

AB Bank Limited and Its Subsidiaries

Independent Auditor's Report and Audited Consolidated & Separate Financial Statements
For the year ended 31 December 2020

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 2020 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

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 2020, 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:



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 282,901 million (2019: BDT 264,385 million) and provision for loans and advances of BDT 21,311 million (2019: BDT 16,039 million). Refer to the note nos. 7(a), 8(a),15 and 15(a) to the consolidated 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 loans and advances 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 were undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31 December 2020 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 reported net deferred tax assets totaling to BDT 3,271 million (2019: 2,559 million) as at 31 December 2020. 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 assessed the completeness and accuracy of the data used for estimation of future taxable income. We also assessed the Emphasis of Matter given in the auditor's report of subsidiary related to the deferred tax assets and checked it accordingly which was properly reflected in the consolidated financial statements of the Bank. Finally, we assessed the appropriateness and presentation of disclosures against IAS 12 – Income Tax.

IT systems and controls

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

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization. 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

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 2020 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.

Impact of COVID-19 on financial reporting

The effects of the COVID-19 pandemic have significant global implications for economies, markets and businesses, including volatility and possible material uncertainties. The operations of the Bank itself have been affected due to the restrictions brought about by the COVID-19 pandemic. There is an increasing probability that assertions and estimates related to reporting may be materially impacted due to impact of financial market volatility, deteriorating credit or liquidity concerns, government interventions, and disruptions in production and supply chain, among other matters.

Detailed substantive tests were conducted in order to mitigate the additional risks of material misstatements due to the impact of COVID-19. Testing the Bank's and Group's ability to function as a going concern by reviewing profitability, liquidity and operations, we performed detailed analytical procedures on the financial statements of the Bank, including but not limited to variance and common size analysis of balances. We have evaluated the appropriateness and sufficiency of the Management's explanations for the deviations amongst balances and ratios of current year to that of the comparative. We analyzed the disclosures provided by the Bank to rationalize the impact of COVID-19 on financial statements, and checked their appropriateness and sufficiency. We also checked that all COVID-19 impacts are accurately reflected in the financial statements, and disclosed in their entirety of magnitude to the financial statements as a whole; and scrutinize that the impacts of events after the reporting period, and ensure their true

and fair reflection and disclosure in the financial statements. Our testing did not identify any issues with regards to impact of COVID-19 on financial reporting.

Other matter

The financial statements of the Bank for the year ended 31 December 2019 were audited by S.F. AHMED & CO Chartered Accountants, who expressed an unmodified opinion on those statements on 29 June 2020.

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 auditor's 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.

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 (amendment upto 2018) and the Bangladesh Bank's Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

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 exercised professional judgment and maintained 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.
- 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

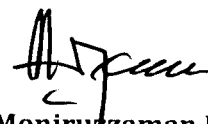
In accordance with the Companies Act, 1994, the Securities and Exchange, Rules 1987, the Bank Company Act, 1991 (amendment upto 2018) and the rules and regulations issued by Bangladesh Bank, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the 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;
- 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 8,621 million, BDT 1,637 million, BDT 86 million, BDT 1,200 million and BDT 530 million respectively as at 31 December 2020 and total revenue of BDT 175 million, BDT 130 million, BDT 0, BDT 137 million and BDT 29 million respectively for the year ended 31 December 2020. 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 84% of the risk weighted assets of the Bank and spent over 6,250 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,
27 April 2021

Signed for & on behalf of
ACNABIN
Chartered Accountants



Md Moniruzzaman FCA
Partner

Enrollment No.# 787

DVC: 2104280787AS135719

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet As at 31 December 2020

PROPERTY AND ASSETS	Notes	31.12.2020 Taka	31.12.2019 Taka
Cash	3(a)	20,930,795,104	19,872,575,058
In hand (including foreign currencies)	3.1(a)	1,010,038,871	1,136,228,324
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	19,920,756,233	18,736,346,733
Balance with other banks and financial institutions	4(a)	4,857,240,927	5,314,835,916
In Bangladesh	4.1(a)	1,690,034,988	1,022,559,568
Outside Bangladesh	4.2(a)	3,167,205,939	4,292,276,348
Money at call and on short notice	5(a)	1,535,077,827	3,927,493,241
Investments	6(a)	64,092,712,647	62,416,398,807
Government	6.1(a)	53,824,738,002	51,271,643,217
Others	6.2(a)	10,267,974,644	11,144,755,589
Loans, advances and lease/investments		282,900,906,689	264,385,001,408
Loans, cash credits, overdrafts, etc./Investments	7(a)	281,211,180,652	262,549,979,066
Bills purchased and discounted	8(a)	1,689,726,038	1,835,022,342
Fixed assets including premises, furniture and fixtures	9(a)	5,032,485,136	5,426,768,812
Other assets	10(a)	8,886,511,119	6,389,899,899
Non-banking assets	11	334,171,836	342,984,836
Total Assets		388,569,901,291	368,075,957,980
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12(a)	19,107,866,247	14,820,181,442
AB Bank subordinated bond	13	9,350,000,000	7,400,000,000
Deposits and other accounts	14(a)	290,547,160,441	279,394,742,017
Current account and other accounts		28,628,792,668	24,205,281,483
Bills payable		6,423,928,975	4,568,375,122
Savings bank deposits		35,246,391,164	29,888,590,539
Fixed deposits		121,516,359,127	122,907,395,174
Other deposits		98,731,688,508	97,825,099,698
Other liabilities	15(a)	43,875,728,453	42,420,983,644
Total liabilities		362,880,755,141	344,035,907,103
Capital/Shareholders' equity			
Equity attributable to equity holders of the parent company		25,677,210,495	24,028,362,861
Paid-up capital	16	7,960,368,300	7,581,303,150
Statutory reserve	17	7,144,204,404	6,872,052,329
Other reserve	18(a)	3,866,859,865	2,740,036,949
Retained earnings	19(a)	6,705,777,925	6,834,970,432
Non- controlling interest	19(b)	11,935,655	11,688,017
Total equity		25,689,146,150	24,040,050,878
Total Liabilities and Shareholders' Equity		388,569,901,291	368,075,957,980

	Notes	31.12.2020 Taka	31.12.2019 Taka
Off-Balance Sheet Items			
Contingent liabilities			
	20	59,191,446,731	47,836,302,228
Acceptances and endorsements		8,043,330,855	9,765,796,881
Letters of guarantee	20.1	12,837,291,873	14,058,371,146
Irrevocable letters of credit		6,094,462,753	6,195,569,825
Bills for collection		32,213,798,567	17,605,068,585
Other contingent liabilities		2,562,682	211,495,791
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		59,191,446,731	47,836,302,228

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd- Tarique Afzal President & Managing Director	-Sd- Khairul Alam Choudhury Director	-Sd- Shafiqul Alam Independent Director	-Sd- Muhammad A. (Rume) Ali Chairman
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This is the Consolidated Balance Sheet referred to in our separate report of even date.

Dhaka,
27 April 2021

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787

AB Bank Limited and Its Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
OPERATING INCOME			
Interest income/profit on investments	22(a)	24,426,913,281	26,954,154,381
Interest/profit paid on deposits and borrowings, etc.	23(a)	(20,171,603,415)	(18,868,484,499)
Net interest income		4,255,309,865	8,085,669,883
Investment income	24(a)	6,491,860,999	2,922,021,590
Commission, exchange and brokerage	25(a)	1,440,094,270	1,897,836,728
Other operating income	26(a)	327,089,387	148,494,928
		8,259,044,657	4,968,353,246
Total operating income (a)		12,514,354,523	13,054,023,129
OPERATING EXPENSES			
Salary and allowances	27(a)	2,807,245,751	2,805,079,169
Rent, taxes, insurance, electricity, etc.	28(a)	607,753,336	580,714,352
Legal expenses	29(a)	13,884,020	12,497,065
Postage, stamps, telecommunication, etc.	30(a)	98,178,164	107,333,496
Stationery, printing, advertisement, etc.	31(a)	95,661,222	135,924,466
Chief executive's salary and fees	27.1	12,890,968	5,885,484
Directors' fees	32(a)	1,999,238	2,605,473
Auditors' fees	33(a)	3,256,296	7,606,315
Charges on loan losses		-	1,107,189,105
Depreciation and repairs of Bank's assets	34(a)	729,314,539	701,322,318
Other expenses	35(a)	1,491,959,291	1,116,768,196
Total operating expenses (b)		5,862,142,825	6,582,925,440
Profit before provision (c = (a-b))		6,652,211,697	6,471,097,689
Provision against loans and advances	36(a)	5,100,057,853	4,747,311,840
Provision for investments	37(a)	140,000,000	342,996,243
Other provisions	38(a)	79,842,723	18,227,696
Total provision (d)		5,319,900,576	5,108,535,778
Profit before tax (c-d)		1,332,311,121	1,362,561,911
Provision for taxation		937,982,865	1,239,311,637
Current tax		1,700,309,391	2,077,004,469
Deferred tax		(762,326,526)	(837,692,832)
Net profit after tax		394,328,256	123,250,274
Appropriations			
Statutory reserve		281,750,388	251,073,528
General reserve		-	-
Dividends, etc.		-	-
		281,750,388	251,073,528
Retained surplus		112,577,868	(127,823,254)
Non- controlling interest		247,638	1,273,877
Net Profit/(Loss) attributable to the shareholders of parent company		112,330,230	(129,097,131)
Consolidated Earnings Per Share (EPS)	40(a)	0.50	0.15

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd- Tarique Afzal	-Sd- Khairul Alam Choudhury	-Sd- Shafiqul Alam	-Sd- Muhammad A. (Rume) Ali
President & Managing Director	Director	Independent Director	Chairman

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

Dhaka,
27 April 2021

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787

AB Bank Limited and Its Subsidiaries

Consolidated Cash Flow Statement
For the year ended 31 December 2020

	2020 Taka	2019 Taka
Cash Flows from Operating Activities		
Interest receipts	13,885,091,531	23,170,672,611
Interest payments	(21,692,853,673)	(18,655,223,342)
Dividend receipts	82,108,288	174,026,446
Fee and commission receipts	1,111,430,603	1,347,903,819
Recoveries on loans previously written off	172,931,675	109,176,042
Payments to employees	(2,820,136,719)	(2,810,964,653)
Payments to suppliers	(95,661,222)	(135,924,466)
Income taxes paid	(2,402,738,880)	(1,058,411,978)
Receipts from other operating activities	7,065,505,766	3,446,422,981
Payments for other operating activities	(2,732,083,753)	(2,204,966,439)
Operating profit before changes in operating assets & liabilities	(7,426,406,384)	3,382,711,021
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(7,974,083,532)	(12,891,180,222)
Other assets	(1,681,357,381)	759,324,475
Deposits from other banks	2,828,027,511	362,544,953
Deposits from customers	9,845,641,171	43,435,645,062
Trading liabilities (short-term borrowings)	2,577,354,858	(3,353,112,220)
Other liabilities	(1,841,075,812)	(3,048,482,415)
	3,754,506,815	25,264,739,633
Net cash (used in)/ flow from operating activities (a)	(3,671,899,568)	28,647,450,655
Cash Flows from Investing Activities		
Purchase of government securities	(2,505,380,069)	(17,718,213,702)
Sale/ (Purchase) of trading securities, shares, bonds, etc.	876,780,945	(316,329,093)
Purchase of property, plant and equipment	(159,374,075)	(517,699,399)
Net cash used in investing activities (b)	(1,787,973,199)	(18,552,242,194)
Cash Flows from Financing Activities		
Increase/(decrease) of long-term borrowings	3,660,329,947	(1,399,156,097)
Dividend paid	(159,676)	(62,226)
Net cash flow from/ (used in) Financing activities (c)	3,660,170,271	(1,399,218,323)
Net (decrease)/ increase in cash (a+b+c)	(1,799,702,496)	8,695,990,137
Effects of exchange rate changes on cash and cash equivalents	7,693,939	16,803,746
Cash and cash equivalents at beginning of the year	29,116,507,715	20,403,713,833
Cash and cash equivalents at end of the year (*)	27,324,499,158	29,116,507,715
(*) Cash and cash equivalents:		
Cash	1,010,038,871	1,136,228,324
Prize bonds	1,385,300	1,603,500
Money at call and on short notice	1,535,077,827	3,927,493,241
Balance with Bangladesh Bank and its agent bank(s)	19,920,756,233	18,736,346,733
Balance with other banks and financial institutions	4,857,240,927	5,314,835,916
	27,324,499,158	29,116,507,715
Net Operating Cash Flow Per Share (NOCFPS)	(4.61)	35.99

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd-	-Sd-	-Sd-	-Sd-
Tarique Afzal	Khairul Alam Choudhury	Shafiqul Alam	Muhammad A. (Rume) Ali
President & Managing Director	Director	Independent Director	Chairman

Dhaka,
27 April 2021

AB Bank Limited and Its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Non controlling interest	Retained earnings	Total Equity
Balance at 01 January 2020	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
Adjustment:									
Bonus for 2019:									
5% Stock Dividend	379,065,150	-	-	-	-	-	-	(379,065,150)	-
Restated balance at 01 January 2020	7,960,368,300	6,872,052,329	1,304,649,867	1,296,690,729	1,710,590	136,985,764	11,688,017	6,455,905,282	24,040,050,878
Net profit after taxation for the year	-	-	-	-	-	-	247,638	394,080,618	394,328,256
Addition/(Adjustment) made during the year	-	281,750,388	1,080,000,000	(2,158,304)	-	47,932,916	-	(131,882,192)	1,275,642,808
Foreign exchange rate fluctuation	-	(9,598,312)	228,187	-	820,116	-	-	(12,325,784)	(20,875,793)
Balance at 31 December 2020	7,960,368,300	7,144,204,404	2,384,878,054	1,294,532,425	2,530,706	184,918,680	11,935,655	6,705,777,925	25,689,146,150
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

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd-
Tarique Afzal
 President & Managing Director

-Sd-
Khairul Alam Choudhury
 Director

-Sd-
Shafiqul Alam
 Independent Director

-Sd-
Muhammad A. (Rume) Ali
 Chairman

Dhaka,
 27 April 2021

AB Bank Limited
Balance Sheet
As at 31 December 2020

<u>PROPERTY AND ASSETS</u>	Notes	31.12.2020 Taka	31.12.2019 Taka
Cash	3	20,930,650,119	19,872,447,371
In hand (including foreign currencies)	3.1	1,009,893,886	1,136,100,637
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	19,920,756,233	18,736,346,733
Balance with other banks and financial institutions	4	4,363,793,449	5,248,790,344
In Bangladesh		1,212,295,681	960,214,284
Outside Bangladesh		3,151,497,768	4,288,576,060
Money at call and on short notice	5	2,499,682,377	4,776,493,241
Investments	6	63,437,394,797	61,578,564,387
Government	6.1	53,824,738,002	51,271,643,217
Others	6.2	9,612,656,795	10,306,921,170
Loans, advances and lease/investments	7	274,829,861,346	256,512,476,640
Loans, cash credits, overdrafts, etc./Investments		274,258,221,380	255,778,280,956
Bills purchased and discounted	8	571,639,966	734,195,684
Fixed assets including premises, furniture and fixtures	9	4,488,991,390	4,871,210,242
Other assets	10	14,877,104,936	12,365,703,251
Non-banking assets	11	334,171,836	342,984,836
Total Assets		<u>385,761,650,252</u>	<u>365,568,670,314</u>
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	19,107,865,842	14,820,039,741
AB Bank subordinated bond	13	9,350,000,000	7,400,000,000
Deposits and other accounts	14	290,719,342,438	279,457,593,298
Current accounts and other accounts		28,639,222,340	24,205,740,688
Bills payable		6,423,928,975	4,568,375,122
Savings bank deposits		35,246,391,164	29,888,590,539
Fixed deposits		121,537,588,967	122,908,353,612
Other deposits		98,872,210,992	97,886,533,336
Other liabilities	15	42,097,503,740	41,050,555,751
Total liabilities		<u>361,274,712,019</u>	<u>342,728,188,791</u>
Capital/Shareholders' equity			
Shareholders' equity		24,486,938,234	22,840,481,523
Paid-up capital	16	7,960,368,300	7,581,303,150
Statutory reserve	17	7,144,204,404	6,872,052,329
Other reserve	18	3,695,739,782	2,569,965,170
Retained earnings	19	5,686,625,747	5,817,160,874
Total Liabilities and Shareholders' Equity		<u>385,761,650,252</u>	<u>365,568,670,314</u>

	Notes	31.12.2020 Taka	31.12.2019 Taka
Off-Balance Sheet Items			
Contingent liabilities			
	20	59,191,446,731	47,836,302,228
Acceptances and endorsements		8,043,330,855	9,765,796,881
Letters of guarantee	20.1	12,837,291,873	14,058,371,146
Irrevocable letters of credit		6,094,462,753	6,195,569,825
Bills for collection		32,213,798,567	17,605,068,585
Other contingent liabilities		2,562,682	211,495,791
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		59,191,446,731	47,836,302,228

The annexed notes from 1 to 49 form an integral part of these financial statements.

-Sd- Tarique Afzal President & Managing Director	-Sd- Khairul Alam Choudhury Director	-Sd- Shafiqul Alam Independent Director	-Sd- Muhammad A. (Rume) Ali Chairman
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This is the Balance Sheet referred to in our separate report of even date.

Dhaka,
27 April 2021

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787

AB Bank Limited
Profit and Loss Account
For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
OPERATING INCOME			
Interest income/profit on investments	22	24,291,453,339	26,715,497,527
Interest paid/profit on deposits and borrowings, etc.	23	(20,134,646,639)	(18,846,782,511)
Net interest income		4,156,806,700	7,868,715,017
Investment income	24	6,464,470,219	3,193,192,033
Commission, exchange and brokerage	25	1,259,012,038	1,752,591,584
Other operating income	26	266,019,048	69,510,357
		7,989,501,305	5,015,293,974
Total operating income (a)		12,146,308,005	12,884,008,991
OPERATING EXPENSES			
Salary and allowances	27	2,727,898,981	2,732,602,396
Rent, taxes, insurance, electricity, etc.	28	603,021,052	565,877,510
Legal expenses	29	13,232,598	11,038,914
Postage, stamps, telecommunication, etc.	30	87,203,322	92,753,460
Stationery, printing, advertisement, etc.	31	94,329,907	134,693,521
Chief executive's salary and fees	27.1	12,890,968	5,885,484
Directors' fees	32	1,109,890	2,076,187
Auditors' fees	33	2,338,550	6,956,164
Charges on loan losses		-	1,107,189,105
Depreciation and repairs of Bank's assets	34	702,031,345	679,740,496
Other expenses	35	1,435,273,997	1,095,487,977
Total operating expenses (b)		5,679,330,610	6,434,301,214
Profit before provision (c = (a-b))		6,466,977,395	6,449,707,777
Provision against loans and advances	36	4,925,057,853	4,747,311,840
Provision for investments	37	140,000,000	374,987,754
Other provisions	38	79,842,723	18,227,696
Total provision (d)		5,144,900,576	5,140,527,289
Profit before taxation (c-d)		1,322,076,819	1,309,180,488
Provision for taxation		930,660,427	1,141,439,224
Current tax		1,642,402,204	1,977,784,220
Deferred tax		(711,741,777)	(836,344,996)
Net profit after taxation		391,416,392	167,741,264
Appropriations			
Statutory reserve		281,750,388	251,073,528
General reserve		-	-
Dividends, etc.		-	-
		281,750,388	251,073,528
Retained surplus		109,666,004	(83,332,264)
Earnings Per Share (EPS)	40	0.49	0.21

The annexed notes from 1 to 49 form an integral part of these financial statements.

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rume) Ali
Chairman

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

Dhaka,
27 April 2021

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787

AB Bank Limited
Cash Flow Statement
For the year ended 31 December 2020

Cash flows from Operating Activities	Notes	2020 Taka	2019 Taka
Interest receipts		13,749,631,590	22,932,015,757
Interest payments		(21,655,896,896)	(18,633,521,354)
Dividend receipts		137,581,947	235,761,409
Fees and commission receipts		929,742,512	1,209,120,076
Recoveries on loans previously written off		172,931,675	109,176,042
Payments to employees		(2,740,789,949)	(2,738,487,880)
Payments to suppliers		(94,329,907)	(134,693,521)
Income taxes paid		(2,329,156,442)	(984,829,539)
Receipts from other operating activities	41	6,741,551,232	3,553,608,744
Payments for other operating activities	42	(2,550,630,827)	(2,150,212,354)
Operating profit before changes in operating assets & liabilities		(7,639,365,065)	3,397,937,379
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(7,775,562,957)	(13,133,819,317)
Other assets	43	(1,695,382,143)	957,175,755
Deposits from other banks		2,828,027,511	362,544,953
Deposits from customers		9,954,971,886	43,436,937,697
Trading liabilities (short-term borrowings)		2,577,496,154	(3,353,253,921)
Other liabilities	44	(2,079,503,473)	(2,964,856,134)
		3,810,046,978	25,304,729,034
Net cash (used in)/ flow from operating activities (a)		(3,829,318,087)	28,702,666,413
Cash Flows from Investing Activities			
Purchase of government securities		(2,505,380,069)	(17,718,213,702)
Sale/ (Purchase) of trading securities, shares, bonds, etc.		694,264,375	(236,459,523)
Purchase of property, plant and equipment		(131,253,641)	(508,813,368)
Net cash used in investing activities (b)		(1,942,369,335)	(18,463,486,593)
Cash Flows from Financing Activities			
Increase/(decrease) of long-term borrowings		3,660,329,947	(1,399,156,097)
Dividend paid		(159,676)	(62,226)
Net cash flow from/ (used in) Financing activities (c)		3,660,170,271	(1,399,218,323)
Net (decrease)/ Increase in cash (a+b+c)		(2,111,517,151)	8,839,961,497
Effects of exchange rate changes on cash and cash equivalents		7,693,939	16,803,746
Cash and cash equivalents at beginning of the year		29,899,334,457	21,042,569,215
Cash and cash equivalents at end of the year (*)		27,795,511,245	29,899,334,456
(*) Cash and cash equivalents:			
Cash		1,009,893,886	1,136,100,637
Prize bonds		1,385,300	1,603,500
Money at call and on short notice		2,499,682,377	4,776,493,241
Balance with Bangladesh Bank and its agent bank(s)		19,920,756,233	18,736,346,733
Balance with other banks and financial institutions		4,363,793,449	5,248,790,344
		27,795,511,245	29,899,334,456
Net Operating Cash Flow Per Share (NOCFPS)	45	(4.81)	36.06

The annexed notes from 1 to 49 form an integral part of these financial statements.

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rume) Ali
Chairman

Dhaka,
27 April 2021

AB Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2020

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Investment revaluation reserve	Retained earnings	Total Equity
Balance at 01 January 2020	7,581,303,150	6,872,052,329	1,222,199,200	1,296,690,729	51,075,241	5,817,160,874	22,840,481,523
Adjustment:							
Bonus for 2019:							
5% Stock Dividend	379,065,150	-	-	-	-	(379,065,150)	-
Restated Balance at 01 January 2020	7,960,368,300	6,872,052,329	1,222,199,200	1,296,690,729	51,075,241	5,438,095,724	22,840,481,523
Net profit after taxation for the year	-	-	-	-	-	391,416,392	391,416,392
Addition/(Adjustment) made during the year	-	281,750,388	1,080,000,000	(2,158,304)	47,932,916	(131,882,192)	1,275,642,808
Foreign exchange rate fluctuation	-	(9,598,312)	-	-	-	(11,004,177)	(20,602,490)
Balance at 31 December 2020	7,960,368,300	7,144,204,404	2,302,199,200	1,294,532,425	99,008,157	5,686,625,747	24,486,938,234
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	22,840,481,523

The annexed notes from 1 to 49 form an integral part of these financial statements.

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka,
27 April 2021

AB Bank Limited
Liquidity Statement
Analysis of Maturity of Assets and Liabilities
As at 31 December 2020

Particulars	Amount in taka					
	Up to 1 month's maturity	1-3 months' maturity	3-12 months' maturity	1-5 years' maturity	More than 5 years' maturity	Total
Assets						
Cash in hand and with banks	9,940,201,683	-	-	-	10,990,448,436	20,930,650,119
Balance with other banks and financial institutions	3,633,793,449	730,000,000	-	-	-	4,363,793,449
Money at call and on short notice	1,714,801,937	761,820,561	23,059,879	-	-	2,499,682,377
Investments	943,270,250	7,438,514,139	9,264,322,735	25,607,579,032	20,183,708,641	63,437,394,797
Loans, advances and lease/investments	33,910,761,022	68,084,379,741	125,115,097,684	31,719,521,979	16,000,100,920	274,829,861,346
Fixed assets including premises, furniture and fixtures	-	-	-	-	4,488,991,390	4,488,991,390
Other assets	429,745,746	3,274,541,530	3,490,927,592	1,647,863,090	6,034,026,978	14,877,104,936
Non-banking assets	-	-	-	334,171,836	-	334,171,836
Total Assets	50,572,574,087	80,289,255,971	137,893,407,891	59,309,135,936	57,697,276,365	385,761,650,252
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	13,215,147,886	3,045,897,657	3,101,133,612	5,512,271,648	3,583,415,039	28,457,865,842
Deposit and other accounts	35,923,836,731	72,722,536,630	129,178,831,637	46,613,421,773	6,280,715,668	290,719,342,438
Provision and other liabilities	867,949,294	1,324,764,711	9,049,098,137	30,365,653,241	490,038,357	42,097,503,740
Total Liabilities	50,006,933,911	77,093,198,998	141,329,063,386	82,491,346,662	10,354,169,064	361,274,712,019
Net liquidity excess/(shortage)	565,640,176	3,196,056,972	(3,435,655,495)	(23,182,210,725)	47,343,107,301	24,486,938,234

-Sd-
Tarique Afzal
 President & Managing Director

-Sd-
Khairul Alam Choudhury
 Director

-Sd-
Shafiqul Alam
 Independent Director

-Sd-
Muhammad A. (Rume) Ali
 Chairman

Dhaka,
 27 April 2021

AB Bank Limited and Its Subsidiaries

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2020

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, 2020 in accordance with the measurement and recognition requirements of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) which have replaced Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) 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 2020.

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 2020 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 Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income of ABIL have been shown separately in **Annexure-K**.

AB Securities Limited (ABSL)

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

The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income of 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 Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income 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. Statement of Financial Position and Statement of Income and Retained Earnings of 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 Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income of 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 2020 have been converted into Taka currency at the average of the prevailing buying and selling rates of the relevant foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no. BRPD (R) 717/2004-959 dated 21 November 2004.

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

Cash flow statement

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

Statement of changes in equity

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

Liquidity statement

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

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

1.3 Assets and basis of their valuation

Cash and cash equivalents

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

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

Loans and advances

- i. Loans and advances/investments in Islamic Banking Branch are stated at gross amounts at 31 December 2020.
- ii. Interest/profit is calculated on a daily basis but charged and accounted on accrual basis. Interest/profit on classified loans and advances/ investment is kept in suspense account as per Bangladesh Bank instructions and such interest/ profit is not accounted for income until realized from borrowers. Interest/profit is not charged on bad and loss loans/ investments as per guideline of Bangladesh Bank.
- iii. Commission on bills purchased and discounting are recognised at the time of realisation.

- iv. Provision for loans and advances is made on the basis of quarter-end review by the management and as per instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 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, BRPD Circular No. 03 dated 21 April 2019 and BRPD Circular No. 56 dated 10 December 2020. The rates for provisions are stated below:

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

1% Special General Provision for COVID-19 has been kept as per BRPD circular letter no. 56 dated 10 December 2020.

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 is charged when the respective asset is ready to use.
- 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 Lease since 2019.

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.

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 3,694 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". There is no significant change in market value of revalued assets, hence the assets were not further revalued. Management will continuously assess the fair market value.

Deposits and other accounts

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

Borrowing

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

Provision for taxation

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

Current tax

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

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

Deferred tax

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

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

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

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

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

The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the Profit and Loss Account as per IAS-12 "Income Taxes" (note 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 2020

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 its 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	2,404.32	63.21	-	15.80	3.89	(58.08)	2,429.15	6.00	3.57	0.40	4.44	(0.87)	2,442.69
Int. paid on deposits & borrowings, etc.	1,954.88	61.03	29.12	25.33	1.18	(58.08)	2,013.46	-	3.93	-	0.63	(0.87)	2,017.16
Net interest income	449.44	2.18	(29.12)	(9.53)	2.72	-	415.68	6.00	(0.36)	0.40	3.81	-	425.53
Investment income	641.76	1.24	0.75	-	2.70	-	646.45	6.37	3.86	-	-	(7.49)	649.19
Commission, exchange and brokerage	100.46	0.24	-	0.01	25.19	-	125.90	4.14	9.96	-	4.21	(0.21)	144.01
Other operating income	26.46	0.02	-	-	0.12	-	26.60	1.01	0.29	-	5.72	(0.91)	32.71
Total operating income	1,218.12	3.68	(28.38)	(9.52)	30.73	-	1,214.63	17.52	13.75	0.40	13.74	(8.61)	1,251.44
Operating Expenses													
Salary and allowances	269.91	2.08	-	0.28	1.81	-	274.08	1.72	3.12	0.03	3.07	-	282.01
Rent, taxes, insurance, electricity, etc.	57.73	0.14	0.00	0.00	2.42	-	60.30	0.22	0.22	-	0.94	(0.91)	60.78
Legal expenses	1.32	-	-	-	0.00	-	1.32	0.01	-	-	0.05	-	1.39
Postage, stamps, telecom., etc.	8.23	0.02	-	0.00	0.46	-	8.72	0.09	0.16	-	0.85	-	9.82
Stationery, printing, advertisement, etc.	9.25	0.04	-	0.00	0.13	-	9.43	0.02	0.08	-	0.03	-	9.57
Directors' fees	0.10	0.01	-	-	-	-	0.11	0.04	0.05	0.00	-	-	0.20
Auditors' fees	0.16	-	-	-	0.07	-	0.23	0.02	0.02	0.00	0.05	-	0.33
Charges on loan losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & repairs of Bank's assets	69.76	0.11	-	0.03	0.30	-	70.20	1.89	0.78	-	0.05	-	72.93
Other expenses	119.21	0.65	0.56	0.03	23.07	-	143.53	3.54	2.29	0.01	0.04	(0.21)	149.20
Total operating expenses	535.68	3.06	0.56	0.35	28.28	-	567.93	7.54	6.73	0.04	5.10	(1.13)	586.21
Profit before provision	682.44	0.62	(28.94)	(9.86)	2.45	-	646.70	9.98	7.03	0.36	8.64	(7.49)	665.22
Provision against loans and advances							492.51						510.01
Provision for investments							14.00						14.00
Other provisions							7.98						7.98
Total provision							514.49						531.99
Profit before taxation							132.21						133.23
Provision for taxation							93.07						93.80
Net profit after taxation							39.14						39.43

AB Bank Limited

**Notes to the Financial Statements
For the year ended 31 December 2020**

By geographical location and segment business (cont.)

Balance Sheet

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	2,065.90	26.83	-	-	0.34	-	2,093.07	0.00	0.00	0.01	0.00	-	2,093.08
Balance with other banks & fin.institution	165.63	134.82	-	0.66	174.46	(39.21)	436.38	13.60	45.67	4.53	2.60	(17.06)	485.72
Money at call and on short notice	1,003.04	-	-	96.46	41.51	(891.04)	249.97	-	-	-	-	(96.46)	153.51
Investments	5,804.37	39.78	321.61	163.79	46.60	(32.41)	6,343.74	55.17	10.36	-	-	-	6,409.27
Loans and advances	26,167.60	651.03	-	610.92	53.96	(0.52)	27,482.99	695.74	91.90	-	111.81	(92.34)	28,290.09
Fixed assets	448.54	0.67	-	-	0.57	(0.88)	448.90	52.89	1.44	-	0.01	-	503.25
Other assets	2,021.69	9.92	28.91	0.08	18.62	(591.51)	1,487.71	23.71	9.82	3.16	4.77	(640.51)	888.65
Non-banking assets	33.42	-	-	-	-	-	33.42	-	-	-	-	-	33.42
Total Assets	37,710.19	863.05	350.51	871.92	336.06	(1,555.57)	38,576.17	841.12	159.19	7.69	119.20	(846.38)	38,856.99
LIABILITIES AND CAPITAL													
Liabilities													
Borrowings from other banks, financial institutions and agents	2,918.50	81.65	-	896.65	-	(1,051.00)	2,845.79	75.59	16.75	-	96.27	(188.62)	2,845.79
Deposits and other accounts	28,157.10	743.61	0.00	1.33	210.71	(40.81)	29,071.93	-	-	-	-	(17.22)	29,054.72
Other liabilities	3,896.67	37.80	359.22	19.07	8.70	(111.69)	4,209.75	91.18	91.00	0.00	5.46	(9.82)	4,387.57
Total Liabilities	34,972.26	863.05	359.22	917.04	219.41	(1,203.51)	36,127.47	166.77	107.76	0.00	101.74	(215.66)	36,288.08
Total Shareholders' Equity	2,737.93	-	(8.70)	(45.13)	116.65	(352.06)	2,448.69	674.35	51.43	7.69	17.46	(631.91)	2,567.72
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1.19	1.19
Total Liabilities & Shareholders' Equity	37,710.19	863.05	350.51	871.92	336.06	(1,555.57)	38,576.17	841.12	159.19	7.69	119.20	(846.38)	38,856.99

1.11 Compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

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

Sl 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	Employee Benefits	19	Complied
9	Accounting for Govt. Grants and Disclosure of Govt. Assistance	20	N/A
10	The Effects of Changes in Foreign Exchanges Rates	21	Complied
11	Borrowing Costs	23	Complied
12	Related Party Disclosures	24	Complied
13	Accounting and Reporting by Retirement Benefit Plans	26	Complied
14	Separate Financial Statements	27	Complied
15	Investments in Associates and Joint Ventures	28	Complied
16	Financial Reporting in Hyperinflationary Economics	29	N/A
17	Interests in Joint Ventures	31	N/A
18	Financial Instruments: Presentation	32	*
19	Earnings Per Share	33	Complied
20	Interim Financial Reporting	34	Complied
21	Impairment of Assets	36	Complied
22	Provisions, Contingent Liabilities and Contingent Assets	37	Complied
23	Intangible Assets	38	Complied
24	Investment Property	40	Complied
25	Agriculture	41	N/A

Sl 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.

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.
5	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.

Sl no.	Issues	IAS/IFRS	Bangladesh Bank
6	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.
7	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.
8	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.
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.

Sl 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 and Supplementary Duty Act, 2012
- x. The Value Added Tax and Supplementary Duty Rules, 2016
- xi. The Financial Reporting Act 2015 and other regulations of Financial Reporting Council, Bangladesh
- xii. Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) Listing Regulations, 2015
- xiii. Central Depository Bangladesh Limited (CDBL) rules and regulations
- xiv. Financial Reporting Disclosure (as per BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated, 20 June 2018)
- xv. Other applicable laws and regulations

1.14 Reporting period

Sl no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2020 to 31 December 2020
2	Off Shore Banking Unit	01 January 2020 to 31 December 2020
3	Mumbai Branch, India	01 January 2020 to 31 December 2020
4	AB Investment Limited	01 January 2020 to 31 December 2020
5	AB Securities Limited	01 January 2020 to 31 December 2020
6	Cashlink Bangladesh Limited	01 January 2020 to 31 December 2020
7	AB International Finance Limited	01 January 2020 to 31 December 2020
8	Arab Bangladesh Bank Foundation	01 January 2020 to 31 December 2020

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 2019 & Jan-Sep 2020	December 19, 2020	AA-	ST-2
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:

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

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 Mohakhali and Saver Branch of ABBL	Pacific Industries Ltd.	Mr. Khairul Alam Choudhury	Nominated Director of Pacific Industries Ltd. In ABBL Board
Lease agreement with ABBL	Elite International Ltd.	Feroz Ahmed	Common Director

b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in BDT
Pacific Industries Ltd.	Common Director	Office Rent	15,270,390
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	755,898,828
02	AB Securities Limited	99.91% owned Subsidiary	Loans and advances	167,548,156
03	AB International Finance Limited	Fully owned (100%) Subsidiary	Placement through OBU	964,604,550
Total loans/placement to subsidiary				1,888,051,534

d) **Key Management personnel compensation**

Transactions with Key Management personnel of the Bank for the period January – December 2020 is given below:

Particulars	Amount Tk
Short-term employee benefit	151,391,398
Post-employment benefits	-
Other long-term employee benefits	-
Termination benefits	-

Key Management personnel includes President and Managing Director, Additional Managing Director, 04 nos. Deputy Managing Director, 11 nos Senior Executive Vice President, Company Secretary, Head of Internal Control & Compliance Division and Chief Financial Officer.

Key management personnel get gratuity and superannuation fund benefits are provided as per service rule if eligible.

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 (2020) 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. Shafiqul Alam	Independent Director	Member	With effect from 13 October, 2020	MSC from Dhaka University
3	Mr. Shajir Ahmed	Director	Member	With effect from 15 September 2019	B.SC from University of London

* Mr. Kaiser A. Chowdhury has resigned from Board of Directors of the Bank on its 702nd Board Meeting held on 18 January 2021.

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

ii) Meeting held with Audit Committee

During the year 2020, the Audit Committee conducted 09 (nine) meeting in which, among others, focused on the following activities (not an exhaustive test):

- Reviewed Internal Audit Plan for the year 2020
- 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 2020 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.

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. Justice Siddiquir Rahman Miah	Chairman	L.L.B ,Dhaka University. Presidant of Governingbody, Islamic Foundation Bangladesh fomer Justice Bangladesh Suprime Court. Bangladesh
2	Jb. Tarique Afzal, President & Managing Director , ABBL	Vice-Chairman	Masters of Business Administration - MBA (Major: Finance & Marketing), Victoria University, Melbourne, Australia
3	Jb.Kaiser A. Chowdhury, Director, AB Bank Ltd.*	Member	Masters of Arts (Economics),Dhaka University
4	Jb.Firoz Ahmed, Director, AB Bank Ltd.	Member	B.Com (Hons.) Accounting, Chittagoang University
5	Jb. Najmul Ehsan,Chief of Credit Review and Process Management, AB Bank Ltd.	Member	MBA, Institute of Busness Administration, Dhaka University
6	Jb. Iftekhar Enam Awal, Head of SME	Member	M. Com.(Finance),Dhaka University
7	Jb. Moulana Muhammad Musa	Member-Secretary	Prominent author and rechearch Scholar of Quran & Hadith. Kamil, Madrasah Edu. Board, B.Com (Hons) M.Com, Dhaka University,

* Mr. Kaiser A. Chowdhury has resigned from Board of Directors of the Bank on its 702nd Board Meeting held on 18 January 2021.

During the year 2020, AB Bank Shariah Supervisory Committee met Tow 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 2020, are:

- Reviewing the Half-Yearly Shariah Audit Report (January-June, 2019) of Islami Banking Branch and its observations.
- Approving the Final Accounts, 2019 of Islami Banking Branch.

- Approving the Annual Report of Shariah Supervisory Committee for the year 2019 on Islamic banking operation of the Bank.
- Reviewing the Half-Yearly Shariah Audit Report (July-December,2019) of Islami Banking Branch and its observations.
- Gave opinion on 'Islamic Banking Guideline' Provide by Bangladesh Bank.
- Approving of Mourning news of Late M.Azizul Huq, Fomer Chairman of AB Bank Sharah Supervisory Committee

1.22 Auditors of Subsidiaries

Name of the Company	Relationship	Name of the Auditors
AB Investment Limited (ABIL)	Subsidiary	ACNABIN Chartered Accountants
AB Securities Limited (ABSL)	Subsidiary	AHMED KHAN & CO. Chartered Accountants
Cashlink Bangladesh Limited (CBL)	Subsidiary	SHAHA & CO. Chartered Accountants
AB International Finance Limited (ABIFL)	Subsidiary	T.O. YIP & CO. LTD. Certified Public Accountants
Arab Bangladesh Bank Foundation (ABBF)	Subsidiary	S.R. Bose & Co. Chartered Accountants

1.23 Impact of COVID-19

On 11 March 2020, the World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease, commonly known as COVID-19. To contain the spread of this disease along with many other countries of the world, the Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing, etc. As a result of these measures, all businesses and economic activities in the country have been adversely affected and this has also affected the Bank. Although the business operation and profitability of the Bank have been impacted by COVID-19, but due to the constantly changing nature of the situation and lack of certainty at present regarding how long this situation will prevail, the potential impact of COVID-19 related matters on the Bank's operation and financial results cannot be reasonably assessed. The management of the Bank assessed the going concern and found no uncertainty regarding this for the upcoming 12 (twelve) months due to COVID-19. The global economy including Bangladesh has been seriously affected since March 2020 due to the outbreak of COVID-19 that has caused serious disruption in Export and Import business, especially in the month of April and May 2020. As a result, commission income has been reduced significantly during the period.

1.24 Going Concern

The Financial Statements have been prepared on a going concern principle which is the assumption that an entity will remain in business for the foreseeable future. Conversely, the Bank has neither any intention nor any legal or regulatory compulsion to halt operations and liquidate its assets in the near term at what may be very low fire-sale prices. Key financial parameters (including liquidity, profitability, asset quality and credit rating) of the Bank continued to demonstrate a healthy trend for a couple of years. The management is not aware of any material uncertainties that may cause to believe that significant doubt upon the Bank's ability to continue as a going concern.

1.25 Worker's Profit Participation Fund (WPPF)

In consistent with widely accepted industry practice and in line section 11(1) of the Banking Companies Act, 1991 (As amended up to date) and subsequent clarification given by Bank & Financial Industries Division (BFID), Ministry of Finance, no provision has been made by the Bank in the reporting period against Workers' Profit Participation Fund (WPPF)."

2. General

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

		31.12.2020	31.12.2019
		Taka	Taka
3. Cash			
Cash in hand	(Note 3.1)	1,009,893,886	1,136,100,637
Balance with Bangladesh Bank and its agent bank	(Note 3.2)	19,920,756,233	18,736,346,733
		20,930,650,119	19,872,447,371
3(a) Consolidated Cash			
AB Bank Limited		20,930,650,119	19,872,447,371
AB Investments Limited		25,000	25,000
AB International Finance Limited		28,096	62,958
AB Securities Limited		35,000	35,000
Cashlink Bangladesh Limited (CBL)		56,889	4,729
		20,930,795,104	19,872,575,058
3.1 Cash in hand			
In local currency		967,306,177	1,112,273,983
In foreign currency		42,587,709	23,826,654
		1,009,893,886	1,136,100,637
3.1(a) Consolidated Cash in hand			
AB Bank Limited		1,009,893,886	1,136,100,637
AB Investments Limited		25,000	25,000
AB International Finance Limited		28,096	62,958
AB Securities Limited		35,000	35,000
Cashlink Bangladesh Limited (CBL)		56,889	4,729
		1,010,038,871	1,136,228,324
3.2 Balance with Bangladesh Bank and its agent bank(s)			
Balance with Bangladesh Bank			
In local currency	(Note: 3.2.1)	12,333,756,678	16,933,745,693
In foreign currency	(Note: 3.2.2)	7,185,461,249	1,325,358,012
		19,519,217,927	18,259,103,705
Sonali Bank Limited		401,538,306	477,243,028
(as an agent bank of Bangladesh Bank) - local currency		19,920,756,233	18,736,346,733
3.2.1 Balance with Bangladesh Bank- local currency			
Balance as per Bank Ledger		12,333,756,678	16,933,745,693
<u>Unresponded debit entries</u>		3,962,064	27,432,347
Bangladesh Bank statement		3,503,071	27,050,707
AB Bank's ledger		458,993	381,640
<u>Unresponded credit entries</u>		215,464,260	71,797,332
Bangladesh Bank statement		206,630,001	70,971,774
AB Bank's ledger		8,834,259	825,557
		12,545,258,875	16,978,110,678

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 2020 is given below:

Year of Unreconciliation	Number of unresponded		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	6	10	3,962,064	215,464,260
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	-	-	-	-
Total	6	10	3,962,064	215,464,260

3.2.2 Balance with Bangladesh Bank-foreign currency

	31.12.2020 Taka	31.12.2019 Taka
Balance as per Bank Ledger	7,185,461,249	1,325,358,012
<u>Unresponded debit entries</u>	5,340,200	-
Bangladesh Bank statement	-	-
AB Bank's ledger	5,340,200	-
<u>Unresponded credit entries</u>	37,565,433	230,889,365
Bangladesh Bank statement	21,210,223	147,117,201
AB Bank's ledger	16,355,210	83,772,165
Balance as per Bangladesh Bank Statement	7,217,686,482	1,556,247,378

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 2020 is given below:

Period of unreconciliation	Number of unresponded		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	1	59	5,340,200	33,299,045
3 months to less than 6 months	-	3	-	4,266,388
6 months to less than 12 months	-	-	-	-
12 months and more	-	-	-	-
Total	1	62	5,340,200	37,565,433

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

AB Bank Limited	19,920,756,233	18,736,346,733
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	19,920,756,233	18,736,346,733

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. 03 dated 09 April 2020.

The statutory cash reserve requirement is on the Bank's time and demand liabilities at the rate 4.00% 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.-03 dated 09 April 2020, Bank has to maintain CRR @ 4.00% on fortnightly cumulative average basis and minimum CRR @ 3.50% on daily basis.

	31.12.2020	31.12.2019
	Taka	Taka
i. Daily position as on the reporting date		
Required reserve	10,729,742,384	14,624,226,903
Actual reserve maintained	12,270,941,451	16,685,285,892
Surplus	<u>1,541,199,067</u>	<u>2,061,058,989</u>

As per Bank ledger, balance with Bangladesh Bank (local currency) is BDT 12,073,050,626 while as per Bangladesh Bank Statements balance is BDT 12,281,941,451. 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. 03 dated 09 April 2020, Bank has to maintain CRR @ 4.00% on fortnightly cumulative average basis.

Required reserve (4.00% of total time & demand liabilities)	182,405,620,528	248,611,857,351
Actual reserve maintained	186,988,926,189	254,990,473,770
Surplus	<u>4,583,305,661</u>	<u>6,378,616,419</u>

(b) Statutory Liquidity Ratio (SLR)

Required reserve (13% of total time & demand liabilities)	34,874,383,466	34,566,354,498
Actual reserve maintained	56,369,820,548	54,656,019,144
Total surplus	<u>21,495,437,082</u>	<u>20,089,664,646</u>

As per Bangladesh Bank MPD Circular No. 03 dated 09 April 2020, all scheduled Banks have to maintain CRR and SLR @ 4.00% and @ 13.00% respectively of their total time and demand liabilities on bi-weekly average basis, where the Bank maintained @ 4.57% and @ 21.01% respectively at the year end.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand	1,001,530,477	1,127,677,409
Balance with Sonali Bank	401,538,306	477,243,028
HTM Securities	36,434,249,577	32,553,153,570
HFT Securities	16,991,303,121	18,436,886,147
Excess Reserve of CRR	1,541,199,067	2,061,058,989
	<u>56,369,820,548</u>	<u>54,656,019,144</u>

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 2020 and MPD Circular No. 03 dated 09 April 2020.

The Statutory Cash Reserve is required on the Bank's Time and Demand Liabilities at the rate of 4.00 % 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), Bangladesh Government Investment Sukuk (BGIS) Cash Balance in the Vault and Foreign Currency (FC) Balance with Bangladesh Bank. Both the reserves (CRR & SLR) are maintained in excess, as shown below:

	31.12.2020 Taka	31.12.2019 Taka
(a) Cash Reserve Requirement (CRR)		
Required reserve	251,615,000	280,362,170
Actual reserve maintained	263,317,424	281,824,758
Surplus	11,702,424	1,462,588
(b) Statutory Liquidity Ratio (SLR)		
Total required reserve	345,970,000	280,362,170
Total actual reserve held	414,435,550	285,952,050
Total surplus	68,465,550	5,589,880

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 18.50% for 31.12.2019 & 18.00% for 31.12.2020 is required, on the same liabilities is also maintained in the form of treasury bills, and bonds including foreign currency balance with RBI. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

	31.12.2020 Taka	31.12.2019 Taka
(a) Cash Reserve Ratio (CRR)		
Required reserve	7,627,095	9,278,344
Actual reserve maintained	53,180,972	28,774,868
Surplus	45,553,877	19,496,524
(b) Statutory Liquidity Ratio (SLR)		
Required reserve	307,637,695	325,891,006
Actual reserve maintained	757,522,153	609,263,692
Surplus	449,884,458	283,372,686
Total required reserve	315,264,790	335,169,350
Total actual reserve held	810,703,125	638,038,560
Surplus	495,438,335	302,869,210

4. Balance with other banks and financial institutions

In Bangladesh	(Note: 4.1)	1,212,295,681	960,214,284
Outside Bangladesh	(Note: 4.2)	3,151,497,768	4,288,576,060
		4,363,793,449	5,248,790,344

		31.12.2020	31.12.2019
		Taka	Taka
4(a) Consolidated balance with other banks and financial institutions			
In Bangladesh	(Note: 4.1.a)	1,690,034,988	1,022,559,568
Outside Bangladesh (Nostro Accounts)	(Note: 4.2.a)	3,167,205,939	4,292,276,348
		<u>4,857,240,927</u>	<u>5,314,835,916</u>

4.1 In Bangladesh

Current Deposits

Standard Chartered Bank, Dhaka City Centre Branch	26,675,395	2,582,845
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	43,225	34,284
Agrani Bank Ltd., Mymensingh Branch	10,000	475
Trust Bank Ltd., Mymensingh Branch	5,046,476	59,166
Janata Bank Ltd., Corporate Branch, Bogura	4,891	4,005,581
Rupali Bank Ltd., Bogura Branch	5,605	5,950
Agrani Bank Ltd., Thana Road Branch, Bogura	6,058,242	7,508,242
RAKUB, Bogura Branch	6,834	7,581
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi	5,000	5,000
Janata Bank Ltd., Rajshahi Branch	5,575	5,575
Rupali Bank Ltd., Rajshahi Branch	9,425	9,425
Janata Bank Ltd., Rangpur Branch	6,848,369	647,737
RAKUB, Rangpur Branch	-	343
Rupali Bank Ltd., Rangpur Branch	400,395	10,308
Janata Bank Ltd., Chapai Nawabganj Branch	21,251	16,024
Janata Bank Ltd., Sirajgonj Branch	1,177	1,867
	<u>45,184,553</u>	<u>14,943,097</u>

Special Notice Deposits

Agrani Bank Ltd., Rangpur Branch	270,016	3,549,371
Agrani Bank Ltd., Saidpur Branch	20,003,505	442
Agrani Bank Ltd., VIP Road Branch, Sylhet	4,734	4,586
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	36,686,585	34,794,735
Agrani Bank Ltd., Sirajgonj Branch	492,936	15,514,224
RAKUB, Sirajgonj Branch	770	770
Agrani Bank Ltd., Sir Iqbal Road Branch, Khulna Br.	37,794	32,117
Agrani Bank Ltd., Naogaon Branch	2,024,612	2,564,634
Agrani Bank Ltd., Jashore Branch	3,106	33,106
Agrani Bank Ltd., Moulvi Bazar Branch	965,268	1,468,968
Agrani Bank Ltd., Satkhira Branch	6,568	6,568
Agrani Bank Ltd., Principal Branch, Dhaka	1,510,098	3,204,524
Agrani Bank Ltd., Barisal Branch	82,046	86,253
Bangladesh Krishi Bank, Barisal Branch	5,623	54,157
Janata Bank Ltd., Barisal Branch	76,323	74,532
Standard Chartered Bank, Dhaka City Centre Branch	1,038,033	1,038,033
Islami Bank Bangladesh Ltd., HO Complex Corp Br.	580,873	567,670
Bank Asia Ltd., Islami Banking Window, Shantinagar Br.	40,030	40,083
First Security Islami Bank Ltd, Dilkusha Br.	446,244	555
Al-Arafah Islami Bank Ltd, Dilkusha Branch	2,503,216	1,553,826
Shahjalal Islami Bank Ltd, Dhaka Main Branch	12,309	9,030
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka	350,446	345,378

	31.12.2020	31.12.2019
	Taka	Taka
Bank Alfalah Ltd, Main Branch, Dhaka	17,031	17,418
Southeast Bank Ltd., Islami Banking Br, Motijheel	54,184	54,096
EXIM Bank Ltd, Motijheel Branch	251,328	50,064
Agrani Bank Ltd., Islami Bank Window, Amin Court Corp. Br.	5,087	3,317
Jamuna Bank Ltd., Islami Banking Br, Nayabazar	7,957	6,193
Union Bank Ltd., Dilkusha Branch	6,437,941	67,428
Premier Bank Ltd., Islami Banking Br, Mohakhali	696,705	41,485
Pubali Bank Ltd., Islamic Branch, 26 Dilkusha, Dhaka	33,486	36,073
	74,654,385	65,229,167

Savings Deposits

Social Islamic Bank Ltd. Principal Branch	12,452,188	37,634
ICB Islamic Bank Ltd., Principal Br, Motijheel	4,556	4,386
	12,456,744	42,020

Fixed Deposits

Hajj Finance Company Ltd.	50,000,000	100,000,000
Phoenix Finance and Investment Ltd.	230,000,000	230,000,000
Exim Bank Ltd.	250,000,000	-
Union Capital Ltd.	150,000,000	150,000,000
IIDFC	100,000,000	200,000,000
IPDC Finance Ltd.	150,000,000	150,000,000
Islami Finance Ltd.	150,000,000	-
BD Finance Ltd.	-	50,000,000
	1,080,000,000	880,000,000
	1,212,295,681	960,214,284

4.1.a Consolidated In Bangladesh

AB Bank Limited	1,212,295,681	960,214,284
AB Investment Limited	136,001,739	207,700
AB International Finance Limited	-	-
AB Securities Limited	456,707,020	81,563,768
Cashlink Bangladesh Limited (CBL)	45,305,051	41,974,568
	1,850,309,491	1,083,960,320
<u>Less:</u> Inter company transaction	160,274,503	61,400,752
	1,690,034,988	1,022,559,568

4.2 Outside Bangladesh

Current Deposits

The Bank of Tokyo Mitsubishi Limited	445,548	1,197,949
MFT, Yangon	84,800	84,900
JP Morgan Chase Bank	823,199,273	1,124,349,954
Sonali Bank (Kolkata)	6,030,102	1,587,576
Myanmar Economic Bank	34,768	34,809
Citibank NA	136,782,639	355,350,812
Hatton National Bank Limited	57,711,947	1,710,155
Commerz Bank AG	28,800,706	48,782,002
MCB Bank Ltd	3,860,685	4,234,667
Mashreq Bank Psc	128,271,243	1,121,283,017
Nepal Bangladesh Bank Limited	4,099,951	4,219,212

	31.12.2020	31.12.2019
	Taka	Taka
Bank of Bhutan	623,285	1,031,675
Habib America Bank	97,311,321	229,731,363
Commerz Bank AG	82,490,389	54,526,958
Habib Metro Bank	5,325,350	15,691,603
Commerz BK CAD	965,642	4,251,086
Commerz BK CHF	4,120,869	1,584,200
JPMC NY	91,182,868	97,305,715
Commerz Bank ®	1,478,988	1,366,527
Reserve Bank of India	53,180,886	28,775,184
HDFC Bank CSGL	5,297,196	787,977
HDFC Bank Limited	223,688,896	50,974,451
Kotak Mahindra Bank	13,542,368	11,752,640
Habib American Bank Limited	890,080	1,640,659
JP CHASE ACU	1,371,313,144	1,045,603,523
Standard Chartered Bank, NY, USA	7,956,182	68,940,720
Standard Chartered Bank, Singapore	140,773	7,344,621
Standard Chartered Bank, UK, GBP	2,667,866	4,432,107
	3,151,497,768	4,288,576,060

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

4.2.a Consolidated Outside Bangladesh (Nostro Accounts)

AB Bank Limited	3,151,497,768	4,288,576,060
AB Investment Limited	-	-
AB International Finance Limited	26,029,982	4,084,192
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	3,177,527,750	4,292,660,252
<u>Less: Inter company transactions</u>	10,321,811	383,904
	3,167,205,939	4,292,276,348

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

Current deposits	3,196,682,320	4,303,519,157
Savings deposits	12,456,744	87,698
Short-Notice Deposits	74,654,385	65,183,489
Fixed deposits	1,080,000,000	880,000,000
	4,363,793,449	5,248,790,344

4.4 Maturity grouping of balance with other banks

Repayable – on demand	3,274,315,029	4,303,519,157
– up to 3 months	1,089,478,421	945,271,187
– over 3 months but below 1 year	-	-
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	4,363,793,449	5,248,790,344

		31.12.2020 Taka	31.12.2019 Taka
5. Money at call and on short notice			
In Bangladesh	(Note 5.1)	1,120,000,000	3,640,000,000
Outside Bangladesh	(Note 5.2)	1,379,682,377	1,136,493,241
		2,499,682,377	4,776,493,241
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		250,000,000	550,000,000
Rupali Bank Limited		-	100,000,000
National Bank Limited		300,000,000	700,000,000
The City Bank Limited		-	500,000,000
Jamuna Bank Limited		570,000,000	-
		1,120,000,000	3,640,000,000
Foreign Currency:		-	-
<u>With non-banking financial institutions</u>		-	-
		1,120,000,000	3,640,000,000
<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		250,000,000	550,000,000
Rupali Bank Limited		-	100,000,000
National Bank Limited		300,000,000	700,000,000
The City Bank Limited		-	500,000,000
Jamuna Bank Limited		570,000,000	-
		1,120,000,000	3,640,000,000
5.2 Outside Bangladesh			
AB International Finance Limited		964,604,550	849,000,000
Commerz Bank,AG		-	2,334,750
Kotak Mahindra Bank		-	-
HDFC Bank Limited		415,077,827	285,158,491
		1,379,682,377	1,136,493,241
5(a) Consolidated money at call and on short notice			
AB Bank Limited		2,499,682,377	4,776,493,241
AB Investment Limited		-	-
AB International Finance Limited		-	-
AB Securities Limited		-	-
Cashlink Bangladesh Limited (CBL)		-	-
		2,499,682,377	4,776,493,241
Less: Inter-group transaction		(964,604,550)	(849,000,000)
		1,535,077,827	3,927,493,241

	31.12.2020	31.12.2019
	Taka	Taka
6. Investments	63,437,394,797	61,578,564,387
Nature wise (Bangladesh operation)		
Held for Trading	16,991,303,125	18,436,886,147
Held to Maturity	36,434,249,577	32,553,153,570
Others	9,545,830,795	10,066,205,208
	62,971,383,497	61,056,244,925
Nature wise (Mumbai branch)		
Held for Trading/Available for Sale	175,650,675	284,497,280
Held to Maturity	290,360,625	237,822,182
Others	-	-
	466,011,300	522,319,462
Claim wise		
Government securities (Note 6.1)	53,824,738,002	51,271,643,217
Other investments (Note 6.2)	9,612,656,795	10,306,921,170
	63,437,394,797	61,578,564,387
6 (a) Consolidated investments		
AB Bank Limited	63,437,394,797	61,578,564,387
AB International Finance Limited	-	-
AB Investment Limited	551,741,963	736,423,365
AB Securities Limited	103,575,886	101,411,055
Cashlink Bangladesh Limited (CBL)	-	-
	64,092,712,647	62,416,398,807
6.1 Government securities		
T.Bill-Local-RE.REPO	2,773,230,075	4,594,340,150
T.Bill	3,832,710,742	7,805,539,669
Treasury bonds	46,819,611,886	38,590,159,898
Bangladesh Bank Islami Investment bonds	397,800,000	280,000,000
Prize bonds	1,385,300	1,603,500
	53,824,738,002	51,271,643,217
6.1.1 Maturity wise Treasury Bonds		
(a) 30 Days Bangladesh Bank Bill		
(b) Treasury Bill		
(i) 91 Days Treasury Bill	1,249,621,250	3,953,566,779
(ii) 182 Days Treasury Bill	749,876,250	2,005,595,561
(iii) 364 Days Treasury Bill	1,833,213,240	1,846,377,329
Total Treasury Bill	3,832,710,740	7,805,539,669
Treasury Bond		
(i) 02 Years Treasury Bond	4,040,822,394	301,639,593
(ii) 05 Years Treasury Bond	10,012,437,402	9,156,974,865
(iii) 10 Years Treasury Bond	18,808,231,975	17,177,320,369
(iv) 15 Years Treasury Bond	7,478,868,393	6,463,769,873
(v) 20 Years Treasury Bond	6,479,251,719	5,490,455,198
Total Treasury Bond	46,819,611,886	38,590,159,898
6.1(a) Consolidated Government securities		
AB Bank Limited	53,824,738,002	51,271,643,217
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	53,824,738,002	51,271,643,217

		31.12.2020	31.12.2019
		Taka	Taka
6.2 Other investments			
Shares	(Note 6.2.1)	3,508,722,377	4,144,754,812
Bond	(Note 6.2.2)	4,000,000,000	4,000,000,000
Pinnacle Global Fund Pte Limited	(Note 6.2.3)	1,637,923,118	1,639,846,896
		9,146,645,495	9,784,601,708

Investments -ABBL, Mumbai branch

Treasury bills	466,011,300	522,319,462
	466,011,300	522,319,462
Total other investments	9,612,656,795	10,306,921,170

6.2 (a) Consolidated other investments

AB Bank Limited	9,612,656,795	10,306,921,170
AB Investment Limited	551,741,963	736,423,365
AB International Finance Limited	-	-
AB Securities Limited	103,575,886	101,411,055
Cashlink Bangladesh Limited (CBL)	-	-
	10,267,974,644	11,144,755,589

6.2.1 Investments in shares

Quoted (Publicly traded)	2,978,945,276	3,705,139,231
Unquoted	529,777,101	439,615,580
	3,508,722,377	4,144,754,812

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
	4,000,000,000	4,000,000,000

6.2.3 Pinnacle Global Fund Pte Limited

1,637,923,118 **1,639,846,896**

Investment in Pinnacle Global Fund Pte Limited has been reduced due to Foreign Currency Rate

6.3 Maturity grouping of Investment

Repayable – on demand	-	-
– upto 3 months	8,381,784,389	11,743,358,670
– over 3 months but below 1 year	9,264,322,735	6,523,081,683
– over 1 year but below 5 years	25,607,579,032	22,516,592,280
– over 5 years	20,183,708,641	20,795,531,753
	63,437,394,797	61,578,564,387

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 2020:

			BDT
Counter party name	Agreement date	Reversal date	1st leg cash consideration
NIL			

31.12.2020 Taka	31.12.2019 Taka
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(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2020:

Counter party name	Agreement date	Reversal date	Amount (1st leg cash consideration)
SBAC Bank Ltd.	30-Dec-20	06-Jan-21	309,498,470
SBAC Bank Ltd.	30-Dec-20	06-Jan-21	382,059,732
Pubali Bank Ltd.	30-Dec-20	04-Jan-21	985,185,000
Pubali Bank Ltd.	30-Dec-20	04-Jan-21	504,872,235
Pubali Bank Ltd.	30-Dec-20	04-Jan-21	592,338,600

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	-	22,847,423,000	7,266,943,560
ii) with other banks & FIS	-	22,780,512,000	4,907,247,352
Securities purchased under reverse repo:			
i) from Bangladesh Bank	-	-	-
ii) from other banks & FIS	-	4,380,368,504	345,901,234

7. Loans, advances and lease/investments **274,829,861,346** **256,512,476,640**

7.1 Maturity grouping

Repayable – on demand	4,744,672,744	3,759,884,860
– upto 3 months	94,150,468,018	80,155,045,832
– over 3 months but below 1 year	128,215,097,684	129,654,604,804
– over 1 year but below 5 years	31,719,521,979	31,986,069,463
– over 5 years	16,000,100,920	10,956,871,681
	274,829,861,346	256,512,476,640

7.2 Broad category-wise breakup excluding bills purchased and discounted

In Bangladesh

Loans	255,617,832,404	235,031,177,819
Overdraft	18,606,517,253	20,715,446,412
Cash credits	-	-
	274,224,349,658	255,746,624,231

Outside Bangladesh: ABBL, Mumbai branch

Loans	705,896	660,680
Overdrafts	-	-
Cash credits	33,165,826	30,996,046
	33,871,722	31,656,725
	274,258,221,380	255,778,280,956

	31.12.2020 Taka	31.12.2019 Taka
7.3 Product wise loans and advances		
Overdraft	18,600,377,953	20,715,446,412
Cash Credit	33,165,826	30,996,046
Time loan	45,728,905,658	40,434,384,083
Term loan	186,322,303,029	172,292,406,439
Forced loan	12,956,187,214	11,003,893,368
Bills under LC	36,160,169	48,935,376
Trust Receipt	6,222,152,680	6,755,526,597
Packing credit	95,704,310	183,774,936
Loan against accepted bills	46,492,698	215,471,226
Loan-EDF	1,548,410,272	1,410,264,178
Consumer Loan	1,361,563,536	1,286,598,412
Staff loan	1,306,798,037	1,400,583,882
Bills purchased & discounted	571,639,966	734,195,684
	<u>274,829,861,346</u>	<u>256,512,476,640</u>
7.4 Net loans, advances and lease/investments		
Gross loans and advances	274,829,861,346	256,512,476,640
<u>Less:</u>		
Interest suspense	16,114,355,797	18,134,825,637
Provision for loans and advances	20,224,381,003	15,279,405,791
	<u>36,338,736,801</u>	<u>33,414,231,427</u>
	<u>238,491,124,546</u>	<u>223,098,245,212</u>
7.5 Significant concentration		
Advances to industries	162,625,517,198	152,298,688,498
Advances to customer groups	102,971,788,159	95,158,135,431
Advances to allied concerns of Directors	9,231,828,714	9,054,439,814
Advances to Chief Executive	727,276	1,212,896
	<u>274,829,861,346</u>	<u>256,512,476,640</u>
7.6 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	<u>36,965,972,064</u>	<u>33,547,104,748</u>
Number of clients	25	28
Amount of outstanding advances	132,359,600,000	121,991,900,000
Amount of classified advances	13,431,139,259	13,000,288,414
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	4,861,801,894	3,819,666,523
Large and medium scale industry	84,212,134,265	70,152,695,242
Working capital	57,010,075,866	54,853,641,156
Export	1,540,950,961	3,756,901,699
Commercial lending	51,867,690,218	52,742,624,554
Small and cottage industry	4,492,946,279	2,967,096,717
Others	70,844,261,863	68,219,850,750
	<u>274,829,861,346</u>	<u>256,512,476,640</u>

	31.12.2020 Taka	31.12.2019 Taka
7.8 Geographical location-wise (division) distribution		
In Bangladesh		
<u>Urban branches</u>		
Dhaka	180,226,670,090	168,071,608,239
Chattagram	54,086,938,844	50,440,051,697
Khulna	13,687,644,566	12,764,736,077
Sylhet	2,176,330,866	2,029,588,728
Barishal	412,351,525	384,548,150
Rajshahi	8,789,106,635	8,196,488,885
Rangpur	8,146,725,396	7,597,421,095
Mymensingh	4,902,308,681	4,571,763,694
	<u>272,428,076,604</u>	<u>254,056,206,564</u>
<u>Rural branches</u>		
Dhaka	1,053,670,312	1,008,673,360
Chattagram	650,319,802	622,547,919
Khulna	-	-
Sylhet	109,735,922	105,049,653
Barishal	-	-
Rajshahi	19,942	19,091
Rangpur	591,198	565,951
Mymensingh	47,852,010	45,808,492
	<u>1,862,189,187</u>	<u>1,782,664,465</u>
Outside Bangladesh		
ABBL, Mumbai branch	539,595,555	673,605,611
	<u>274,829,861,346</u>	<u>256,512,476,640</u>
7.9 Classification of loans, advances and lease/investments		
In Bangladesh		
<u>Unclassified</u>		
Standard	211,499,306,154	193,311,858,904
Special Mention Account	16,636,366,950	15,636,520,911
	<u>228,135,673,104</u>	<u>208,948,379,815</u>
<u>Classified</u>		
Sub-Standard	2,345,665,401	2,219,729,829
Doubtful	3,096,787,235	3,254,684,217
Bad/Loss	40,712,140,051	41,416,077,168
	<u>46,154,592,688</u>	<u>46,890,491,214</u>
	<u>274,290,265,791</u>	<u>255,838,871,028</u>
Outside Bangladesh-Mumbai Branch		
Unclassified Loan	539,595,555	673,605,611
Classified Loan	-	-
	<u>539,595,555</u>	<u>673,605,611</u>
	<u>274,829,861,346</u>	<u>256,512,476,640</u>

Classification of Loans and advances have been made as per Bangladesh Bank Letter no. DBI-1/101/2021-1026 dated April 20, 2021.

		31.12.2020	31.12.2019
		Taka	Taka
7.10	Particulars of loans, advances and lease/investments		
(i)	Loans considered good in respect of which the Bank is fully secured	237,668,028,697	221,827,066,935
(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	37,161,832,649	34,685,409,705
(iv)	Loans adversely classified but provision not maintained there against	-	-
		274,829,861,346	256,512,476,640
(v)	Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,306,798,037	1,400,583,882
(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)]	1,408,719,698	1,595,718,150
(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)	1,984,888,448	1,146,653,215
	(b) Amount of loan written off	-	1,474,965,854
	(c) Amount realised against loan previously written off	172,931,675	109,176,042
	(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	7,440,688,448	5,455,756,706
	(e) Interest creditable to interest suspense account	103,308,393	1,250,180,046
(xi)	Written off loan:		
	Opening written off loan	16,960,853,604	15,485,887,750
	Add: Written off during the year	-	1,474,965,854
	Cumulative Written off loans	16,960,853,604	16,960,853,604
	Less: Adjustments/ recoveries/ Settlement up to the year	3,698,852,518	3,209,310,777
	Closing Balance of Written off loan	13,262,001,086	13,751,542,827
	The amount of written off loans for which lawsuits have been filed for its recovery	13,262,551,152	13,663,089,179

7.10 (a) The amount represents loans Tk.1,408,719,698 due by the employees of the Bank.

31.12.2020	31.12.2019
Taka	Taka

7.11 Securities wise loans, advances and lease/investments

Nature of security

Collateral of movable/immovable assets	233,413,751,391	215,739,231,713
Cash collateral	12,584,902,761	9,704,567,415
Banks and financial institutions guarantee	-	-
Personal guarantee	12,665,038,466	11,065,552,891
Corporate guarantee	6,847,773,600	6,909,180,542
Other securities	9,318,395,128	13,093,944,081
	<u>274,829,861,346</u>	<u>256,512,476,640</u>

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	376,096,028
Beximco Ltd.	Term Loan	29 Mar 2028	1,144,333,442
Beximco Ltd.	Term Loan	29 Jun 2022	144,803,757
BEL Construction SDN BHD Ltd.	Term Loan	31 Dec 2027	4,562,363,112
BEL Construction SDN BHD Ltd.	Term Loan	30 Dec 2021	592,597,459
R & R Aviation Limited	Term Loan	23 Dec 2027	110,794,495
International Knitwear & Apparels Ltd.	Term Loan	29 Jun 2028	863,115,103
Beximco Ltd.	Term Loan	29 Jun 2022	645,794,716
New Dacca Industries Ltd.	Term Loan	29 Jun 2022	3,275,062,087
New Dacca Industries Ltd.	Term Loan	29 Jun 2028	894,652,570
R & R Holdings	Term Loan	23 Dec 2027	3,301,443,852
			<u>15,911,056,620</u>

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

AB Bank Limited	274,258,221,380	255,778,280,956
AB Investment Limited	6,957,399,993	6,752,714,392
AB International Finance Limited	-	-
AB Securities Limited	919,006,263	930,528,911
Cashlink Bangladesh Limited (CBL)	-	-
	<u>282,134,627,636</u>	<u>263,461,524,259</u>
<u>Less: Inter company transaction</u>	<u>923,446,984</u>	<u>911,545,194</u>
	<u>281,211,180,652</u>	<u>262,549,979,066</u>

8 Bills purchased and discounted

In Bangladesh	65,916,133	92,246,798
Outside Bangladesh - ABBL, Mumbai Branch	505,723,833	641,948,886
	<u>571,639,966</u>	<u>734,195,684</u>

8 (a) Consolidated Bills purchased and discounted

AB Bank Limited	571,639,966	734,195,684
AB Investment Limited	-	-
AB International Finance Limited	1,118,086,071	1,100,826,659
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	<u>1,689,726,038</u>	<u>1,835,022,342</u>

	31.12.2020 Taka	31.12.2019 Taka
8.1 Maturity grouping of Bills Purchased and discounted		
Repayable – within 1 month	118,013,770	169,204,134
– over 1 month but within 3 months	179,342,439	234,126,640
– over 3 months but within 6 months	274,283,756	122,851,863
– over 6 months	-	208,013,047
	571,639,966	734,195,684
9. Fixed assets including premises, furniture and fixtures		
Cost:		
Land and Building	2,962,553,953	2,968,097,272
Furniture and fixtures	252,394,773	250,083,131
Office appliances	65,411,271	64,178,283
Electrical appliances	1,933,469,202	1,901,779,739
Motor vehicles	838,058,314	781,076,227
Intangible Assets	783,812,337	758,525,505
Right of Use Assets	1,329,421,828	1,329,421,828
	8,165,121,677	8,053,161,986
<u>Less: Accumulated depreciation and amortization</u>	3,676,130,287	3,181,951,744
	4,488,991,390	4,871,210,242
A schedule of fixed assets is given in Annexure-C		
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Cost:		
AB Bank Limited	8,165,121,677	8,053,161,986
AB Investments Limited	688,571,092	688,571,092
AB International Finance Limited	4,731,583	4,718,520
AB Securities Limited	56,999,872	37,778,532
Cashlink Bangladesh Limited (CBL)	81,471,369	81,471,369
	8,996,895,593	8,865,701,499
Accumulated depreciation:		
AB Bank Limited	3,676,130,287	3,181,951,744
AB Investments Limited	159,634,894	141,044,753
AB International Finance Limited	4,601,076	4,403,501
AB Securities Limited	42,572,830	30,061,320
Cashlink Bangladesh Limited (CBL)	81,471,369	81,471,369
	3,964,410,457	3,438,932,687
	5,032,485,136	5,426,768,812
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

	31.12.2020	31.12.2019
	Taka	Taka
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)	3,270,784,720	2,559,125,266
Accounts receivable	1,586,836,210	1,358,719,057
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	757,841,435	699,855,925
Exchange for clearing	1,580,837,111	26,837,111
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	1,221,859,948	1,250,896,297
Security deposits	73,046,316	75,798,791
Advance rent and advertisement (Note 10.2)	103,540,859	113,443,319
Stationery, stamps, printing materials, etc.	33,323,414	31,978,415
Inter-branch adjustment	-	14,147
	8,647,990,013	6,136,588,329
	14,877,104,936	12,365,703,251
10(a) Consolidated Other assets	5,552,897,433	3,857,515,290
AB Bank Limited	14,877,104,936	12,365,703,251
AB Investment Limited	237,079,608	300,379,486
AB International Finance Limited	47,698,127	37,219,501
AB Securities Limited	98,164,731	11,989,506
Cashlink Bangladesh Limited (CBL)	31,571,199	32,515,580
	15,291,618,600	12,747,807,325
<u>Less:</u> Inter-group transaction	6,405,107,481	6,357,907,426
	8,886,511,119	6,389,899,899
10.1 Deferred tax assets		
a) Deferred tax assets for specific provisions of loans and advances		
Opening Deferred Tax Assets	2,622,704,984	1,995,567,400
<u>Add:</u> Deferred Tax Income during the year	736,387,500	796,087,500
<u>Less:</u> Write-Off adjustment	-	118,861,316
Less. Adjustment during the year	-	50,088,601
Closing deferred tax assets	3,359,092,484	2,622,704,984
b) Deferred tax liabilities against property, plant & equipment		
Balance at 01 January	63,579,718	103,787,730
<u>Add/(less):</u> Provision made during the year	24,645,723	(40,257,496)
<u>Add/(Less):</u> Adjustment for Rate Fluctuation during the year	82,324	49,483
Closing deferred tax liabilities	88,307,764	63,579,718
Net Deferred Tax Assets (a-b)	3,270,784,720	2,559,125,266
Net Deferred Tax Income during the year	711,741,777	836,344,996
Deferred tax liabilities against Property, Plant & Equipment		
Accounting base of Property, Plant & Equipment	3,556,621,763	3,700,011,239
Tax base of Property, Plant & Equipment	3,314,479,078	3,523,048,120
Difference	242,142,685	176,963,119

	31.12.2020	31.12.2019
	Taka	Taka
(Deductible)/Taxable Temporary Difference	242,142,685	176,963,119
Effective Tax Rate	37.50%	37.50%
Deferred Tax (Assets)/Liabilities	90,803,507	66,361,170
Deferred Tax (Assets)/Liabilities of Mumbai Branch	(2,495,745)	(2,781,455)
Closing Deferred Tax (Assets)/Liabilities	88,307,764	63,579,715
10.1.2 Consolidated deferred tax liabilities		
AB Bank Limited	88,307,764	63,579,718
AB Investment Limited	-	11,437,840
	88,307,764	75,017,557
10.1.3 Consolidated deferred tax assets		
AB Bank Limited	3,359,092,484	2,622,704,984
AB Securities Limited	1,979,667	2,265,570
AB Investment Limited	39,432,812	-
	3,400,504,963	2,624,970,554
10.2 Advance rent and advertisement		
Advance rent BDT 17,56,92,139.02 as on 31 Decembe 2020 is included with Right of Use (ROU) assets as per IFRS 16 Leases.		
11 Non-Banking Assets	334,171,836	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)	19,107,865,842	14,820,039,741
Outside Bangladesh	-	-
	19,107,865,842	14,820,039,741
12.1 In Bangladesh:		
12.1.1 Bangladesh Bank		
Export Development Fund	1,537,686,974	1,401,605,286
Islamic Investment Bond	816,485,540	1,816,519,380
Refinance against IPFF	246,135,320	284,034,590
Refinance against Women Entr., Small Enterprise, ETP, Covid 19 & Others	1,893,766,663	145,537,446
	4,494,074,497	3,647,696,701
12.1.2 Call & Term Borrowing from		
NCC Bank Ltd.	500,000,000	924,500,000
NRB Commercial Bank Limited	-	500,000,000
Agrani Bank Limited	9,496,008,000	2,900,000,000
Sonali Bank Limited	848,004,000	3,000,000,000
Simanto Bank Limited	400,000,000	-
Uttara Bank Limited	1,924,002,000	500,000,000
Bank Asia Limited	-	1,500,000,000
Midland Bank Ltd	-	300,000,000
South Bangla Bank Ltd	-	500,000,000
Rupali Bank Limited	924,002,000	500,000,000
National Bank Limited	296,801,400	254,700,000
South East Bank Limited	169,600,800	169,800,000
Accrued interest	55,373,145	123,343,040
	14,613,791,345	11,172,343,040
Total in Bangladesh	19,107,865,842	14,820,039,741

	31.12.2020	31.12.2019
	Taka	Taka
12.2 Analysis by security		
Secured (assets pledge as security for liabilities)	-	-
Unsecured	19,107,865,842	14,820,039,741
	19,107,865,842	14,820,039,741
12.3 Repayment pattern		
Repayable on demand	-	1,000,000,000
Repayable on maturity (Note 12.3.1)	19,107,865,842	13,820,039,741
	19,107,865,842	14,820,039,741
12.3.1 Repayable on maturity		
<u>Bangladesh Bank :</u>		
Export Development Fund	1,537,686,974	1,401,605,286
Islamic Investment Bond	816,485,540	1,816,519,380
Refinance against IPFF	246,135,320	284,034,590
Refinance against Women Entr., Small Ent., ETP & Others	1,893,766,663	145,537,446
	4,494,074,497	3,647,696,701
<u>Term borrowings:</u>		
Agrani Bank Limited	9,496,008,000	2,900,000,000
NCC Bank Limited	500,000,000	924,500,000
Uttara Bank Limited	1,924,002,000	500,000,000
Bank Asia Limited	-	1,500,000,000
Rupali Bank Limited	924,002,000	500,000,000
Shimanto Bank Limited	400,000,000	-
Sonali Bank Limited	848,004,000	2,000,000,000
Uttara Bank Limited	-	-
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	296,801,400	254,700,000
Southeast Bank Limited	169,600,800	169,800,000
Accrued interest	55,373,145	123,343,040
	14,613,791,345	10,172,343,040
	19,107,865,842	13,820,039,741
12(a) Consolidated Borrowings from other banks, financial institutions and agents		
AB Bank Limited	19,107,865,842	14,820,039,741
AB Investment Limited	755,898,828	737,184,319
AB International Finance Limited	962,746,929	845,905,526
AB Securities Limited	167,548,561	174,502,576
Cashlink Bangladesh Limited (CBL)	-	-
	20,994,060,160	16,577,632,162
<u>Less: Intercompany transactions</u>	1,886,193,913	1,757,450,720
	19,107,866,247	14,820,181,442
13. AB Bank Subordinated Bond		
AB Bank Subordinated Bond-I	500,000,000	1,000,000,000
AB Bank Subordinated Bond-II	1,600,000,000	2,400,000,000
AB Bank Subordinated Bond-III	4,000,000,000	4,000,000,000
AB Bank Subordinated Bond-IV	3,250,000,000	-
	9,350,000,000	7,400,000,000

Bank has issued 7 years Sub-Ordinated bonds in four 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, AB Bank Subordinated Bond-III for BDT 400 crore in May 2018 and AB Bank Subordinated Bond-IV for BDT 325 crore in December 2020 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.

	31.12.2020 Taka	31.12.2019 Taka
Jamuna Bank Limited	2,300,000,000	2,300,000,000
Sonali Bank Limited	2,000,000,000	800,000,000
National Credit & Commerce Bank Limited	1,700,000,000	1,700,000,000
Janata Bank Limited	1,200,000,000	300,000,000
Agrani Bank Limited	1,050,000,000	500,000,000
Rupali Bank Limited	400,000,000	600,000,000
BRAC	200,000,000	400,000,000
BRAC Bank Limited	140,000,000	220,000,000
NRB Commercial Bank Limited	140,000,000	220,000,000
Uttara Bank Limited	120,000,000	180,000,000
Midland Bank Limited	40,000,000	80,000,000
National Life Insurance Co. Limited	40,000,000	60,000,000
Mutual Trust Bank Limited	16,000,000	32,000,000
Grameen Capital Management Limited	4,000,000	8,000,000
	9,350,000,000	7,400,000,000
14. Deposit and other accounts		
Inter-bank deposits	5,191,520,116	2,363,492,605
Other deposits	285,527,822,321	277,094,100,693
	290,719,342,438	279,457,593,298
14(a) Consolidated Deposit and other accounts		
AB Bank Limited	290,719,342,438	279,457,593,298
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	290,719,342,438	279,457,593,298
Less: Inter-group transaction	172,181,996	62,851,282
	290,547,160,441	279,394,742,017
14.1 Maturity analysis of inter-bank deposits		
Repayable – on demand	1,726,356,465	1,437,087,689
– within 1 month	2,601,623,560	812,627,277
– over 1 month but within 3 months	336,309,536	82,535,972
– over 3 months but within 1 year	527,230,556	31,241,667
– over 1 period but within 5 years	-	-
– over 5 periods but within 10 years	-	-
– over 10 years	-	-
	5,191,520,116	2,363,492,605
14.2 Maturity analysis of other deposits		
Repayable – on demand	3,382,104,377	2,292,090,161
– within 1 month	28,219,742,148	27,284,686,711
– over 1 month but within 3 months	72,380,237,274	68,451,857,539
– over 3 months but within 1 year	128,651,601,082	124,699,894,407
– over 1 year but within 5 years	46,613,421,773	45,545,001,949
– over 5 years	6,280,715,668	8,820,569,927
	285,527,822,321	277,094,100,692

	31.12.2020	31.12.2019
	Taka	Taka
14.3 Demand and time deposits		
a) Demand Deposits	38,235,326,520	31,464,088,959
Current accounts and other accounts	28,639,222,340	24,205,740,688
Savings Deposits (9%)	3,172,175,205	2,689,973,149
Bills Payable	6,423,928,975	4,568,375,122
b) Time Deposits	252,484,015,917	247,993,504,339
Savings Deposits (91%)	32,074,215,959	27,198,617,391
Short Notice Deposits	47,144,703,134	50,930,113,957
Fixed Deposits	121,537,588,967	122,908,353,612
Other Deposits	51,727,507,857	46,956,419,379
Total Demand and Time Deposits	<u>290,719,342,438</u>	<u>279,457,593,298</u>

14.4 Sector-wise break up of deposits and other accounts

Government	1,890,797,992	1,931,164,623
Deposit money Banks	5,191,520,116	2,363,492,605
Autonomous & Semi-Autonomous Bodies	5,305,444,172	4,675,303,846
Public Non-Financial Organisation	64,957,043,101	69,231,731,617
Other Public	2,666,271,479	2,992,553,242
Foreign Currency	13,690,452,844	11,910,287,442
Private	197,017,812,733	186,353,059,922
	<u>290,719,342,438</u>	<u>279,457,593,298</u>

15. Other liabilities

Accumulated provision against loans and advances	(Note 15.1) 20,224,381,003	15,279,405,791
Inter-branch adjustment	145,930	-
Provision for current tax (net of advance tax)	(Note 15.2) 1,649,440,346	2,330,977,161
Interest suspense account	(Note 15.3) 16,114,355,797	18,134,825,637
Provision against other assets	(Note 15.4) 348,873,106	336,573,038
Accounts payable - Bangladesh Bank	69,049,890	186,368,159
Accrued expenses	133,009,666	170,706,883
Lease Liabilities	(Note 15.5) 688,375,584	842,847,290
Provision for off balance sheet items	(Note 15.6) 270,000,000	710,000,000
Provision against investments	(Note 15.7) 1,689,603,000	2,209,603,000
Start-up Fund *	64,669,774	-
Others **	845,599,643	849,248,793
	<u>42,097,503,740</u>	<u>41,050,555,751</u>

* Start-up Fund has been maintained as per Bangladesh Bank SMESPD Circular no. 04 dated 29 March 2021.

** 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.

15.1 Accumulated provision against loans and advances

The movement in specific provision for bad and doubtful debts

Balance at 01 January	6,993,879,956	5,078,767,423
Fully provided debts written off during the period	(-) -	(316,963,509)
Recovery of amounts previously written off	(+)	109,176,042
Specific provision made during the period	(+)	2,122,900,000
	<u>1,963,700,000</u>	<u>1,915,112,534</u>
Balance at 31 December	<u>8,957,579,956</u>	<u>6,993,879,956</u>
Provision made by ABBL, Mumbai Branch	-	-
Total provision on classified loans and advances	<u>8,957,579,956</u>	<u>6,993,879,956</u>

		31.12.2020	31.12.2019
		Taka	Taka
<u>On unclassified loans</u>			
Balance at 01 January		8,282,733,658	5,557,133,658
Transferred from Investment provisions	(+)	20,000,000	100,000,000
General provision made during the year	(+)	2,961,992,000	2,625,600,000
		<u>2,981,992,000</u>	<u>2,725,600,000</u>
Balance at 31 December		11,264,725,658	8,282,733,658
Provision made by ABBL, Mumbai Branch		2,075,389	2,792,177
Total provision on un-classified loans and advances		<u>11,266,801,047</u>	<u>8,285,525,835</u>
Total provision on loans and advances		<u>20,224,381,003</u>	<u>15,279,405,790</u>

<u>Provision for</u>	<u>Required</u>	31.12.2020	
		Maintained	Excess
Un-classified loans and advances	11,257,075,389	11,266,801,047	9,725,658
Classified loans and advances	8,950,000,000	8,957,579,956	7,579,956
	<u>20,207,075,389</u>	<u>20,224,381,003</u>	<u>17,305,614</u>

Provision against loans and advances has been maintained as per Bangladesh Bank letter no. DBI-1/101/2021-1026 dated 20 April 2021. According to letter, there is a provision shortfall of Tk. 4,946.33 crore against loans and advances which requires to be kept in next 9 years equally from 2021-2029.

15.1.1 Special General Provision-COVID-19 206,561,420 -

Special General Provision-COVID-19 has been kept as per Bangladesh Bank, BRPD circular no. 56 dated 10 December 2020. This amount is included with the total provision on un-classified loans and advances under note-15.1.

15.1.2 Details of provision for loans and advances

	31.12.2020	
	Required	Maintained
<u>General Provision</u>	11,257,075,389	11,266,801,047
Standard	10,862,299,965	10,872,025,623
Special Mention Account	394,775,424	394,775,424
<u>Specific Provision</u>	8,950,000,000	8,957,579,956
Substandard	272,748,255	272,748,255
Doubtful	1,244,143,254	1,244,143,254
Bad/Loss	7,433,108,491	7,440,688,448
Excess provision maintained at 31 December 2020		<u>17,305,614</u>

	31.12.2020	31.12.2019
	Taka	Taka

15.2 Provision for current tax (net of advance tax)

Current Tax	(note 15.2.1) 5,604,721,360	4,034,349,742
Advance Income Tax	(note 15.2.2) 3,955,281,014	1,703,372,580
Provision for current tax (net of advance tax)	<u>1,649,440,346</u>	<u>2,330,977,161</u>

15.2.1 Provision for current tax

Opening Balance	3,895,988,647	14,835,831,960
<u>Add: Provision made during the year</u>	<u>1,665,743,353</u>	<u>1,895,469,161</u>
Less: Adjustment during the year	-	12,666,362,557
Less: Deferred Tax Adjustment during the year	-	50,088,601
<u>Less: Write-off adjustment</u>	<u>-</u>	<u>118,861,316</u>
Closing Balance	5,561,731,999	3,895,988,647
Provision held by ABBL, Mumbai Branch	42,989,360	138,361,095
	<u>5,604,721,360</u>	<u>4,034,349,742</u>

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2018 (Assessment Year 2019-20). Corporate income tax return for the year 2019 submitted under section 82BB corresponding to Assessment Years 2020-21. 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.

	31.12.2020 Taka	31.12.2019 Taka
15.2.1a Reconciliation of Provision for Current Tax made during the year (Bangladesh Operation)		
Income tax @ 37.50% on estimated taxable Business Profit	1,638,240,554	2,149,145,001
Income tax @ 20.00% on Dividend Income	27,502,800	47,152,282
Income tax @ 10% on Capital Gain on Sale of Shares	-	4,788,129
Estimated Total Provision Required	1,665,743,353	2,201,085,412
Effective Tax Rate on Profit before Provision	25.84%	35.20%

15.2.2 Advance corporate income tax

In Bangladesh:

Opening Balance	1,584,282,901	13,330,000,239
Paid during the year	2,282,669,951	920,645,219
<u>Less: Transfer/Adjustment during the year</u>	-	12,666,362,557
Closing balance (Bangladesh operations)	3,866,952,852	1,584,282,901
Advance tax of ABBL, Mumbai Branch	88,328,162	119,089,679
	3,955,281,014	1,703,372,580

15.3 Interest suspense account

Balance at 01 January	18,134,825,637	19,704,000,511
Add. Transferred during the the year	103,308,393	1,250,180,046
Less: Recovery/adjustment during the year	(2,004,941,382)	(2,473,928,682)
Less: Waiver during the year	(118,836,850)	(294,613,000)
Less: Written off during the year	-	(50,813,239)
Balance at 31 December	16,114,355,797	18,134,825,637

15.4 Provision against other assets

Provision for

Prepaid legal expenses	136,030,000	121,030,000
Protested bills	73,355,678	76,055,610
Others	139,487,428	139,487,428
	348,873,106	336,573,038

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

Particulars	Outstanding amount	Base for Provision	Rate	Provisions Requirement	Provisions Maintained
Prepaid legal expenses	135,994,832	135,994,832	50% & 100%	67,997,416	136,030,000
Protested bills	72,370,749	72,370,749	100%	72,370,749	73,355,678
Others	101,417,560	101,417,560	100%	101,417,560	139,487,428
Required provision for other assets				241,785,725	348,873,106
Total provision requirement					241,785,725
Total provision maintained					348,873,106
Excess provision maintained at 31 December 2020					107,087,380

15.5 Leasehold Liabilities

Opening balance of present value of lease liability	842,847,290	979,237,360
Finance Cost @ 8%	67,427,783	49,896,645
Rental payment during the year	221,899,489	186,286,715
Closing balance of lease liability	688,375,584	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.

	31.12.2020	31.12.2019
	Taka	Taka
15.6 Provision for off balance sheet items		
Opening balance	710,000,000	810,000,000
<u>Less:</u> Transferred to general reserve	(440,000,000)	(100,000,000)
	270,000,000	710,000,000

15.6.1 Particulars of required provision for Off-Balance Sheet Items

	Base for Provision	Rate (%)	31 Dec 2020	31 Dec 2019
Acceptances and endorsements	7,844,189,334	1%	78,441,893	97,347,035
Letters of guarantee	12,830,765,335	1%	128,307,653	140,566,747
Irrevocable letters of credit	6,094,462,753	1%	60,944,628	61,955,698
Bills for collection	-	1%	-	-
Others	2,562,682	1%	25,627	2,114,958
Total Off Balance Sheet Items & required provision	26,771,980,105		267,719,801	301,984,438
Total provision maintained			270,000,000	710,000,000
Excess provision at 31 December 2020			2,280,199	408,015,562

Provision is not required against Off Balance Sheet items of Mumbai Branch BDT 29,902,686,092.22 as per Reserve Bank of India (RBI) guidelines.

15.7 Provision against investments

Provision against quoted shares:

Opening balance	1,830,353,000	1,650,053,000
Less: Provision transferred during the year	(660,000,000)	180,300,000
	1,170,353,000	1,830,353,000
Total provision maintained for Investment	1,170,353,000	1,830,353,000
Total provision requirement for Investment	1,169,528,839	1,826,516,990
Excess provision	824,161	3,836,010

Provision for Pinnacle Global Fund Pte Limited:

Opening balance	379,250,000	239,250,000
<u>Add:</u> Provision made during the year	140,000,000	140,000,000
	519,250,000	379,250,000

Provision for Pinnacle Global Fund Pte Limited of BDT 111.86 crore has been deferred as per Bangladesh Bank letter no. DBI-1/101/2021-1026 dated April 20, 2021 for 9 years from 2021-2029.

Total Provision maintained against investment:

Provision against quoted shares	1,170,353,000	1,830,353,000
Provision for Pinnacle Global Fund Pte Limited	519,250,000	379,250,000
	1,689,603,000	2,209,603,000

15(a) Consolidated Other liabilities

AB Bank Limited	42,097,503,740	41,050,555,751
AB Investment Limited	911,761,681	852,726,243
AB International Finance Limited	54,610,986	86,150,229
AB Securities Limited	910,021,973	448,712,800
Cashlink Bangladesh Limited (CBL)	28,750	28,750
	43,973,927,130	42,438,173,774
<u>Less:</u> Inter-group transaction	98,198,677	17,190,130
	43,875,728,453	42,420,983,644
	31.12.2020	31.12.2019

	Taka	Taka
16. Share Capital	7,960,368,300	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
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
781,036,830 ordinary shares of BDT 10 each issued as bonus shares	7,810,368,300	7,431,303,150
	7,960,368,300	7,581,303,150

16.3 Percentage of shareholding

	As at 31 December 2020		As at 31 December 2019	
	No. of shares	%	No. of shares	%
Sponsors and public	791,473,869	99.43	753,784,637	99.43
Government	4,562,961	0.57	4,345,678	0.57
	796,036,830	100.00	758,130,315	100.00

16.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Upto 500	28,708	31,442	48.16	49.69
501 to 5,000	22,734	23,976	38.14	37.89
5,001 to 10,000	3,626	3,663	6.08	5.79
10,001 to 20,000	2,214	2,092	3.71	3.31
20,001 to 30,000	742	701	1.24	1.11
30,001 to 40,000	379	326	0.64	0.52
40,001 to 50,000	230	231	0.39	0.37
50,001 to 100,000	472	404	0.79	0.64
100,001 to 1,000,000	443	385	0.74	0.61
Over 1,000,000	61	56	0.10	0.09
	59,609	63,276	100	100

16.5 Names of the Directors and their shareholding as at 31 December 2020

Name of the Director	Status	No. of Shareholding including nominating institution/individual	
		31.12.2020	31.12.2019
Mr. Muhammad A. (Rumee) Ali Nominated by Pacific Traders Ltd.	Chairman	79,480,564	75,696,901
Mr. Feroz Ahmed	Director	16,516,704	15,730,196
Mr. Shajir Ahmed Nominated by Mr. Salim Ahmed	Director	21,804,184	17,907,293
Mr. Khairul Alam Choudhury Nominated by Pacific Industries Limited	Director	77,865,692	74,157,802
Mr. Kaiser A. Chowdhury*	Independent Director	-	-
Mr. Shafiqul Alam	Independent Director	-	-
Mr. Tarique Afzal	President & Managing Director	-	-

* Mr. Kaiser A. Chowdhury has resigned from Board of Directors of the Bank on its 702nd Board Meeting held on 18 January 2021.

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, 2020 is Taka 43,077,137,076 as against available Total Common Equity Tier-I Capital of Taka 20,673,912,073 and Total Tier-2 Capital available of Taka 18,377,040,442 that is, a total of Taka 39,050,952,515 thereby showing a deficit capital of Taka 4,026,184,561 at that date. Details are shown below:

	31.12.2020 Taka	31.12.2019 Taka
<u>Tier I Capital (Going-Concern Capital)</u>		
<u>Common Equity Tier-I Capital</u>		
Fully Paid-up Capital/Capital Deposited with BB	7,960,368,300	7,581,303,150
Statutory Reserve	7,144,204,404	6,872,052,329
Non-repayable share premium account	-	-
General Reserve	2,384,878,054	1,304,649,867
Retained earnings	6,705,777,925	6,834,970,432
Minority interest in Subsidiaries	11,935,655	11,688,017
Non-Cumulative irredeemable Preference shares	-	-
Dividend Equalization Account	-	-
	24,207,164,338	22,604,663,795
Regulatory adjustment:		
Goodwill and all other Intangible Assets	125,974,104	138,569,481
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)	3,359,092,484	2,622,704,984
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	38,225,677	19,862,175
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991.	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	9,960,000	9,960,000
Other if any	-	-
	3,533,252,265	2,791,096,640
Total Common Equity Tier-I Capital	20,673,912,073	19,813,567,155
Additional Tier-I Capital	-	-
<u>Tier-2 Capital (Gone concern Capital)</u>		
General Provision/General loan-loss reserve	12,623,546,062	9,754,729,283
All other preference shares	-	-
Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	7,990,000,000	5,840,000,000
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)	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	20,613,546,062	15,594,729,283

	31.12.2020 Taka	31.12.2019 Taka
Regulatory Adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	-	-
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)	-	-
Total Tier-2 Capital Available	20,603,586,062	15,584,769,283
Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	18,377,040,442	17,612,279,844
Excess amount over maximum limit of T 2	-	-
Total admissible Tier 2 Capital	18,377,040,442	15,584,769,283
Total Eligible Capital	39,050,952,515	35,398,336,438
Total assets including off-Balance Sheet items	447,761,348,022	415,912,260,208
Total risk-weighted assets (RWA)	344,617,096,606	334,211,410,226
B. Total required capital (12.50% of Total RWA)	43,077,137,076	41,776,426,278
Capital Surplus / (Shortfall) [A-B]	(4,026,184,561)	(6,378,089,840)
Capital to Risk Weighted Assets Ratio (CRAR)	11.33%	10.59%

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 2020 is BDT 42,632,085,911 as against available Common Equity Tier-I capital of BDT 19,570,105,386 and Total Tier-2 Capital Available capital of BDT 17,395,866,678 that is, a total of BDT 36,965,972,064 thereby showing a deficit capital of BDT 5,666,113,847 at that date. Details are shown below:

Tier I Capital (going-concern capital)

Common Equity Tier-I Capital

Fully Paid-up Capital/Capital Deposited with BB	7,960,368,300	7,581,303,150
Statutory Reserve	7,144,204,404	6,872,052,329
Non-repayable share premium account	-	-
General Reserve	2,302,199,200	1,222,199,200
Retained earnings	5,686,625,747	5,817,160,874
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	23,093,397,651	21,492,715,553

Regulatory adjustment :

Goodwill and all other Intangible Assets	125,974,104	138,569,481
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.	-	-

	31.12.2020 Taka	31.12.2019 Taka
Deferred Tax Assets (DTA)	3,359,092,484	2,622,704,984
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	38,225,677	19,862,175
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	-	-
	3,523,292,265	2,781,136,640
Total Common Equity Tier-I Capital	19,570,105,386	18,711,578,914
Additional Tier-I Capital	-	-
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	11,536,801,047	8,995,525,835
All other preference shares	-	-
Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	7,990,000,000	5,840,000,000
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)	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	19,526,801,047	14,835,525,835
Regulatory adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	-	-
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)	-	-
Total Tier-2 Capital Available	19,526,801,047	14,835,525,835
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)	17,395,866,678	16,632,722,496
Excess amount over maximum limit of T 2	-	-
Total admissible Tier 2 Capital	17,395,866,678	14,835,525,835
Total Eligible Capital	36,965,972,064	33,547,104,748
Total assets including off-Balance Sheet items	444,953,096,983	413,404,972,542
Total risk-weighted assets (RWA)	341,056,687,284	331,375,189,363
B. Total required capital (12.50% of Total RWA)	42,632,085,911	41,421,898,670
Capital Surplus / (Shortfall) [A-B]	(5,666,113,847)	(7,874,793,922)
Capital to Risk Weighted Assets Ratio (CRAR)	10.84%	10.12%

	31.12.2020	31.12.2019
	Taka	Taka
17. Statutory reserve		
In Bangladesh		
Opening balance	6,547,756,164	6,324,553,560
<u>Add</u> : Addition during the year	272,411,703	223,202,604
	6,820,167,867	6,547,756,164
Outside Bangladesh - ABBL, Mumbai Branch		
Opening balance	324,296,165	298,809,180
<u>Add</u> : Addition during the period	9,338,685	27,870,923
<u>Add/(Less)</u> : Adjustment for Foreign Exchange Rate Fluctuation	(9,598,312)	(2,383,939)
	324,036,537	324,296,165
	7,144,204,404	6,872,052,329
18. Other reserve		
General reserve (Note 18.1)	2,302,199,200	1,222,199,200
Assets revaluation reserve (Note 18.2)	1,294,532,425	1,296,690,729
Investment revaluation reserve (Note 18.3)	99,008,157	51,075,241
	3,695,739,782	2,569,965,170
18.1 General reserve	2,302,199,200	1,222,199,200
Opening balance	1,222,199,200	1,222,199,200
Addition/(adjustment) during the year	1,080,000,000	-
	2,302,199,200	1,222,199,200
18.2 Assets revaluation reserve		
Opening balance	1,296,690,729	1,298,209,633
<u>Add</u> : Addition/(adjustment) during the year	-	-
<u>Less</u> : Transferred to retained earnings	(2,158,304)	(1,518,904)
	1,294,532,425	1,296,690,729
18.3 Investment revaluation reserve (T.Bills & T.Bonds)		
<u>In Bangladesh</u>		
Revaluation Reserve for:		
Held to Maturity (HTM) Note (18.3.1)	5,601,811	38,000,145
Held for Trading (HFT) Note (18.3.2)	88,953,608	13,075,096
	94,555,419	51,075,241
<u>Outside Bangladesh</u>		
ABBL, Mumbai Branch	4,452,738	-
	99,008,157	51,075,241
18.3.1 Revaluation Reserve for Held to Maturity (HTM)		
Opening balance	38,000,145	4,789,464
<u>Add</u> : Addition during the year	1,281,174	33,210,681
	39,281,319	38,000,145
<u>Less</u> : Adjustment during the year	33,679,508	-
	5,601,811	38,000,145
18.3.2 Revaluation Reserve for Held for Trading (HFT)		
Opening balance	13,075,096	15,464,707
<u>Add</u> : Addition during the year	1,067,382,545	109,482,697
	1,080,457,641	124,947,404
<u>Less</u> : Adjustment during the year	991,504,033	111,872,308
	88,953,608	13,075,096
18(a) Consolidated Other reserve		
AB Bank Limited	3,695,739,782	2,569,965,170
AB Investment Limited	-	-
AB International Finance Limited	85,209,560	84,161,257
AB Securities Limited	85,910,523	85,910,523
Cashlink Bangladesh Limited (CBL)	-	-
	3,866,859,865	2,740,036,949

	31.12.2020	31.12.2019
	Taka	Taka
19. Retained earnings		
Opening balance	5,817,160,874	5,905,152,980
<u>Add</u> : Post-tax profit for the year	391,416,392	167,741,264
<u>Less</u> : Transfer to statutory reserve	(281,750,388)	(251,073,528)
Bonus Share Issued	(379,065,150)	-
	5,547,761,728	5,821,820,716
<u>Add/(Less)</u> : Transferred from Assets Revaluation Reserve	2,158,304	1,518,905
<u>Add/(Less)</u> : Adjustments during the year	147,709,892	-
<u>Add/(Less)</u> : Foreign Exchange Translation gain/(loss)	(11,004,177)	(6,178,746)
	5,686,625,747	5,817,160,874
19(a) Consolidated Retained earnings		
AB Bank Limited	5,686,625,747	5,817,160,874
AB Investment Limited	286,624,182	290,465,910
AB International Finance Limited	81,002,494	117,098,561
AB Securities Limited	156,316,938	152,001,606
Cashlink Bangladesh Limited (CBL)	(165,295,612)	(167,733,872)
	6,045,273,749	6,208,993,079
<u>Add/(Less)</u> : Adjustment made during the year	644,113,334	609,338,872
Non-controlling Interest	16,390,843	16,638,480
	6,705,777,925	6,834,970,432
19(b) Non-controlling interest		
AB Investment Limited	10,204	10,210
AB Securities Limited	455,012	451,195
Cashlink Bangladesh Limited	11,470,439	11,226,613
	11,935,655	11,688,017
20. Contingent liabilities	59,191,446,731	47,836,302,228
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	99,230,755	101,954,959
Others	12,738,061,119	13,956,416,188
	12,837,291,873	14,058,371,146
	2020	2019
	Taka	Taka
21. Profit and loss account		
<u>Income</u> :		
Interest, discount and similar income	28,616,217,021	30,924,132,550
Dividend income	137,581,947	235,761,409
Fee, commission and brokerage	929,742,512	1,209,120,076
Gains less losses arising from investment securities	(55,232,043)	47,881,292
Gains less losses arising from dealing in foreign currencies	329,269,526	543,471,508
Other operating income	266,019,048	69,510,357
Gains less losses arising from dealing securities	2,057,356,633	(1,299,085,690)
	32,280,954,644	31,730,791,501
<u>Expenses</u> :		
Interest, fee and commission	20,134,646,639	18,846,782,511
Administrative expenses	3,730,865,808	3,721,383,466
Other operating expenses	1,435,273,997	1,095,487,977
Depreciation and amortization on banking assets	513,190,806	510,240,666
Loss on loans and advances	-	1,107,189,105
	25,813,977,249	25,281,083,725
	6,466,977,395	6,449,707,777

	2020 Taka	2019 Taka
22. Interest income/profit on investments		
Interest on loans and advances:	24,035,731,283	26,334,224,445
Loans and advances	45,320,107	94,133,659
Bills purchased and discounted	24,081,051,390	26,428,358,104
Interest on:	160,283,848	219,436,245
Calls and placements	6,343,029	13,629,765
Balance with foreign banks	9,547,178	36,547,386
Reverse Repo	34,227,893	17,526,027
Balance with Bangladesh Bank	210,401,949	287,139,423
	24,291,453,339	26,715,497,527
22(a). Consolidated Interest income/profit on investments		
AB Bank Limited	24,291,453,339	26,715,497,527
AB International Finance Limited	44,383,765	51,909,386
AB Investment Limited	59,982,280	138,400,793
AB Securities Limited	35,743,715	40,048,959
Cashlink Bangladesh Limited (CBL)	4,031,392	13,555,475
	24,435,594,491	26,959,412,140
<u>Less: Intercompany transactions</u>	8,681,210	5,257,759
	24,426,913,281	26,954,154,381
23. Interest/profit paid on deposits, borrowings, etc.		
Interest on deposits:		
Fixed deposits	9,186,586,325	10,314,702,844
Savings deposits	1,083,050,201	970,183,410
Special notice deposits	2,423,408,692	2,463,058,998
Other deposits	4,775,278,315	2,905,596,924
	17,468,323,533	16,653,542,176
Interest on borrowings:		
Local banks, financial institutions including BB	1,965,685,706	1,341,067,732
Subordinated Bond	700,637,399	852,172,602
	20,134,646,639	18,846,782,511
23(a). Consolidated Interest/profit paid on deposits, borrowings, etc.		
AB Bank Limited	20,134,646,639	18,846,782,511
AB Investment Limited	-	15,609
AB International Finance Limited	6,323,019	5,737,888
AB Securities Limited	39,314,968	23,092,701
Cashlink Bangladesh Limited (CBL)	-	-
	20,180,284,626	18,875,628,709
<u>Less: Intercompany transactions</u>	8,681,210	7,144,210
	20,171,603,415	18,868,484,499
24. Investment income		
Capital gain on sale of shares	(55,232,043)	47,881,292
Interest on treasury bills	113,159,438	144,931,290
Dividend on shares	137,581,947	235,761,409
Interest on treasury bonds	3,826,008,638	3,667,650,750
Gain/(Loss) on treasury bills and treasury bonds	2,057,356,633	(1,299,085,690)
Interest on other bonds & others	385,595,606	396,052,983
	6,464,470,219	3,193,192,033
24(a). Consolidated Investment income		
AB Bank Limited	6,464,470,219	3,193,192,033
AB Investment Limited	63,705,087	(131,590,144)
AB International Finance Limited	-	-
AB Securities Limited	38,553,642	(29,937,889)
Cashlink Bangladesh Limited (CBL)	-	-
	6,566,728,948	3,031,664,000
<u>Less: Intercompany transactions</u>	74,867,949	109,642,410
	6,491,860,999	2,922,021,590

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

	2020	2019
	Taka	Taka
25. Commission, exchange and brokerage		
Other fees, commission and service charges	545,014,241	683,277,518
Commission on letters of credit	301,177,301	402,917,767
Commission on letters of guarantee	83,550,969	122,924,791
Exchange gains less losses arising from dealings in foreign currencies	329,269,526	543,471,508
	1,259,012,038	1,752,591,584
25(a). Consolidated Commission, exchange and brokerage		
AB Bank Limited	1,259,012,038	1,752,591,584
AB Investment Limited	41,426,241	38,422,671
AB International Finance Limited	42,142,542	68,000,562
AB Securities Limited	99,649,888	38,821,911
Cashlink Bangladesh Limited (CBL)	-	-
	1,442,230,709	1,897,836,728
<u>Less:</u> Intercompany transactions	(2,136,438)	-
	1,440,094,270	1,897,836,728
26. Other income		
Locker rent, insurance claim and others	36,328,741	4,701,789
Recoveries on loans previously written off	172,931,675	
Recoveries on telex, telephone, fax, etc.	29,673,586	40,577,496
Recoveries on courier, postage, stamp, etc.	5,566,912	12,578,455
Non-operating income (*)	21,518,134	11,652,617
	266,019,048	69,510,357
(*) Non-operating income includes sale of scrap items, Employee's Provident Fund forfeiture amount, Gain on sale of properties etc.		
26(a). Consolidated other income		
AB Bank Limited	266,019,048	69,510,357
AB Investment Limited	10,100,020	11,903,569
AB International Finance Limited	57,196,991	72,732,498
AB Securities Limited	2,889,848	1,751,475
Cashlink Bangladesh Limited (CBL)	-	-
	336,205,907	155,897,899
<u>Less:</u> Inter company transactions	9,116,520	7,402,971
	327,089,387	148,494,928
27. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	2,555,271,066	2,554,284,167
Festival and incentive bonus	172,627,915	178,318,228
	2,727,898,981	2,732,602,396
27.1 Chief executive's salary and fees	12,890,968	5,885,484
27(a). Consolidated salary and allowances		
AB Bank Limited	2,727,898,981	2,732,602,396
AB Investment Limited	17,230,235	15,286,399
AB International Finance Limited	30,674,196	31,257,162
AB Securities Limited	31,165,104	25,665,708
Cashlink Bangladesh Limited (CBL)	277,234	267,504
	2,807,245,751	2,805,079,169
28. Rent, taxes, insurance, electricity, etc.		
Rent, rates and taxes	320,038,820	293,648,499
Electricity, gas, water, etc.	93,434,082	96,014,966
Insurance	189,548,150	176,214,045
	603,021,052	565,877,510

28.1 Rent, rates and taxes

Right of Use (ROU) assets has been calculated for the year 2020 as per IFRS-16 leases considering monthly rental expenses excluding low value assets.

	2020	2019
	Taka	Taka
28(a). Consolidated Rent, taxes, insurance, electricity, etc.		
AB Bank Limited	603,021,052	565,877,510
AB Investment Limited	2,181,018	2,176,232
AB International Finance Limited	9,431,493	10,050,587
AB Securities Limited	2,236,293	8,126,543
Cashlink Bangladesh Limited (CBL)	-	-
	616,869,856	586,230,872
<u>Less: Inter company transactions</u>	<u>9,116,520</u>	<u>5,516,520</u>
	<u>607,753,336</u>	<u>580,714,352</u>
29. Legal expenses		
Legal expenses	<u>13,232,598</u>	<u>11,038,914</u>
29(a). Consolidated legal expenses		
AB Bank Limited	13,232,598	11,038,914
AB Investment Limited	104,550	448,450
AB International Finance Limited	546,872	1,009,701
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	<u>13,884,020</u>	<u>12,497,065</u>
30. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	69,079,154	63,825,996
Telephone	5,585,305	6,224,708
Postage, stamp and shipping	12,538,863	22,702,756
	<u>87,203,322</u>	<u>92,753,460</u>
30(a). Consolidated Postage, stamp, telecommunication, etc.		
AB Bank Limited	87,203,322	92,753,460
AB Investment Limited	857,518	862,866
AB International Finance Limited	8,518,855	12,229,015
AB Securities Limited	1,598,469	1,488,154
Cashlink Bangladesh Limited (CBL)	-	-
	<u>98,178,164</u>	<u>107,333,496</u>
31. Stationery, printing, advertisements, etc.		
Printing and stationery	82,429,377	125,196,656
Publicity, advertisement, etc.	11,900,530	9,496,866
	<u>94,329,907</u>	<u>134,693,521</u>
31(a). Consolidated Stationery, printing, advertisements, etc.		
AB Bank Limited	94,329,907	134,693,521
AB Investment Limited	186,595	242,605
AB International Finance Limited	303,087	349,802
AB Securities Limited	841,633	638,538
Cashlink Bangladesh Limited (CBL)	-	-
	<u>95,661,222</u>	<u>135,924,466</u>
32. Directors' fees		
Directors' fees	866,800	1,273,200
Meeting expenses	243,090	802,987
	<u>1,109,890</u>	<u>2,076,187</u>

Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee, Risk Management Committee and Shariah Council.

	2020	2019
	Taka	Taka
32(a). Consolidated Directors' fees		
AB Bank Limited	1,109,890	2,076,187
AB Investment Limited	366,680	146,342
AB International Finance Limited	-	-
AB Securities Limited	476,668	279,444
Cashlink Bangladesh Limited (CBL)	46,000	103,500
	1,999,238	2,605,473
33. Auditors' fees		
Statutory	1,394,428	1,429,700
Others	944,122	5,526,463
	2,338,550	6,956,164
33(a). Consolidated Auditors' fees		
AB Bank Limited	2,338,550	6,956,164
AB Investment Limited	167,500	-
AB International Finance Limited	546,872	452,901
AB Securities Limited	174,625	168,500
Cashlink Bangladesh Limited (CBL)	28,750	28,750
	3,256,296	7,606,315
34. Depreciation and repairs of Bank's assets		
<u>Depreciation :</u>		
Electrical appliances	115,679,965	120,618,360
Furniture and fixtures	9,694,695	11,055,354
Office appliances	1,823,600	2,075,238
Building	15,615,159	16,019,742
Motor vehicles	74,689,848	70,361,966
	217,503,267	220,130,661
Depreciation of ROU (Right Of Use) assets	257,599,987	207,977,884
<u>Repairs:</u>		
Motor vehicles	25,542,124	24,804,902
Electrical appliances	58,202,864	67,465,593
Office premises and others	99,102,318	70,305,608
Furniture and fixtures	1,162,288	1,874,670
Office appliances	4,830,945	5,049,058
	188,840,540	169,499,830
	663,943,793	597,608,375
Amortization of Intangible Assets	38,087,552	82,132,121
	702,031,345	679,740,496
34(a). Consolidated Depreciation and repairs of Bank's assets		
AB Bank Limited	702,031,345	679,740,496
AB Investment Limited	18,937,439	19,035,165
AB International Finance Limited	498,034	504,821
AB Securities Limited	7,847,721	2,041,837
Cashlink Bangladesh Limited (CBL)	-	-
	729,314,539	701,322,318
35. Other expenses		
Contractual service	491,530,952	473,242,793
Petrol, oil and lubricant	48,187,703	55,452,530
Software expenses	211,014,944	192,999,375
Entertainment	28,366,072	35,695,817
Travelling	9,601,923	14,346,126
Subscription, membership and sponsorship	40,063,417	10,234,925
Training, seminar and workshop	6,780,480	9,506,987
Local conveyance	8,337,014	9,233,680

	2020	2019
	Taka	Taka
Professional charges	65,423,479	37,972,254
Books, newspapers and periodicals	1,169,721	1,444,370
Finance charge under lease liability	67,427,783	49,896,645
Donation	172,734,854	37,646,544
Bank Charges	10,507,695	12,819,190
Sundry expenses (*)	274,127,959	154,996,740
	1,435,273,997	1,095,487,977

(*) Sundry expenses includes business promotion, rebate to foreign correspondents and dress of support staff etc.

35(a). Consolidated other expenses

AB Bank Limited	1,435,273,997	1,095,487,977
AB Investment Limited	35,399,586	9,847,339
AB International Finance Limited	437,568	1,989,081
AB Securities Limited	22,917,406	9,390,101
Cashlink Bangladesh Limited (CBL)	67,171	53,698
	1,494,095,729	1,116,768,196
Less: Inter company transactions	2,136,438	-
	1,491,959,291	1,116,768,196

36. Provision against loans and advances

On un-classified loans	2,961,357,853	2,624,411,840
On classified loans	1,963,700,000	2,122,900,000
	4,925,057,853	4,747,311,840

36(a). Consolidated provision against loans and advances

AB Bank Limited	4,925,057,853	4,747,311,840
AB Investment Limited	135,000,000	-
AB International Finance Limited	-	-
AB Securities Limited	40,000,000	-
Cashlink Bangladesh Limited (CBL)	-	-
	5,100,057,853	4,747,311,840

37. Provisions for investments

Provision for quoted shares in Bangladesh operations	-	180,300,000
Provision for Pinnacle Global Fund Pte Limited	140,000,000	140,000,000
Provision for Amana Bank Plc	-	54,687,754
Total provision for investments	140,000,000	374,987,754

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

AB Bank Limited	140,000,000	374,987,754
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	(31,991,511)
Cashlink Bangladesh Limited (CBL)	-	-
	140,000,000	342,996,243

38. Other provision

Provision for off balance sheet items	-	-
Provision for Other assets	15,172,949	18,227,696
Start-up Fund	64,669,774	-
	79,842,723	18,227,696

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	79,842,723	18,227,696
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	79,842,723	18,227,696

	2020	2019
	Taka	Taka
39. Appropriations		
Retained earnings - brought forward	5,817,160,875	5,905,152,980
<u>Add:</u> Post-tax profit for the year	391,416,392	167,741,264
	6,208,577,266	6,072,894,244
<u>Less:</u> Dividend-		
Bonus shares issued	379,065,150	-
	5,829,512,116	6,072,894,244
<u>Transferred to</u>		
Statutory reserve	281,750,388	251,073,528
General reserve	-	-
Proposed dividend	-	-
	281,750,388	251,073,528
Retained earnings	5,547,761,728	5,821,820,716
<u>Add:</u> Transferred from Assets Revaluation Reserve	2,158,304	1,518,905
<u>Less:</u> Adjustment during the year	147,709,892	-
<u>Add:</u> Foreign Exchange translation gain/(Loss)	(11,004,177)	(6,178,746)
	5,686,625,747	5,817,160,875
40. Earnings Per Share (EPS)		
Profit after taxation	391,416,392	167,741,264
Number of ordinary shares outstanding	796,036,830	796,036,830
Earnings Per Share	0.49	0.21
40.(a) Consolidated Earnings Per Share		
Net Profit attributable to the shareholders of parent company	394,080,618	121,976,397
Number of ordinary shares outstanding	796,036,830	796,036,830
Earnings Per Share	0.50	0.15
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, 2020. 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	6,326,888,272	2,957,430,624
Exchange earnings	321,575,586	526,667,762
Recoveries on telex, telephone, fax, etc.	29,673,586	40,577,496
Recoveries on courier, postage, stamp, etc.	5,566,912	12,578,455
Non-operating income	21,518,134	11,652,617
Others	36,328,741	4,701,789
	6,741,551,232	3,553,608,744
42. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	927,825,057	822,296,467
Postage, stamps, telecommunication, etc.	87,203,322	92,753,460
Repairs of Bank's assets	188,840,540	169,499,830
Legal expenses	13,232,598	11,038,914
Auditor's fees	2,338,550	6,956,164
Directors' fees	1,109,890	2,076,187
Other Expenses	1,330,080,871	1,045,591,332
	2,550,630,827	2,150,212,354
43. Increased/(Decrease) in other assets		
Investment in subsidiaries	6,229,114,922	6,229,114,922
Advance rent and advertisement	279,232,998	393,495,546
Stationery, stamps, printing materials, etc.	33,323,414	31,978,415
Security deposits	73,046,316	75,798,791
Commission and brokerage receivable on shares and debentures, and other income receivables	1,221,859,948	1,250,896,297
Accounts receivable	1,586,836,210	1,358,719,057

	2020	2019
	Taka	Taka
Preliminary, formation, organizational, renovation, development and prepaid expenses	757,841,435	699,855,925
Exchange for clearing	1,580,837,111	26,837,111
Inter-branch adjustment	-	14,147
Arab Bangladesh Bank Foundation	19,920,000	19,920,000
	11,782,012,355	10,086,630,212
Net Decrease/(Increase)	1,695,382,143	(957,175,755)
44. Increase/(decrease) in other liabilities		
Accumulated provision against loans and advances	20,224,381,003	15,279,405,791
Provision for current tax	1,649,440,346	2,330,977,161
Interest suspense account	16,114,355,797	18,134,825,637
Accounts payable - Bangladesh Bank	69,049,890	186,368,159
Provision against other assets	348,873,106	336,573,038
Accrued expenses	133,009,666	170,706,883
Provision against investments	1,689,603,000	2,209,603,000
Provision against off balance sheet items	270,000,000	710,000,000
Others	845,599,643	849,248,793
	41,344,312,451	40,207,708,462
<u>Less: Adjustment for provision and others</u>	24,968,962,509	21,752,855,045
	16,375,349,943	18,454,853,417
Net decrease	(2,079,503,473)	(2,964,856,134)
45 Net Operating Cash Flow Per Share (NOCFPS)		
Net Operating Cash Flow	(3,829,318,087)	28,702,666,413
Number of ordinary shares outstanding	796,036,830	796,036,830
Net Operating Cash Flow Per Share (NOCFPS)	(4.81)	36.06
45(a) Consolidated Net Operating Cash Flow Per Share (NOCFPS)		
Net Operating Cash Flow	(3,671,899,568)	28,647,450,655
Number of ordinary shares outstanding	796,036,830	796,036,830
Net Operating Cash Flow Per Share (NOCFPS)	(4.61)	35.99
46 Net Asset Value Per Share (NAVPS)		
Net Asset Value	24,486,938,234	22,840,481,523
Number of ordinary shares outstanding	796,036,830	758,130,315
Net Asset Value Per Share (NAVPS)	30.76	30.13
46(a) Consolidated Net Asset Value Per Share (NAVPS)		
Net Asset Value	25,677,210,495	24,028,362,861
Number of ordinary shares outstanding	796,036,830	758,130,315
Net Asset Value Per Share (NAVPS)	32.26	31.69
47 Reconciliation of Net Profit after Taxation & Operating Profit before changes in operating assets & liabilities		
Cash flows from operating activities		
Net Profit after Taxation	391,416,392	167,741,264
Provision for Tax	930,660,427	1,141,439,224
Provision for Loans, Investment and others	5,144,900,576	5,140,527,289
Increase in interest receivable	(10,541,821,749)	(3,783,481,770)
(Decrease)/Increase interest Payable on Deposits	(1,521,250,258)	213,261,156
Non cash items, Lease impact and others	293,579,928	412,894,396
Income tax paid	(2,329,156,442)	(984,829,539)
Charges on loan losses	-	1,107,189,105
Effect of exchange rate changes on cash & cash equivalents	(7,693,939)	(16,803,746)
Operating Profit before changes in operating assets & liabilities	(7,639,365,065)	3,397,937,379
48. Conversion Rates		
Assets and liabilities as at December 31, 2020 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:		
Currency	Abbreviation	Unit
British Pound Sterling	GBP	1.00
European Currency	EURO	1.00
Indian Rupee	INR	1.00
US Dollar	USD	1.00
		Equivalent to BDT
		114.0650
		103.5922
		1.1530
		84.8004

49. Highlights of the overall activities of the Bank

Sl no.	Particulars	31 Dec 2020 BDT	31 Dec 2019 BDT
1	Paid-up capital	7,960,368,300	7,581,303,150
2	Total capital	36,965,972,064	33,547,104,748
3	Capital surplus/(shortfall)	(5,666,113,847)	(7,874,793,922)
4	Total assets	385,761,650,252	365,568,670,314
5	Total deposits	290,719,342,438	279,457,593,298
6	Total loans and advances	274,829,861,346	256,512,476,640
7	Total contingent liabilities and commitments	59,191,446,731	47,836,302,228
8	Credit-deposit ratio*	85.26%	84.28%
9	Ratio of classified loans against total loans and advances	16.79%	18.28%
10	Profit after tax and provision	391,416,392	167,741,264
11	Loans classified during the year	678,221,000	13,254,526,917
12	Provision kept against classified loans	8,957,579,956	6,993,879,956
13	Provision surplus/ (deficit)	17,305,614	14,840,614
14	Cost of fund	8.35%	8.71%
15	Interest earning assets	303,275,615,385	284,417,267,558
16	Non-interest earning assets	82,486,034,868	81,151,402,756
17	Return on investments (ROI)	10.34%	6.07%
18	Return on assets (ROA)	0.10%	0.05%
19	Income from investments	6,464,470,219	3,193,192,033
20	Earnings per share	0.49	0.21
21	Net Income per share	0.49	0.21
22	Price-earnings ratio (Times)	24.61	35.71

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rumeel) Ali
Chairman

Dhaka,
27 April 2021

AB Bank Limited**Currency wise Balances**

Name of the bank	Location	Name of currency	As at December 31, 2020		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in BDT
Commerzbank AG, Germany	Germany	CAD	14,629	66.0079	965,642
Commerzbank AG, Germany	Germany	CHF	43,186	95.4207	4,120,869
Commerzbank AG, Germany	Germany	EUR	796,299	103.5922	82,490,389
The Bank of Tokyo-Mitsubishi	Japan	JPY	545,346	0.8170	445,548
Standard Chartered, Singapur	Singapur	SGD	2,208	63.7501	140,773
Standard Chartered, UK	London	GBP	23,389	114.0650	2,667,866
JP Morgan Chase Bank, NY	Newyork	USD	9,707,493	84.8004	823,199,273
Myanma Economic Bank	Myanmar	ACU	410	84.8004	34,768
Citibank, NA, NY, USA	Newyork	USD	1,612,995	84.8004	136,782,639
Hatton National Bank Ltd, Colombo	Colombo	ACU	680,562	84.8004	57,711,947
Commerzbank AG, Germany	Germany	USD	339,629	84.8004	28,800,706
MCB Bank Ltd, Karachi, Pakistan	Karachi	ACU	45,527	84.8004	3,860,685
Mashreq Bank, NY, USA	Newyork	USD	1,512,625	84.8004	128,271,243
Nepal Bangladesh	Nepal	ACU	48,348	84.8004	4,099,951
Bank of Bhutan, Thimpu, Bhutan	Bhutan	ACU	7,350	84.8004	623,285
Habib American Bank, NY, USA	Newyork	USD	1,147,534	84.8004	97,311,321
Habib Metro Bank, Karachi	Karachi	ACU	62,799	84.8004	5,325,350
MFT Bank, Yangon	Yangon	ACU	1,000	84.8004	84,800
Standard Chartered, NY, USA	Newyork	USD	93,822	84.8004	7,956,182
Sonali Bank, Kolkata, India	Kolkata	ACU	71,109	84.8004	6,030,102
JP Morgan Chase	Newyork	USD	1,016,557	84.8004	86,204,467
JP Chase ACU	Newyork	USD	16,171,069	84.8004	1,371,313,144
Habib American	Newyork	USD	10,496	84.8004	890,080
Reserve Bank of India	India	INR	46,124,167	1.1530	53,180,886
HDFC Bank CSDL	India	INR	4,594,297	1.1530	5,297,196
HDFC Bank Limited	India	INR	194,006,997	1.1530	223,688,896
Kotak Mahindra Bank	India	INR	11,745,393	1.1530	13,542,368
JPMC NY-OBU	USA	USD	58,707	84.8004	4,978,401
COMMERZ BANK-OBU	Germany	EUR	14,277	103.5922	1,478,988
Total					3,151,497,768

AB Bank Limited

Investment in Shares
As at 31 December 2020

Amount in Taka

Particulars	Number of shares	Market price per share	Total market price	Cost per Share	Total cost
Dhaka Bank Limited	3,368,346	11.90	40,083,317	15.45	52,038,103
Mercantile Bank Limited	1,317,879	12.70	16,737,063	12.03	15,856,819
National Bank Limited	2,160,052	7.00	15,120,364	21.53	46,512,856
Southeast Bank Limited	1,371,411	12.50	17,142,638	13.50	18,507,570
Premier Bank Limited	2,052,962	11.00	22,582,582	10.96	22,493,551
First Janata Bank Mutual Fund	1,165,067	6.00	6,990,402	6.54	7,621,712
AB Bank 1st Mutual Fund	42,086,435	6.30	265,144,541	6.27	264,040,965
EBL NRB Mutual Fund	1,252,585	5.70	7,139,735	6.42	8,042,311
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	5.40	4,041,787	5.12	3,829,325
Trust Bank 1st Mutual Fund	1,000,000	6.10	6,100,000	6.20	6,200,000
Crystal Insurance Company Limited	10,879	39.40	428,633	10.00	108,790
Pragati Insurance Limited	1,243,866	63.30	78,736,718	100.96	125,579,301
Dhaka Electric Supply Company Limited	7,023,760	34.80	244,426,848	87.73	616,189,388
Jamuna Oil Company Limited	26,521	165.50	4,389,226	158.72	4,209,507
Khulna Power Company Limited	345,865	45.30	15,667,685	88.49	30,606,883
Padma Oil Company Limited	347,094	205.10	71,188,979	299.66	104,010,918
Powergrid Company of Bangladesh Limited	3,366,500	41.80	140,719,700	81.61	274,723,472
Shahjibazar Power Co. Limited	229,417	73.30	16,816,266	103.04	23,639,315
Titas Gas T & D Co. Ltd.	186,883	30.80	5,755,996	35.48	6,630,913
United Power Gen. & Dis. Com. Limited	475,280	263.50	125,236,280	270.50	128,562,605
Active Fine Chemicals Limited	756,000	16.90	12,776,400	31.45	23,775,889
Beximco Pharmaceuticals Limited	250,000	190.50	47,625,000	177.83	44,458,234
Orion Pharma Limited	1,200,000	54.70	65,640,000	83.33	100,000,001
Square Pharmaceuticals Limited	79,818	219.50	17,520,051	174.48	13,926,524
Appollo Ispat Complex Limited	3,146,999	6.50	20,455,494	14.64	46,066,078
BBS Cables Limited	1,179,922	54.80	64,659,726	89.86	106,029,299
Bangladesh Building Systems Limited	116,054	17.50	2,030,945	25.08	2,910,878
BSRM Steels Limited	2,454,161	42.50	104,301,843	98.32	241,287,030
GPH Ispat Limited	2,895,781	30.60	88,610,899	34.16	98,916,561
IFAD Autos Limited	462,099	47.20	21,811,073	103.40	47,780,491
Olympic Industries Limited	138,542	191.10	26,475,376	222.14	30,776,387
Heidelberg Cement Bangladesh Limited	66,720	149.60	9,981,312	555.88	37,088,160
LafargeHolcim Bangladesh Limited	125,000	47.80	5,975,000	134.50	16,812,600
Union Capital Limited	2,440,006	8.40	20,496,050	61.08	149,037,209
Robi Axiata Limited	87,459	29.80	2,606,278	10.00	874,590
SAIF Powertec Limited.	360,612	18.00	6,491,016	23.03	8,305,002
Sea Pearl Beach Resort & Spa Limited	3,916	79.10	309,756	9.53	37,301
Argon Denims Limited	2,205,000	19.70	43,438,500	34.71	76,525,583
Ring Shine Textiles Limited	50,767	6.40	324,909	7.62	386,655
Shasha Denims Limited	1,935,378	21.60	41,804,165	38.52	74,546,499
Total quoted shares (a)			1,776,220,213		2,978,945,276

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	2,667,923	6.16	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	187,784,490	616,735,915	292,660,971
Total Strategic Investment (c)	187,784,490	616,735,915	292,660,971

Total investment (a+b+c)

3,508,722,377

AB Bank Limited**Schedule of Fixed Assets**

As of 31 December 2020

Amount in Taka

Particulars	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Intangible Assets	Right of Use Assets	Total
Cost/ Revaluation								
Balance at 01 January 2020	2,968,097,272	250,083,132	64,178,283	1,901,779,739	781,076,228	758,525,505	1,329,421,828	8,053,161,986
Addition during the year	-	2,705,090	1,384,145	46,393,108	59,759,500	25,879,116	-	136,120,959
Less: Disposal/Adjustment during the year	5,543,319	300,000	-	14,004,721	2,574,000	-	-	22,422,040
Adjustment for USD/ INR Rate Fluctuation	-	93,449	151,158	698,923	203,414	592,282	-	1,739,226
At 31 December 2020	2,962,553,953	252,394,773	65,411,271	1,933,469,202	838,058,314	783,812,337	1,329,421,828	8,165,121,677
Accumulated Depreciation								
Balance at 01 January 2020	158,812,694	160,111,385	55,757,837	1,385,607,361	593,728,559	619,956,024	207,977,884	3,181,951,744
Addition during the year	15,615,159	9,694,696	1,823,601	115,689,964	74,689,848	38,077,552	257,599,987	513,190,807
Less: Disposal/Adjustment during the year	880,121	278,330	-	13,822,273	2,573,998	-	-	17,554,722
Adjustment for USD/ INR Rate Fluctuation	-	80,835	141,651	901,327	138,383	195,342	-	1,457,538
At 31 December 2020	173,547,733	169,446,916	57,439,787	1,486,573,725	665,706,026	657,838,233	465,577,871	3,676,130,287
Net Book Value								
At 31 December 2020	2,789,006,220	82,947,857	7,971,484	446,895,477	172,352,288	125,974,104	863,843,957	4,488,991,390
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

AB Bank Limited

Detailed of Risk Weighted Assets under Basel III
As at 31 December 2020

Amount in BDT

Risk Weighted Assets (RWA) for	31.12.2020		31.12.2019	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit Risk				
On- Balance sheet (as shown below)	354,874,524,692	302,078,775,686	335,157,579,669	284,923,595,570
Off-Balance sheet (as shown below)	14,947,910,227	13,486,261,747	18,932,374,334	16,394,468,326
B. Market Risk	-	7,268,033,562	-	6,921,248,850
C. Operational Risk	-	18,223,616,289	-	23,135,876,616
Total RWA (A+B+C)	369,822,434,920	341,056,687,284	354,089,954,003	331,375,189,363

Credit Risk - On Balance Sheet

Amount in BDT

Sl.	Exposure Type	31.12.2020		31.12.2019	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and Cash Equivalents	1,011,279,186	-	1,137,704,137	-
b)	Claims on Bangladesh Government and Bangladesh Bank	56,620,510,177	-	51,400,800,742	-
c)	Claims on other Sovereigns & Central Banks*	466,011,300	233,005,650	522,319,462	261,159,731
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	433,183,756	116,785,116	228,194,361	87,985,668
	ii) Maturity less than 3 months	7,449,963,040	1,489,992,608	11,223,999,161	2,244,799,832
h)	Claims on Corporate (excluding equity exposure)	163,943,625,193	165,496,078,730	140,747,146,880	137,705,968,922
i)	Claims on SME	24,946,589,167	21,657,669,903	27,062,694,720	23,967,358,760
j)	Claims under Credit Risk Mitigation ☒	8,186,664,702	3,574,453,006	7,347,885,801	3,345,104,198
	Fixed Risk Weight Groups:				
k)	Claims categorized as retail portfolio (excluding consumer loan)	706,795,517	530,096,638	421,492,695	316,119,521
l)	Consumer Loan	834,387,519	834,387,519	928,116,330	928,116,330
m)	Claims fully secured by residential property	659,603,576	329,801,788	1,042,542,729	521,271,364
n)	Claims fully secured by commercial real estate	6,486,980,000	6,486,980,000	6,604,519,403	6,604,519,403
o)	Past Due Claims (Risk weights are to be assigned net of specific provision)	53,778,531,689	77,093,210,863	55,539,438,169	80,709,149,655
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	54,847,992	54,847,992	34,894,000	34,894,000
q)	Investments in venture capital	474,821,302	474,821,302	474,821,302	712,231,954
r)	Claim on Capital Market Exposure	1,216,107,955	1,520,134,943	1,114,044,644	1,392,555,805
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	3,674,641,701	3,674,641,701	3,889,793,471	3,889,793,471
u)	Claims on all fixed assets under operating lease	-	-	-	-
v)	All other assets	13,918,651,169	5,997,705,738	15,425,841,911	9,688,404,769
	Total	354,874,524,692	302,078,775,686	335,157,579,669	284,923,595,570

Detailed of Risk Weighted Assets under Basel III
As at 31 December 2020

Credit Risk - Off Balance Sheet

Amount in BDT

Sl.	Exposure Type	31.12.2020		31.12.2019	
		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	49,615,377	9,923,075	50,977,479	10,195,496
g)	Claims on Corporate (excluding equity exposure)	11,679,169,693	10,788,265,650	15,967,160,028	13,890,590,309
h)	Against retail portfolio (excluding consumer loan)	160,218,132	120,163,599	180,226,822	135,170,116
hi)	Claims on SME	3,058,907,024	2,567,909,423	2,666,560,385	2,291,062,785
i)	Consumer Loan	-	-	67,449,620	67,449,620
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	14,947,910,227	13,486,261,747	18,932,374,334	16,394,468,326

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

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

AB Bank Limited

Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2020

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 2020**

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:

- a) Shortfall in provisions against NPLs and investments
- b) Goodwill and all other intangible assets
- c) Deferred tax assets (DTA)
- d) Defined benefit pension fund assets
- e) Gain on sale related to securitisation transactions
- f) Investment in own shares
- g) 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.

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

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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.

AB Bank Limited

Disclosures on Risk Based Capital (Basel III) Based on 31 December 2020

The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:

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

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

10. a) Operational risk

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

b) Measurement methodology

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

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

11. Disclosure under Pillar III

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

A) Scope of application

Qualitative disclosure

(a)	The name of the top corporate entity in the group to which this guidelines applies.	AB Bank Limited
(b)	An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	<p>The consolidated financial statements of the Bank include the financial statements of (a) AB Bank Limited (b) AB Investment Limited (c) AB Securities Limited (d) Cash Link Bangladesh Limited and (e) AB International Finance Limited. A brief description of these are given below:</p> <p><u>AB Bank Limited (ABBL)</u></p> <p>AB Bank Limited is one of the first generation private commercial banks (PCBs), incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and governed by the Bank Company Act 1991 (amendment up to 2018) . The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange and Chittagong Stock Exchange respectively. AB Bank Limited has 105 Branches including 1 Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has five (05) subsidiary companies, AB Investment Limited (ABIL), AB Securities Limited (ABSL), CashLink Bangladesh Limited (CBL), AB International Finance Limited (ABIFL), incorporated in Hong Kong, and Arab Bangladesh Bank Foundation (ABBF).</p>

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

Qualitative disclosure

<p>(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>	<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 unparallel 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>
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AB Bank Limited

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

Qualitative disclosure

(b)	Cont.	<p>Arab Bangladesh Bank Foundation</p> <p>Bank also has a Subsidiary (99.60% owned by AB Bank) for philanthropic/ CSR activities known as Arab Bangladesh Bank Foundation (ABBF). This has not been included in the consolidation as ABBF operated only for philanthropic purpose and its profit is not distributable to the shareholders. Thus, for ensuring the fair presentation of the financial statements of the parent company (the Bank), the Financial Statements of ABBF has not been consolidated.</p>
(c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not Applicable
(d)	The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	<p>Aggregate amount of Capital: BDT. 20,000,000</p> <p>Name of subsidiary: Arab Bangladesh Bank Foundation (ABBF)</p>

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:</p> <p>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:</p> <p>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:</p> <p>General Reserve created for fulfilling any purpose of the Bank.</p> <p>Retained earnings:</p> <p>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</p>
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AB Bank Limited

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020

B) Capital structure

Qualitative disclosure

(b)	(Cont.)	Bank has no any type of Additional Tier I Capital. 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
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		BDT in Crore				
		31.12.2020		31.12.2019		
		Solo	Conso	Solo	Conso	
(b)	The amount of Regulatory capital, with separate disclosure of: CET 1 Capital	> Paid up Capital	796	796	758	758
		> Non- repayable share premium account	-	-	-	-
		> Statutory reserve	714	714	687	687
		> General reserve	230	238	122	130
		> Retained earnings	569	671	582	683
		> Non- Controlling Interest	-	1	-	1
		> Non- cumulative irredeemable preference shares	-	-	-	-
		> Dividend equalization account	-	-	-	-
			2,309	2,421	2,149	2,260
	Additional Tier 1 Capital		-	-	-	-
	Total Tier 1 Capital		2,309	2,421	2,149	2,260
	Tier 2 Capital		1,740	1,838	1,484	1,558
(c)	Regulatory Adjustments/Deductions from capital		352	353	278	279
(d)	Total eligible capital		3,697	3,905	3,355	3,540

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.
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		Taka in Crore			
		31.12.2020		31.12.2019	
		Solo	Conso	Solo	Conso
(b)	Capital requirement for Credit Risk:	3,155.65	3,175.12	3,013.18	3,029.30
(c)	Capital requirement for Market Risk:	72.68	83.60	69.21	80.61
(d)	Capital requirement for Operational	182.24	187.45	231.36	232.21

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

C) Capital adequacy

Qualitative Disclosure (cont.)

	Taka in Crore			
	31.12.2020		31.12.2019	
	Solo	Conso	Solo	Conso
(e) Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:				
Total minimum capital requirement @10%	3,410.57	3,446.17	3,313.75	3,342.11
Total capital maintained	3,696.60	3,905.10	3,354.71	3,539.83
Minimum Tier 1 capital requirement	6.00%	6.00%	6.00%	6.00%
Minimum Tier 1 capital maintained	5.74%	6.00%	5.65%	5.93%
Tier 2 capital ratio maintained	5.10%	5.33%	4.48%	4.66%
Min. total capital plus capital conservation buffer requirement	12.50%	12.50%	12.50%	12.50%
Min. total capital plus capital conservation buffer maintained	10.84%	11.33%	10.12%	10.59%
(f) Capital Conservation Buffer				
Capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
Capital conservation buffer maintained	0.00%	0.00%	0.00%	0.00%
(g) Available Capital under Pillar 2 requirement	286.03	458.92	40.96	197.72

Provision against loans and advances has been maintained as per Bangladesh Bank letter no. DBI-1/101/2021-1026 dated 20 April 2021. According to letter, there is a provision shortfall of Tk. 4,946.33 crore against loans and advances which requires to be kept in next 9 years equally from 2021-2029.

D) Credit Risk

Qualitative disclosure

(a) The general qualitative disclosure requirement with respect to credit risk, including:	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,
> Definitions of past due and impaired (for accounting purposes)	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.
	Classified loan is categorized under following 03 (three) categories:
	> Sub-standard
	> Doubtful
	> Bad/Loss
	> 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)".
	> "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)".
	> '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)".

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D) Credit Risk

Qualitative disclosure (cont.)

<p>> Description of approaches followed for specific and general allowances and statistical methods</p>	<p>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, BRPD Circular No. 03 dated 21 April 2019 and BRPD Circular No. 56 dated 10 December 2020. The rates for provisions are stated below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th rowspan="2">Short Term Agri Credit</th> <th colspan="4">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> <th>Credit Card</th> </tr> </thead> <tbody> <tr> <td rowspan="2">UC</td> <td>Standard</td> <td>1%</td> <td>5%</td> <td>1%</td> <td>2%</td> <td>2%</td> <td>0.25%</td> <td>2%</td> <td>1%</td> </tr> <tr> <td>SMA</td> <td>-</td> <td>5%</td> <td>1%</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> <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> <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> <td>100%</td> </tr> </tbody> </table> <p>1% Special General Provision for COVID-19 has been kept as per BRPD circular letter no. 56; Date: 10 December 2020</p>	Particulars	Short Term Agri Credit	Consumer Financing				SMEF	Loans to BHs/MBs /SDs	All Other Credit	Off Balance Sheet Exposures	Other than HF, LP	HF	LP	Credit Card	UC	Standard	1%	5%	1%	2%	2%	0.25%	2%	1%	SMA	-	5%	1%	2%	2%	0.25%	2%	1%	Classified	SS	5%	20%	20%	20%	20%	20%	20%	20%	DF	5%	50%	50%	50%	50%	50%	50%	50%	BL	100%	100%	100%	100%	100%	100%	100%	100%
Particulars	Short Term Agri Credit			Consumer Financing								SMEF	Loans to BHs/MBs /SDs	All Other Credit	Off Balance Sheet Exposures																																															
		Other than HF, LP	HF	LP	Credit Card																																																									
UC	Standard	1%	5%	1%	2%	2%	0.25%	2%	1%																																																					
	SMA	-	5%	1%	2%	2%	0.25%	2%	1%																																																					
Classified	SS	5%	20%	20%	20%	20%	20%	20%	20%																																																					
	DF	5%	50%	50%	50%	50%	50%	50%	50%																																																					
	BL	100%	100%	100%	100%	100%	100%	100%	100%																																																					
<p>> Discussion of the Bank's credit risk management policy</p>	<p>The Board approves the credit policy keeping in view relevant Bangladesh Bank guidelines to ensure best practice in credit risk management and maintain quality of assets. Authorities are properly delegated in ensuring check and balance in credit operation at every stage i.e. screening, assessing risk, identification, management and mitigation of credit risk as well as monitoring, supervision and recovery of loans with provision for early warning system. There is a separate Credit Risk Management Division for ensuring proper risk management of Loans and Credit 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.</p>																																																													

		31.12.2020		31.12.2019	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	6.77%	1,860	8.08%	2,072
	Cash credit	0.01%	3	0.01%	3
	Time loan	16.64%	4,573	15.76%	4,043
	Term loan	67.80%	18,632	67.17%	17,229
	Forced loan	4.71%	1,296	4.29%	1,100
	Bills under LC	0.01%	4	0.02%	5
	Trust receipt	2.26%	622	2.63%	676
	Packing credit	0.03%	10	0.07%	18
	Loan against accepted bills	0.02%	5	0.08%	22
	Loan-EDF	0.56%	155	0.55%	141
	Consumer Loan	0.50%	136	0.50%	129
	Staff loan	0.48%	131	0.55%	140
	Bills purchased and discounted	0.21%	57	0.29%	73
Total	100%	27,483	100%	25,651	

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

D) Credit Risk

Qualitative disclosure (cont.)

		31.12.2020		31.12.2019	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(C) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	Urban branches				
	Dhaka	66.16%	18,023	76.57%	19,453
	Chittagong	19.85%	5,409	17.70%	4,498
	Khulna	5.02%	1,369	1.44%	365
	Sylhet	0.80%	218	0.46%	118
	Barisal	0.15%	41	0.08%	21
	Rajshahi	3.23%	879	1.58%	402
	Rangpur	2.99%	815	1.94%	493
	Mymensingh	1.80%	490	0.22%	56
		100%	27,243	100%	25,406
	Rural branches				
	Dhaka	56.58%	105	68.55%	122
	Chittagong	34.92%	65	24.64%	44
	Khulna	0.00%	-	0.00%	-
	Sylhet	5.89%	11	2.54%	5
Barisal	0.00%	-	0.00%	-	
Rajshahi	0.00%	0.002	0.00%	-	
Rangpur	0.03%	0.06	0.00%	-	
Mymensingh	2.57%	5	4.28%	8	
	100%	186	100%	178	
Outside Bangladesh					
ABBL, Mumbai branch	0.20%	54	0.26%	67	
	100%	27,483	100%	25,651	
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Agriculture	1.77%	486	1.49%	382
	Large and medium scale indus.	30.64%	8,421	27.35%	7,015
	Working capital	20.74%	5,701	21.38%	5,485
	Export	0.56%	154	1.46%	376
	Commercial lending	18.87%	5,187	20.56%	5,274
	Small and cottage industry	1.63%	449	1.16%	297
	Others	25.78%	7,084	26.60%	6,822
	100%	27,483	100%	25,651	
(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand	1.73%	474	1.47%	376
	– upto 3 months	34.26%	9,415	31.25%	8,016
	– over 3 months but below 1 year	46.65%	12,822	50.55%	12,965
	– over 1 year but below 5 years	11.54%	3,172	12.47%	3,199
	– over 5 years	5.82%	1,600	4.27%	1,096
	100%	27,483	100%	25,651	

		31.12.2020		31.12.2019	
		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	16.79%	4,615	18.28%	4,689
	ii. Specific and general provisions	-	2,022	-	1,528
	iii. Charges for specific allowances and charge-offs during the period	-	196	-	192

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

D) Credit Risk

Qualitative disclosure (cont.)

(g) Gross Non Performing Assets (NPAs)		2020	2019
		BDT/Cr.	BDT/Cr.
(NPAs) to outstanding Loans & advances	Non Performing Assets (NPAs) NPAs to outstanding loans and advances	4,615	4,689
	Movement of NPAs Bangladesh Operations:	16.79%	18.28%
	Opening balance	4,689.05	7,972.78
	Additions	88.63	1,325.45
	Reductions	162.22	4,609.18
	Closing balance	4,615.46	4,689.05
	Movement of specific provision for NPAs		
	Opening balance	699.39	507.88
	Provision made during the period	196.37	223.21
	Write-off	-	(31.70)
	Closing balance	895.76	699.39

E) Equities: Disclosures for Banking book positions

Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to the equity risk, including: <ul style="list-style-type: none"> > differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons > discussion of important policies covering the valuation and accounting of equity holdings in the Banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices 	Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons. 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
(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period (2020)	<u>BDT in Crore</u> (5.52)

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

E) Equities: Disclosures for Banking book positions

Qualitative Disclosure (cont.)

(d) > Total unrealized gains (losses)	(120.27)
> 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 to Risk Weighted Assets Ratio (CRAR) 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).	BDT in Crore		
		31.12.20	31.12.19
	Market value of assets	38,574	35,822
	Market value of liability	36,126	34,163
	Weighted avg. duration GAP	0.58	0.77
	CRAR after different level of Shocks:		
	Minor level	10.27%	9.44%
Moderate level	9.69%	8.74%	
Major level	9.10%	8.03%	

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)
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> 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		
	31.12.20	31.12.19	
	Interest rate risk	30.15	23.16
	Equity position risk	35.52	35.27
	Foreign exchange risk	7.01	10.78
	Commodity risk	-	-
	72.68	69.21	

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	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

AB Bank Limited

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

Quantitative Disclosure

BDT in Crore	
31.12.20	31.12.19
182.24	231.36

(b) The capital requirements for Operational Risk

I) Liquidity Ratio

Qualitative Disclosure

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

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

I) Liquidity Ratio

Qualitative Disclosure (cont.)

	<p>> Policies and processes for mitigating liquidity risk</p>	<p>Bank has set of policies duly approved by the Board for mitigating liquidity risk. These policies are supported by effective procedures to measure, achieve and maintain liquidity. The ALCO recommends the policies for liquidity risk which is reviewed and approved by the Board.</p> <p>Operating liquidity is managed by the Bank for day to day fund requirements. And for managing the crisis period Bank follows the CFP approved by the Board.</p> <p>For regulatory purposes the Bank maintains specific amount of assets classed as "liquid", based on its liabilities. In addition, the Bank has to maintain excess liquid assets as per CFP.</p>
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		BDT/Cr.
		31.12.2020
(b)	Liquidity Coverage Ratio	146.45%
	Net Stable Funding Ratio (NSFR)	102.49%
	Stock of high quality liquid assets	7,168.62
	Total net cash outflows over the next 30 calendar days	4,895.09
	Available amount of stable funding	30,236.65
	Required amount of stable funding	29,501.47

J) Leverage Ratio

Qualitative Disclosure

	<p>(a) > Views of BOD on system to reduce excessive leverage</p>	<p>For reducing the leverage up to an optimum level, the Board of Directors of the Bank always keen to focus on the capital strength and the quality of the assets. Board is always concern to maximise the core capital portion and keep the growth of on and off balance sheet exposures at a favourable level.</p> <p>Key initiatives of the Board:</p> <ul style="list-style-type: none"> • Emphasised to keep LD ratio at the optimal level/budgeted level • Stressed to keep the interest rate spread at the optimal level for ensuring the profitability of the Bank • Market competitive Cost of Fund must be maintained • Non-funded business i.e. import, export and bank guarantee to be expedited as per budget • Operational expenses must be reduced at rational level • Decentralisation of portfolio in SME and retail business • Special Mentioned Account (SMA) and classified loans are to be closely monitored for ensuring asset quality, and • Recovery cell must ensure the monitoring of risk assets frequently to maintain the asset quality.
	<p>> Policies and processes for managing excessive on and off-balance sheet leverage</p>	<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>

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

J) Leverage Ratio

Qualitative Disclosure (cont.)

<p>> Approach for calculating exposure</p>	<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> <p>i. On balance sheet and non-derivative exposures are net of specific provisions and valuation adjustments (e.g. surplus/deficit on Available for sale (AFS)/Held-for-trading (HFT) positions).</p> <p>ii. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure.</p> <p>iii. Netting of loans and deposits is not allowed.</p> <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 																																																
	<p><u>Off Balance Sheet Items</u></p> <p>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:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Exposures Types</th> <th style="text-align: center;">CCF</th> <th style="text-align: center;">Notional amount</th> <th style="text-align: center;">Exposure</th> </tr> <tr> <td></td> <td></td> <th style="text-align: center;">BDT/Cr.</th> <th style="text-align: center;">BDT/Cr.</th> </tr> </thead> <tbody> <tr> <td>Direct credit substitutes</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">710</td> <td style="text-align: center;">710</td> </tr> <tr> <td>Performance related contingencies</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">949</td> <td style="text-align: center;">475</td> </tr> <tr> <td>Short-term self-liquidating trade letters of credit</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">557</td> <td style="text-align: center;">111</td> </tr> <tr> <td>Lending of securities or posting of securities as collateral</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Other commitments with certain drawdown</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Commitments with original maturity of one year or less</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">992</td> <td style="text-align: center;">198</td> </tr> <tr> <td>Commitments with original maturity of over one year</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Other commitments that can be unconditionally cancelled by any time</td> <td style="text-align: center;">0%</td> <td style="text-align: center;">1,496</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Market related Off-Balance sheet exposure</td> <td style="text-align: center;">1%</td> <td style="text-align: center;">0.26</td> <td style="text-align: center;">0.003</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: center;">4,705</td> <td style="text-align: center;">1,495</td> </tr> </tbody> </table>	Exposures Types	CCF	Notional amount	Exposure			BDT/Cr.	BDT/Cr.	Direct credit substitutes	100%	710	710	Performance related contingencies	50%	949	475	Short-term self-liquidating trade letters of credit	20%	557	111	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%	992	198	Commitments with original maturity of over one year	50%	-	-	Other commitments that can be unconditionally cancelled by any time	0%	1,496	-	Market related Off-Balance sheet exposure	1%	0.26	0.003	Total		4,705	1,495
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(b)		BDT/Cr.
		<u>31.12.2020</u>
	Leverage Ratio	5.02%
	On balance sheet exposure	37,680
	Off balance sheet exposure	1,645
	Total deduction from On and Off-Balance Sheet Exposure	<u>352</u>
	Total exposure	<u>38,973</u>

**Disclosures on Risk Based Capital (Basel III)
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K) Remuneration

Qualitative Disclosure

(a)	Information relating to the bodies that oversees remuneration.	
	> Name of the bodies that oversees remuneration	The primary body that currently oversees remuneration practices includes: In charge of remuneration & payroll, Head of HR, and Managing Director of the Bank.
	> Name, composition and mandate of the main body overseeing remuneration.	Board of Directors of the bank is the main body which approves the remuneration proposals/changes as when needed based on the recommendation of the primary body
	> External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	Periodically services of external consultants are sought in the process of remuneration update/survey in every 2/3 years to ensure competitive effectiveness of remuneration structure. Survey focuses on gross remuneration package in each job grade i.e. minimum, mid point and maximum in the given scale. Gross salary includes different elements like Basic pay and other admissible emoluments.
	> A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.	Key objective of the remuneration policy is to offer competitive remuneration package to employees in each job grade commensurate with job responsibilities irrespective of any location/region. It is done through periodical remuneration survey with local comparators engaging consultant. Similarly, for foreign subsidiaries, it is done in context of specific country remuneration market status to remain competitive in the foreign market that ensures attracting and retention of the best performers.
	> A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	Divisional Heads, Departmental Heads, Senior Members of Management, Head of Branches/Business Units supported by SMT are the material risk takers in business.
(b)	Information relating to the design and structure of remuneration processes.	
	> An overview of the key features and objectives of remuneration policy.	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. 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.
		Objective of remuneration policy is to pay competitively within industry norms in order to attract and retain good employees, Pay for performance link to merit measured in terms of delivery of set KPI annually (annual merit pay) Bank's service rules stands as a guide besides instructions and guidance from the Board from time to time

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

K) Remuneration

Qualitative Disclosure (cont.)

	<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>
	<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</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>

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

K) Remuneration

Qualitative Disclosure (cont.)

(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	
	> An overview of main performance metrics for bank, top-level business lines and individuals.	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.
	> A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	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.
	> A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak	No documented criteria as such is available to adjust remuneration of employees in the event of weak business performance matrix. If profit target is not met in a given year, generally annual merit increment is lower.
(e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.	
	> A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	The concept of variable remuneration or for that matter deferred payment system is not in practice. A share of profit in the form of incentive bonus is allowed to employees as approved by the board when profit target is favourably met.
	> A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.	Not applicable

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

K) Remuneration

Qualitative Disclosure (cont.)

(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
(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 173,467,915 during the year 2020.
	> 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
	> Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Not applicable

AB Bank Limited

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2020**

K) Remuneration

Qualitative Disclosure (cont.)

	> Total amount of deferred remuneration paid out in the financial year.	Not applicable
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(h)	Breakdown of amount of remuneration awards for the financial year to show:	
	> Fixed and variable	BDT 274.08 crore (Fixed including annual merit pay)
	> Deferred and non-deferred.	Not applicable
	> Different forms used (cash, shares and share linked instruments, other forms).	Not applicable

Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration:

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

AB Bank Limited

Annexure-E

Mumbai Branch

Balance Sheet

As at 31 December 2020

	31.12.2020	31.12.2019
	INR	INR
PROPERTY AND ASSETS		
Cash	49,099,278	27,529,238
In hand (including foreign currencies)	2,975,111	3,310,972
Balance with Reserve Bank India (including foreign currencies)	46,124,167	24,218,266
Balance with other banks and financial institutions	1,467,013,519	1,015,876,165
In India	210,346,687	53,456,646
Outside India	1,256,666,832	962,419,520
Money at call and on short notice	360,000,000	240,000,000
Investments	404,174,970	439,603,500
Government	404,174,970	439,603,500
Others	-	-
Loans and advances	467,995,126	566,931,554
Loans, cash credits, overdrafts, etc.	29,377,189	26,643,478
Bills purchased and discounted	438,617,937	540,288,076
Fixed assets including premises, furniture and fixtures	4,932,319	7,152,271
Other assets	161,485,475	279,495,461
Non-banking assets	-	-
Total Assets	<u>2,914,700,687</u>	<u>2,576,588,188</u>
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, FIs and agents	-	-
Deposits and other accounts	1,827,518,908	1,451,258,495
Current deposits	1,657,348,235	1,299,551,703
Demand deposits	123,609	123,613
Bills payable	110,148	456,650
Savings deposits	21,305,255	18,527,874
Fixed deposits	148,631,661	132,598,655
Other liabilities	75,436,396	154,726,939
Total Liabilities	<u>1,902,955,303</u>	<u>1,605,985,435</u>
Capital/Shareholders' Equity		
Total Shareholders' Equity	1,011,745,384	970,602,753
Paid-up capital	369,822,602	369,822,602
Statutory reserve	281,039,231	272,939,722
Other reserve	3,861,892	-
Retained earnings	357,021,659	327,840,429
Total Liabilities and Shareholders' Equity	<u>2,914,700,687</u>	<u>2,576,588,188</u>

AB Bank Limited

Mumbai Branch

Balance Sheet

As at 31 December 2020

	31.12.2020 INR	31.12.2019 INR
Off-Balance Sheet Items		
Contingent liabilities	26,096,215,667	12,569,919,604
Acceptances and endorsements	172,716,881	26,169,384
Letters of guarantee	5,660,514	1,427,800
Irrevocable letters of credit	-	-
Bills for collection	25,917,838,272	12,542,322,420
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	26,096,215,667	12,569,919,604

Mumbai Branch
Profit and Loss Account
For the year ended 31 December 2020

	2020 INR	2019 INR
Operating Income		
Interest income	33,970,764	47,045,867
Interest paid on deposits and borrowings, etc.	(11,174,395)	(15,830,545)
Net interest income	22,796,369	31,215,322
Investment income	23,567,619	23,880,813
Commission, exchange and brokerage	219,673,239	267,420,344
Other operating income	1,070,871	1,656,674
	244,311,729	292,957,831
Total operating income (a)	267,108,098	324,173,153
Operating Expenses		
Salary and allowances	15,680,733	16,492,779
Rent, taxes, insurance, electricity, etc.	21,132,480	19,920,587
Legal expenses	7,085	82,295
Postage, stamps, telecommunication, etc.	4,054,805	6,424,883
Stationery, printing, advertisement, etc.	1,173,778	1,365,588
Auditors' fees	649,640	887,260
Depreciation and repairs of Bank's assets	2,658,334	4,375,350
Other expenses	200,425,551	115,341,620
Total operating expenses (b)	245,782,405	164,890,361
Profit before provision (c = a-b)	21,325,693	159,282,793
Provision against loans and advances	(550,000)	(1,000,000)
Other provisions	150,000	(650,000)
Total provision (d)	(400,000)	(1,650,000)
Profit before taxation (c-d)	21,725,693	160,932,793
Provision for taxation	(19,416,938)	68,785,834
Current tax	(19,593,336)	69,252,841
Deferred tax	176,397	(467,007)
Net profit after taxation (PAT)	41,142,631	92,146,959

AB Bank Limited

Annexure-F

**Islami Banking Branch
Balance Sheet
As at 31 December 2020**

	31.12.2020 Taka	31.12.2019 Taka
<u>PROPERTY AND ASSETS</u>		
Cash in hand	268,250,549	286,314,047
Cash in Hand (Including foreign currencies)	4,933,125	4,489,262
Balance with Bangladesh Bank and its Agent Banks (Incl. FC)	263,317,424	281,824,785
Balance with Other Banks and Financial Institutions	1,348,247,393	1,739,470,715
In Bangladesh	1,348,247,393	1,739,470,715
Outside Bangladesh	-	-
Placement with other Banks & Financial Institutions	-	-
Investment in shares & other financial institutions	397,800,000	280,000,000
Government (BGIIB For SLR)	397,800,000	280,000,000
Others	-	-
Investments	6,510,299,811	6,041,664,709
Fixed Assets	6,685,044	7,337,839
Other Assets	99,243,204	58,133,724
	<u>8,630,526,001</u>	<u>8,412,921,035</u>
<u>LIABILITIES AND CAPITAL</u>		
Liabilities		
Placement from Banks (BGIIB)& Other Financial Institutions	816,485,540	1,816,519,380
Deposits and Other Accounts	7,436,081,443	6,276,313,435
Mudaraba Savings Deposits	137,255,111	94,959,349
Mudaraba Term Deposits	5,444,950,896	4,490,609,538
Other Mudaraba Deposits	1,804,024,982	1,639,998,318
Al-Wadeeah Current and Other Deposit Accounts	40,223,141	35,340,300
Bills Payable	9,627,313	15,405,931
Other Liabilities	377,959,018	320,088,220
Total Liabilities	<u>8,630,526,001</u>	<u>8,412,921,035</u>

AB Bank Limited

**Islami Banking Branch
Balance Sheet
As at 31 December 2020**

	31.12.2020 Taka	31.12.2019 Taka
Contingent Liabilities		
Acceptances & Endorsements	-	-
Letter of Guarantee	19,806,054	16,806,354
Irrevocable Letters of Credit (including Back to Back Bills)	58,861,855	123,881,000
Inland Bills for collection	-	-
Other Contingent Liabilities	-	-
Total	78,667,909	140,687,354
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	78,667,909	140,687,354

**Islami Banking Branch
Profit and Loss Account
For the year ended 31 December 2020**

	2020 Taka	2019 Taka
Investment Income	632,085,776	654,575,625
Profit paid on Deposits	610,282,050	580,595,526
Net Investment Income	21,803,726	73,980,099
Income from Investments in Shares/Securities	12,391,069	15,268,651
Commission, Exchange and Brokerage	2,397,793	3,115,023
Other Operating Income	223,250	149,769
Total Operating Income	36,815,838	92,513,541
Operating Expenses		
Salaries and Allowances	20,787,688	27,336,509
Rent, Taxes, Insurance, Electricity etc.	1,440,142	1,510,532
Postage, Stamps, Telecommunication etc.	240,570	238,572
Stationeries, Printing and Advertisement etc.	407,504	525,228
Shariah Supervisory Committee's Fees & Expenses	98,320	111,262
Depreciation and repair to Bank's Assets	1,100,186	1,514,140
Other Expenses	6,547,846	6,564,644
Total Operating Expenses	30,622,256	37,800,886
Operating Profit	6,193,583	54,712,655

Islami Banking Branch**Profit paid on deposits**

Profit and loss of Islami Banking Branch is calculated annually as on 31 December in every year. More than 60% of investment income is distributed among the different types of Mudaraba depositors following the 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 2020 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	3.5	3.51
2. Mudaraba Savings Deposits (School Banking)	0.67	8	8.01
3. Mudaraba Special Notice Deposits			
a. General	0.21-0.29	2.50-3.50	2.51-3.51
b. Inter - Bank	0.25-0.63	3.00-7.50	3.00-7.50
4. Mudaraba Term Deposits (Core deposit)			
24 Months	0.67-0.83	8.00-10.00	8.01-10.01
12 Months	0.52-0.96	6.25-11.50	6.26-11.51
9 Months	0.48-0.73	5.75-8.75	5.76-8.76
6 Months	0.50-0.92	6.00-11.00	6.01-11.01
4 Months	0.46-0.90	5.50-10.75	5.51-10.76
3 Months	0.46-0.96	5.50-11.50	5.51-11.51
1 Month	0.33-0.50	4.00-6.00	4.00-6.01
5. Mudaraba Hajj Deposit Scheme	0.75-0.96	9.00-11.50	9.01-11.51
6. Mudaraba Pension Deposit Scheme	0.60-1.00	6.00-12.00	6.01-12.01
7. Mudaraba Monthly Profit Payment Scheme	0.05-0.96	6.00-11.50	6.01-11.51
8. Mudaraba Cash WAQF Deposit	0.67-0.88	8.00-10.50	8.01-10.51

A competent Shariah Supervisory Committee consisting of Islamic scholars, Ulema, Fuqaha and Islamic bankers headed by **Justice Siddiqur Rahman Miah**, a prominent Islamic scholar guides the Islamic banking operations of the Kakrail Islami Banking Branch (KIBB). During the year 2020, Shariah Supervisory Committee met physically and reviewed different operational issues. The Committee also audited the branch operations 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.

AB Bank Limited**Annexure- H****Custodian Wing
Balance Sheet
As at 31 December 2020**

	31.12.2020 Taka	31.12.2019 Taka
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	52,528	-
Intangible Assets	-	-
Total Non Current Assets	52,528	-
Current Assets		
Cash and Bank Balances	-	-
Advance, Deposit and Prepayments	-	-
Accounts Receivables	12,494,889	12,494,889
Total Current Assets	12,494,889	12,494,889
Total Assets	12,547,418	12,494,889
LIABILITIES		
Non-Current Liabilities		
	-	-
Current Liabilities		
Payable to AB Bank	5,405,334	5,352,806
Accounts Payable	7,092,083	7,092,083
Provision for Audit Fees	50,000	50,000
Total Current Liabilities	12,547,418	12,494,889
Total Liabilities	12,547,418	12,494,889

AB Bank Limited**Annexure- H-1****Custodian Wing
Profit and Loss Account
For the year ended 31 December 2020**

	2020 Taka	2019 Taka
Operating Income		
Commission, exchange and brokerage	16,520	53,483
Total Operating Income	16,520	53,483
Operating Expenses		
Rent, taxes and insurance	11,500	11,500
Auditor's fees	57,500	77,500
Depreciation and repair of bank's assets	8,471	5,275
Other expenses	182,162	138,920
Total operating expenses	259,633	233,195
Operating Profit	(243,113)	(179,712)

Off-Shore Banking Unit (OBU)
Balance Sheet
As at 31 December 2020

	31.12.2020 Taka	31.12.2020 USD	31.12.2019 Taka	31.12.2019 USD
PROPERTY AND ASSETS				
Cash	-	-	-	-
Balance with Other Banks and FIs'	6,640,740	78,310	12,646,842	148,962
In Bangladesh	183,351	2,162	113,280	1,334
Outside Bangladesh	6,457,389	76,148	12,533,562	147,627
Money at call and on short notice (Placement)	964,604,550	11,375,000	849,000,000	10,000,000
Investment	1,637,923,118	19,315,041	1,639,846,896	19,315,040
Loans and Advances:	6,109,181,062	72,041,892	6,262,330,005	73,761,249
Loans & Advances - Regular	2,847,969,831	33,584,392	2,997,288,408	35,303,750
Loans & Advances - Classified	3,261,211,230	38,457,499	3,265,041,597	38,457,498
Premises and Fixed Assets (WDV)	-	-	556,063	6,550
Other Assets:	813,310	9,591	1,010,906	11,907
Accrued Interest	746,527	8,803	918,069	10,814
Pre-paid Advances	66,784	788	92,837	1,093
Miscellaneous	-	-	-	-
Total Assets	<u>8,719,162,780</u>	<u>102,819,834</u>	<u>8,765,390,712</u>	<u>103,243,707</u>
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from Bank & FIs'	8,966,465,025	105,736,120	8,911,059,861	104,959,480
In Bangladesh	8,966,465,025	105,736,120	8,911,059,861	104,959,480
Outside Bangladesh	-	-	-	-
Deposits and Other Accounts	13,261,591	156,386	16,506,535	194,423
Demand Deposits	11,193,359	131,997	11,147,339	131,300
Demand Deposits - Others	2,068,233	24,389	5,359,196	63,124
Other Deposits	-	-	-	-
Other Liabilities	190,709,001	2,248,916	190,932,993	2,248,916
Total Liabilities	<u>9,170,435,617</u>	<u>108,141,422</u>	<u>9,118,499,389</u>	<u>107,402,820</u>
Capital and Shareholders' Equity				
Profit/(Loss)	(451,272,837)	(5,321,589)	(353,108,677)	(4,159,113)
Total Shareholders' Equity	<u>(451,272,837)</u>	<u>(5,321,589)</u>	<u>(353,108,677)</u>	<u>(4,159,113)</u>
Total Liabilities and Shareholders' Equity	<u>8,719,162,780</u>	<u>102,819,834</u>	<u>8,765,390,712</u>	<u>103,243,707</u>

Off-Shore Banking Unit (OBU)
Profit and Loss Account
For the year ended 31 December 2020

	2020 Taka	2020 USD	2019 Taka	2019 USD
Interest income	158,003,805	1,861,820	203,880,011	2,413,269
Interest paid on deposits and borrowing etc.	253,296,559	2,984,692	348,688,583	4,127,326
Net Interest income	(95,292,754)	(1,122,872)	(144,808,572)	(1,714,057)
Commission, exchange and brokerage	125,968	1,484	(21,985)	(260)
Total operating income	(95,166,786)	(1,121,387)	(144,830,557)	(1,714,317)
Salaries and allowances	2,808,354	33,092	4,970,127	58,830
Rent, taxes, insurance, electricity etc.	5,559	65	50,286	595
Postage, stamps, telecommunication etc.	41,396	488	61,760	731
Stationeries, printing, advertisement etc.	37,760	445	49,180	582
Depreciation and repair of bank's assets	257,168	3,030	1,134,681	13,431
Other expenses	331,720	3,964	696,278	8,242
Total operating expenses	3,481,957	41,084	6,962,312	82,411
Operating Profit/(Loss)	(98,648,743)	(1,162,472)	(151,792,869)	(1,796,728)

**Myanmar Representative Office
Statement of Receipts and Payments
For the year ended 31 December 2020**

Annexure-J

Receipts	Total		Payments	Total	
	USD	BDT		USD	BDT
Opening Balance	52,405	3,860,704	Bank Charges (Nostro & Others)	15	1,273
Received during the year	31,699	2,694,104	Miscel. Contract Service-Tea boys & Cleaners	34	2,886
			Local Conveyance	67	5,686
			Internet bill	216	18,328
			Electricity Bill	9	764
			Other Allowances-Officers	6,000	509,198
			Stationery Others	43	3,650
			Water and Sewerage	3	255
			Other Audit fees	350	29,715
			Mobile bill	11	933
			Repair & Main. - Others	12	1,018
			Other Fees and Taxes	338	28,665
			Postage & Shipping- Domestic	2	170
			Advance rent	10,500	890,402
			Printing & Stationary	16	1,358
			Printing- Security	3	255
			Stamps Judicial non- Judicial	62	5,267
			Closing Balance	66,423	5,054,986
Total	84,104	6,554,808	Closing Balance	84,104	6,554,808

AB Investment Limited
(A Subsidiary of AB Bank Limited)

Annexure-K

Statement of Financial Position (Balance Sheet)
As at 31 December 2020

	31.12.2020 Taka	31.12.2019 Taka
ASSETS		
Non-current assets	568,369,010	547,526,339
Property, Plant and Equipment	216,694,350	547,526,339
Investment Property	312,241,848	-
Deferred Tax Assets	39,432,812	-
Current Assets	8,052,324,539	8,162,907,395
Investment in shares	551,741,963	736,423,365
Loans to clients	6,957,399,993	6,752,714,392
Advances, deposits and prepayments	556,400	656,400
Receivable from brokers & Others	236,523,208	299,723,086
Advance income tax	170,076,236	373,157,452
Cash and bank balances	136,026,739	232,700
TOTAL ASSETS	8,620,693,549	8,710,433,734
EQUITY AND LIABILITIES		
Equity	6,743,523,992	6,747,365,720
Share capital	6,456,899,810	6,456,899,810
Retained earnings	286,624,182	290,465,910
Liabilities		
Non-current liabilities	15,048,050	23,825,515
Provident fund, gratuity fund and recreation club fund	15,048,050	12,387,675
Deferred tax liability	-	11,437,840
Current liabilities	1,862,121,507	1,939,242,499
Borrowing from banks	755,898,828	737,184,319
Liabilities for expenses	834,601	706,217
Provision for taxation	183,159,276	419,270,105
Provision for diminution value of investment	904,818,239	769,818,239
Payable to clients	17,410,563	12,180,799
Lease Liabilities	-	82,820
Total liabilities	1,877,169,557	1,963,068,014
TOTAL EQUITY AND LIABILITIES	8,620,693,549	8,710,433,734

AB Investment Limited
(A Subsidiary of AB Bank Limited)

Annexure-K-1

Statement of Profit or Loss and Other Comprehensive Income
(Profit and Loss Statement)
For the year ended 31 December 2020

	2020	2019
	Taka	Taka
Operating income	175,213,628	57,136,889
Interest income	59,982,280	138,400,793
Management fee	4,568,307	6,587,586
Transaction/settlement fee	36,857,934	31,835,085
Investment income	63,705,087	(131,590,144)
Other operating income	10,100,020	11,903,569
Operating expenses	75,431,121	48,061,007
Salary and allowances	17,182,331	15,286,399
Audit and consultancy fees	272,050	448,450
Administrative expenses	57,881,438	32,241,483
Financial expenses	95,302	84,675
Profit before provision and tax	99,782,507	9,075,882
Provision for diminution in value of investment	135,000,000	-
Net profit/(loss) before tax for the year	(35,217,493)	9,075,882
Income tax expenses	(31,375,765)	66,625,120
Current tax expenses	19,494,887	68,075,287
Deferred tax expenses	(50,870,652)	(1,450,167)
Net profit/(loss) after tax for the year	(3,841,728)	(57,549,238)
Other Comprehensive Income	-	-
Total Comprehensive Income	(3,841,728)	(57,549,238)

AB Securities Limited

Annexure-L

**Statement of Financial Position
As at 31 December 2020**

	31.12.2020 Taka	31.12.2019 Taka
I Sources of Fund		
A) <u>Shareholders' Equity</u>	514,345,408	510,030,076
Share Capital	272,041,880	272,041,880
Revaluation Reserve	85,986,590	85,986,590
Retained Earnings	156,316,938	152,001,606
B) <u>Non-Current Liabilities</u>	210,989,474	225,834,070
Liabilities for Other Finance	190,000,000	210,000,000
Provision for Gratuity	7,930,439	4,580,523
Provision for Provident Fund	11,602,235	11,253,547
Lease Liabilities	1,456,800	-
Total Source of Fund (A+B)	<u>725,334,882</u>	<u>735,864,146</u>
II Application of Fund		
A) <u>Non Current Assets</u>	16,406,708	9,982,783
Property, Plant & Equipment	14,427,041	7,717,212
Deferred Tax Assets	1,979,667	2,265,571
B) <u>Investments</u>	103,575,886	101,411,055
C) <u>Current Assets</u>	1,516,996,822	1,119,022,392
Cash and Cash Equivalents	456,742,020	81,598,769
Advance, Deposit & Prepayments	17,376,617	7,812,659
Advance Income Tax	43,083,808	94,941,313
Accounts Receivable	80,788,114	4,140,740
Margin Loan	919,006,263	930,528,911
D) <u>Current Liabilities and Provisions</u>	911,644,535	494,552,084
Accounts Payable	494,550,750	69,578,763
Bank Overdraft	167,548,561	174,502,576
Liabilities for Expense	6,548,349	902,620
Provision for Income Tax	46,292,599	98,150,033
Other Liabilities	191,418,093	151,418,093
Lease Liabilities	5,286,182	-
E) <u>Net Current Assets (C-D)</u>	605,352,287	624,470,308
F) <u>Total Application of Fund (A+B+E)</u>	<u>725,334,882</u>	<u>735,864,146</u>

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2020**

	2020 Taka	2019 Taka
A) Operating Income	129,861,217	27,591,754
Brokerage Commission	91,988,986	38,821,911
Interest Income	(3,571,253)	16,956,258
Investment Income	38,553,642	(29,937,890)
Other Operating Income	2,889,843	1,751,475
B) Operating & Other Expense	59,597,012	47,798,825
Operating Expenses	50,361,435	45,711,553
Other Financial Expenses	2,136,843	834,954
Depreciation on Property, Plant & Equipment	7,098,734	1,252,318
C) Profit before Provision (A-B)	70,264,205	(20,207,071)
D) Provision	40,000,000	(31,991,511)
For Diminution in Value of Investments	-	(31,991,511)
For Diminution in Value of Loan	40,000,000	-
E) Profit before Taxation (C-D)	30,264,205	11,784,440
F) Provision for Taxation	25,948,873	11,462,990
Current Tax	25,662,970	11,360,659
Deferred Tax	285,903	102,331
Net Profit After Taxation (E-F)	4,315,332	321,451
Earnings Per Share (EPS)	0.16	0.01

Cashlink Bangladesh Limited

Annexure-M

Statement of Financial Position
As at 31 December 2020

	31.12.2020 Taka	31.12.2019 Taka
ASSETS		
Non Current Assets		
Property, Plant and Equipment	3	3
	<u>3</u>	<u>3</u>
Current Assets		
Cash & Bank Balances	1,242,062	116,724
Investment in Fixed Deposits	44,118,875	41,861,572
Investment in Shares	1,000	1,000
Advance, Deposit & Prepayment	38,248,978	38,191,781
Other Receivable	2,030,210	2,223,037
	<u>85,641,125</u>	<u>82,394,114</u>
Total Assets	<u>85,641,128</u>	<u>82,394,117</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Earnings	(165,295,612)	(167,733,871)
Total Equity	<u>76,904,388</u>	<u>74,466,129</u>
Liabilities		
Current Liabilities		
Accrued Expenses	28,750	28,750
Provision for Taxation	8,707,990	7,899,238
	<u>8,736,740</u>	<u>7,927,988</u>
Total Liabilities	<u>8,736,740</u>	<u>7,927,988</u>
Total Equity and Liabilities	<u>85,641,128</u>	<u>82,394,117</u>

**Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020**

	2020 Taka	2019 Taka
Revenue	-	-
Less: General and Administration Expenses	419,155	453,452
Operating Profit/(Loss)	(419,155)	(453,452)
Add: Other Income	4,031,392	13,555,474
Profit Before Provision & Tax	3,612,237	13,102,022
Provision for taxation	1,173,977	365,225
Net Profit/(Loss) After Tax	2,438,260	12,736,797
Other Comprehensive Income	-	-
Total Comprehensive Income/(Expenses)	2,438,260	12,736,797
Earnings Per Share (EPS)	0.10	0.54

AB International Finance Limited**Annexure-N****Statement of Financial Position
As at 31 December 2020**

	31.12.2020 HK\$	31.12.2019 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	11,936	28,892
CURRENT ASSETS		
Discounted bills receivable	102,262,201	100,962,271
Deposits, prepayments and other receivable	4,362,558	3,413,585
Tax refundable	734,081	-
Cash and bank balances	2,383,320	380,356
	109,742,160	104,756,212
CURRENT LIABILITIES		
Accrued liabilities and other payables	4,667,123	4,616,112
Deferred interest income	837,511	798,523
Provision for long service payments	350,117	463,002
Due to ultimate holding company	87,928,750	77,500,000
Tax payable	-	2,105,818
	93,783,501	85,483,455
NET CURRENT ASSETS	15,958,659	19,272,757
	15,970,595	19,301,649
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	6,844,732	10,175,786
Capital Reserve	7,561,960	7,561,960
	15,970,595	19,301,649

**Statement of Income and Retained Earnings
For the year ended 31 December 2020**

	2020 HK\$	2019 HK\$
Interest income	3,602,766	4,566,221
Interest expenses	(578,108)	(532,105)
Net interest income	3,024,658	4,034,116
Other operating income	9,537,728	13,298,554
Total operating income	12,562,386	17,332,670
Staff costs	(2,359,519)	(2,338,431)
Depreciation	(16,956)	(19,370)
Reversal of/(further) provision for long service payments	112,885	(1,367)
Other operating expenses	(2,395,361)	(3,004,932)
Total operating expenses	(4,658,951)	(5,364,100)
Profit before taxation	7,903,435	11,968,570
Income tax	(1,058,703)	(1,792,784)
Profit for the year	6,844,732	10,175,786
Retained earnings at start of the year	563,904	563,904
Dividends	(6,844,732)	(10,175,786)
Retained earnings at the end of the year	563,904	563,904

Arab Bangladesh Bank Foundation (ABBF)

Annexure- 0

**Statement of Financial Position
As at 31 December 2020**

	31.12.2020	31.12.2019
	Taka	Taka
ASSETS		
Non Current Assets	37,893,534	38,517,869
Property, Plant & Equipment	37,892,534	38,516,869
Investment in share	1,000	1,000
Current Assets	492,324,968	465,385,776
Loan to ABSL	190,000,000	210,000,000
Investment in FDR	105,915,271	99,807,518
Rent Receivable	75,338	37,669
Advance Tax	23,405,346	12,255,398
Cash and Cash equivalents	172,929,013	143,285,191
TOTAL ASSETS	530,218,502	503,903,645
EQUITY AND LIABILITIES		
Shareholders' Equity	499,290,836	481,360,333
Share Capital	20,000,000	20,000,000
Retained Earnings	479,290,836	461,360,333
Non-Current Liabilities		
Unearned Income	-	241,350
Current Liabilities	30,927,666	22,301,961
Provision for Income Tax	30,811,666	22,178,461
Provision for expenses	116,000	123,500
TOTAL EQUITY AND LIABILITIES	530,218,502	503,903,645

**Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020**

	2020 Taka	2019 Taka
Income		
Operating Income	29,376,192	32,592,809
Interest Income	28,472,140	31,688,757
Rental Income	904,052	904,052
Less : Operating & Other Expenses	2,812,484	1,281,338
Operating expenses	1,212,484	1,181,338
Other expenses	1,600,000	100,000
Profit before Tax	26,563,708	31,311,471
Less: Provision for Tax	8,633,205	10,959,015
Profit carried forward	17,930,503	20,352,456

Name of the Directors and entities in which had interest as on December 31, 2020

Sl. No.	Name	Status	Name of Firms/Companies in which interested as proprietor/partner/director/managing agent/guarantor/employees etc.
1	Mr. Muhammad A.(Rume) 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
			8. Finnovation Limited, Advisor
			9. Vem/ Bangladesh Limited, Advisor
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
			8. AB Bank Foundation, Chairman, Nominated by AB Bank Ltd.
3	Mr. Khairul Alam Choudhury	Director	1. AB Securities Ltd, Independent Director, Nominated by AB Bank Ltd.
			2. AB Investment Ltd, Independent Director, Nominated by AB Bank Ltd.
			3. Cashlink Bangladesh Ltd, Independent Director, Nominated by AB Bank Ltd.
4	Mr. Shajir Ahmed	Director	1. Elite Paint & Chemical Industries Limited, Director
			2. Super Refinery (Pvt.) Limited, Director
			3. Super Share & Securities Limited, Director
			4. Elite Super Plastic Ind. (Pvt.) Limited, Director
			5. Super Sea Fish (Pvt.) Limited, Director
			6. Super Tel Limited, Director
			7. Super Silica Bangladesh Limited, Director
			8. Aurora Décor Limited, Director
			9. Broast Foods Ind (Pvt) Limited, Director
			10. Elite Foods Industries Limited, Director
5	Mr. Kaiser A. Chowdhury*	Independent Director	1. AB Securities Ltd, Independent Director, Nominated by AB Bank Ltd.
			2. AB Investment Ltd, Independent Director, Nominated by AB Bank Ltd.
			3. Cashlink Bangladesh Ltd, Independent Director, Nominated by AB Bank Ltd.
			4. AB International Finance Ltd, Hong Kong Independent Director, Nominated by AB Bank Ltd.
			5. AB Bank Foundation, Member, Nominated by AB Bank Ltd.
6	Mr. Shafiqul Alam	Independent Director	1. AB Securities Ltd, Independent Director, Nominated by AB Bank Ltd.
			2. AB Investment Ltd, Independent Director, Nominated by AB Bank Ltd.
7	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
			4. AB Securities Ltd, Director, Nominated by AB Bank Ltd.
			5. AB Bank Foundation, Member, Nominated by AB Bank Ltd.

*Mr. Kaiser A. Chowdhury, Independent Director, resigned from the Board in the 702nd Board Meeting held on January 18, 2021.