Shareholders' Equity	35,461.90	841.29	400.86	876.54	306.14	(1,329.87)	36,556.87	833.73	113.32	7.45	114.25	(818.02)	36,807.60

Notes to the Financial Statements
For the year ended 31 December 2019

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 Exchange 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
16	Leases	16	Complied

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

Notes to the Financial Statements
For the year ended 31 December 2019

1.12 Compliance of Bangladesh Bank regulations over IAS/IFRS

In the following cases Bank followed Bangladesh Bank regulations over IFRS/IAS:

Sl 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 2019

Sl 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 2019

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 requirements of the following Act, regulations and guidelines:

- 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, 2012
- x. The Financial Reporting Act 2015 and other regulations of Financial Reporting Council, Bangladesh
- xi. Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) Listing Regulations, 2015
- xii. Central Depository Bangladesh Limited (CDBL) rules and regulations
- xiii. Financial Reporting Disclosure (as per BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated, 20 June 2018)
- xiv. Other applicable laws and regulations

1.14 Reporting period

SI no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2019 to 31 December 2019
2	Off Shore Banking Unit	01 January 2019 to 31 December 2019
3	Mumbai Branch, India	01 January 2019 to 31 December 2019
4	AB Investment Limited	01 January 2019 to 31 December 2019
5	AB Securities Limited	01 January 2019 to 31 December 2019
6	Cashlink Bangladesh Limited	01 January 2019 to 31 December 2019
7	AB International Finance Limited	01 January 2019 to 31 December 2019
8	Arab Bangladesh Bank Foundation	01 January 2019 to 31 December 2019

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 at Head Office 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.

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 respective business wing by the relationship manager / officer and ends at Credit Risk Management Division when it is approved / declined by the competent authority. 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.

Market risk

Market risk arises from potential losses of the exposures of a bank from on-balance sheet and off-balance sheet items, i.e adverse movements in market rates/interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices.

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.

Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. Financial Institution and Treasury (FIT) Division independently conducted the foreign exchange transactions and the Mid office and the Back office of Treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Market rate as determined by Bangladesh Bank at the month end. All nostro accounts are reconciled on a monthly basis and outstanding entry is reviewed by the management for its settlement. The position maintained by the Bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

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

Equity risk

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

Liquidity risk

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

Risk arising from money laundering

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

Internal control and compliance risk

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

Information and communication technology (ICT) security risk

The Bank follows the Bangladesh Bank ICT Policies along with other leading industry compliances such as PCI DSS. AB Bank IT Infrastructure has built on Microsoft Active Directory along with Microsoft Exchange Email System with enhanced cloud security. Bank has Next Generation Firewall (NGF) in our core and perimeter zone to protect the organization from external threats. NGF runs only a few services on board and reserves the majority of resources for ingress-egress traffic. For endpoint security Bank has advanced persistent threat (APT) malware protection and Anti Bot protection which are components of Next Generation Firewall.

Bank has introduced Multi-Factor Authentication (MFA), Mobile Protection, Remote Access, and Virtual Private Networks (VPN). AB Core Infrastructure have High Availability and Disaster Recovery Site (DRS) with near real time synchronization which ensure the highest level of uptime round the year. End User Security Awareness Training is one of focus area to ensure the total security of the bank. Bank regularly arrange Security Awareness training for the employees as per the regulations of Bangladesh Bank.

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

Year	Date of Rating	Long term	Short term
Year 2018 & Jan-Sep 2019	December 19, 2019	A+	ST-2
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

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 (non-adjusting events after the reporting period).

Due to COVID-19 pandemic spread from March 2020 in Bangladesh, Government and Bangladesh Bank have responded with monetary and fiscal initiatives and policies to stabilise economic conditions. The Bank has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted. Due to COVID-19 effect, there is no significant doubt about the entity's ability to continue as a going concern.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2019

Except the pandemic issue, there was no material event occurred after the reporting period which could affect the values stated in the financial statements.

1.19 Related party disclosures

A party is related to the company if:

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

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

Name of contract	Name of the party	Name of Director and related by	Relationship
Lease agreement with AB Bank Limited	Elite International Ltd.	Feroz Ahmed	Common Director

b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in BDT
Elite International Ltd.	Common Director	Office Rent	2,484,000

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	737,042,618
02	AB Securities Limited	99.91% owned Subsidiary	Loans and advances	174,502,576
03	AB International Finance Limited	Fully owned (100%) Subsidiary	Placement through OBU	849,000,000
Total loans/placement to subsidiary				1,760,545,194

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2019

1.20 Audit Committee of the Board of Directors

i) Particulars of Audit Committee

The Audit Committee of the Board was 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 (2019) is 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 20 April 2019	Masters of Arts (Economics)
2	Mr. Khairul Alam Choudhury	Director	Member	With effect from 23 July 2018	Barrister-at-Law
3	Mr. Shajir Ahmed	Director	Member	With effect from 15 September 2019	B.SC from University of London

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

ii) Meeting held with Audit Committee

During the year 2019, the Audit Committee conducted 06 (six) meeting in which, among others, focused on the following activities (not an exhaustive test):

- Reviewed Internal Audit Plan for the year 2019
- 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.
- Reviews quarterly and half-yearly Financial Statements 2019 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 (DICC)

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 rule and regulations and establishment of good governance within the organization.

AB Bank Limited

Notes to the Financial Statements For the year ended 31 December 2019

1.21 Shariah Council

Members of AB Bank Shariah Supervisory Committee are as under:

Sl no.	Name	Status with the Committee	Educational/ Professional Qualification
1	Jb. M. Azizul Huq	Chairman	Prominent Islamic Scholar & Banker, M.A (Economics) Dhaka University
2	Jb. Md. Shouquat Ali	Vice-Chairman	B.A (Hons.) M.A (Eco.), LLB (1st Class). Ex-Company Secretary & Head of Law Division, IBBL
3	Jb. Muhammad A. (Rume) Ali Chairman, BOD, ABBL	Member	Bachelor's (Honours) & Masters (Economics), Dhaka University
4	Jb. Tarique Afzal, President & Managing Director , ABBL	Member	Masters of Business Administration - MBA (Major: Finance & Marketing), Victoria University, Melbourne, Australia
5	Jb. Mawlana Muhammad Musa	Member	Prominent author and research scholar of Quran & Hadith. Kamil, Madrasah Edu. Board, B.Com (Hons) M.Com, Dhaka University
6	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
7	Jb. Dr. Mohd. Haroon Rashid	Member-Secretary	M.A, M. Phil PhD Alighor University, (1st Class) Darul Ulum Dewband, India

During the year 2019, AB Bank Shariah Supervisory Committee met three times 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 2019, are:

- Reviewing the Half-Yearly Shariah Audit Report (July-December, 2018) of Islami Banking Branch and its observations.
- Approving the Final Accounts, 2018 of Islami Banking Branch.
- Approving the Annual Report of Shariah Supervisory Committee for the year 2018 on Islamic banking operation of the Bank.
- Reviewing the Half-Yearly Shariah Audit Report (January-June, 2019) of Islami Banking Branch and its observations.
- Approved the new products a) 'Profit First Mudaraba Term Deposit' (PFMTD). b) Mudaraba Student Savings Account (MSSA). c) Mudaraba Student Monthly Deposit Skim (MSMDS).
- Compensation Fund Policy for Islami Banking Branch.

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 December 31, 2019

		31 Dec 2019 BDT	31 Dec 2018 BDT
3. Cash			
Cash in hand	(Note 3.1)	1,136,100,637	1,960,393,120
Balance with Bangladesh Bank and its agent bank(s)	(Note 3.2)	18,736,346,733	14,472,666,202
		19,872,447,371	16,433,059,322
3(a) Consolidated Cash			
AB Bank Limited		19,872,447,371	16,433,059,322
AB Investments Limited		25,000	25,000
AB International Finance Limited		62,958	60,069
AB Securities Limited		35,000	7,699
Cashlink Bangladesh Limited (CBL)		4,729	3,429
		19,872,575,058	16,433,155,519
3.1 Cash in hand			
In local currency		1,112,273,983	1,930,310,067
In foreign currency		23,826,654	30,083,053
		1,136,100,637	1,960,393,120
3.1(a) Consolidated Cash in hand			
AB Bank Limited		1,136,100,637	1,960,393,120
AB Investments Limited		25,000	25,000
AB International Finance Limited		62,958	60,069
AB Securities Limited		35,000	7,699
Cashlink Bangladesh Limited (CBL)		4,729	3,429
		1,136,228,324	1,960,489,318
3.2 Balance with Bangladesh Bank and its agent bank(s)			
Balance with Bangladesh Bank			
In local currency		16,933,745,693	13,768,884,839
In foreign currency		1,325,358,012	512,577,340
		18,259,103,705	14,281,462,179
Sonali Bank Limited		477,243,028	191,204,023
(as an agent bank of Bangladesh Bank) - local currency		18,736,346,733	14,472,666,202
3.2.1 Balance with Bangladesh Bank- local currency			
Balance as per Bank Ledger		16,933,745,693	13,768,884,839
<u>Unresponded debit entries</u>		27,432,347	237,862,211
Bangladesh Bank statement		27,050,707	237,862,211
AB Bank's ledger		381,640	-

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
<u>Unresponded credit entries</u>	71,797,332	219,221,917
Bangladesh Bank statement	70,971,774	219,221,917
AB Bank's ledger	825,557	-
	16,978,110,678	13,750,244,545

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 2019 is given below:

Year of Unreconciliation	Number of unresponded entry		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	7	8	23,681,611	71,583,309
3 months to less than 6 months	4	1	3,144,563	214,023
6 months to less than 12 months	1	-	6,174	-
12 months and more	2	-	600,000	-
Total	14	9	27,432,347	71,797,332

3.2.2 Balance with Bangladesh Bank-foreign currency

Balance as per Bank Ledger	1,325,358,012	512,577,340
<u>Unresponded debit entries</u>	-	310,430
Bangladesh Bank statement	-	-
AB Bank's ledger	-	310,430
<u>Unresponded credit entries</u>	230,889,365	298,371,169
Bangladesh Bank statement	147,117,201	93,629,207
AB Bank's ledger	83,772,165	204,741,962
Balance as per Bangladesh Bank Statement	1,556,247,378	810,638,079

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 2019 is given below:

Period of unreconciliation	Number of unresponded entry		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	-	142	-	230,889,365
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	-	-	-	-
Total	-	142	-	230,889,365

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

AB Bank Limited	18,736,346,733	14,472,666,202
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	18,736,346,733	14,472,666,202

Notes to the Financial Statements
For the year ended December 31, 2019

31 Dec 2019
BDT

31 Dec 2018
BDT

3.3 Statutory deposits

Conventional Banking (inside Bangladesh)

Cash Reserve Requirement and Statutory Liquidity Ratio

Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 33 of the Bank Company Act 1991 (amendment up to 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	14,624,226,903	13,040,855,568
Actual reserve maintained	16,685,285,892	13,485,683,970
Surplus	2,061,058,989	444,828,402

As per Bank ledger, balance with Bangladesh Bank (local currency) is BDT 16,651,920,908 while as per Bangladesh Bank Statements balance is BDT 16,696,285,892. Difference between the balance as per Bank Ledger and as per the Bangladesh Bank Statement is properly reconciled and adjusted accordingly.

ii. Fortnightly cumulative position

As per Bangladesh Bank MPD Circular No. 01 dated 03 April 2018, Bank has to maintain CRR @ 5.50% on fortnightly cumulative average basis.

Required reserve (5.5% of total time & demand liabilities)	248,611,857,351	221,694,544,657
Actual reserve maintained	254,990,473,770	225,497,223,322
Surplus	6,378,616,419	3,802,678,664

(b) Statutory Liquidity Ratio (SLR)

Required reserve (13% of total time & demand liabilities)	34,566,354,498	30,823,840,434
Actual reserve maintained	54,656,019,144	35,842,185,990
Total surplus	20,089,664,646	5,018,345,557

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 @ 6.28% and @ 20.56% respectively at the year end.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand	1,127,677,409	1,952,648,620
Balance with Sonali Bank	477,243,028	191,204,023
HTM Securities	32,553,153,570	29,554,292,681
HFT Securities	18,436,886,147	3,699,212,265
Excess Reserve of CRR	2,061,058,989	444,828,402
	54,656,019,144	35,842,185,990

31 Dec 2019
BDT31 Dec 2018
BDT**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's DOS circular no. 01 dated 19 January 2014 and MPD Circular No. 01 dated 03 April 2018.

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	280,362,170	252,782,263
Actual reserve maintained	281,824,758	253,560,575
Surplus	1,462,588	778,311

(b) Statutory Liquidity Ratio (SLR)

Total required reserve	280,362,170	252,782,263
Total actual reserve held	285,952,050	271,854,196
Total surplus	5,589,880	19,071,933

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

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

The statutory cash reserve ratio is required on the Bank's time and demand liabilities at the rate of 4.00 % for 31.12.2018 & for 31.12.2019 and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 19.50% for 31.12.2018 & 18.25% for 31.12.2019 is required, on the same liabilities is also maintained in the form of treasury bills, and bonds including foreign currency balance with RBI. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

(a) Cash Reserve Ratio (CRR)

Required reserve	9,278,344	12,940,123
Actual reserve maintained	28,774,868	23,483,616
Surplus	19,496,524	10,543,493

(b) Statutory Liquidity Ratio (SLR)

Required reserve	325,891,006	241,466,715
Actual reserve maintained	609,263,692	472,471,382
Surplus	283,372,686	231,004,667

Total required reserve	335,169,350	254,406,838
Total actual reserve held	638,038,560	495,954,998
Surplus	302,869,210	241,548,160

Notes to the Financial Statements

For the year ended December 31, 2019

		31 Dec 2019 BDT	31 Dec 2018 BDT
4. Balance with other banks and financial institutions			
In Bangladesh	(Note: 4.1)	960,214,284	1,625,277,794
Outside Bangladesh	(Note: 4.2)	4,288,576,060	1,553,093,439
		5,248,790,344	3,178,371,232

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

In Bangladesh	(Note: 4.1.a)	1,022,559,568	1,823,369,874
Outside Bangladesh (Nostro Accounts)	(Note: 4.2.a)	4,292,276,348	1,555,049,778
		5,314,835,916	3,378,419,653

4.1 In Bangladesh**Current Deposits**

Standard Chartered Bank, Dhaka City Centre Branch	2,582,845	2,473,196
Agrani Bank Ltd., VIP Road Branch, Sylhet	-	5,004,895
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	534
Janata Bank Ltd., Jessore Branch	34,284	11,528
Agrani Bank Ltd., Mymensingh Branch	475	21,050
Trust Bank Ltd., Mymensingh Branch	59,166	5,060,316
Janata Bank Ltd., Corporate Branch, Bogura	4,005,581	9,898
Rupali Bank Ltd., Bogura Branch	5,950	5,950
Agrani Bank Ltd., Thana Road Branch, Bogura	7,508,242	9,008,242
RAKUB, Bogura Branch	7,581	8,156
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi	5,000	5,000
Janata Bank Ltd., Rajshahi Branch	5,575	5,000
Rupali Bank Ltd., Rajshahi Branch	9,425	9,425
Janata Bank Ltd., Rangpur Branch	647,737	16,103,769
RAKUB, Rangpur Branch	343	1,643
Rupali Bank Ltd., Rangpur Branch	10,308	31,542
Janata Bank Ltd., Chapai Nawabganj Branch	16,024	218
Janata Bank Ltd., Sirajgonj Branch	1,867	222
	14,943,097	37,802,744

Special Notice Deposits

Agrani Bank Ltd., Rangpur Branch	3,549,371	749,421
Agrani Bank Ltd., Saidpur Branch	442	1,592
Agrani Bank Ltd., VIP Road Branch, Sylhet	4,586	2,980
Agrani Bank Ltd., Bogura 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	34,794,735	19,519,970
Agrani Bank Ltd., Sirajgonj Branch	15,514,224	27,558
RAKUB, Sirajgonj Branch	770	2,035
Agrani Bank Ltd., Sir Iqbal Road Branch, Khulna Br.	32,117	32,335
Agrani Bank Ltd., Naogaon Branch	2,564,634	5,510,562
Agrani Bank Ltd., Jashore Branch	33,106	8,558,056
Agrani Bank Ltd., Moulvi Bazar Branch	1,468,968	374,121

Notes to the Financial Statements

For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
Agrani Bank Ltd., Satkhira Branch	6,568	9,506,568
Southeast Bank Ltd., Principal Branch	-	48,120
Agrani Bank Ltd., Principal Branch, Dhaka	3,204,524	9,533,399
Agrani Bank Ltd., Barisal Branch	86,253	79,333
Bangladesh Krishi Bank, Barisal Branch	54,157	199,304
Janata Bank Ltd., Barisal Branch	74,532	291,118
Standard Chartered Bank, Dhaka City Centre Branch	1,038,033	1,038,033
Islami Bank Bangladesh Ltd., HO Complex Corp Br.	567,670	553,269
Bank Asia Ltd., Islami Banking Window, Shantinagar Br.	40,083	40,028
First Security Islami Bank Ltd, Dilkusha Br.	555	54,727
Al-Arafah Islami Bank Ltd, Dilkusha Branch	1,553,826	58,083,838
Shahjalal Islami Bank Ltd, Dhaka Main Branch	9,030	437,295
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka	345,378	341,463
Bank Alfalah Ltd, Main Branch, Dhaka	17,418	19,721
Southeast Bank Ltd., Islami Banking Br, Motijheel	54,096	56,485
ICB Islamic Bank Ltd., Principal Br, Motijheel	4,386	136,947
Agrani Bank Ltd., Islami Bank Window, Amin Court Corp. Br.	3,317	346,031
Jamuna Bank Ltd., Islami Banking Br, Nayabazar	6,193	348,043
Union Bank Ltd., Dilkusha Branch	67,428	3,811,320
Premier Bank Ltd., Islami Banking Br, Mohakhali	41,485	1,771,300
Pubali Bank Ltd., Islamic Branch, 26 Dilkusha, Dhaka	36,073	2,000,000
	65,183,489	123,484,501
Savings Deposits		
Social Islamic Bank Ltd. Principal Branch	37,634	3,433,247
EXIM Bank Ltd, Motijheel Branch	50,064	557,302
	87,698	3,990,549
Fixed Deposits		
Hajj Finance Company Ltd.	100,000,000	230,000,000
Phoenix Finance and Investment Ltd.	230,000,000	230,000,000
Islamic Finance & Investment Ltd.	-	250,000,000
Union Capital Ltd.	150,000,000	150,000,000
IDLC Finance Ltd.	-	200,000,000
IIDFC	200,000,000	200,000,000
IPDC Finance Ltd.	150,000,000	-
Union Bank Ltd	-	200,000,000
BD Finance Ltd.	50,000,000	-
	880,000,000	1,460,000,000
	960,214,284	1,625,277,794
4.1.a Consolidated In Bangladesh		
AB Bank Limited	960,214,284	1,625,277,794
AB Investment Limited	207,700	163,372
AB International Finance Limited	-	-
AB Securities Limited	81,563,768	219,418,078
Cashlink Bangladesh Limited (CBL)	41,974,568	39,142,292
	1,083,960,320	1,884,001,535
<u>Less:</u> Inter company transaction	61,400,752	60,631,661
	1,022,559,568	1,823,369,874

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
4.2 Outside Bangladesh		
Current Deposits		
The Bank of Tokyo Mitsubishi Limited	1,197,949	1,467,354
MFT, Yangon	84,900	83,900
JP Morgan Chase Bank	1,113,182,919	196,314,137
Sonali Bank (Kolkata)	1,587,576	6,919,651
Myanmar Economic Bank	34,809	34,399
Citibank NA	355,350,812	31,006,436
Hatton National Bank Limited	1,710,155	1,609,079
Commerz Bank AG	48,782,002	35,035,314
NIB Bank Limited	4,234,667	4,184,789
Mashreq Bank Psc	1,121,283,017	66,719,462
Nepal Bangladesh Bank Limited	4,219,212	4,169,515
Bank of Bhutan	1,031,675	1,019,523
Habib America Bank	229,731,363	35,586,168
Commerz Bank AG	54,526,958	21,224,254
Hypovereins Bank	-	4,198,043
Habib Metro Bank	15,691,603	8,612,786
Commerz BK CAD	4,251,086	513,500
Commerz BK CHF	1,584,200	673,737
JPMC NY	97,305,715	112,963,206
Commerz Bank ®	1,366,527	1,383,604
Reserve Bank of India	28,775,184	23,483,791
HDFC Bank CSGL	787,977	3,064,236
HDFC Bank Limited	50,974,451	41,131,070
Kotak Mahindra Bank	11,752,640	36,963,129
Habib American Bank Limited	1,640,659	4,541,971
JP CHASE ACU	1,045,603,523	839,966,397
Standard Chartered Bank, NY, USA	68,940,720	58,992,119
Standard Chartered Bank, Singapore	7,344,621	1,163,500
Standard Chartered Bank, UK, GBP	4,432,107	2,578,870
JP Morgan Chase Bank	11,167,035	7,489,500
	4,288,576,060	1,553,093,439

(Details are given in **Annex - A**)

4.2.a Consolidated Outside Bangladesh (Nostro Accounts)

AB Bank Limited	4,288,576,060	1,553,093,439
AB Investment Limited	-	-
AB International Finance Limited	4,084,192	2,873,543
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	4,292,660,252	1,555,966,982
<u>Less: Inter company transactions</u>	383,904	917,204
	4,292,276,348	1,555,049,778

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

Current deposits	4,303,519,157	1,590,896,183
Savings deposits	87,698	3,990,549
Short-Notice Deposits	65,183,489	123,484,501
Fixed deposits	880,000,000	1,460,000,000
	5,248,790,344	3,178,371,232

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
4.4 Maturity grouping of balance with other banks		
Repayable – on demand	4,303,519,157	1,593,903,231
– up to 3 months	945,271,187	1,384,468,001
– over 3 months but below 1 year	-	200,000,000
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	5,248,790,344	3,178,371,232
5. Money at call and on short notice		
In Bangladesh	3,640,000,000	350,000,000
Outside Bangladesh	1,136,493,241	1,078,822,961
	4,776,493,241	1,428,822,961
5.1 In Bangladesh		
<u>With banking companies</u>		
Local Currency:		
Bank Asia Limited	1,500,000,000	-
Midland Bank Limited	290,000,000	-
Modhumoti Bank Limited	550,000,000	-
Rupali Bank Limited	100,000,000	-
National Bank Limited	700,000,000	-
The City Bank Limited	500,000,000	-
IFIC Bank Limited	-	350,000,000
	3,640,000,000	350,000,000
<u>Foreign Currency:</u>	-	-
<u>With non-banking financial institutions</u>	-	-
	3,640,000,000	350,000,000
<u>At short notice</u>	-	-
<u>On calls and placements</u>		
Bank Asia Limited	1,500,000,000	-
Midland Bank Limited	290,000,000	-
Modhumoti Bank Limited	550,000,000	-
Rupali Bank Limited	100,000,000	-
National Bank Limited	700,000,000	-
The City Bank Limited	500,000,000	-
IFIC Bank Limited	-	350,000,000
	3,640,000,000	350,000,000
5.2 Outside Bangladesh		
AB International Finance Limited	849,000,000	839,000,000
Commerz Bank,AG	2,334,750	-
Kotak Mahindra Bank	-	11,378,301
HDFC Bank Limited	285,158,491	228,444,660
	1,136,493,241	1,078,822,961
5(a) Consolidated money at call and on short notice		
AB Bank Limited	4,776,493,241	1,428,822,961
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	4,776,493,241	1,428,822,961
<u>Less:</u> Inter-group transaction	(849,000,000)	(839,000,000)
	3,927,493,241	589,822,961

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019	31 Dec 2018
	BDT	BDT
6. Investments	61,578,564,387	43,593,782,292
Nature wise (Bangladesh operation)		
Held for Trading	18,436,886,147	3,699,212,265
Held to Maturity	32,553,153,570	29,554,292,681
Others	10,066,205,208	9,963,674,237
	61,056,244,925	43,217,179,183
Nature wise (Mumbai branch)		
Held for Trading/Available for Sale	284,497,280	146,215,267
Held to Maturity	237,822,182	230,387,843
Others	-	-
	522,319,462	376,603,110
Claim wise	-	-
Government securities (Note 6.1)	51,271,643,217	33,523,320,645
Other investments (Note 6.2)	10,306,921,170	10,070,461,647
	61,578,564,387	43,593,782,292
6 (a) Consolidated investments		
AB Bank Limited	61,578,564,387	43,593,782,292
AB International Finance Limited	-	-
AB Investment Limited	736,423,365	598,400,806
AB Securities Limited	101,411,055	159,564,043
Cashlink Bangladesh Limited (CBL)	-	-
	62,416,398,807	44,351,747,141
6.1 Government securities		
T.Bill-Local-RE.REPO	4,594,340,150	-
T.Bill	7,805,539,669	-
Treasury bonds	38,590,159,898	33,253,504,945
Bangladesh Bank Islami Investment bonds	280,000,000	267,500,000
Prize bonds	1,603,500	2,315,700
	51,271,643,217	33,523,320,645
6.1.1 Maturity wise Treasury Bonds		
(a) 30 Days Bangladesh Bank Bill	-	-
(b) Treasury Bill		
(i) 91 Days Treasury Bill	3,953,566,779	-
(ii) 182 Days Treasury Bill	2,005,595,561	-
(iii) 364 Days Treasury Bill	1,846,377,329	-
Total Treasury Bill	7,805,539,669	-
Treasury Bond		
(i) 02 Years Treasury Bond	301,639,593	202,708,927
(ii) 05 Years Treasury Bond	9,156,974,865	5,369,174,833
(iii) 10 Years Treasury Bond	17,177,320,369	15,414,846,942
(iv) 15 Years Treasury Bond	6,463,769,873	6,892,244,230
(v) 20 Years Treasury Bond	5,490,455,198	5,374,530,014
Total Treasury Bond	38,590,159,898	33,253,504,946
6.1(a) Consolidated Government securities		
AB Bank Limited	51,271,643,217	33,523,320,645
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	51,271,643,217	33,523,320,645

Notes to the Financial Statements
For the year ended December 31, 2019

		31 Dec 2019 BDT	31 Dec 2018 BDT
6.2 Other investments			
Shares	(Note 6.2.1)	4,144,754,812	4,073,326,681
Bond	(Note 6.2.2)	4,000,000,000	4,000,000,000
Pinnacle Global Fund Pte Limited	(Note 6.2.3)	1,639,846,896	1,620,531,856
		9,784,601,708	9,693,858,537
Investments -ABBL, Mumbai branch			
Treasury bills		522,319,462	376,603,110
Debentures and bonds		-	-
		522,319,462	376,603,110
Total other investments		10,306,921,170	10,070,461,647
6.2 (a) Consolidated other investments			
AB Bank Limited		10,306,921,170	10,070,461,647
AB Investment Limited		736,423,365	598,400,806
AB International Finance Limited		-	-
AB Securities Limited		101,411,055	159,564,043
Cashlink Bangladesh Limited (CBL)		-	-
		11,144,755,589	10,828,426,496
6.2.1 Investments in shares			
Quoted (Publicly traded)		3,705,139,231	3,579,023,347
Unquoted		439,615,580	494,303,334
		4,144,754,812	4,073,326,681
Details are given in Annexure-B			
6.2.2 Investment in subordinated bonds			
United Commercial Bank Ltd.		2,750,000,000	2,750,000,000
National Bank Ltd.		1,250,000,000	1,250,000,000
Trust Bank Limited		-	-
		4,000,000,000	4,000,000,000
6.2.3 Pinnacle Global Fund Pte Limited		1,639,846,896	1,620,531,856
6.3 Maturity grouping of Investment			
Repayable – on demand		-	-
– upto 3 months		11,743,358,670	4,292,697,513
– over 3 months but below 1 year		6,523,081,683	369,077,692
– over 1 year but below 5 years		22,516,592,280	17,962,067,895
– over 5 years		20,795,531,753	20,969,939,192
		61,578,564,387	43,593,782,291
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 2019:			BDT
Counter party name	Agreement date	Reversal date	1st leg cash consideration
NIL			

Notes to the Financial Statements
For the year ended December 31, 2019

31 Dec 2019
BDT

31 Dec 2018
BDT

(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2019:

Counter party name	Agreement date	Reversal date	Amount (1st leg cash consideration)
NRB Commercial Bank Ltd.	29-Dec-19	01-Jan-20	502,364,740
BRAC Bank Ltd.	29-Dec-19	01-Jan-20	977,093,000
Jamuna Bank Ltd.	29-Dec-19	01-Jan-20	504,130,942
NRB Commercial Bank Ltd.	30-Dec-19	01-Jan-20	716,042,083
SBAC Bank Ltd.	30-Dec-19	01-Jan-20	443,682,900
Mercantile Bank Ltd.	30-Dec-19	01-Jan-20	997,238,000
Pubali Bank Ltd.	30-Dec-19	01-Jan-20	481,732,000

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

Particulars	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	-	6,435,280,000	808,706,603
ii) with other banks & FIS	-	11,384,290,000	2,816,901,808
Securities purchased under reverse repo:			
i) from Bangladesh Bank	-	-	-
ii) from other banks & FIS	-	8,172,666,569	717,569,450

7. Loans, advances and lease/investments **256,512,476,640** **241,070,141,407**

7.1 Maturity grouping

Repayable – on demand	3,759,884,860	1,104,744,898
– upto 3 months	80,155,045,832	100,853,373,522
– over 3 months but below 1 year	129,654,604,804	100,234,083,171
– over 1 year but below 5 years	31,986,069,463	30,865,614,576
– over 5 years	10,956,871,681	8,012,325,240
	256,512,476,640	241,070,141,407

7.2 Broad category-wise breakup excluding bills purchased and discounted

In Bangladesh

Loans	235,031,177,819	218,454,567,396
Overdraft	20,715,446,412	21,469,015,304
Cash credits	-	-
	255,746,624,231	239,923,582,700

Outside Bangladesh: ABBL, Mumbai branch

Loans	660,680	857,155
Overdrafts	-	-
Cash credits	30,996,046	21,014,532
	31,656,725	21,871,687
	255,778,280,956	239,945,454,388

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019	31 Dec 2018
	BDT	BDT
7.3 Product wise loans and advances		
Overdraft	20,715,446,412	21,469,015,305
Cash Credit	30,996,046	21,006,327
Time loan	40,434,384,083	46,947,975,111
Term loan	172,292,406,439	141,557,459,481
Forced loan	11,003,893,368	15,025,508,515
Bills under LC	48,935,376	233,527,167
Trust Receipt	6,755,526,597	9,119,100,070
Packing credit	183,774,936	250,357,756
Loan against accepted bills	215,471,226	415,571,483
Loan-EDF	1,410,264,178	1,834,273,779
Consumer Loan	1,286,598,412	1,498,011,188
Staff loan	1,400,583,882	1,573,648,204
Bills purchased & discounted	734,195,684	1,124,687,019
	256,512,476,640	241,070,141,407
7.4 Net loans, advances and lease/investments		
Gross loans and advances	256,512,476,640	241,070,141,407
Less:		
Interest suspense	18,134,825,637	19,704,000,511
Provision for loans and advances	15,279,405,791	10,639,913,428
	33,414,231,427	30,343,913,940
	223,098,245,212	210,726,227,467
7.5 Significant concentration		
Advances to industries	152,299,901,395	120,969,900,000
Advances to customer groups	95,158,135,431	111,342,191,407
Advances to allied concerns of Directors	9,054,439,814	8,758,050,000
Advances to Chief Executive	-	-
	256,512,476,640	241,070,141,407
7.6 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	33,547,104,748	33,046,112,927
Number of clients	28	26
Amount of outstanding advances	121,991,900,000	106,499,800,000
Amount of classified advances	13,000,288,414	38,793,125,234
Measures taken for recovery*		
*Rescheduling/amicable settlement/legal action is under process for recovery/reduction of classified loans.		
7.7 Industry-wise loans, advances and lease/investments		
Agriculture	3,819,666,523	4,341,300,000
Large and medium scale industry	70,152,695,242	67,716,750,000
Working capital	54,853,641,156	57,021,000,000
Export	3,756,901,699	3,506,164,871
Commercial lending	52,742,624,554	58,036,526,100
Small and cottage industry	2,967,096,717	2,112,400,000
Others	68,219,850,750	48,336,000,436
	256,512,476,640	241,070,141,407

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
7.8 Geographical location-wise (division) distribution		
In Bangladesh		
<u>Urban branches</u>		
Dhaka	194,532,221,250	177,398,148,260
Chattagram	44,979,109,982	45,044,489,929
Khulna	3,646,885,424	4,241,865,534
Sylhet	1,175,079,035	1,706,871,983
Barishal	208,433,374	209,418,491
Rajshahi	4,022,984,661	3,947,785,970
Rangpur	4,927,809,088	4,773,577,125
Mymensingh	563,683,749	813,560,601
	<u>254,056,206,564</u>	<u>238,135,717,892</u>
<u>Rural branches</u>		
Dhaka	1,221,932,442	1,422,797,756
Chattagram	439,174,322	484,638,715
Khulna	-	-
Sylhet	45,277,729	51,017,378
Barishal	-	-
Rajshahi	-	-
Rangpur	-	-
Mymensingh	76,279,971	77,400,044
	<u>1,782,664,465</u>	<u>2,035,853,894</u>
Outside Bangladesh		
ABBL, Mumbai branch	673,605,611	898,569,620
	<u>256,512,476,640</u>	<u>241,070,141,406</u>

7.9 Classification of loans, advances and lease/investments

In Bangladesh

Unclassified

Standard	193,311,858,904	130,508,546,015
Special Mention Account	15,636,520,911	29,935,179,745
	<u>208,948,379,815</u>	<u>160,443,725,759</u>

Classified

Sub-Standard	2,219,729,829	4,145,600,000
Doubtful	3,254,684,217	3,809,100,000
Bad/Loss	41,416,077,168	71,773,146,027
	<u>46,890,491,214</u>	<u>79,727,846,027</u>
	<u>255,838,871,028</u>	<u>240,171,571,787</u>

Outside Bangladesh-Mumbai Branch

Unclassified Loan	673,605,611	898,569,620
Classified Loan	-	-
	<u>673,605,611</u>	<u>898,569,620</u>
	<u>256,512,476,640</u>	<u>241,070,141,407</u>

Classification of Loans and advances have been made as per Bangladesh Bank Letter no. DBI-1/101/2020-1573 dated June 18, 2020.

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
7.10 Particulars of loans, advances and lease/investments		
(i) Loans considered good in respect of which the Bank is fully secured	221,827,066,935	224,195,351,556
(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	34,685,409,705	16,874,789,850
(iv) Loans adversely classified but provision not maintained there against	-	-
	256,512,476,640	241,070,141,406
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,400,583,882	1,573,648,204
(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)]	1,595,718,150	1,604,509,873
(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)	1,146,653,215	1,167,540,114
(b) Amount of loan written off	1,474,965,854	148,319,152
(c) Amount realised against loan previously written off	109,176,042	8,735,518
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	5,455,756,706	4,626,067,423
(e) Interest creditable to interest suspense account	1,250,180,046	6,467,603,060
(xi) Written off loan:		
Opening written off loan	15,485,887,750	15,337,568,598
Add: Written off during the year	1,474,965,854	148,319,152
Cumulative Written off loans	16,960,853,604	15,485,887,750
Less: Adjustments/ recoveries/ Settlement up to the period	3,209,310,777	3,089,505,668
Closing Balance of Written off loan	13,751,542,827	12,396,382,082
The amount of written off loans for which lawsuits have been filed for its recovery	13,663,089,179	12,307,823,443

7.10 (a) The amount represents loans Tk. 1,595,718,150 due by the employees of the Bank.

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
7.11 Securities wise loans, advances and lease/investments		
<u>Nature of security</u>		
Collateral of movable/immovable assets	211,160,928,224	209,062,976,813
Cash collateral	5,562,895,098	4,909,809,022
Banks and financial institutions guarantee	-	-
Personal guarantee	12,233,672,184	10,886,541,122
Corporate guarantee	6,341,466,253	5,888,847,641
Other securities	21,213,514,881	10,321,966,809
	256,512,476,640	241,070,141,407

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	389,038,833
Beximco Ltd.	Term Loan	29 Mar 2028	1,036,225,329
Beximco Ltd.	Term Loan	29 Jun 2022	130,043,079
BEL Construction SDN BHD Ltd	Term Loan	31 Dec 2027	4,165,791,925
BEL Construction SDN BHD Ltd	Term Loan	30 Dec 2021	540,814,375
R & R Aviation Limited	Term Loan	23 Dec 2027	100,883,514
International Knitwear & Apparels Ltd	Term Loan	29 Jun 2028	790,313,465
Bangladesh Export Import Co. Ltd	Term Loan	29 Jun 2022	581,111,453
New Dacca Industries Ltd	Term Loan	29 Jun 2022	2,951,794,653
New Dacca Industries Ltd	Term Loan	29 Jun 2028	816,290,793
R & R Holdings	Term Loan	23 Dec 2027	3,025,604,645
			14,527,912,064

7(a) Consolidated loans, advances and lease/investments excl. Bills purchased

AB Bank Limited	255,778,280,956	239,945,454,388
AB Investment Limited	6,752,714,392	6,781,090,546
AB International Finance Limited	-	-
AB Securities Limited	930,528,911	881,889,697
Cashlink Bangladesh Limited (CBL)	-	-
	263,461,524,259	247,608,434,630
<u>Less: Inter company transaction</u>	911,545,194	622,013,274
	262,549,979,066	246,986,421,356

8 Bills purchased and discounted

In Bangladesh	92,246,798	247,989,086
Outside Bangladesh - ABBL, Mumbai Branch	641,948,886	876,697,933
	734,195,684	1,124,687,019

8 (a) Consolidated Bills purchased and discounted

AB Bank Limited	734,195,684	1,124,687,019
AB Investment Limited	-	-
AB International Finance Limited	1,100,826,659	1,074,196,894
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	1,835,022,342	2,198,883,913

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
8.1 Maturity grouping of Bills Purchased and discounted		
Repayable – within 1 month	169,204,134	375,670,205
– over 1 month but within 3 months	234,126,640	556,871,058
– over 3 months but within 6 months	122,851,863	192,145,756
– over 6 months	208,013,047	-
	734,195,684	1,124,687,019
9. Fixed assets including premises, furniture and fixtures		
Cost:		
Land and Building	2,968,097,272	2,968,097,272
Furniture and fixtures	250,083,131	251,696,675
Office appliances	64,178,283	64,842,310
Electrical appliances	1,901,779,739	1,696,166,546
Motor vehicles	781,076,227	746,846,242
Intangible Assets	758,525,505	655,429,056
Right of Use Assets	1,329,421,828	-
	8,053,161,986	6,383,078,101
<u>Less:</u> Accumulated depreciation and amortization	3,181,951,744	2,839,854,168
	4,871,210,242	3,543,223,934
A schedule of fixed assets is given in Annexure-C		
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Cost:		
AB Bank Limited	8,053,161,986	6,383,078,101
AB Investments Limited	688,571,092	687,202,886
AB International Finance Limited	4,718,520	4,635,529
AB Securities Limited	37,778,532	30,343,698
Cashlink Bangladesh Limited (CBL)	81,471,369	81,471,369
	8,865,701,499	7,186,731,583
Accumulated depreciation:		
AB Bank Limited	3,181,951,744	2,839,854,168
AB Investments Limited	141,044,753	122,007,063
AB International Finance Limited	4,403,501	4,118,552
AB Securities Limited	30,061,320	28,809,002
Cashlink Bangladesh Limited (CBL)	81,471,369	81,471,358
	3,438,932,687	3,076,260,143
	5,426,768,812	4,110,471,440
10 Other Assets:		
Income generating-Equity Investment		
In Bangladesh:		
AB Investment Limited (99.99% owned subsidiary company of ABBL)	5,811,431,750	5,811,431,750
AB Securities Limited (99.91% owned subsidiary company of ABBL)	199,898,000	199,898,000
Cashlink Bangladesh Limited (CBL) (90% owned subsidiary company of ABBL)	212,581,228	212,581,228
	6,223,910,978	6,223,910,978
Outside Bangladesh:		
AB International Finance Ltd., Hong Kong (wholly owned subsidiary company of ABBL)	5,203,944	5,203,944
	5,203,944	5,203,944
	6,229,114,922	6,229,114,922

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
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)	2,559,125,266	1,891,779,670
Accounts receivable	1,358,719,057	2,299,178,425
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	699,855,925	999,244,181
Exchange for clearing	26,837,111	453,222,112
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	1,250,896,297	605,240,157
Security deposits	75,798,791	162,207,512
Advance rent and advertisement (Note 10.2)	113,443,319	226,716,629
Stationery, stamps, printing materials, etc.	31,978,415	48,962,028
Inter-branch adjustment	14,147	-
	6,136,588,329	6,706,470,714
	12,365,703,251	12,935,585,637
10(a) Consolidated Other assets		
AB Bank Limited	12,365,703,251	12,935,585,637
AB Investment Limited	300,379,486	157,065,820
AB International Finance Limited	37,219,501	28,019,758
AB Securities Limited	11,989,506	56,626,977
Cashlink Bangladesh Limited (CBL)	32,515,580	32,354,358
	12,747,807,325	13,209,652,550
<u>Less: Inter-group transaction</u>	6,357,907,426	6,447,735,698
	6,389,899,899	6,761,916,852
10.1 Deferred tax assets		
a) Deferred tax assets for specific provisions of loans and advances		
Opening Deferred Tax Assets	1,995,567,400	1,508,826,970
<u>Add: Deferred Tax Income during the year</u>	796,087,500	486,740,431
<u>Less: Write-Off adjustment</u>	118,861,316	-
<u>Less: Adjustment during the year</u>	50,088,601	-
Closing deferred tax assets	2,622,704,984	1,995,567,400
b) Deferred tax liabilities against property, plant & equipment		
Balance at 01 January	103,787,730	80,784,454
<u>Add/(less): Provision made during the year</u>	(40,257,496)	20,998,517
<u>Add/(Less): Adjustment for Rate Fluctuation during the year</u>	49,483	2,004,759
Closing deferred tax liabilities	63,579,718	103,787,730
Net Deferred Tax Assets (a-b)	2,559,125,266	1,891,779,670
Net Deferred Tax Income during the year	836,344,996	465,741,914

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
Deferred tax liabilities against Property, Plant & Equipment		
Accounting base of Property, Plant & Equipment	3,700,011,239	3,877,785,440
Tax base of Property, Plant & Equipment	3,523,048,120	3,595,032,878
Difference	176,963,119	282,752,562
(Deductible)/Taxable Temporary Difference	176,963,119	282,752,562
Effective Tax Rate	37.50%	37.50%
Deferred Tax (Assets)/Liabilities	66,361,170	106,032,211
Deferred Tax (Assets)/Liabilities of Mumbai Branch	(2,781,455)	(2,244,482)
Closing Deferred Tax (Assets)/Liabilities	63,579,715	103,787,729
10.1.2 Consolidated deferred tax liabilities		
AB Bank Limited	63,579,718	103,787,730
AB Investment Limited	11,437,840	12,888,007
	75,017,557	116,675,737
10.1.3 Consolidated deferred tax assets		
AB Bank Limited	2,622,704,984	1,995,567,400
AB Securities Limited	2,265,570	2,367,901
	2,624,970,554	1,997,935,301
10.2 Advance rent and advertisement		
Advance rent 2019 BDT 280,052,227 as on 31 Decembe 2019 is included with Right of Use (ROU) assets as per IFRS 16 Leases.		
11 Non-Banking Assets	342,984,836	342,984,836
The Bank has obtained absolute ownership of eleven mortgaged properties according to the verdict of the Honorable Court under section 33 (7) of Artha Rin Adalat Ain, 2003. These have been recorded as non-banking assets in accordance with Bank Companies Act, 1991 (amendment up to 2018) and BRPD circular no. 14 of 2003.		
12. Borrowings from other banks, financial institutions and agents		
In Bangladesh (Note 12.1)	14,820,039,741	18,272,449,759
Outside Bangladesh	-	-
	14,820,039,741	18,272,449,759
12.1 In Bangladesh:	-	-
12.1.1 Bangladesh Bank		
Export Development Fund	1,401,605,286	1,495,730,627
Islamic Investment Bond	1,816,519,380	2,056,462,900
Refinance against IPFF	284,034,590	317,210,749
Refinance against Women Entr., Small Enterprise, ETP & Others	145,537,446	211,517,384
	3,647,696,701	4,080,921,660

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
12.1.2 Call & Term Borrowing from		
NCC Bank Ltd.	924,500,000	500,000,000
NRB Commercial Bank Limited	500,000,000	400,000,000
Agrani Bank Limited	2,900,000,000	4,000,000,000
Sonali Bank Limited	3,000,000,000	2,600,000,000
Janata Bank Limited	-	1,000,000,000
Meghna Bank Limited	-	700,000,000
Basic Bank Limited	-	250,000,000
Uttara Bank Limited	500,000,000	2,500,000,000
Bank Asia Limited	1,500,000,000	-
Phoneix Finance Ltd	-	20,000,000
Midland Bank Ltd	300,000,000	-
South Bangla Bank Ltd	500,000,000	-
Rupali Bank Limited	500,000,000	1,922,900,000
National Bank Limited	254,700,000	-
South East Bank Limited	169,800,000	-
Krishi Bank Limited	-	125,850,000
Accrued interest	123,343,040	166,646,489
Accrued Interest Repo-Other Bank	-	6,131,610
	11,172,343,040	14,191,528,098
Total in Bangladesh	14,820,039,741	18,272,449,759
12.2 Analysis by security		
Secured (assets pledge as security for liabilities)	-	-
Unsecured	14,820,039,741	18,272,449,759
	14,820,039,741	18,272,449,759
12.3 Repayment pattern		
Repayable on demand	1,000,000,000	3,450,000,000
Repayable on maturity (Note 12.3.1)	13,820,039,741	14,822,449,759
	14,820,039,741	18,272,449,759
12.3.1 Repayable on maturity		
<u>Bangladesh Bank :</u>		
Export Development Fund	1,401,605,286	1,495,730,627
Islamic Investment Bond	1,816,519,380	2,056,462,900
Refinance against IPFF	284,034,590	317,210,749
Refinance against Women Entr., Small Ent., ETP & Others	145,537,446	211,517,384
	3,647,696,701	4,080,921,660
<u>Term borrowings:</u>		
Agrani Bank Limited	2,900,000,000	4,000,000,000
NCC Bank Limited	924,500,000	500,000,000
Uttara Bank Limited	500,000,000	-
Bank Asia Limited	1,500,000,000	-
Rupali Bank Limited	500,000,000	1,922,900,000
Phoneix Finance Ltd	-	20,000,000
Sonali Bank Limited	2,000,000,000	500,000,000
Uttara Bank Limited	-	2,500,000,000
NRB Com. Bank Limited	500,000,000	-
Midland Bank Ltd	300,000,000	-
South Bangla Agriculture & Com. Bank Limited	500,000,000	-
National Bank Limited	254,700,000	-
Krishi Bank Limited	-	125,850,000
Southeast Bank Limited	169,800,000	-
Janata Bank Limited	-	1,000,000,000
Accrued interest	123,343,040	172,778,098
	10,172,343,040	10,741,528,098
	13,820,039,741	14,822,449,759

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
12(a) Consolidated Borrowings from other banks, financial institutions and agents		
AB Bank Limited	14,820,039,741	18,272,449,759
AB Investment Limited	737,184,319	423,537,438
AB International Finance Limited	845,905,526	839,904,947
AB Securities Limited	174,502,576	198,475,836
Cashlink Bangladesh Limited (CBL)	-	-
	16,577,632,162	19,734,367,980
<u>Less: Intercompany transactions</u>	<u>1,757,450,720</u>	<u>1,461,918,222</u>
	14,820,181,442	18,272,449,759

13. AB Bank Subordinated Bond

AB Bank Subordinated Bond-I	1,000,000,000	1,500,000,000
AB Bank Subordinated Bond-II	2,400,000,000	3,200,000,000
AB Bank Subordinated Bond-III	4,000,000,000	4,000,000,000
	7,400,000,000	8,700,000,000

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	400,000,000	600,000,000
Sonali Bank Limited	800,000,000	1,100,000,000
Agrani Bank Limited	500,000,000	700,000,000
Midland Bank Limited	80,000,000	120,000,000
BRAC Bank Limited	220,000,000	300,000,000
NRB Commercial Bank Limited	220,000,000	300,000,000
Mutual Trust Bank Limited	32,000,000	48,000,000
Grameen Capital Management Limited	8,000,000	12,000,000
Rupali Bank Limited	600,000,000	800,000,000
Janata Bank Limited	300,000,000	400,000,000
Uttara Bank Limited	180,000,000	240,000,000
National Life Insurance Co. Limited	60,000,000	80,000,000
Jamuna Bank Limited	2,300,000,000	2,300,000,000
National Credit & Commerce Bank Limited	1,700,000,000	1,700,000,000
	7,400,000,000	8,700,000,000

14. Deposit and other accounts

Inter-bank deposits	2,363,492,605	2,000,947,652
Other deposits	277,094,100,693	233,443,901,839
	279,457,593,298	235,444,849,491

14(a) Consolidated Deposit and other accounts

AB Bank Limited	279,457,593,298	235,444,849,491
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	279,457,593,298	235,444,849,491
<u>Less: Inter-group transaction</u>	<u>62,851,282</u>	<u>61,558,646</u>
	279,394,742,017	235,383,290,846

Notes to the Financial Statements
For the year ended December 31, 2019

		31 Dec 2019	31 Dec 2018
		BDT	BDT
14.1 Maturity analysis of inter-bank deposits			
Repayable – on demand		1,437,087,689	1,349,926,197
– within 1 month		812,627,277	366,884,208
– over 1 month but within 3 months		82,535,972	201,607,663
– over 3 months but within 1 year		31,241,667	82,529,583
– over 1 period but within 5 years		-	-
– over 5 periods but within 10 years		-	-
– over 10 years		-	-
		2,363,492,605	2,000,947,652
14.2 Maturity analysis of other deposits			
Repayable – on demand		2,292,090,161	2,868,833,572
– within 1 month		27,284,686,711	28,522,455,752
– over 1 month but within 3 months		68,451,857,539	70,252,905,765
– over 3 months but within 1 year		124,699,894,407	85,433,906,252
– over 1 period but within 5 years		45,545,001,949	44,737,062,747
– over 5 years		8,820,569,927	1,628,737,751
		277,094,100,692	233,443,901,839
14.3 Demand and time deposits			
a) Demand Deposits		31,464,088,959	28,396,250,345
Current accounts and other accounts		24,205,740,688	22,820,201,543
Savings Deposits (9%)		2,689,973,149	2,581,709,678
Bills Payable		4,568,375,122	2,994,339,125
b) Time Deposits		247,993,504,339	207,048,599,146
Savings Deposits (91%)		27,198,617,391	26,103,953,412
Short Notice Deposits		50,930,113,957	32,204,480,815
Fixed Deposits		122,908,353,612	128,219,725,045
Other Deposits		46,956,419,379	20,520,439,875
Total Demand and Time Deposits		279,457,593,298	235,444,849,491
14.4 Sector-wise break up of deposits and other accounts			
Government		1,931,164,623	1,967,543,202
Deposit money Banks		2,363,492,605	2,000,947,652
Autonomous & Semi-Autonomous Bodies		4,675,303,846	4,474,952,909
Public Non-Financial Organisation		69,231,731,617	43,935,841,158
Other Public		2,992,553,242	3,411,397,293
Foreign Currency		11,910,287,442	9,770,384,592
Private		186,353,059,922	169,883,782,686
		279,457,593,298	235,444,849,491
15. Other liabilities			
Accumulated provision against loans and advances	(Note 15.1)	15,279,405,791	10,639,913,428
Inter-branch adjustment		-	838,178
Provision for current tax (net of advance tax)	(Note 15.2)	2,330,977,161	1,500,377,781
Interest suspense account	(Note 15.3)	18,134,825,637	19,704,000,511
Provision against other assets	(Note 15.4)	336,573,038	318,685,468
Accounts payable - Bangladesh Bank		186,368,159	1,642,013,761
Accrued expenses		170,706,883	224,980,797
Lease Liabilities	(Note 15.5)	842,847,290	-
Provision for off balance sheet items	(Note 15.6)	710,000,000	810,000,000
Provision against investments	(Note 15.7)	2,209,603,000	1,889,303,000
Others (*)		849,248,793	728,077,572
		41,050,555,751	37,458,190,496

(*) 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.

Notes to the Financial Statements
For the year ended December 31, 2019

		31 Dec 2019 BDT	31 Dec 2018 BDT
15.1 Accumulated provision against loans and advances			
<u>The movement in specific provision for bad and doubtful debts</u>			
Balance at 01 January		5,078,767,423	3,772,067,423
Fully provided debts written off during the period	(-)	(316,963,509)	-
Recovery of amounts previously written off	(+)	109,176,042	8,725,518
Specific provision made during the period	(+)	2,122,900,000	1,297,974,482
		1,915,112,534	1,306,700,000
Balance at 31 December		6,993,879,956	5,078,767,423
Provision made by ABBL, Mumbai Branch		-	-
Total provision on classified loans and advances		6,993,879,956	5,078,767,423

On unclassified loans

Balance at 01 January		5,557,133,658	4,867,316,658
Transferred from Off Balance Sheet provisions	(+)	100,000,000	50,000,000
General provision made during the year	(+)	2,625,600,000	639,817,000
		2,725,600,000	689,817,000
Balance at 31 December		8,282,733,658	5,557,133,658
Provision made by ABBL, Mumbai Branch		2,792,177	4,012,348
Total provision on un-classified loans and advances		8,285,525,835	5,561,146,006
Total provision on loans and advances		15,279,405,790	10,639,913,428

		31 Dec 2019	
<u>Provision for</u>	<u>Required</u>	<u>Maintained</u>	<u>Excess</u>
Un-classified loans and advances	8,277,792,177	8,285,525,835	7,733,658
Classified loans and advances	6,986,773,000	6,993,879,956	7,106,956
	15,264,565,177	15,279,405,791	14,840,614

Provision against loans and advances has been maintained as per Bangladesh Bank letter no. DBI-1/101/2020-1573 dated 18 June 2020. According to letter, there is a provision shortfall of Tk.4,604 crore against loans and advances which requires to be kept in next 10 years equally from 2020-2029.

15.1.1 Details of provision for loans and advances

		31 Dec 2019	
		<u>Required</u>	<u>Maintained</u>
<u>General Provision</u>		8,277,792,177	8,285,525,835
Standard		7,906,708,049	7,914,441,707
Special Mention Account		371,084,128	371,084,128
<u>Specific Provision</u>		6,986,773,000	6,993,879,956
Substandard		302,174,308	302,174,308
Doubtful		1,235,948,942	1,235,948,942
Bad/Loss		5,448,649,750	5,455,756,706
Excess provision maintained at 31 December 2019			14,840,614

15.2 Provision for current tax (net of advance tax)

Current Tax	(note 15.2.1)	4,034,349,742	14,978,959,012
Advance Income Tax	(note 15.2.2)	1,703,372,580	13,478,581,232
Provision for current tax (net of advance tax)		2,330,977,161	1,500,377,781

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
15.2.1 Provision for current tax		
Opening Balance	14,835,831,960	13,917,551,618
Add: Provision made during the year	1,895,469,161	918,280,342
Less: Adjustment during the year	12,666,362,557	-
Less: Deferred Tax Adjustment during the year	50,088,601	-
Less: Write-off adjustment	118,861,316	-
Closing Balance	3,895,988,647	14,835,831,960
Provision held by ABBL, Mumbai Branch	138,361,095	143,127,052
	4,034,349,742	14,978,959,012

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2017 (Assessment Year 2018-19). 1st Appeal filed against the order of the Deputy Commissioner of Taxes for the assessment year 2018-19. Corporate income tax return for the year 2018 submitted under section 82BB corresponding to Assessment Years 2019-20. 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.

15.2.2 Advance corporate income tax

In Bangladesh:

Balance at 01 January 2019	13,330,000,239	13,008,910,364
Paid during the year	920,645,219	321,089,875
Less: Transfer/Adjustment during the year	12,666,362,557	-
Closing balance (Bangladesh operations)	1,584,282,901	13,330,000,239
Advance tax of ABBL, Mumbai Branch	119,089,679	148,580,992
	1,703,372,580	13,478,581,232

15.3 Interest suspense account

Balance at 01 January		19,704,000,511	13,280,998,451
Add. Transferred during the the year	(+)	1,250,180,046	6,467,603,060
Less. Recovery/adjustment during the year	(-)	2,473,928,682	31,189,000
Less: Waiver during the year	(-)	294,613,000	13,412,000
Less: Written off during the year	(-)	50,813,239	-
Balance at 31 December		18,134,825,637	19,704,000,511

15.4 Provision against other assets

Provision for

Prepaid legal expenses	121,030,000	107,530,000
Protested bills	76,055,610	76,055,610
Others	139,487,428	135,099,858
	336,573,038	318,685,468

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

15.4.1 Calculation of Provision against other assets

	Outstanding amount	Base for Provision	Rate	Provisions Requirement	Provisions Maintained
Prepaid legal expenses	120,611,118	120,611,118	50% & 100%	60,305,559	121,030,000
Protested bills	75,246,095	75,246,095	100%	75,246,095	76,055,610
Others	117,955,866	117,955,866	100%	117,955,866	139,487,428
Required provision for other assets				253,507,520	336,573,038
Total provision requirement					253,507,520
Total provision maintained					336,573,038
Excess provision maintained at 31 December 2019					83,065,518

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
15.5 Leasehold Liabilities		
Opening balance of present value of lease liability	979,237,360	-
Finance Cost @ 8%	49,896,645	-
Rental payment during the year	186,286,715	-
Closing balance of lease liability	842,847,290	-

Bank recognises lease liabilities measured at the present value of lease payments to be made over the leased term using incremental borrowing rate @ 8% at the date of initial application of "IFRS 16 Leases". Lease liability is measured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments, and remeasuring the carrying amount to reflect any reassessment of lease modification.

15.6 Provision for off balance sheet items

Opening balance	810,000,000	860,000,000
<u>Less:</u> Transferred to general provisions	(100,000,000)	(50,000,000)
	710,000,000	810,000,000

15.6.1 Particulars of required provision for Off-Balance Sheet Items

	Base for Provision	Rate (%)	31 Dec 2019	31 Dec 2018
Acceptances and endorsements	9,734,703,456	1%	97,347,035	216,648,132
Letters of guarantee	14,056,674,691	1%	140,566,747	145,690,143
Irrevocable letters of credit	6,195,569,825	1%	61,955,698	120,603,602
Bills for collection	-	1%	-	-
Others	211,495,791	1%	2,114,958	14,613,019
Total Off Balance Sheet Items & required provision	30,198,443,762		301,984,438	497,554,896
Total provision maintained			710,000,000	810,000,000
Excess provision at 31 December 2019			408,015,562	312,445,104

Provision is not required against Off Balance Sheet items of Mumbai Branch BDT 14,576,184,972 as per Reserve Bank of India (RBI) guidelines.

15.7 Provision against investments

Provision against quoted shares:

Opening balance	1,650,053,000	1,560,053,000
<u>Add:</u> Provision made during the year	180,300,000	90,000,000
	1,830,353,000	1,650,053,000
Total provision maintained for Investment	1,830,353,000	1,650,053,000
Total provision requirement for Investment	1,826,516,990	1,642,820,432
Excess provision	3,836,010	7,232,568

Provision for Pinnacle Global Fund Pte Limited:

Opening balance	239,250,000	-
<u>Add:</u> Provision made during the year	140,000,000	239,250,000
	379,250,000	239,250,000

Provision for Pinnacle Global Fund Pte Limited of BDT 126.06 crore has been deferred as per Bangladesh Bank letter no. DBI-1/101/2020-1573 dated June 18, 2020 for 10 years from 2020-2029.

Total Provision maintained against investment:

Provision against quoted shares	1,830,353,000	1,650,053,000
Provision for Pinnacle Global Fund Pte Limited	379,250,000	239,250,000
	2,209,603,000	1,889,303,000

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
15(a) Consolidated Other liabilities		
AB Bank Limited	41,050,555,751	37,458,190,496
AB Investment Limited	852,726,243	873,488,971
AB International Finance Limited	86,150,229	65,509,340
AB Securities Limited	448,712,800	610,856,624
Cashlink Bangladesh Limited (CBL)	28,750	9,770,756
	42,438,173,774	39,017,816,187
<u>Less: Inter-group transaction</u>	<u>17,190,130</u>	<u>115,494,023</u>
	42,420,983,644	38,902,322,164
16. Share Capital	7,581,303,150	7,581,303,150

16.1 Authorised Capital

1,500,000,000 ordinary shares of BDT 10 each	15,000,000,000	15,000,000,000
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16.2 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

16.3 Percentage of shareholding

	As at 31 December 2019		As at 31 December 2018	
	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

16.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Upto 500	31,442	34,999	49.69	50.79
501 to 5,000	23,976	25,746	37.89	37.37
5,001 to 10,000	3,663	3,836	5.79	5.57
10,001 to 20,000	2,092	2,175	3.31	3.16
20,001 to 30,000	701	714	1.11	1.04
30,001 to 40,000	326	336	0.52	0.49
40,001 to 50,000	231	253	0.37	0.37
50,001 to 100,000	404	385	0.64	0.56
100,001 to 1,000,000	385	403	0.61	0.58
Over 1,000,000	56	57	0.09	0.08
	63,276	68,904	100	100

Notes to the Financial Statements
For the year ended December 31, 2019

31 Dec 2019 **31 Dec 2018**
BDT **BDT**

16.5 Names of the Directors and their shareholding as at 31 December 2019

Name of the Director	Status	No. of Shareholding including nominating institution/individual	
		31 Dec 2019	31 Dec 2018
Mr. Muhammad A. (Rumee) Ali Nominated by Pacific Traders Limited	Chairman	75,696,901	75,696,901
Mr. Feroz Ahmed	Director	15,730,196	15,730,196
Mr. Shajir Ahmed Nominated by Mr. Salim Ahmed	Director	17,907,293	17,907,293
Mr. Khairul Alam Choudhury Nominated by Pacific Industries	Director	74,157,802	74,157,802
Mr. Kaiser A. Chowdhury	Independent Director	-	-
Mr. Tarique Afzal	President & Managing Director	-	-

16.6 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 Act, 1991 (Amendment up to 2018) 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, 2019 is Taka 41,776,426,278 as against available Total Common Equity Tier-I Capital of Taka 19,813,567,155 and Total Tier-2 Capital available of Taka 15,584,769,283 that is, a total of Taka 35,398,336,438 thereby showing a deficit capital of Taka 6,378,089,840 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 Preference shares

Dividend Equalization Account

7,581,303,150	7,581,303,150
6,872,052,329	6,623,362,740
-	-
1,304,649,867	1,303,199,679
6,834,970,432	6,967,589,458
11,688,017	10,414,140
-	-
-	-
22,604,663,795	22,485,869,167

Regulatory adjustment:

Goodwill and all other Intangible Assets

Shortfall in provisions required against Non Performing Loans (NPLs)

Shortfall in provisions required against investment in shares

Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.

Deferred Tax Assets (DTA)

Defined benefit pension fund assets

Gain on sale related to securitization transactions

Investment in own CET-1 Instruments/Shares

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

Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991.

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

Other if any

138,569,481	117,481,270
-	-
-	-
-	-
2,622,704,984	1,995,567,400
-	-
-	-
-	-
19,862,175	24,810,399
-	-
9,960,000	9,960,000
-	-
2,791,096,640	2,147,819,069
19,813,567,155	20,338,050,098

Total Common Equity Tier-I Capital

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
Additional Tier-I Capital	-	-
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	9,754,729,283	7,090,083,994
All other preference shares	-	-
Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	5,840,000,000	7,460,000,000
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
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	15,594,729,283	15,399,722,087
Regulatory Adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	-	679,710,474
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
Total Tier-2 Capital Available	15,584,769,283	14,571,253,536
Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	17,612,279,844	18,078,492,733
Excess amount over maximum limit of T 2	-	-
Total admissible Tier 2 Capital	15,584,769,283	14,571,253,536
Total Eligible Capital	35,398,336,438	34,909,303,635
Total assets including off-Balance Sheet items	415,912,260,208	382,362,859,159
Total risk-weighted assets (RWA)	334,211,410,226	333,036,685,673
B. Total required capital (12.50% of Total RWA)	41,776,426,278	39,548,106,424
Capital Surplus / (Shortfall) [A-B]	(6,378,089,840)	(4,638,802,789)
Capital to Risk Weighted Assets Ratio (CRAR)	10.59%	10.48%

Solo - Capital to Risk Weighted Assets Ratio (CRAR)

In terms of section 13(2) of the Bank Company Act, 1991 (Amendment up to 2018) 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 2019 is BDT 41,421,898,670 as against available Common Equity Tier-I capital of BDT 18,711,578,914 and Total Tier-2 Capital Available capital of BDT 14,835,525,835 that is, a total of BDT 33,547,104,748 thereby showing a deficit capital of BDT 7,874,793,922 at that date. Details are shown below:

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
<u>Tier I Capital (going-concern capital)</u>		
<u>Common Equity Tier-I Capital</u>		
Fully Paid-up Capital/Capital Deposited with BB	7,581,303,150	7,581,303,150
Statutory Reserve	6,872,052,329	6,623,362,740
Non-repayable share premium account	-	-
General Reserve	1,222,199,200	1,222,199,200
Retained earnings	5,817,160,874	5,905,152,980
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	21,492,715,553	21,332,018,070
Regulatory adjustment :		
Goodwill and all other Intangible Assets	138,569,481	117,481,270
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)	2,622,704,984	1,995,567,400
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	19,862,175	24,810,399
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	-	-
	2,781,136,640	2,137,859,069
Total Common Equity Tier-I Capital	18,711,578,914	19,194,159,001
Additional Tier-I Capital	-	-
<u>Tier-2 Capital (Gone concern Capital)</u>		
General Provision/General loan-loss reserve	8,995,525,835	6,371,146,006
All other preference shares	-	-
Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	5,840,000,000	7,460,000,000
Non-controlling interest	-	-
HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital	-	-
Revaluation Reserves as on 31 December, 2014(50% of Fixed Assets and Securities & 10% of Equities)	-	798,029,978
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	14,835,525,835	14,629,175,984

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
Regulatory adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	-	638,423,982
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
Total Tier-2 Capital Available	14,835,525,835	13,851,953,926
Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	16,632,722,496	17,061,687,936
Excess amount over maximum limit of T 2	-	-
Total admissible Tier 2 Capital	14,835,525,835	13,851,953,926
Total Eligible Capital	33,547,104,748	33,046,112,927
Total assets including off-Balance Sheet items	413,404,972,542	379,735,007,106
Total risk-weighted assets (RWA)	331,375,189,363	329,582,980,874
B. Total required capital (12.50% of Total RWA)	41,421,898,670	39,137,978,979
Capital Surplus / (Shortfall) [A-B]	(7,874,793,922)	(6,091,866,052)
Capital to Risk Weighted Assets Ratio (CRAR)	10.12%	10.03%
17. Statutory reserve		
In Bangladesh		
Opening balance	6,324,553,560	6,256,894,064
Add: Addition during the year	223,202,604	67,659,496
Add./less Adjustment for Foreign Exchange Rate Fluctuation	-	-
	6,547,756,164	6,324,553,560
Outside Bangladesh - ABBL, Mumbai Branch		
Opening balance	298,809,180	292,348,935
Add: Addition during the period	27,870,923	27,622,121
Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation	(2,383,939)	(21,161,876)
	324,296,165	298,809,180
	6,872,052,329	6,623,362,740
18. Other reserve		
General reserve (Note 18.1)	1,222,199,200	1,222,199,200
Assets revaluation reserve (Note 18.2)	1,296,690,729	1,298,209,633
Investment revaluation reserve (Note 18.3)	51,075,241	20,254,171
	2,569,965,170	2,540,663,004
18.1 General reserve	1,222,199,200	1,222,199,200
Opening balance	1,222,199,200	1,222,199,200
Addition/(adjustment) during the year	-	-
	1,222,199,200	1,222,199,200

Notes to the Financial Statements
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	31 Dec 2019 BDT	31 Dec 2018 BDT
18.2 Assets revaluation reserve		
Opening balance	1,298,209,633	1,300,480,317
Add: Addition/(adjustment) during the year	-	-
Less: Transferred to retained earnings	(1,518,904)	(2,270,684)
	1,296,690,729	1,298,209,633
18.3 Investment revaluation reserve (T.Bills & T.Bonds)		
<u>In Bangladesh</u>		
Revaluation Reserve for:		
Held to Maturity (HTM)	Note (18.3.1) 38,000,145	4,789,464
Held for Trading (HFT)	Note (18.3.2) 13,075,096	15,464,707
	51,075,241	20,254,171
<u>Outside Bangladesh</u>		
ABBL, Mumbai Branch	-	-
	51,075,241	20,254,171
18.3.1 Revaluation Reserve for Held to Maturity (HTM)		
Opening balance	4,789,464	3,483,281
Add: Addition during the year	33,210,681	1,306,183
	38,000,145	4,789,464
Less: Adjustment during the year	-	-
	38,000,145	4,789,464
18.3.2 Revaluation Reserve for Held for Trading (HFT)		
Opening balance	15,464,707	102,544,143
Add: Addition during the year	109,482,697	666,902,427
	124,947,404	769,446,570
Less: Adjustment during the year	111,872,308	753,981,863
	13,075,096	15,464,707
18(a) Consolidated Other reserve		
AB Bank Limited	2,569,965,170	2,540,663,004
AB Investment Limited	-	-
AB International Finance Limited	84,161,257	86,517,889
AB Securities Limited	85,910,523	85,910,523
Cashlink Bangladesh Limited (CBL)	-	-
	2,740,036,949	2,713,091,416
19. Retained earnings		
Opening balance	5,905,152,980	6,011,991,999
Add: Post-tax profit for the year	167,741,264	18,323,578
Less: Transfer to statutory reserve	(251,073,528)	(95,281,616)
	5,821,820,716	5,935,033,960
Add/(Less): Transferred from Assets Revaluation Reserve	1,518,905	2,270,683
Add/(Less): Foreign Exchange Translation gain/(loss)	(6,178,746)	(32,151,664)
	5,817,160,874	5,905,152,980
19(a) Consolidated Retained earnings		
AB Bank Limited	5,817,160,874	5,905,152,980
AB Investment Limited	290,465,910	348,015,148
AB International Finance Limited	117,098,561	108,540,902
AB Securities Limited	152,001,606	151,680,259
Cashlink Bangladesh Limited (CBL)	(167,733,872)	(180,470,666)
	6,208,993,079	6,332,918,623
Add/(Less): Adjustment made during the year	609,338,872	616,758,478
Non-controlling Interest	16,638,480	17,912,357
	6,834,970,432	6,967,589,458

Notes to the Financial Statements
For the year ended December 31, 2019

	31 Dec 2019 BDT	31 Dec 2018 BDT
19(b) Non-controlling interest		
AB Investment Limited	10,210	10,297
AB Securities Limited	451,195	450,910
Cashlink Bangladesh Limited	11,226,613	9,952,933
	11,688,017	10,414,140
20. Contingent liabilities	47,836,302,228	57,209,035,486
20.1 Letters of guarantee		
Money for which the Bank is contingently liable in respect of guarantees issued favoring:		
Directors	-	-
Government	-	-
Banks and other financial institutions	101,954,959	68,158,730
Others	13,956,416,188	14,500,855,603
	14,058,371,146	14,569,014,333
	2019 BDT	2018 BDT
21. Profit and loss account		
<u>Income:</u>		
Interest, discount and similar income	30,924,132,550	23,098,116,994
Dividend income	235,761,409	198,357,616
Fee, commission and brokerage	1,209,120,076	1,505,554,954
Gains less losses arising from investment securities	47,881,292	85,890,892
Gains less losses arising from dealing in foreign currencies	543,471,508	827,040,221
Other operating income	69,510,357	127,566,812
Gains less losses arising from dealing securities	(1,299,085,690)	362,641,934
Income from non-banking assets	-	-
	31,730,791,501	26,205,169,423
<u>Expenses:</u>		
Interest, fee and commission	18,846,782,511	17,557,309,639
Administrative expenses	3,721,383,466	4,036,977,365
Other operating expenses	1,095,487,977	1,247,892,797
Depreciation and amortization on banking assets	510,240,666	287,863,273
Loss on loans and advances	1,107,189,105	-
	25,281,083,725	23,130,043,074
	6,449,707,777	3,075,126,349
22. Interest income/profit on investments		
Interest on loans and advances:		
Loans and advances	25,261,156,042	18,255,386,422
Bills purchased and discounted	1,167,202,062	912,573,703
	26,428,358,104	19,167,960,125
Interest on:		
Calls and placements	219,436,245	282,532,512
Balance with foreign banks	13,629,765	10,680,185
Reverse Repo	36,547,386	-
Balance with Bangladesh Bank	17,526,027	6,286,984
	287,139,423	299,499,682
	26,715,497,527	19,467,459,807

Notes to the Financial Statements
For the year ended December 31, 2019

	2019 BDT	2018 BDT
22(a). Consolidated Interest income/profit on investments		
AB Bank Limited	26,715,497,527	19,467,459,807
AB International Finance Limited	51,909,386	53,701,638
AB Investment Limited	138,400,793	239,440,553
AB Securities Limited	40,048,959	52,615,368
Cashlink Bangladesh Limited (CBL)	13,555,475	3,542,157
	26,959,412,140	19,816,759,522
<u>Less:</u> Intercompany transactions	5,257,759	5,908,926
	26,954,154,381	19,810,850,595
23. Interest/profit paid on deposits, borrowings, etc.		
Interest on deposits:		
Fixed deposits	10,314,702,844	10,299,866,141
Savings deposits	970,183,410	936,686,464
Special notice deposits	2,463,058,998	1,930,914,402
Other deposits	2,905,596,924	1,868,620,349
	16,653,542,176	15,036,087,355
Interest on borrowings:		
Local banks, financial institutions including BB	1,341,067,732	1,677,800,912
Subordinated Bond	852,172,602	843,421,371
	18,846,782,511	17,557,309,639
23(a). Consolidated Interest/profit paid on deposits, borrowings, etc.		
AB Bank Limited	18,846,782,511	17,557,309,639
AB Investment Limited	15,609	-
AB International Finance Limited	5,737,888	6,286,955
AB Securities Limited	23,092,701	25,388,336
Cashlink Bangladesh Limited (CBL)	-	-
	18,875,628,709	17,588,984,930
<u>Less:</u> Intercompany transactions	7,144,210	8,579,762
	18,868,484,499	17,580,405,167
24. Investment income		
Capital gain on sale of shares	47,881,292	85,890,892
Interest on treasury bills	144,931,290	34,783,208
Dividend on shares	235,761,409	198,357,616
Interest on treasury bonds	3,667,650,750	3,348,921,201
Gain/(Loss) on treasury bills and treasury bonds	(1,299,085,690)	362,641,934
Interest on other bonds & others	396,052,983	246,952,778
	3,193,192,033	4,277,547,629
24(a). Consolidated Investment income		
AB Bank Limited	3,193,192,033	4,277,547,629
AB Investment Limited	(131,590,144)	19,347,382
AB International Finance Limited	-	-
AB Securities Limited	(29,937,889)	52,226,468
Cashlink Bangladesh Limited (CBL)	-	147,177
	3,031,664,000	4,349,268,656
<u>Less:</u> Intercompany transactions	109,642,410	102,222,804
	2,922,021,590	4,247,045,852
(*) Inter-company transactions includes dividend income from AB International Finance Limited.		
25. Commission, exchange and brokerage		
Other fees, commission and service charges	683,277,518	843,528,575
Commission on letters of credit	402,917,767	520,301,993
Commission on letters of guarantee	122,924,791	141,724,386
Exchange gains less losses arising from dealings in foreign currencies	543,471,508	827,040,221
	1,752,591,584	2,332,595,175

Notes to the Financial Statements
For the year ended December 31, 2019

	2019 BDT	2018 BDT
25(a). Consolidated Commission, exchange and brokerage		
AB Bank Limited	1,752,591,584	2,332,595,175
AB Investment Limited	38,422,671	36,645,977
AB International Finance Limited	68,000,562	65,264,303
AB Securities Limited	38,821,911	43,582,674
Cashlink Bangladesh Limited (CBL)	-	-
	1,897,836,728	2,478,088,129
26. Other income		
Locker rent, insurance claim and others	4,701,789	7,730,928
Recoveries on telex, telephone, fax, etc.	40,577,496	63,216,760
Recoveries on courier, postage, stamp, etc.	12,578,455	26,447,096
Non-operating income (*)	11,652,617	30,172,028
	69,510,357	127,566,812
(*) Non-operating income includes sale of scrap items.		
26(a). Consolidated other income		
AB Bank Limited	69,510,357	127,566,812
AB Investment Limited	11,903,569	12,904,246
AB International Finance Limited	72,732,498	63,810,277
AB Securities Limited	1,751,475	1,714,353
Cashlink Bangladesh Limited (CBL)	-	-
	155,897,899	205,995,688
<u>Less:</u> Inter company transactions	7,402,971	8,187,356
	148,494,928	197,808,332
27. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	2,554,284,167	2,640,981,766
Festival and incentive bonus	178,318,228	184,021,674
	2,732,602,396	2,825,003,440
27.1 Chief executive's salary and fees	5,885,484	9,932,258
27(a). Consolidated salary and allowances		
AB Bank Limited	2,732,602,396	2,825,003,440
AB Investment Limited	15,286,399	14,868,417
AB International Finance Limited	31,257,162	30,711,921
AB Securities Limited	25,665,708	25,032,872
Cashlink Bangladesh Limited (CBL)	267,504	266,928
	2,805,079,169	2,895,883,578
28. Rent, taxes, insurance, electricity, etc.		
Rent, rates and taxes (Note 28.1)	293,648,499	477,033,554
Electricity, gas, water, etc.	96,014,966	102,266,082
Insurance	176,214,045	169,448,434
	565,877,510	748,748,069
28.1 Rent, rates and taxes		
Right of Use (ROU) assets has been calculated for the year 2019 as per IFRS-16 leases considering monthly rental expenses excluding low value assets.		
28(a). Consolidated Rent, taxes, insurance, electricity, etc.		
AB Bank Limited	565,877,510	748,748,069
AB Investment Limited	2,176,232	2,139,857
AB International Finance Limited	10,050,587	9,655,103
AB Securities Limited	8,126,543	7,991,824
Cashlink Bangladesh Limited (CBL)	-	11,005
	586,230,872	768,545,859
<u>Less:</u> Inter company transactions	5,516,520	5,516,520
	580,714,352	763,029,339

Notes to the Financial Statements
For the year ended December 31, 2019

	2019 BDT	2018 BDT
29. Legal expenses		
Legal expenses	11,038,914	2,826,348
29(a). Consolidated legal expenses		
AB Bank Limited	11,038,914	2,826,348
AB Investment Limited	448,450	241,260
AB International Finance Limited	1,009,701	319,621
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	12,497,065	3,387,229
30. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	63,825,996	75,582,514
Telephone	6,224,708	7,573,194
Postage, stamp and shipping	22,702,756	31,633,536
	92,753,460	114,789,243
30(a). Consolidated Postage, stamp, telecommunication, etc.		
AB Bank Limited	92,753,460	114,789,243
AB Investment Limited	862,866	828,071
AB International Finance Limited	12,229,015	10,352,448
AB Securities Limited	1,488,154	1,440,910
Cashlink Bangladesh Limited (CBL)	-	150
	107,333,496	127,410,823
31. Stationery, printing, advertisements, etc.		
Printing and stationery	125,196,656	129,724,338
Publicity, advertisement, etc.	9,496,866	21,693,963
	134,693,521	151,418,300
31(a). Consolidated Stationery, printing, advertisements, etc.		
AB Bank Limited	134,693,521	151,418,300
AB Investment Limited	242,605	187,989
AB International Finance Limited	349,802	552,077
AB Securities Limited	638,538	456,649
Cashlink Bangladesh Limited (CBL)	-	-
	135,924,466	152,615,016
32. Directors' fees		
Directors' fees	1,273,200	1,984,800
Meeting expenses	802,987	2,024,791
	2,076,187	4,009,591
Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee, Risk Management Committee and Shariah Council.		
32(a). Consolidated Directors' fees		
AB Bank Limited	2,076,187	4,009,591
AB Investment Limited	146,342	293,348
AB International Finance Limited	-	-
AB Securities Limited	279,444	400,000
Cashlink Bangladesh Limited (CBL)	103,500	57,500
	2,605,473	4,760,439
33. Auditors' fees		
Statutory	1,429,700	1,363,565
Others	5,526,463	1,282,487
	6,956,164	2,646,052

Notes to the Financial Statements
For the year ended December 31, 2019

	2019 BDT	2018 BDT
33(a). Consolidated Auditors' fees		
AB Bank Limited	6,956,164	2,646,052
AB Investment Limited	-	143,750
AB International Finance Limited	452,901	404,853
AB Securities Limited	168,500	88,000
Cashlink Bangladesh Limited (CBL)	28,750	28,750
	7,606,315	3,311,405
34. Depreciation and repairs of Bank's assets		
<u>Depreciation :</u>		
Electrical appliances	120,618,360	103,256,528
Furniture and fixtures	11,055,354	12,423,358
Office appliances	2,075,238	2,309,425
Building	16,019,742	18,034,930
Motor vehicles	70,361,966	72,541,973
	220,130,661	208,566,214
Depreciation of ROU (Right Of Use) assets	207,977,884	-
<u>Repairs:</u>		
Motor vehicles	24,804,902	27,287,995
Electrical appliances	67,465,593	67,947,777
Office premises and others	70,305,608	75,548,423
Furniture and fixtures	1,874,670	1,918,434
Office appliances	5,049,058	4,901,434
	169,499,830	177,604,064
	597,608,375	386,170,278
Amortization of Intangible Assets	82,132,121	79,297,059
	679,740,496	465,467,337
34(a). Consolidated Depreciation and repairs of Bank's assets		
AB Bank Limited	679,740,496	465,467,337
AB Investment Limited	19,035,165	18,487,430
AB International Finance Limited	504,821	808,541
AB Securities Limited	2,041,837	1,464,420
Cashlink Bangladesh Limited (CBL)	-	31,824
	701,322,318	486,259,551
35. Other expenses		
Contractual service	473,242,793	484,157,680
Petrol, oil and lubricant	55,452,530	64,647,808
Software expenses	192,999,375	169,692,134
Entertainment	35,695,817	37,347,066
Travelling	14,346,126	19,666,937
Subscription, membership and sponsorship	10,234,925	60,198,184
Training, seminar and workshop	9,506,987	12,851,116
Local conveyance	9,233,680	9,996,958
Professional charges	37,972,254	74,644,077
Books, newspapers and periodicals	1,444,370	1,570,286
Branch opening expenses	-	189,954
Finance charge under lease liability	49,896,645	-
Bank Charges	12,819,190	14,296,509
Sundry expenses (*)	192,643,284	298,634,089
	1,095,487,977	1,247,892,797
(*) Sundry expenses includes business promotion, rebate to foreign correspondents, donation & dress of support staff etc.		
35(a). Consolidated other expenses		
AB Bank Limited	1,095,487,977	1,247,892,797
AB Investment Limited	9,847,339	7,528,636
AB International Finance Limited	1,989,081	3,783,000
AB Securities Limited	9,390,101	8,120,531
Cashlink Bangladesh Limited (CBL)	53,698	111,425
	1,116,768,196	1,267,436,388

Notes to the Financial Statements
For the year ended December 31, 2019

	2019 BDT	2018 BDT
36. Provision against loans and advances		
On un-classified loans	2,624,411,840	640,236,201
On classified loans	2,122,900,000	1,297,974,482
	4,747,311,840	1,938,210,683
36(a). Consolidated provision against loans and advances		
AB Bank Limited	4,747,311,840	1,938,210,683
AB Investment Limited	-	100,000,000
AB International Finance Limited	-	-
AB Securities Limited	-	52,500,000
Cashlink Bangladesh Limited (CBL)	-	-
	4,747,311,840	2,090,710,683
37. Provisions for investments		
Provision for quoted shares in Bangladesh operations	180,300,000	90,000,000
Provision for Pinnacle Global Fund Pte Limited	140,000,000	239,250,000
Provision for Amana Bank Plc	54,687,754	184,263,018
Total provision for investments	374,987,754	513,513,018
37(a). Consolidated provisions for diminution in value of investments		
AB Bank Limited	374,987,754	513,513,018
AB Investment Limited	-	61,673,057
AB International Finance Limited	-	-
AB Securities Limited	(31,991,511)	3,000,000
Cashlink Bangladesh Limited (CBL)	-	-
	342,996,243	578,186,075
38. Other provision		
Provision for off balance sheet items	-	-
Provision for Other assets	18,227,696	67,408,023
	18,227,696	67,408,023
Provision for other assets included prepaid legal expenses, protested bills and others has been made as per Bangladesh Bank BRPD Circular # 14 dated 25 June 2001.		
38(a). Consolidated other provisions		
AB Bank Limited	18,227,696	67,408,023
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	18,227,696	67,408,023
39. Appropriations		
Retained earnings - brought forward	5,905,152,980	6,011,991,999
Add: Post-tax profit for the year	167,741,264	18,323,578
	6,072,894,244	6,030,315,577
Transferred to		
Statutory reserve	251,073,528	95,281,616
General reserve	-	-
Proposed dividend	-	-
	251,073,528	95,281,616
Retained earnings	5,821,820,716	5,935,033,961
Add: Transferred from Assets Revaluation Reserve	1,518,905	2,270,683
Less: Adjustment during the year	-	-
Add: Foreign Exchange translation gain/(Loss)	(6,178,746)	(32,151,664)
	5,817,160,875	5,905,152,980

Notes to the Financial Statements
For the year ended December 31, 2019

	2019 BDT	2018 BDT
40. Earnings Per Share (EPS)		
Profit after taxation	167,741,264	18,323,578
Number of ordinary shares outstanding	758,130,315	758,130,315
Earnings Per Share	0.22	0.02
40.(a) Consolidated Earnings Per Share		
Net Profit/(Loss) attributable to the shareholders of parent company	121,976,397	42,866,863
Number of ordinary shares outstanding	758,130,315	758,130,315
Earnings Per Share	0.16	0.06
Earnings Per Share (EPS) has been computed in accordance with International Accounting Standard (IAS)-33 by dividing the basic earnings by the number of ordinary shares outstanding as of December 31, 2019. There is no convertible instruments of the Bank, thus no dilution effect has been considered.		
41. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	2,957,430,624	4,079,190,013
Exchange earnings	526,667,762	774,605,846
Recoveries on telex, telephone, fax, etc.	40,577,496	63,216,760
Recoveries on courier, postage, stamp, etc.	12,578,455	26,447,096
Non-operating income	11,652,617	30,172,028
Others	4,701,789	7,730,928
	3,553,608,744	4,981,362,671
42. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	822,296,467	748,748,069
Postage, stamps, telecommunication, etc.	92,753,460	114,789,243
Repairs of Bank's assets	169,499,830	177,604,064
Legal expenses	11,038,914	2,826,348
Auditor's fees	6,956,164	2,646,052
Directors' fees	2,076,187	4,009,591
Other Expenses	1,045,591,332	1,247,892,797
	2,150,212,354	2,298,516,163
43. Decrease in other assets		
Investment in subsidiaries	6,229,114,922	6,229,114,922
Advance rent and advertisement	393,495,546	226,716,629
Stationery, stamps, printing materials, etc.	31,978,415	48,962,028
Security deposits	75,798,791	162,207,512
Commission and brokerage receivable on shares and debentures, and other income receivables	1,250,896,297	605,240,157
Accounts receivable	1,358,719,057	2,299,178,425
Preliminary, formation, organizational, renovation, development and prepaid expenses	699,855,925	999,244,181
Exchange for clearing	26,837,111	453,222,112
Inter-branch adjustment	14,147	-
Arab Bangladesh Bank Foundation	19,920,000	19,920,000
	10,086,630,212	11,043,805,967
Net Decrease	(957,175,755)	796,687,496

Notes to the Financial Statements
For the year ended December 31, 2019

	2019 BDT	2018 BDT	
44. Increase/(decrease) in other liabilities			
Accumulated provision against loans and advances	15,279,405,791	10,639,913,428	
Provision for current tax	2,330,977,161	1,500,377,781	
Interest suspense account	18,134,825,637	19,704,000,511	
Accounts payable - Bangladesh Bank	186,368,159	1,642,013,761	
Provision against other assets	336,573,038	318,685,468	
Accrued expenses	170,706,883	224,980,797	
Provision against investments	2,209,603,000	1,889,303,000	
Provision against off balance sheet items	710,000,000	810,000,000	
Others	849,248,793	728,077,572	
	40,207,708,462	37,457,352,318	
<u>Less:</u> Adjustment for provision and others	21,752,855,045	16,037,642,766	
	18,454,853,417	21,419,709,552	
Net Increase/(Decrease)	(2,964,856,134)	7,224,614,281	
45 Net Operating Cash Flow Per Share (NOCFPS)			
Net Operating Cash Flow	28,702,666,413	(6,830,858,924)	
Number of ordinary shares outstanding	758,130,315	758,130,315	
Net Operating Cash Flow Per Share (NOCFPS)	37.86	(9.01)	
45(a) Consolidated Net Operating Cash Flow Per Share (NOCFPS)			
Net Operating Cash Flow	28,647,450,655	(6,926,718,040)	
Number of ordinary shares outstanding	758,130,315	758,130,315	
Net Operating Cash Flow Per Share (NOCFPS)	37.79	(9.14)	
46 Net Asset Value Per Share (NAVPS)			
Net Asset Value	22,840,481,523	22,650,481,875	
Number of ordinary shares outstanding	758,130,315	758,130,315	
Net Asset Value Per Share (NAVPS)	30.13	29.88	
46(a) Consolidated Net Asset Value Per Share (NAVPS)			
Net Asset Value	24,028,362,861	23,885,346,764	
Number of ordinary shares outstanding	758,130,315	758,130,315	
Net Asset Value Per Share (NAVPS)	31.69	31.51	
47 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.			
48. Conversion Rates			
Assets and liabilities as at December 31, 2019 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	111.03
European Currency	EURO	1.00	94.89
Indian Rupee	INR	1.00	1.1882
US Dollar	USD	1.00	84.90

Notes to the Financial Statements
For the year ended December 31, 2019

49. Highlights of the overall activities of the Bank

Sl no.	Particulars	31 Dec 2019 BDT	31 Dec 2018 BDT
1	Paid-up capital	7,581,303,150	7,581,303,150
2	Total capital	33,547,104,748	33,046,112,927
3	Capital surplus	(7,874,793,922)	(6,091,866,052)
4	Total assets	365,568,670,314	322,525,971,620
5	Total deposits	279,457,593,298	235,444,849,491
6	Total loans and advances	256,512,476,640	241,070,141,407
7	Total contingent liabilities and commitments	47,836,302,228	57,209,035,486
8	Credit-deposit ratio*	84.28%	91.09%
9	Ratio of classified loans against total loans and advances	18.28%	33.07%
10	Profit after tax and provision	167,741,264	18,323,578
11	Loans classified during the year	13,254,526,917	63,462,551,323
12	Provision kept against classified loans	6,993,879,956	5,078,767,422
13	Provision surplus/ (deficit)	14,840,614	5,926,080
14	Cost of fund	8.71%	8.64%
15	Interest earning assets	284,417,267,558	214,824,532,505
16	Non-interest earning assets	81,151,402,756	107,701,439,114
17	Return on investments (ROI)	6.07%	9.58%
18	Return on assets (ROA)	0.05%	0.01%
19	Income from investments	3,193,192,033	4,277,547,629
20	Earnings per share	0.22	0.02
21	Net Income per share	0.22	0.02
22	Price-earnings ratio (Times)	35.71	496.49

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

-Sd-
Tarique Afzal
 President & Managing Director

-Sd-
Khairul Alam Choudhury
 Director

-Sd-
Kaiser A. Chowdhury
 Independent Director

-Sd-
Muhammad A. (Rume) Ali
 Chairman

Dhaka, Bangladesh

Dated, 29 June 2020

AB Bank Limited
Currency wise Balances

Name of the bank	Location	Name of currency	As at December 31, 2019		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in BDT
The Bank of Tokyo Mitsubishi Ltd.	Japan	JPY	1,543,948	0.7759	1,197,949
JP Morgan Chase Bank	USA	USD	13,111,695	84.9000	1,113,182,919
Sonali Bank (Kolkata)	India	ACU	18,699	84.9000	1,587,576
MFT, YANGON	Myanmar, YANGON	USD	1,000	84.9000	84,900
Myanmar Economic Bank	Myanmar	ACU	410	84.9000	34,809
Citibank NA	USA	USD	4,185,522	84.9000	355,350,812
Hatton National Bank Ltd.	Srilanka	ACU	20,143	84.9000	1,710,155
Commerz Bank AG	Germany	USD	574,582	84.9000	48,782,002
NIB Bank Ltd.	Pakistan	ACU	49,878	84.9000	4,234,667
Mashreq Bank Psc	USA	USD	13,207,103	84.9000	1,121,283,017
Nepal Bangladesh Bank Ltd.	Nepal	ACU	49,696	84.9000	4,219,212
Bank of Bhutan	Bhutan	ACU	12,152	84.9000	1,031,675
Habib America Bank	USA	USD	2,705,905	84.9000	229,731,363
Commerz Bank AG	Germany	EUR	574,617	94.8927	54,526,958
Habib Metro Bank	Pakistan	ACU	184,825	84.9000	15,691,603
COMMERZ BK CAD	Germany	CAD	65,484	64.9182	4,251,086
COMMERZ BK CHF	Germany	CHF	18,193	87.0769	1,584,200
Reserve Bank of India	Mumbai	INR	24,218,266	1.1882	28,775,184
HDFC Bank Ltd.	Mumbai	INR	42,901,996	1.1882	50,974,451
HDFC BANK CSG	Mumbai	INR	663,191	1.1882	787,977
JP MORGAN CHASE	Newyork	USD	1,146,122	84.9000	97,305,715
HABIB AMERICAN	Newyork	USD	19,325	84.9000	1,640,659
JP CHASE ACU	Newyork	USD	12,315,707	84.9000	1,045,603,523
Kotak Mahindra Bank	India	INR	9,891,459	1.1882	11,752,640
Standard Chartered Bank	New York	USD	812,023	84.9000	68,940,720
Standard Chartered Bank	Singapore	SGD	116,969	62.7912	7,344,621
Standard Chartered Bank, UK	UK, London	GBP	39,917	111.0322	4,432,107
JPMC NY-OB	USA	USD	131,532	84.9000	11,167,035
COMMERZ BANK (OB)	Germany	EUR	14,401	94.8927	1,366,527
Total					4,288,576,060

AB Bank Limited

Investment in Shares
As at 31 December 2019

Particulars	Number of shares	Market price per share	Total market price	Cost per Share	Total cost
		BDT	BDT	BDT	BDT
Dhaka Bank Limited	2,449,493	12.00	29,393,916	17.06	41,786,525
National Bank Limited	2,057,193	8.10	16,663,263	22.61	46,512,855
AB Bank 1st Mutual Fund	42,086,435	4.10	172,554,384	6.27	264,040,965
LR Global Bangladesh Mutual Fund One	10,369,343	6.60	68,437,664	9.64	100,000,001
Popular Life First Mutual Fund	748,479	4.10	3,068,764	5.12	3,829,325
Pragati Insurance Limited	1,243,866	38.50	47,888,841	100.96	125,579,301
Dhaka Electric Supply Company Limited	7,023,760	37.00	259,879,120	87.73	616,189,840
Dorren Power Generations & Sys Limited	33,900	58.90	1,996,710	78.96	2,676,702
Jamuna Oil Company Limited	40,704	141.90	5,775,898	176.51	7,184,604
Khulna Power Company Limited	345,865	46.70	16,151,896	88.49	30,606,883
Linde Bangladesh Limited	8,141	1299.00	10,575,159	1320.39	10,749,313
Padma Oil Company Limited	347,094	192.20	66,711,467	299.66	104,010,918
Powergrid Company of Bangladesh Limited	3,366,500	44.60	150,145,900	81.61	274,723,472
Shahjibazar Power Co. Limited	140,396	70.00	9,827,720	119.46	16,771,328
United Power Gen. & Dis. Com. Limited	256,695	245.30	62,967,284	330.58	84,857,945
Active Fine Chemicals Limited	756,000	14.70	11,113,200	31.45	23,775,889
Beacon Pharmaceuticals Limited	6,642,500	44.90	298,248,250	73.96	491,289,694
Orion Pharma Limited	1,200,000	26.90	32,280,000	83.33	100,000,001
Silco Pharmaceuticals Limited	8,023	30.30	243,097	9.09	72,941
Square Pharmaceuticals Limited	200,000	190.00	38,000,000	187.74	37,548,594
Appollo Ispat Complex Limited	2,678,000	3.90	10,444,200	16.17	43,289,997
BBS Cables Limited	1,072,657	58.80	63,072,232	98.85	106,029,298
Bangladesh Building Systems Limited	110,528	16.00	1,768,448	26.34	2,910,877
BSRM Steels Limited	2,454,161	39.20	96,203,111	98.32	241,287,030
Coppertech Industries Limited	4,979	23.50	117,007	9.52	47,421
GPH Ispat Limited	2,477,680	25.90	64,171,912	36.56	90,594,412
IFAD Autos Limited	453,039	46.20	20,930,402	105.47	47,780,490
Olympic Industries Limited	92,248	165.00	15,220,920	234.86	21,665,514
SS Steel Limited	3,710	22.50	83,475	9.09	33,731
Heidelberg Cement Bangladesh Limited	66,720	164.80	10,995,456	555.88	37,088,160
LafargeHolcim Bangladesh Limited	125,000	33.60	4,200,000	134.50	16,812,600
Union Capital Limited	2,440,006	6.30	15,372,038	61.08	149,037,209
Genex Infosys Limited	3,784	67.40	255,042	10.00	37,840
Bangladesh Export Import Company Limited	4,458,661	13.80	61,529,522	75.60	337,094,019
Shinepukur Ceramics Limited	1,181,500	8.30	9,806,450	56.68	66,964,579
Summit Alliance Port Limited	10,400	16.70	173,680	27.02	281,001
SAIF Powertec Limited.	343,440	13.40	4,602,096	24.18	8,305,002
Sea Pearl Beach Resort & Spa Limited	3,916	41.30	161,731	9.53	37,300
Argon Denims Limited	2,100,000	16.60	34,860,000	36.44	76,525,582
Generation Next Fashions Limited	220,000	2.70	594,000	6.81	1,498,173
New Line Clothings Limited	6,430	14.80	95,164	9.35	60,101
Ring Shine Textiles Limited	115,609	10.30	1,190,773	8.70	1,005,301
Shasha Denims Limited	1,843,218	24.70	45,527,485	40.44	74,546,498
Total quoted shares (a)			1,763,297,672		3,705,139,231

Shares/Bond (unquoted)

Particulars	Number of shares	Cost per Share	Book Value/Cost
CDBL	5,000,000	2.00	10,000,000
CDBL (Placement)	711,804	8.00	5,694,430
IIDFCL	2,495,899	6.58	16,421,700
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	202,499,450
Total Strategic Investment (c)	180,562,010	616,735,915	202,499,450

Total investment (a+b+c)

4,144,754,812

AB Bank Limited

Schedule of Fixed Assets
As of 31 December 2019

Particulars	Land and Building BDT	Furniture and Fixtures BDT	Office Appliances BDT	Electrical Appliances BDT	Motor Vehicles BDT	Intangible Assets BDT	Right of Use Assets BDT	Total BDT
Cost/ Revaluation								
Balance at 01 January 2019	2,968,097,272	251,696,675	64,842,310	1,696,166,545	746,846,243	655,429,056	-	6,383,078,100
Addition during the year	-	589,112	1,007,900	334,803,999	70,914,280	103,204,846	1,329,421,828	1,839,941,966
Less: Disposal/Adjustment during the year	-	2,177,980	1,630,854	129,029,677	36,680,360	-	-	169,518,872
Adjustment for USD/ INR Rate Fluctuation	-	24,675	41,073	161,128	3,936	108,397	-	339,209
At 31 December 2019	2,968,097,272	250,083,132	64,178,283	1,901,779,739	781,076,227	758,525,505	1,329,421,828	8,053,161,985
Accumulated Depreciation								
Balance at 01 January 2019	142,792,952	150,759,492	55,296,232	1,393,032,513	560,025,194	537,947,786	-	2,839,854,168
Addition during the year	16,019,742	11,055,354	2,075,238	120,618,360	70,361,966	82,132,121	207,977,884	510,240,665
Less: Disposal/Adjustment during the year	-	1,680,220	1,574,832	127,900,371	36,656,679	-	-	167,812,102
Adjustment for USD/ INR Rate Fluctuation	-	23,242	38,800	143,139	1,922	123,883	-	330,986
At 31 December 2019	158,812,694	160,111,385	55,757,837	1,385,607,362	593,728,559	619,956,024	207,977,884	3,181,951,745
Net Book Value								
At 31 December 2019	2,809,284,577	89,971,747	8,420,446	516,172,377	187,347,668	138,569,481	1,121,443,944	4,871,210,242
At 31 December 2018	2,825,304,320	100,937,184	9,546,078	303,134,032	186,821,050	117,481,270	-	3,543,223,935

AB Bank Limited

Detailed of Risk Weighted Assets under Basel III at 31 December 2019
As at 31 December 2019

Risk Weighted Assets (RWA) for	31.12.2019		31.12.2018	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit Risk				
On- Balance sheet (as shown below)	335,157,579,669	284,923,595,570	309,735,185,970	271,289,319,712
Off-Balance sheet (as shown below)	18,932,374,334	16,394,468,326	33,209,625,000	27,318,731,921
B. Market Risk	-	6,921,248,850	-	6,116,454,633
C. Operational Risk	-	23,135,876,616	-	24,858,474,608
Total RWA (A+B+C)	354,089,954,003	331,375,189,363	342,944,810,970	329,582,980,874

Credit Risk - On Balance Sheet

Sl.	Exposure Type	31.12.2019		31.12.2018	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and Cash Equivalents	1,137,704,137	-	1,962,708,820	-
b)	Claims on Bangladesh Government and Bangladesh Bank	51,400,800,742	-	44,444,889,757	-
c)	Claims on other Sovereigns & Central Banks*	522,319,462	261,159,731	376,603,110	188,301,555
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 (NBFI)				
	i) Original maturity over 3 months	228,194,361	87,985,668	770,645,204	273,608,884
	ii) Maturity less than 3 months	11,223,999,161	2,244,799,832	5,568,011,515	1,113,602,303
h)	Claims on Corporate (excluding equity exposure)	140,747,146,880	137,705,968,922	120,384,196,254	116,531,765,112
i)	Claims on SME	27,062,694,720	23,967,358,760	20,980,348,226	15,906,566,848
j)	Claims under Credit Risk Mitigation	7,347,885,801	3,345,104,198	6,432,337,426	1,357,430,660
	Fixed Risk Weight Groups:				
k)	Claims categorized as retail portfolio (excluding consumer loan)	421,492,695	316,119,521	1,378,566,182	1,033,924,636
l)	Consumer Loan	928,116,330	928,116,330	979,284,159	979,284,159
m)	Claims fully secured by residential property	1,042,542,729	521,271,364	1,169,278,436	584,639,218
n)	Claims fully secured by commercial real estate	6,604,519,403	6,604,519,403	6,366,432,806	6,366,432,806
o)	Past Due Claims (Risk weights are to be assigned net of specific provision)	55,539,438,169	80,709,149,655	66,686,162,575	97,374,986,734
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	34,894,000	34,894,000	117,383,451	117,383,451
q)	Investments in venture capital	474,821,302	712,231,954	474,821,302	712,231,954
r)	Claim on Capital Market Exposure	1,114,044,644	1,392,555,805	879,200,478	1,099,000,598
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	10,011,329,750	12,514,162,188
t)	Investments in premises, plant and equipment and all other fixed assets	3,889,793,471	3,889,793,471	3,768,727,500	3,768,727,500
u)	Claims on all fixed assets under operating lease	-	-	-	-
v)	All other assets	15,425,841,911	9,688,404,769	16,984,259,020	11,367,271,107
	Total	335,157,579,669	284,923,595,570	309,735,185,970	271,289,319,712

AB Bank Limited

Detailed of Risk Weighted Assets under Basel III at 31 December 2019
As at 31 December 2019

Credit Risk - Off Balance Sheet

BDT

Sl.	Exposure Type	31.12.2019		31.12.2018	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
1	2	3	4	5	6
a)	Claims on Bangladesh Government and Bangladesh Bank	-	-	-	-
b)	Claims on other Sovereigns & Central Banks*	-	-	-	-
c)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-	-	-
d)	Claims on Multilateral Development Banks (MDBs):	-	-	-	-
e)	Claims on Public Sector Entities (other than Government) in Bangladesh	-	-	-	-
f)	Claims on Banks:	-	-	-	-
	i) Maturity over 3 months	-	-	-	-
	ii) Maturity less than 3 months	50,977,479	10,195,496	34,079,365	6,815,873
g)	Claims on Corporate (excluding equity exposure)	15,967,160,028	13,890,590,309	29,302,759,784	24,070,625,625
h)	Against retail portfolio (excluding consumer loan)	180,226,822	135,170,116	221,593,773	166,195,329
hi)	Claims on SME	2,666,560,385	2,291,062,785	3,618,239,008	3,042,142,023
i)	Consumer Loan	67,449,620	67,449,620	32,953,070	32,953,070
j)	Claims fully secured by residential property	-	-	-	-
k)	Claims fully secured by commercial real estate	-	-	-	-
l)	Investments in venture capital	-	-	-	-
m)	All other assets	-	-	-	-
Total		18,932,374,334	16,394,468,326	33,209,625,000	27,318,731,921

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019

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

1. Capital adequacy under Basel-III

To cope with the international best practices and to make the Bank's capital more risk sensitive as well as more shock resilient, 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' (revised regulatory capital framework in line with Basel III) have been introduced from 01 January 2015. The guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of the Bank Company Act, 1991 (amendment up to 2018).

Basel III guidelines are structured on the following aspects:

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

2. Scope of application

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

- Solo Basis refers to all position of the Bank and its local and overseas branches/offices; and Consolidated basis refers to all position of the bank (including its local and overseas branches/offices) and its subsidiary company(ies) engaged in financial (excluding insurance) activities like Merchant banks, Brokerage Firms, Discount Houses, etc. (if any).

AB Bank followed the scope narrated above. Bank has Tier 1 capital (going concern) and Tier 2 capital (gone concern) structure at the moment.

3. Capital base

Regulatory capital has been categorised into following way:

- 1) Tier 1 capital (going concern capital)
 - a) Common equity Tier I
 - b) Additional Tier I
- 2) Tier 2 capital (gone concern)

1. (a) Common Equity Tier 1 Capital

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

- a) Paid up capital
- b) Non repayable share premium account
- c) Statutory reserve
- d) General reserve
- e) Retained earnings
- f) Dividend equalization reserve
- g) Noncontrolling interest in subsidiaries

Less: Regulatory adjustments applicable on CET1

Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2019

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 characteristics of the core capital but contribute to the overall strength of a bank. For the local banks, Tier 2 capital shall consist of the following items:

- a) General provisions
- b) Subordinated debt / Instruments issued by the Banks that meet the qualifying criteria for Tier 2 capital;
- c) Noncontrolling Interest i.e. Tier 2 capital issued by consolidated subsidiaries to third parties as specified

Less: Regulatory adjustments applicable on Tier 2 capital;

4. Limits (Minima and Maxima)

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

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

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

Phase-in arrangement of minimum capital requirements

Particulars	2015	2016	2017	2018	2019
Minimum Common Equity Tier-1 Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4.50%	5.13%	5.75%	6.38%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%

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.

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019
Capital conservation buffer (cont.)

Therefore, the constraints imposed are related to the distributions only and are not related to the operations of banks. The distribution constraints imposed on Banks when their capital levels fall into the range increase as the Banks' capital levels approach the minimum requirements. The table below shows the minimum capital conservation ratios a Bank must meet at various levels of the Common Equity Tier 1 capital ratios.

Bank's minimum capital conservation standards

CET-1 ratio	Minimum capital conservation ratio (expressed as percentage of earnings)
4.5% - 5.125%	100%
>5.125% - 5.75%	80%
>5.75% - 6.375%	60%
>6.375% - 7.0%	40%
>7.0%	0%

6 Regulatory adjustments / deductions

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

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

Transitional arrangements for capital deductions

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

Transitional Arrangements for Capital Deductions:

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

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

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.

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

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019**

Transitional arrangements

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

Bank level disclosure of the leverage ratio and its components will start from 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.

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:

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019**

- 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>AB Bank Limited (ABBL)</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 2019

Qualitative disclosure

(b)	<p>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>	<p><u>AB Investment Limited</u> AB Investment Limited (ABIL), a Subsidiary of AB Bank Limited was incorporated under the Companies Act, 1994 on 24 December 2009 with a view to run and manage the operations of Merchant Banking Wing of AB Bank Limited independently. AB Investment Limited started its operation on 10 March 2010. AB Investment Limited has achieved an unparalleled reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationship. ABIL's Registered Office is located at WW Tower (Level 7), 68 Motijheel C.A., Dhaka. ABIL has two branch offices at Agrabad, Chittagong and Chowhatta, Sylhet.</p> <p><u>AB Securities Limited</u> Brokerage business of Arab Bangladesh Bank Foundation has been transferred to the newly formed AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009. Main objective of the company is to act as a stock broker to buy and sell Securities, Bond, Debenture, etc. on behalf of clients. ABSL also manages its own portfolio under Stock Dealer License. ABSL is a member of both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. ABSL started its operation independently on 02 August 2010, before that it was operated under the ABBF License.</p> <p><u>Cashlink Bangladesh Limited</u> Cashlink Bangladesh Limited (CBL) was incorporated on 24 September 2008 in Bangladesh under the Companies Act 1994 as a private company limited. AB Bank Limited presently holds 90% shares in CBL. The principal activity of the company is to install and operate a switched Automated Teller Machines (ATM) and Point of Sales (POS) network on behalf of a number of local and foreign banks enabling these member bank customers who are active cardholders to withdraw cash, make utility bill payments (e.g. water, gas, electricity and telephone bills) and to purchase commodity goods from any of the ATM and POS terminals established under the network.</p> <p><u>AB International Finance Limited</u> AB International Finance Limited (ABIFL) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 1608, 16th Floor, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, Hong Kong.</p> <p><u>Arab Bangladesh Bank Foundation</u> Bank also has a Subsidiary (99.60% owned by AB Bank) for philanthropic/ CSR activities known as Arab Bangladesh Bank Foundation (ABBF). This has not been included in the consolidation as ABBF operated only for philanthropic purpose and its profit is not distributable to the shareholders. Thus, for ensuring the fair presentation of the financial statements of the parent company (the Bank), the Financial Statements of ABBF has not been consolidated.</p>
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AB Bank Limited

Disclosures on Risk Based Capital (Basel III) Based on 31 December 2019

(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.	Aggregate amount of Capital: BDT. 20,000,000 Name of subsidiary: Arab Bangladesh Bank Foundation (ABBF)

B) Capital structure

Qualitative disclosure

(a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.	<p>The terms and conditions of the main features of all capital instruments have been segregated in line with of the eligibility criteria set forth vide BRPD circular no. 18 dated 21 December 2014 and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows:</p> <p>Common Equity Tier 1 capital instruments</p> <p>Paid-up share capital: Issued, subscribed and fully paid up share capital of the Bank. It represents Paid up Capital, Right Shares as well as Bonus Shares issued from time to time.</p> <p>Statutory reserve: As per Section 24(1) of the Bank Company Act, 1991 (amendment up to 2018), an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund.</p> <p>General reserve: Any reserve created through Profit and Loss appropriation account for fulfilling any purpose.</p> <p>Retained earnings: Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p>In this respect, Bank is complied.</p> <p>Additional Tier 1 Capital Bank has no any type of Additional Tier I Capital.</p> <p>Tier 2 Capital a) General provisions b) Subordinated debt / instruments issued by the banks that meet the qualifying criteria for Tier 2 capital c) Noncontrolling interest i.e. Tier-2 issued by consolidated subsidiaries to third parties as specified Less: Regulatory adjustments applicable on Tier-2 capital</p>
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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019

		BDT in Crore			
		31.12.2019		31.12.2018	
		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	687	687	662	662
	> General reserve	122	130	122	130
	> Retained earnings	582	683	591	697
	> Non- Controlling Interest	-	1	-	1
	> Non- cumulative irredeemable preference shares	-	-	-	-
	> Dividend equalization account	-	-	-	-
		2,149	2,260	2,133	2,249
Additional Tier 1 Capital		-	-	-	-
Total Tier 1 Capital		2,149	2,260	2,133	2,249
Tier 2 Capital		1,484	1,558	1,385	1,457
(c) Regulatory Adjustments/Deductions from capital		278	279	214	215
(d) Total eligible capital		3,355	3,540	3,305	3,491

C) Capital adequacy

Qualitative Disclosure

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.		Capital adequacy is the cushion required to be maintained for covering the Credit Risk, Market Risk and Operational Risk so as to protect the depositors and general creditors interest against such losses. In line with BRPD circular no. 18 dated 21 December, 2014, the Bank has adopted standardised approach for credit risk, standardised (rule based) Approach for Market Risk and Basic Indicator Approach for Operational Risk for computing capital adequacy.			
		Taka in Crore			
		31.12.2019		31.12.2018	
		Solo	Conso	Solo	Conso
(b)	Capital requirement for Credit Risk:	3,013.18	3,029.30	2,986.08	3,003.94
(c)	Capital requirement for Market Risk:	69.21	80.61	61.16	69.65
(d)	Capital requirement for Operational Risk:	231.36	232.21	248.58	256.78
(e)	Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:				
	Total minimum capital requirement @10%	3,313.75	3,342.11	3,295.83	3,330.37
	Total capital maintained	3,354.71	3,539.83	3,304.61	3,490.93
	Minimum Tier 1 capital requirement	6.00%	6.00%	6.00%	6.00%
	Minimum Tier 1 capital maintained	5.65%	5.93%	5.82%	6.11%
	Tier 2 capital ratio maintained	4.48%	4.66%	4.20%	4.38%
	Min. total capital plus capital conservation buffer requirement	12.50%	12.50%	11.875%	11.875%
	Min. total capital plus capital conservation buffer maintained	10.12%	10.59%	10.03%	10.48%
(f)	Capital Conservation Buffer				
	Capital conservation buffer requirement	2.50%	2.50%	1.88%	1.88%
	Capital conservation buffer maintained	0.00%	0.00%	0.00%	0.11%
(g)	Available Capital under Pillar 2 requirement	40.96	197.72	8.78	160.56

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019
D) Credit Risk**Qualitative disclosure**

<div>(a) The general qualitative disclosure requirement with respect to credit risk, including: > Definitions of past due and impaired (for accounting purposes)</div>	<div>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.</div> <div>Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Whereas, In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date.</div> <div>Classified loan is categorized under following 03 (three) categories:</div> <div>> Sub-standard</div> <div>> Doubtful</div> <div>> Bad/Loss</div> <div>> A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)".</div> <div>> "A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)".</div> <div>> 'A Continuous loan, Demand loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)".</div>																																																																	
<div>> Description of approaches followed for specific and general allowances and statistical methods</div>	<table><tr><th colspan="2" rowspan="2">Particulars</th><th rowspan="2">Short Term Agri Credit</th><th colspan="3">Consumer Financing</th><th rowspan="2">SMEF</th><th rowspan="2">Loans to BHs/MBs/SDs</th><th rowspan="2">All other Credit</th><th rowspan="2">Off Balance Sheet Exposures</th></tr><tr><th>Other than HF, LP</th><th>HF</th><th>LP</th></tr><tr><td rowspan="2">UC</td><td>Standard</td><td>2.50%</td><td>5%</td><td>2%</td><td>2%</td><td>0.25%</td><td>2%</td><td>1%</td><td rowspan="5">1%</td></tr><tr><td>SMA</td><td>-</td><td>5%</td><td>2%</td><td>2%</td><td>0.25%</td><td>2%</td><td>1%</td></tr><tr><td rowspan="3">Classified</td><td>SS</td><td>5%</td><td>20%</td><td>20%</td><td>20%</td><td>20%</td><td>20%</td><td>20%</td></tr><tr><td>DF</td><td>5%</td><td>50%</td><td>50%</td><td>50%</td><td>50%</td><td>50%</td><td>50%</td></tr><tr><td>BL</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr></table>										Particulars		Short Term Agri Credit	Consumer Financing			SMEF	Loans to BHs/MBs/SDs	All other Credit	Off Balance Sheet Exposures	Other than HF, LP	HF	LP	UC	Standard	2.50%	5%	2%	2%	0.25%	2%	1%	1%	SMA	-	5%	2%	2%	0.25%	2%	1%	Classified	SS	5%	20%	20%	20%	20%	20%	20%	DF	5%	50%	50%	50%	50%	50%	50%	BL	100%	100%	100%	100%	100%	100%	100%
Particulars		Short Term Agri Credit	Consumer Financing			SMEF	Loans to BHs/MBs/SDs	All other Credit	Off Balance Sheet Exposures																																																									
			Other than HF, LP	HF	LP																																																													
UC	Standard	2.50%	5%	2%	2%	0.25%	2%	1%	1%																																																									
	SMA	-	5%	2%	2%	0.25%	2%	1%																																																										
Classified	SS	5%	20%	20%	20%	20%	20%	20%																																																										
	DF	5%	50%	50%	50%	50%	50%	50%																																																										
	BL	100%	100%	100%	100%	100%	100%	100%																																																										
<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>																																																																	

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019

		31.12.2019		31.12.2018	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	8.08%	2,072	8.91%	2,147
	Cash credit	0.01%	3	0.01%	2
	Time loan	15.76%	4,043	19.47%	4,695
	Term loan	67.17%	17,229	58.72%	14,156
	Forced loan	4.29%	1,100	6.23%	1,503
	Bills under LC	0.02%	5	0.10%	23
	Trust receipt	2.63%	676	3.78%	912
	Packing credit	0.07%	18	0.10%	25
	Loan against accepted bills	0.08%	22	0.17%	42
	Loan-EDF	0.55%	141	0.76%	183
	Consumer Loan	0.50%	129	0.62%	150
	Staff loan	0.55%	140	0.65%	157
	Bills purchased and discounted	0.29%	73	0.47%	112
	Total	100%	25,651	100%	24,107
		31.12.2019		31.12.2018	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(C) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	<u>Urban branches</u>				
	Dhaka	76.57%	19,453	74.49%	17,740
	Chittagong	17.70%	4,498	18.92%	4,504
	Khulna	1.44%	365	1.78%	424
	Sylhet	0.46%	118	0.72%	171
	Barisal	0.08%	21	0.09%	21
	Rajshahi	1.58%	402	1.66%	395
	Rangpur	1.94%	493	2.00%	477
	Mymensingh	0.22%	56	0.34%	81
	100%	25,406	100%	23,814	
	<u>Rural branches</u>				
	Dhaka	68.55%	122	69.89%	142
	Chittagong	24.64%	44	23.81%	48
	Khulna	0.00%	-	0.00%	-
	Sylhet	2.54%	5	2.51%	5
	Barisal	0.00%	-	0.00%	-
	Rajshahi	0.00%	-	0.00%	-
	Rangpur	0.00%	-	0.00%	-
	Mymensingh	4.28%	8	3.80%	8
	100%	178	100%	204	
	<u>Outside Bangladesh</u>				
	ABBL, Mumbai branch	0.26%	67	0.37%	90
	100%	25,651	100%	24,107	
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Agriculture	1.49%	382	1.80%	434
	Large and medium scale indus.	27.35%	7,015	28.09%	6,772
	Working capital	21.38%	5,485	23.65%	5,702
	Export	1.46%	376	1.45%	351
	Commercial lending	20.56%	5,274	24.07%	5,804
	Small and cottage industry	1.16%	297	0.88%	211
	Others	26.60%	6,822	20.05%	4,834
	100%	25,651	100%	24,107	
(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand	1.47%	376	0.46%	110
	– upto 3 months	31.25%	8,016	41.84%	10,085
	– over 3 months but below 1 year	50.55%	12,965	41.58%	10,023
	– over 1 year but below 5 years	12.47%	3,199	12.80%	3,087
	– over 5 years	4.27%	1,096	3.32%	801
	100%	25,651	100%	24,107	

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019

		31.12.2019		31.12.2018	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(f)	By major industry or counterparty type:				
i.	Amount of impaired loans and if available, past due loans, provided separately	18.28%	4,689	33.07%	7,973
ii.	Specific and general provisions	-	1,528	-	1,064
iii.	Charges for specific allowances and charge-offs during the period	-	192	-	131
(g)	Gross Non Performing Assets (NPAs)				
	(NPAs) to outstanding Loans & advances				
	Non Performing Assets (NPAs)			2019	2018
	NPAs to outstanding loans and advances			BDT/Cr.	BDT/Cr.
	Movement of NPAs Bangladesh Operations:			4,689	7,973
	Opening balance			18.28%	33.07%
	Additions			7,972.78	1,625.86
	Reductions			1,325.45	6,407.93
	Closing balance			4,609.18	61.01
	Movement of specific provision for NPAs			4,689.05	7,972.78
	Opening balance			507.88	377.21
	Provision made during the period			223.21	130.67
	Write-off			(31.70)	-
	Closing balance			699.39	507.88
	Provision held by Mumbai branch			-	-
				699.39	507.88

E) Equities: Disclosures for Banking book positions

Qualitative Disclosure

(a)	The general qualitative disclosure requirement with respect to the equity risk, including:	
>	differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons	Investment in equity mainly for capital gain purpose but Bank has some investment 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	Quoted shares are valued at cost. Necessary provision is maintained if market price fall below the cost price. Unquoted shares are valued at cost.
(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.	Not applicable

AB Bank Limited

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019**

(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period (2019)	<u>BDT in Crore</u> 4.79
(d) > Total unrealized gains (losses)	(194.18)
> Total latent revaluation gains (losses)	Nil
> Any amounts of the above included in Tier 2 capital	Nil
(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	Nil

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

Qualitative Disclosure

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

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	<u>BDT in Crore</u>	
	<u>31.12.19</u>	<u>31.12.18</u>
Market value of assets	35,822	32,786
Market value of liability	34,163	30,040
Weighted avg. duration GAP	0.77	0.74
CRAR after different level of Shocks:		
Minor level	9.44%	9.42%
Moderate level	8.74%	8.81%
Major level	8.03%	8.19%

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.
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AB Bank Limited

Disclosures on Risk Based Capital (Basel III) Based on 31 December 2019

> 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	
		31.12.19	31.12.18
	Interest rate risk	23.16	17.63
	Equity position risk	35.27	36.56
	Foreign exchange risk	10.78	6.97
	Commodity risk	-	-
		69.21	61.16

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.
> Policies and processes for mitigating operational risk	The policy for operational risks including internal control and compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Policy guidelines on Risk Based Internal Audit system is in operation as per RBA branches are rated according to their risk status and branches scoring more on risk status are subjected to more frequent audit by Internal Control and Compliance Division (ICCD). It is the policy of the bank to put all the branches of the bank under any form of audit at least once in a year. ICCD directly reports to Audit Committee of the Board. In addition there is a Vigilance Cell established in 2009 to reinforce operational risk management of the bank. Bank's Anti-Money laundering activities are headed by CAMELCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.
> Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

Quantitative Disclosure

BDT in Crore

31.12.19	31.12.18
231.36	248.58

(b) The capital requirements for Operational Risk

I) Liquidity Ratio

Qualitative Disclosure

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

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2019

(b)		BDT/Cr.
		31.12.2019
	Liquidity Coverage Ratio	145.63%
	Net Stable Funding Ratio (NSFR)	103.09%
	Stock of high quality liquid assets	6,632.02
	Total net cash outflows over the next 30 calendar days	4,554.04
	Available amount of stable funding	28,596.19
	Required amount of stable funding	27,737.79

J) Leverage Ratio
Qualitative Disclosure

(a) > Views of BOD on system to reduce excessive leverage	<p>For reducing the leverage up to an optimum level, the Board of Directors of the Bank always keen to focus on the capital strength and the quality of the assets. Board is always concern to maximise the core capital portion and keep the growth of on and off balance sheet exposures at a favourable level.</p> <p>Key initiatives of the Board:</p> <ul style="list-style-type: none"> • Emphasised to keep LD ratio at the optimal level/budgeted level • Stressed to keep the interest rate spread at the optimal level for ensuring the profitability of the Bank • Market competitive Cost of Fund must be maintained • Non-funded business i.e. import, export and bank guarantee to be expedited as per budget • Operational expenses must be reduced at rational level • Decentralisation of portfolio in SME and retail business • Special Mentioned Account (SMA) and classified loans are to be closely monitored for ensuring asset quality, and • Recovery cell must ensure the monitoring of risk assets frequently to maintain the asset quality.
> Policies and processes for managing excessive on and off-balance sheet leverage	<p>Primary principle of the Board is to enhance the core capital of the Bank. To keep the leverage at a reduced level, Board emphasised Management to build strong internal control system specifically in the risk points by putting dual control in each phase. Apart from this, by the instruction of the Board, Management formed different Committees to work under specific Terms of Reference (ToR) and to report to the Board.</p> <p>All these above measures as a whole, helps the Management to keep the exposures at sound level.</p>
> Approach for calculating exposure	<p>The exposure calculation for the leverage ratio is generally followed the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following is applied by the bank:</p> <ol style="list-style-type: none"> 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). Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure. Netting of loans and deposits is not allowed. <p><u>On Balance Sheet Items</u></p> <p>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.):</p> <p><u>Repurchase agreements and securities financing:</u></p> <p>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:</p> <ul style="list-style-type: none"> • The accounting measure of exposure; and • Without netting various long and short positions with the same counterparty

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	Off Balance Sheet Items		
	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:		
	Exposures Types	CCF	Notional amount
			Exposure
			BDT/Cr.
	Direct credit substitutes	100%	992
	Performance related contingencies	50%	1,012
	Short-term self-liquidating trade letters of credit	20%	577
	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%	1,398
	Commitments with original maturity of over one year	50%	-
	Other commitments that can be unconditionally cancelled by any time	0%	1,539
	Market related Off-Balance sheet exposure	1%	21
	Total		5,539
			1,893

(b)	BDT/Cr.	
	31.12.2019	
	Leverage Ratio	4.97%
	On balance sheet exposure	35,857
	Off balance sheet exposure	2,068
	Total deduction from On and Off-Balance Sheet Exposure	278
	Total exposure	37,647

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.

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**Disclosures on Risk Based Capital (Basel III)
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	<p>> 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.</p>	<p>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.</p>
	<p>> A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.</p>	<p>Divisional Heads, Departmental Heads, Senior Members of Management, Head of Branches/Business Units supported by SMT are the material risk takers in business.</p>
(b) Information relating to the design and structure of remuneration processes.		
	<p>> An overview of the key features and objectives of remuneration policy.</p>	<p>A scale of salary structure with a minimum – mid point and maximum package for each job grade is available. The package includes: Basic pay, Housing, Medical, conveyance (when car is not allowed), Utilities, Maintenance, Leave fare assistance, Personal pay (in appropriate cases) etc.</p> <p>Salary progression in the form of annual merit pay linked to individual performance within the scale etc. Service benefits like Provident Fund, Gratuity, Group term insurance, festival bonus, car facilities and related cost as per bank's service rules are components of total compensation.</p>
		<p>Objective of remuneration policy is to pay competitively within industry norms in order to attract and retain good employees,</p> <p>Pay for performance link to merit measured in terms of delivery of set KPI annually (annual merit pay)</p> <p>Bank's service rules stands as a guide besides instructions and guidance from the Board from time to time</p>
	<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) Description of the ways in which current and future risks are taken into account in the remuneration processes.		
	<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>

**Disclosures on Risk Based Capital (Basel III)
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	<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 ration), 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)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	
	<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 linked 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>
(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>

AB Bank Limited

**Disclosures on Risk Based Capital (Basel III)
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	> A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.	Not applicable
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(f)	Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms.	
	> An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms	Not applicable
	> A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.	Not applicable

Quantitative Disclosure

(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	The main body that oversees remunerations organizes meeting as & when needed to discuss issues arising in the process of administration.
	> Number of employees having received a variable remuneration award during the financial year.	Not applicable (Variable remuneration practice is not available)
	> Number and total amount of guaranteed bonuses awarded during the financial year.	Bank has disbursed 02 (two) festival bonus among the employees amounting to taka 178,718,228 during the year 2019.
	> Number and total amount of sign-on awards made during the financial year.	Not applicable
	> Number and total amount of severance payments made during the financial year	None during the financial year

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	> 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 273.85 crore
	> 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:

i)	> 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 2019

	2019 INR	2018 INR
PROPERTY AND ASSETS		
Cash	27,529,238	23,087,617
In hand (including foreign currencies)	3,310,972	3,480,471
Balance with Reserve Bank India (including foreign currencies)	24,218,266	19,607,146
Balance with other banks and financial institutions	1,015,876,165	864,664,939
In India	53,456,646	67,761,006
Outside India	962,419,520	796,903,933
Money at call and on short notice	240,000,000	200,233,592
Investments	439,603,500	314,434,420
Government	439,603,500	314,434,420
Others	-	-
Loans and advances	566,931,554	750,236,018
Loans, cash credits, overdrafts, etc.	26,643,478	18,261,164
Bills purchased and discounted	540,288,076	731,974,854
Fixed assets including premises, furniture and fixtures	7,152,271	7,032,825
Other assets	279,495,461	388,787,607
Non-banking assets	-	-
Total Assets	2,576,588,188	2,548,477,019
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, FIs and agents	-	-
Deposits and other accounts	1,451,258,495	1,437,476,065
Current deposits	1,299,551,703	1,195,191,952
Demand deposits	123,613	334,282
Bills payable	456,650	286,571
Savings deposits	18,527,874	9,635,889
Fixed deposits	132,598,655	232,027,371
Other liabilities	154,726,939	159,919,759
Total Liabilities	1,605,985,435	1,597,395,823
Capital/Shareholders' Equity		
Total Shareholders' Equity	970,602,753	951,081,196
Paid-up capital	369,822,602	369,822,602
Statutory reserve	272,939,722	249,482,516
Retained earnings	327,840,429	331,776,078
Total Liabilities and Shareholders' Equity	2,576,588,188	2,548,477,019

AB Bank Limited

Mumbai Branch

Balance Sheet

As at 31 December 2019

	2019 INR	2018 INR
Off-Balance Sheet Items		
Contingent liabilities	12,569,919,604	2,511,998,368
Acceptances and endorsements	26,169,384	61,583,182
Letters of guarantee	1,427,800	-
Irrevocable letters of credit	-	-
Bills for collection	12,542,322,420	2,450,415,186
Other contingent liabilities	-	-
Other commitments	-	-
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total	<u>12,569,919,604</u>	<u>2,511,998,368</u>

Mumbai Branch

Profit and Loss Account

For the year ended 31 December 2019

	2019 INR	2018 INR
Operating Income		
Interest income	47,045,867	52,846,532
Interest paid on deposits and borrowings, etc.	(15,830,545)	(18,383,732)
Net interest income	31,215,322	34,462,800
Investment income	23,880,813	20,857,968
Commission, exchange and brokerage	267,420,344	267,010,450
Other operating income	1,656,674	2,869,570
	292,957,831	290,737,988
Total operating income (a)	324,173,153	325,200,788
Operating Expenses		
Salary and allowances	16,492,779	14,868,940
Rent, taxes, insurance, electricity, etc.	19,920,587	17,665,162
Legal expenses	82,295	192,708
Postage, stamps, telecommunication, etc.	6,424,883	6,829,631
Stationery, printing, advertisement, etc.	1,365,588	1,703,459
Auditors' fees	887,260	788,445
Depreciation and repairs of Bank's assets	4,375,350	4,157,928
Other expenses	115,341,620	100,323,887
Total operating expenses (b)	164,890,361	146,530,158
Profit before provision (c = a-b)	159,282,793	178,670,630
Provision against loans and advances	(1,000,000)	350,000
General Provision	-	-
Other provisions	(650,000)	20,000
Total provision (d)	(1,650,000)	370,000
Profit before taxation (c-d)	160,932,793	178,300,630
Provision for taxation	68,785,834	90,654,972
Current tax	69,252,841	71,079,142
Deferred tax	(467,007)	19,575,831
Net profit after taxation (PAT)	92,146,959	87,645,658

Islami Banking Branch
Balance Sheet
As at 31 December 2019

	2019 Taka	2018 Taka
<u>PROPERTY AND ASSETS</u>		
Cash in hand	286,314,047	257,136,460
Cash in Hand (Including foreign currencies)	4,489,262	3,575,885
Balance with Bangladesh Bank and its Agent Banks (Incl. FC)	281,824,785	253,560,575
Balance with Other Banks and Financial Institutions	1,739,470,715	1,538,056,701
In Bangladesh	1,739,470,715	1,538,056,701
Outside Bangladesh	-	-
Placement with other Banks & Financial Institutions	-	-
Investment in shares & other financial institutions	280,000,000	267,500,000
Government (BGIB For SLR)	280,000,000	267,500,000
Others	-	-
Investments	6,041,664,709	5,352,510,723
General Investments etc.	6,041,664,709	5,352,510,723
Bills Purchased & Discounted	-	-
Fixed Assets	7,337,839	8,003,563
Other Assets	58,133,724	46,488,135
Non-Banking Assets	-	-
	8,412,921,035	7,469,695,583
<u>LIABILITIES AND CAPITAL</u>		
Liabilities		
Placement from Banks (BGIB)& Other Financial Institutions	1,816,519,380	2,056,462,900
Deposits and Other Accounts	6,276,313,435	5,165,623,614
Mudaraba Savings Deposits	94,959,349	108,438,855
Mudaraba Term Deposits	4,490,609,538	4,030,241,207
Other Mudaraba Deposits	1,639,998,318	964,488,862
Al-Wadeeah Current and Other Deposit Accounts	35,340,300	58,484,799
Bills Payable	15,405,931	3,969,889
Other Liabilities	320,088,220	247,609,069
Total Liabilities	8,412,921,035	7,469,695,583

AB Bank Limited**Islami Banking Branch****Balance Sheet****As at 31 December 2019**

	2019 Taka	2018 Taka
Contingent Liabilities		
Acceptances & Endorsements	-	395,754,826
Letter of Guarantee	16,806,354	13,806,354
Irrevocable Letters of Credit (including Back to Back Bills)	123,881,000	150,341,764
Inland Bills for collection	-	-
Other Contingent Liabilities	-	-
Total	140,687,354	559,902,944
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	140,687,354	559,902,944

Islami Banking Branch

Profit and Loss Account

For the year ended 31 December 2019

	2019 Taka	2018 Taka
Investment Income	654,575,625	613,580,736
Profit paid on Deposits	580,595,526	550,427,943
Net Investment Income	73,980,099	63,152,793
Income from Investments in Shares/Securities	15,268,651	5,534,045
Commission, Exchange and Brokerage	3,115,023	18,581,799
Other Operating Income	149,769	543,189
Total Operating Income	92,513,541	87,811,826
Operating Expenses		
Salaries and Allowances	27,336,509	30,552,528
Rent, Taxes, Insurance, Electricity etc.	1,510,532	2,046,030
Legal Expenses	-	-
Postage, Stamps, Telecommunication etc.	238,572	450,525
Stationeries, Printing and Advertisement etc.	525,228	394,709
Shariah Supervisory Committee's Fees & Expenses	111,262	65,200
Depreciation and repair to Bank's Assets	1,514,140	1,907,389
Other Expenses	6,564,644	7,263,788
Total Operating Expenses	37,800,886	42,680,169
Operating Profit	54,712,655	45,131,657

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 2019 final profit has been paid to the depositors as per following weightage and rates:

Types of Deposit	Weightage	Provisional Profit Rate	Final Rate
1. Mudaraba Savings Deposits	0.29	3.50	3.51
2. Mudaraba Special Notice Deposits			
a. General	0.21	2.50	2.51
b. Inter - Bank	0.25 - 0.63	3.00 - 7.50	3.01-7.52
3. Mudaraba Term Deposits (Core deposit)			
24 Months	0.75 0.79 0.83	9.00 9.50 10.00	9.02 9.52 10.02
12 Months	0.75 0.79 0.83	9.00 9.50 10.00	9.02 9.52 10.02
9 Months	0.73 0.75	8.75 9.00	8.77 9.02
6 Months	0.71 0.79 0.50	8.50 9.50 6.00	8.52 9.52 6.00
4 Months	0.79 0.88 0.90	9.50 10.50 10.75	9.51 10.52 10.77
3 Months	0.50 0.67 0.46	6.00 8.00 5.50	6.00 8.02 5.50
1 Month	0.42 0.50	5.00 6.00	5.00 6.01
4. Mudaraba Probable Millionaire Scheme	1.04 0.79	12.50 9.50	12.52 9.52
5. Mudaraba Hajj Deposit Scheme	0.88 0.96	10.50 11.50	10.52 11.52
6. Mudaraba Pension Deposit Scheme	0.79 0.88 0.96	9.50 10.50 11.50	9.52 10.52 11.52
7. Mudaraba Monthly Profit Payment Scheme	0.75 0.77 0.79 0.83 0.85 0.88 0.96 0.92	9.00 9.25 9.50 10.00 10.25 10.50 11.50 11.00	9.02 9.27 9.52 10.02 10.27 10.52 11.52 11.02
8. Mudaraba Cash WAQF Deposit	0.79 0.88 0.96 0.92	9.50 10.50 11.50 11.00	9.52 10.52 11.52 11.02

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 Kakrail Islami Banking Branch (KIBB). During the year 2019, Shariah Supervisory Committee met in 03 (Three) No's 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 2019

	2019 Taka	2018 Taka
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	-	5,275
Intangible Assets	-	-
Total Non Current Assets	-	5,275
Current Assets		
Cash and Bank Balances	-	-
Advance, Deposit and Prepayments	-	-
Accounts Receivables	12,494,889	20,700,410
Total Current Assets	12,494,889	20,700,410
Total Assets	12,494,889	20,705,685
LIABILITIES		
Non-Current Liabilities	-	-
Current Liabilities		
Payable to AB Bank	5,352,806	9,273,317
Accounts Payable	7,092,083	11,402,368
Provision for Audit Fees	50,000	30,000
Total Current Liabilities	12,494,889	20,705,685
Total Liabilities	12,494,889	20,705,685

Custodian Wing

Profit and Loss Account

For the year ended 31 December 2019

	2019 Taka	2018 Taka
Operating Income		
Commission, exchange and brokerage	53,483	-
Total Operating Income	53,483	-
Operating Expenses		
Rent, taxes and insurance	11,500	11,500
Auditor's fees	77,500	61,050
Depreciation and repair of bank's assets	5,275	10,550
Other expenses	138,920	6,500
Total operating expenses	233,195	89,600
Operating Profit	(179,712)	(89,600)

Off-Shore Banking Unit (OBU)

Balance Sheet

As at 31 December 2019

	2019 Taka	2019 USD	2018 Taka	2018 USD
PROPERTY AND ASSETS				
Cash	-	-	-	-
Balance with Other Banks and FIs'	12,646,842	148,962	8,995,466	107,217
In Bangladesh	113,280	1,334	122,363	1,458
Outside Bangladesh	12,533,562	147,627	8,873,103	105,758
Money at call and on short notice (Placement)	849,000,000	10,000,000	839,000,000	10,000,000
Investment	1,639,846,896	19,315,040	1,620,531,856	19,315,040
Loans and Advances:	6,262,330,005	73,761,249	7,425,982,306	88,509,920
Loans & Advances - Regular	2,997,288,408	35,303,750	4,543,272,124	54,151,038
Loans & Advances - Classified	3,265,041,597	38,457,498	2,882,710,182	34,358,882
Premises and Fixed Assets (WDV)	556,063	6,550	1,613,028	19,226
Other Assets:	1,010,906	11,907	1,075,960	12,824
Accrued Interest	918,069	10,814	930,330	11,089
Pre-paid Advances	92,837	1,093	145,630	1,736
Miscellaneous	-	-	-	-
Total Assets	8,765,390,712	103,243,707	9,897,198,617	117,964,227
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from Bank & FIs'	8,911,059,861	104,959,480	9,895,362,230	117,942,339
In Bangladesh	8,911,059,861	104,959,480	9,895,362,230	117,942,339
Outside Bangladesh	-	-	-	-
Deposits and Other Accounts	16,506,535	194,423	13,016,543	155,144
Demand Deposits	11,147,339	131,300	10,967,742	130,724
Demand Deposits - Others	5,359,196	63,124	2,048,801	24,420
Other Deposits	-	-	-	-
Other Liabilities	190,932,993	2,248,916	187,023,905	2,229,129
Total Liabilities	9,118,499,389	107,402,820	10,095,402,679	120,326,611
Capital and Shareholders' Equity				
Profit/(Loss)	(353,108,677)	(4,159,113)	(198,204,062)	(2,362,385)
Total Shareholders' Equity	(353,108,677)	(4,159,113)	(198,204,062)	(2,362,385)
Total Liabilities and Shareholders' Equity	8,765,390,712	103,243,707	9,897,198,617	117,964,227

Off-Shore Banking Unit (OBU)
Profit and Loss Account
For the year ended 31 December 2019

	2019 Taka	2019 USD	2018 Taka	2018 USD
Interest income	203,880,011	2,413,269	273,174,003	3,272,451
Interest paid on deposits and borrowing etc.	348,688,583	4,127,326	412,662,801	4,943,438
Net Interest income	(144,808,572)	(1,714,057)	(139,488,799)	(1,670,987)
Commission, exchange and brokerage	(21,985)	(260)	(24,295)	(291)
Other operating income	-	-	-	-
Total operating income	(144,830,557)	(1,714,317)	(139,513,094)	(1,671,278)
Salaries and allowances	4,970,127	58,830	5,496,774	65,848
Rent, taxes, insurance, electricity etc.	50,286	595	36,369	436
Legal expenses	-	-	-	-
Postage, stamps, telecommunication etc.	61,760	731	92,692	1,110
Stationeries, printing, advertisement etc.	49,180	582	82,828	992
Depreciation and repair of bank's assets	1,134,681	13,431	1,153,345	13,816
Other expenses	696,278	8,242	948,775	11,366
Total operating expenses	6,962,312	82,411	7,810,782	93,568
Operating Profit/(Loss)	(151,792,869)	(1,796,728)	(147,323,875)	(1,764,847)

Myanmar Representative Office
Statement of Receipts and Payments
For the year ended 31 December 2019

Annexure-J

Receipts	Total		Payments	Total	
	USD	BDT		USD	BDT
Opening Balance	51,184.55	3,772,094.64	Bank Charges (Nostro & Others)	31.00	2,611.27
Received during the year	20,577.00	1,727,439.15	Miscellaneous Contract Service	84.00	7,095.64
			Local Conveyance	114.00	9,628.29
			Internet bill	239.00	20,189.50
			Electricity Bill	31.00	2,620.32
			Allowances-Officers	6,225.00	525,615.00
			Stationery & Others	47.00	3,975.95
			Water and Sewerage	3.00	253.60
			Repair & Maintenance	45.00	3,800.85
			Audit Fees	650.00	55,000.00
			Mobile bill	13.00	1,094.95
			Other Fees and Taxes	150.00	12,665.65
			Postage & Shipping	25.00	2,118.75
			Office rent	11,700.00	992,160.00
			Closing Balance	52,404.55	3,860,704.02
Total	71,761.55	5,499,533.79	Total	71,761.55	5,499,533.79

Statement of Financial Position (Balance Sheet)
As at 31 December 2019

	2019 Taka	2018 Taka
ASSETS		
Non-current assets		
Property, plant and equipment	547,526,339	565,195,823
Current Assets	8,162,907,395	7,997,528,479
Investment in shares	736,423,365	598,400,806
Loans to clients	6,752,714,392	6,781,090,546
Advances, deposits and prepayments	656,400	21,200,715
Receivable from brokers & Others	299,723,086	135,865,105
Advance income tax	373,157,452	460,782,935
Cash and bank balances	232,700	188,372
TOTAL ASSETS	8,710,433,734	8,562,724,302
EQUITY AND LIABILITIES		
Equity	6,747,365,720	6,804,914,958
Share capital	6,456,899,810	6,456,899,810
Retained earnings	290,465,910	348,015,148
Liabilities		
Non-current liabilities	23,825,515	22,598,746
Provident fund, gratuity fund and recreation club fund	12,387,675	9,710,739
Deferred tax liability	11,437,840	12,888,007
Lease liabilities	-	-
Current liabilities	1,939,242,499	1,735,210,598
Borrowing from banks	737,184,319	423,537,438
Liabilities for expenses	706,217	640,397
Provision for taxation	419,270,105	497,305,203
Provision for loans and investment	769,818,239	769,818,239
Payable to clients	12,180,799	43,909,321
Lease liabilities	82,820	-
Total liabilities	1,963,068,014	1,757,809,344
TOTAL EQUITY AND LIABILITIES	8,710,433,734	8,562,724,302

Statement of Profit or Loss and Other Comprehensive Income
(Profit and Loss Statement)
For the year ended 31 December 2019

	2019	2018
	Taka	Taka
Operating income	57,136,889	308,338,158
Interest income	138,400,793	239,440,553
Management fee	6,587,586	9,523,160
Transaction/settlement fee	31,835,085	27,114,817
Investment (loss)/income	(131,590,144)	19,347,382
Other operating income	11,903,569	12,912,246
Operating expenses	48,061,008	44,718,758
Salary and allowances	15,286,399	14,784,115
Audit and consultancy fees	448,450	385,010
Administrative expenses	32,241,483	29,483,898
Financial expenses	84,675	65,735
Profit before provision for loans and investment	9,075,881	263,619,400
Provision for loans and investments for the year	-	161,673,057
Net profit before tax for the year	9,075,881	101,946,343
Income tax expenses	66,625,119	84,234,486
Current tax expenses	68,075,287	98,857,275
Deferred tax expenses	(1,450,167)	(14,622,789)
Net (loss)/profit after tax for the year	(57,549,238)	17,711,857
Other Comprehensive Income	-	-
Total Comprehensive (loss)/Income	(57,549,238)	17,711,857
Earnings Per Share (EPS)	(0.089)	0.027

Statement of Financial Position
As at 31 December 2019

	2019 Taka	2018 Taka
I Sources of Fund		
A) <u>Shareholders' Equity</u>	510,030,076	509,708,626
Share Capital	272,041,880	272,041,880
Revaluation Reserve	85,986,590	85,986,590
Retained Earnings	152,001,606	151,680,156
B) <u>Non-Current Liabilities</u>	225,834,070	298,149,255
Liabilities for Other Finance	210,000,000	280,263,485
Provision for Gratuity	4,580,523	6,049,607
Provision for Provident Fund	11,253,547	11,836,163
Total Source of Fund (A+B)	735,864,146	807,857,881
II Application of Fund		
A) <u>Non Current Assets</u>	9,982,783	3,902,598
Property, Plant & Equipment	7,717,212	1,534,696
Deferred Tax Assets	2,265,571	2,367,902
B) <u>Investments</u>	101,411,055	159,564,043
C) <u>Current Assets</u>	1,119,022,392	1,238,961,689
Cash and Cash Equivalents	81,598,769	219,425,776
Advance, Deposit & Prepayments	7,812,659	5,305,760
Advance Income Tax	94,941,313	83,571,185
Accounts Receivable	4,140,740	48,769,272
Margin Loan	930,528,911	881,889,697
D) <u>Current Liabilities and Provisions</u>	494,552,084	594,570,450
Accounts Payable	69,578,763	125,232,074
Bank Overdraft	174,502,576	198,475,836
Liabilities for Expense	902,620	663,561
Provision for Income Tax	98,150,033	86,789,374
Other Liabilities	151,418,093	183,409,604
E) <u>Net Current Assets (C-D)</u>	624,470,308	644,391,240
F) <u>Total Application of Fund (A+B+E)</u>	735,864,146	807,857,881

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2019

	2019 Taka	2018 Taka
A) Operating Income	27,591,754	124,750,427
Brokerage Commission	38,821,911	43,582,574
Interest Income	16,956,258	27,227,032
Investment Income	(29,937,890)	52,226,468
Other Operating Income	1,751,475	1,714,353
B) Operating & Other Expense	47,798,825	44,995,209
Operating Expenses	45,711,553	43,451,552
Other Financial Expenses	834,954	855,102
Depreciation on Property, Plant & Equipment	1,252,318	688,555
C) Profit before Provision (A-B)	(20,207,071)	79,755,218
D) Provision	(31,991,511)	55,500,000
For Diminution in Value of Investments	(31,991,511)	3,000,000
For Diminution in Value of Loan	-	52,500,000
E) Profit before Taxation (C-D)	11,784,441	24,255,218
F) Provision for Taxation	11,462,990	20,283,929
Current Tax	11,360,659	20,095,362
Deferred Tax	102,331	188,567
Net Profit After Taxation (E-F)	321,451	3,971,289
Earnings Per Share (EPS)	0.01	0.15

Statement of Financial Position
As at 31 December 2019

	2019 Taka	2018 Taka
ASSETS		
Non Current Assets		
Property, Plant and Equipment	3	3
	3	3
Current Assets		
Cash & Bank Balances	116,724	26,156
Investment in FDR	41,861,572	39,118,566
Investment in Shares	1,000	1,000
Advance, Deposit & Prepayment	38,191,781	37,980,017
Other Receivable	2,223,037	2,061,820
	82,394,114	79,187,559
Total Assets	82,394,117	79,187,562
EQUITY AND LIABILITIES		
Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Earnings	(167,733,871)	(180,470,668)
Total Equity	74,466,129	61,729,332
Liabilities		
Non-Current Liabilities		
Long Term Loan	-	9,742,006
Current Liabilities		
Accrued Expenses	28,750	28,750
Provision for Taxation	7,899,238	7,687,474
	7,927,988	7,716,224
Total Liabilities	7,927,988	17,458,230
Total Equity and Liabilities	82,394,117	79,187,562

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	2019 Taka	2018 Taka
Revenue	-	-
Less: General and Administration Expenses	453,452	496,576
Operating Profit/(Loss)	(453,452)	(496,576)
Add: Other Income	13,555,474	3,542,157
Non-Operating Income/(Loss)	-	147,177
	13,102,022	3,192,758
Less: Other Expenses	-	11,005
Profit/(Loss) Before Provision	13,102,022	3,181,753
Provision for Decrease in Market Value of Investment in Share	-	-
Profit/(Loss) Before Taxation	13,102,022	3,181,753
Provision for taxation	365,225	-
Net Profit/(Loss) After Tax	12,736,797	3,181,753

Balance Sheet
As at 31 December 2019

	2019 HK\$	2018 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	28,892	48,262
CURRENT ASSETS		
Discounted bills receivable	100,962,271	99,457,270
Deposits, prepayments and other receivable	3,413,585	2,615,840
Cash and bank balances	380,356	273,873
	104,756,212	102,346,983
CURRENT LIABILITIES		
Accrued liabilities and other payables	4,616,112	4,391,757
Deferred interest income	798,523	691,956
Provision for long service payments	463,002	461,635
Due to ultimate holding company	77,500,000	77,500,000
Tax payable	2,105,818	654,888
	85,483,455	83,700,236
NET CURRENT ASSETS	19,272,757	18,646,747
	19,301,649	18,695,009
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	10,175,786	9,569,146
Capital Reserve	7,561,960	7,561,960
	19,301,649	18,695,009

Profit and Loss Account
For the year ended 31 December 2019

	2019 HK\$	2018 HK\$
Interest income	4,566,221	4,638,664
Interest expenses	(532,105)	(590,099)
Net interest income	4,034,116	4,048,565
Other operating income	13,298,554	12,516,917
Total operating income	17,332,670	16,565,482
Staff costs	(2,338,431)	(2,357,701)
Depreciation	(19,370)	(13,696)
Provision for long service payments	(1,367)	(1,582)
Other operating expenses	(3,004,932)	(2,972,909)
Total operating expenses	(5,364,100)	(5,345,888)
Profit before taxation	11,968,570	11,219,594
Income tax	(1,792,784)	(1,650,448)
Profit for the year	10,175,786	9,569,146
Retained earnings at start of the year	563,904	563,904
Dividends	(10,175,786)	(9,569,146)
Retained earnings at the end of the year	563,904	563,904

Statement of Financial Position
As at 31 December 2019

	2019 Taka	2018 Taka
ASSETS		
Non Current Assets	38,517,869	39,158,212
Property, Plant & Equipment	38,516,869	39,157,212
Investment at cost in equity share of ABIL	1,000	1,000
Current Assets	465,385,776	433,852,986
Loan to ABSL	210,000,000	260,000,000
Investment in FDR	99,807,518	93,305,220
Accrued income	37,669	37,669
Advance Tax	12,255,398	1,035,163
Cash and Cash equivalents	143,285,191	79,474,935
TOTAL ASSETS	503,903,645	473,011,198
EQUITY AND LIABILITIES		
Shareholders' Equity	481,360,333	461,007,876
Share Capital	20,000,000	20,000,000
Retained Earnings	461,360,333	441,007,876
Non-Current Liabilities		
Advance Rent	241,350	693,376
Current Liabilities	22,301,961	11,309,946
Provision for Income Tax	22,178,461	11,219,446
Provision for expenses	123,500	90,500
TOTAL EQUITY AND LIABILITIES	503,903,645	473,011,198

Statement of Comprehensive Income
For the year ended 31 December 2019

	2019 Taka	2018 Taka
Income		
Operating Income	32,592,809	33,659,773
Interest Income	31,688,757	32,755,721
Rental Income	904,052	904,052
Less : Operating & Other Expenses	1,281,338	1,604,212
Operating expenses	1,181,338	1,604,212
Other expenses	100,000	-
Profit before Tax	31,311,471	32,055,561
Less: Provision for Tax	10,959,015	11,219,446
Profit carried forward	20,352,456	20,836,115

Name of the Directors and entities in which had interest as on December 31, 2019

Sl. No.	Name	Status	Name of Firms/Companies in which interested as proprietor/partner/director/managing agent/guarantor/employees etc.
1	Mr. Muhammad A.(Rumee) Ali	Chairman	1. Bangladesh International Arbitration Centre (BIAC), Chief Executive Officer
			2. Finnova Technologies Limited, Chairman
			3. Finaction Bangladesh Limited, Chairman
			4. Cashlink Bangladesh Limited, Chairman, Nominated by AB Bank Limited
			5. AB International Finance Ltd, Hong Kong, Chairman, Nominated by AB Bank Limited
			6. R & I Ventures Ltd., Managing Director
			7. Eastland Insurance Company Limited, Independent Director
2	Mr. Feroz Ahmed	Director	1. Hexagon Chemical Complex Ltd; Chairman
			2. Elite Paint & Chemical Ind. Ltd; Chairman
			3. Elite International Ltd; Managing Director
			4. FDN Energy Ltd; Managing Director
			5. Ahmed Securities Services Ltd; Managing Director
			6. Bangladesh General Insurance Company Ltd; Shareholder
			7. Holy Crescent Hospital, Shareholder
3	Mr. Khairul Alam Choudhury	Director	Nil
4	Mr. Shajir Ahmed	Director	1. AB Securities Limited, Director, Nominated by AB Bank Limited
			2. Elite Paint & Chemical Industries Limited, Director
			3. Super Refinery (Pvt.) Limited, Director
			4. Super Share & Securities Limited, Director
			5. Elite Super Plastic Ind. (Pvt.) Limited, Director
			6. Super Sea Fish (Pvt.) Limited, Director
			7. Super Tel Limited, Director
			8. Super Silica Bangladesh Limited, Director
			9. Aurora Décor Limited, Director
			10. Broast Foods Ind (Pvt) Limited, Director
			11. Elite Foods Industries Limited, Director
5	Mr. Kaiser Ahmed Chowdhury	Independent Director	1. AB Investment Ltd, Independent Director, Nominated by AB Bank Limited
			2. AB Securities Ltd, Independent Director, Nominated by AB Bank Limited
			3. AB International Finance Ltd, Hong Kong, Independent Director, Nominated by AB Bank Limited
			4. Cashlink Bangladesh Limited Independent Director, Nominated by AB Bank Limited
6	Mr. Tarique Afzal	President & Managing Director	1. AB Investment Ltd, Director, Nominated by AB Bank Limited
			2. AB International Finance Ltd, Hong Kong. Director, Nominated by AB Bank Limited
			3. Cashlink Bangladesh Limited, Director, Nominated by AB Bank Limited