

# AB Bank Limited & its Subsidiaries

## Financial Statements 2015

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AB BANK LIMITED

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of AB Bank Limited and its subsidiaries ("the Group") as well as the separate financial statements of AB Bank Limited ("the Bank"), which comprise the consolidated Balance Sheet and the separate Balance Sheet as at 31 December 2015 and the consolidated and separate Profit & Loss Accounts, consolidated and separate Statements of Changes in Equity and Shareholders' Equity and separate Cash Flow Statements for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements and Internal Controls**

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note # 1.13 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company (Amendment up to 2013) Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements of the Group and separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2015, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note # 1.13.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company (Amendment up to 2013) Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in auditing the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control;
- internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note # 1.15 to the financial statements appeared to be materially adequate;
- nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- financial statements of the subsidiaries of the Bank have been audited by other auditors except Cashlink Bangladesh Limited which has been audited by us and have been properly reflected in the consolidated financial statements;
- 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;
- the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- the expenditure incurred was for the purposes of the Bank's business;
- the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- the information and explanation required by us have been received and found satisfactory; and
- we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 4.375 person hours for the audit of the books and accounts of the Bank.

Dhaka, 26 April 2016

**ACNABIN**  
Chartered Accountants

### Consolidated Balance Sheet As at 31 December 2015

Notes	31.12.2015 Taka	31.12.2014 Taka
<b>PROPERTY AND ASSETS</b>		
Cash	17,034,569,843	13,950,476,378
In hand (including foreign currencies)	1,204,156,116	1,137,941,325
Balance with Bangladesh Bank and its agent bank(s)	15,829,128,241	12,809,767,620
(including foreign currencies)	-	-
<b>Balance with other banks and financial institutions</b>	<b>4,752,701,128</b>	<b>6,555,722,116</b>
In Bangladesh	2,156,851,448	4,214,889,208
Outside Bangladesh	2,595,849,680	2,340,832,908
<b>Money at call and on short notice</b>	<b>4,566,844,263</b>	<b>2,456,985,298</b>
<b>Investments</b>	<b>34,054,553,461</b>	<b>31,717,883,909</b>
Government	27,900,211,389	25,305,839,814
Others	6,154,342,072	6,412,044,095
<b>Loans, advances and lease/Investments</b>	<b>216,364,880,127</b>	<b>184,737,891,930</b>
Loans, cash credits, overdrafts, etc./Investments	214,291,708,326	181,946,611,502
Bills purchased and discounted	2,073,171,801	2,801,280,428
<b>Fixed assets including premises, furniture and fixtures</b>	<b>4,819,543,816</b>	<b>4,940,112,222</b>
Other assets	5,345,737,331	3,805,292,134
<b>Non-banking assets</b>	-	-
<b>Total Assets</b>	<b>286,938,829,969</b>	<b>248,164,363,986</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>LIABILITIES</b>		
<b>Borrowings from other banks, financial institutions and agents</b>	<b>24,098,598,784</b>	<b>11,385,667,525</b>
<b>AB Bank Subordinated Bond</b>	<b>6,500,000,000</b>	<b>2,500,000,000</b>
<b>Deposits and other accounts</b>	<b>213,671,723,838</b>	<b>198,116,757,714</b>
Current account and other accounts	20,050,332,586	17,645,003,388
Bills payable	3,699,973,387	1,195,054,117
Savings bank deposits	22,577,067,458	13,945,332,755
Fixed deposits	111,741,032,463	117,532,923,933
Other deposits	55,607,317,944	42,316,260,501
<b>Other liabilities</b>	<b>19,094,756,031</b>	<b>16,255,749,567</b>
<b>Total Liabilities</b>	<b>263,365,078,652</b>	<b>228,258,174,806</b>
<b>Capital/Shareholders' Equity</b>		
<b>Equity attributable to equity holders of the parent company</b>	<b>23,575,987,130</b>	<b>19,915,633,264</b>
Paid-up capital	5,990,165,460	5,324,591,520
Statutory reserve	6,111,203,545	5,382,440,229
Other reserve	4,039,376,532	3,817,451,907
Retained earnings	7,435,241,593	7,191,449,608
Minority interest	(2,235,814)	(9,444,084)
<b>Total Equity</b>	<b>23,575,987,130</b>	<b>19,915,633,264</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>286,938,829,969</b>	<b>248,164,363,986</b>
<b>Off-Balance Sheet Items</b>		
<b>Contingent liabilities</b>	<b>68,649,158,866</b>	<b>77,068,505,153</b>
Acceptances and endorsements	24,351,049,686	27,020,988,453
Letters of guarantee	12,327,410,154	13,945,332,755
Irrevocable letters of credit	23,650,724,184	21,987,317,194
Bills for collection	8,319,974,842	7,738,447,692
Other contingent liabilities	-	6,476,419,550
<b>Other commitments</b>		
Documentary credits and short term trade-related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn notes issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
<b>Total</b>	<b>68,649,158,866</b>	<b>77,068,505,153</b>

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

Dhaka, 26 April 2016

**ACNABIN**  
Chartered Accountants

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

Notes	2015 Taka	2014 Taka
<b>OPERATING INCOME</b>		
Interest income/profit on investments	21(a) 21,228,897,178	21,920,292,843
Interest/profit paid on deposits and borrowings, etc.	22(a) (16,608,847,742)	(15,461,349,909)
<b>Net interest income</b>	<b>4,620,049,436</b>	<b>6,458,942,935</b>
Investment income	23(a) 3,281,987,184	2,807,058,380
Commission, exchange and brokerage	24(a) 2,964,436,043	3,338,084,877
Other operating income	25(a) 227,682,558	174,251,078
<b>Total operating income (a)</b>	<b>6,474,115,788</b>	<b>6,319,334,336</b>
<b>OPERATING EXPENSES</b>		
Salary and allowances	26(a) 2,905,505,487	2,689,415,930
Rent, taxes, insurance, electricity, etc.	27(a) 606,508,831	595,082,065
Legal expenses	28(a) 9,232,376	18,846,738
Postage, stamps, telecommunication, etc.	29(a) 139,947,246	140,417,297
Stationery, printing, advertisement, etc.	30(a) 168,617,596	164,378,344
Chief executive's salary and fees	31(a) 8,783,017	13,143,560
Directors' fees	32(a) 5,285,950	3,227,431
Auditors' fees	33(a) 600,206,526	550,593,350
Depreciation and repairs of Bank's assets	34(a) 1,255,511,701	1,219,962,960
Other expenses	-	-
<b>Total operating expenses (b)</b>	<b>5,712,558,730</b>	<b>5,404,920,294</b>
<b>Profit before provision (c = a-b)</b>	<b>5,381,596,491</b>	<b>7,373,416,977</b>
Provision against loans and advances	35(a) 2,066,527,189	2,290,252,325
Provision for diminution in value of investments	36(a) 44,910,791	42,427,238
Other provisions	37(a) 200,066,550	660,085,311
<b>Total provision (d)</b>	<b>2,311,504,430</b>	<b>2,992,764,874</b>
<b>Profit before tax (c-d)</b>	<b>3,070,092,061</b>	<b>4,380,652,103</b>
<b>Provision for taxation</b>	<b>1,612,779,701</b>	<b>2,879,069,724</b>
Current tax	2,015,720,840	2,849,439,168
Deferred tax	(402,941,140)	29,630,556
<b>Net profit after tax</b>	<b>1,457,312,360</b>	<b>1,501,582,379</b>
<b>Appropriations</b>		
Statutory reserve	535,826,124	22,074,774
General reserve	-	-
Dividends, etc.	-	-
<b>Retained surplus</b>	<b>535,826,124</b>	<b>22,074,774</b>
<b>Minority interest</b>	<b>921,486,237</b>	<b>1,479,507,605</b>
<b>Net Profit attributable to the shareholders of parent company</b>	<b>914,265,774</b>	<b>1,473,138,280</b>
<b>Consolidated Earnings Per Share (EPS)</b>	<b>2.42</b>	<b>2.50</b>

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

Dhaka, 26 April 2016

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### Consolidated Cash Flow Statement For the year ended 31 December 2015

Notes	2015 Taka	2014 Taka
<b>Cash Flows from Operating Activities</b>		
Interest receipts	21,773,331,027	21,143,540,381
Interest payments	(16,508,505,249)	(15,281,174,882)
Dividend receipts	115,124,494	90,775,253
Fee and commission receipts	1,989,547,686	2,299,041,481
Recoveries on loans previously written off	66,437,637	16,283,250
Payments to employees	(2,198,405,487)	(2,702,559,490)
Payments to suppliers	(168,617,596)	(164,378,344)
Deposits from other banks	(6,289,172,380)	5,977,464,576
Income taxes paid	(2,402,728,036)	(2,379,515,184)
Receipts from other operating activities	4,302,995,967	3,913,294,351
Payments for other operating activities	(2,257,080,318)	(2,182,603,451)
<b>Operating profit before changes in operating assets &amp; liabilities</b>	<b>3,992,100,136</b>	<b>4,753,203,366</b>
<b>Increase/(decrease) in operating assets and liabilities</b>		
Loans and advances to customers	(34,002,162,475)	(38,555,980,411)
Other assets	(1,132,502,797)	(345,945,577)
Deposits from other banks	(6,289,172,380)	5,977,464,576
Deposits from customers	21,743,796,011	30,349,225,879
Trading liabilities (short-term borrowings)	12,483,490,932	1,055,806,238
Other liabilities	3,783,309,830	1,617,613,620
<b>Total</b>	<b>(3,413,240,879)</b>	<b>98,184,325</b>
<b>Net cash flow from operating activities (a)</b>	<b>578,859,257</b>	<b>4,851,387,691</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of government securities, shares, bonds, etc.	(1,534,904,107)	(2,749,734,158)
Sale of trading securities, shares, bonds, etc.	257,702,023	877,388,062
Purchase of property, plant and equipment	(139,989,135)	(553,681,516)
<b>Net cash used in investing activities (b)</b>	<b>(1,417,191,220)</b>	<b>(2,426,027,612)</b>
<b>Cash Flows from Financing Activities</b>		
Increase of long-term borrowings	4,229,440,326	2,438,542,045
Dividend paid	(392,021)	(239,084,776)
<b>Net cash flow from financing activities (c)</b>	<b>4,229,048,305</b>	<b>2,199,457,269</b>
Net increase in cash (a+b+c)	3,390,716,342	4,624,817,347
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	22,966,416,693	18,341,599,343
<b>Cash and cash equivalents at end of the year (*)</b>	<b>26,357,133,035</b>	<b>22,966,416,693</b>
<b>(*) Cash and cash equivalents:</b>		
Cash	1,204,156,116	1,140,708,758
Prize bonds	3,017,800	3,232,900
Money at call and on short notice	4,566,844,263	2,456,985,298
Balance with Bangladesh Bank and its agent bank(s)	15,829,128,241	12,809,767,620
Balance with other banks and financial institutions	4,752,701,128	6,555,722,116
<b>Total</b>	<b>26,357,133,035</b>	<b>22,966,416,693</b>
<b>Net Operating Cash Flow Per Share (NOCPFS)</b>	<b>0.97</b>	<b>6.10</b>

Dhaka, 26 April 2016

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### Consolidated Statement of Changes in Equity For the year ended 31 December 2015

Particulars	Balance at 01 January 2015	Adjusted Balance for 2014	Restated Opening Balance	Net profit after taxation for the year	Additional/(Adjustment) made during the year	Foreign Exchange (Adjustment) Rate Fluctuation	Balance at 31 December 2015	Balance at 31 December 2014
Total Equity	18,749,659,786	1,557,312,360	19,906,189,179	1,473,138,280	(18,032,304)	(19,782,848)	23,575,987,130	19,906,189,180
Retained earnings	1,156,529,394	665,573,540	6,525,575,688	1,473,138,280	7,220,463	(1,059,682,568)	7,220,463	1,156,529,394
Minority interest	(9,444,084)	(9,444,084)	(9,444,084)	(9,444,084)	(12,192)	(338,839)	(9,444,084)	(9,444,084)
Investment revaluation reserve	374,427,395	374,427,395	374,427,395	374,427,395	1,059,682,568	(1,059,682,568)	374,427,395	374,427,395
Foreign exchange revaluation reserve on investment in foreign operation	1,281,307	1,281,307	1,281,307	1,281,307	535,826,124	(535,826,124)	1,281,307	1,281,307
Assets revaluation reserve	1,181,175,719	1,181,175,719	1,181,175,719	1,181,175,719	1,180,000,000	(1,180,000,000)	1,181,175,719	1,181,175,719
General reserve	5,324,591,520	5,324,591,520	5,324,591,520	5,324,591,520	535,826,124	(535,826,124)	5,324,591,520	5,324,591,520
Statutory reserve	5,324,591,520	5,324,591,520	5,324,591,520	5,324,591,520	535,826,124	(535,826,124)	5,324,591,520	5,324,591,520
Paid-up capital	5,990,165,460	5,990,165,460	5,990,165,460	5,990,165,460	-	-	5,990,165,460	5,990,165,460

Dhaka, 26 April 2016

**ACNABIN**  
Chartered Accountants

### Balance Sheet As at 31 December 2015

Notes	31.12.2015 Taka	31.12.2014 Taka
<b>PROPERTY AND ASSETS</b>		
Cash	17,033,284,356	13,947,708,945
In hand (including foreign currencies)	1,204,156,116	1,137,941,325
Balance with Bangladesh Bank and its agent bank(s)	15,829,128,241	12,809,767,620
(including foreign currencies)	-	-
<b>Balance with other banks and financial institutions</b>	<b>4,711,003,257</b>	<b>6,488,688,322</b>
In Bangladesh	2,159,121,205	4,171,808,425
Outside Bangladesh	2,551,882,052	2,316,879,897
<b>Money at call and on short notice</b>	<b>5,284,337,005</b>	<b>3,862,958,626</b>
<b>Investments</b>	<b>33,175,877,479</b>	<b>30,778,575,0</b>