

# AB Bank AB Bank Limited & its Subsidiaries Financial Statements 2015

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## Notes to the Financial Statements For the year ended 31 December 2015

	31.12.2015 Taka	31.12.2014 Taka
<b>Tier-2 Capital (Gone concern Capital)</b>		
General Provision (Eligible for inclusion in Tier 2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets calculated under the standardised approach)	2,867,752,202	3,037,313,116
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)	6,500,000,000	2,500,000,000
Minority Interest	-	-
HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital	-	-
Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)	849,638,093	849,638,094
Other (if any item approved by Bangladesh Bank)	-	-
<b>Sub-Total</b>	<b>10,217,390,295</b>	<b>6,386,951,210</b>
<b>Regulatory Adjustments:</b>		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	169,927,619	-
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)	-	-
<b>Total Tier-2 Capital Available</b>	<b>10,207,430,295</b>	<b>6,376,991,210</b>
Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	16,987,063,262	-
Excess amount over maximum limit of Tier 2	-	-
<b>Total admissible Tier 2 Capital</b>	<b>10,037,802,676</b>	<b>6,376,991,210</b>
<b>Total Eligible Capital</b>	<b>29,147,709,968</b>	<b>23,417,414,809</b>
Total assets including off-Balance Sheet items	355,587,988,835	333,883,042,242
Total risk-weighted assets (RWA)	258,013,752,529	223,746,284,916
<b>B. Total required capital (10% of Total RWA)</b>	<b>25,801,375,253</b>	<b>22,374,628,492</b>
<b>Capital Surplus / (Shortfall) [A-B]</b>	<b>3,346,334,716</b>	<b>1,042,786,317</b>
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>11.30%</b>	<b>10.47%</b>
<b>Solo - Capital to Risk Weighted Assets Ratio (CRAR)</b>		
In terms of section 13(2) of the Bank Company (Amendment up to 2013) Act, 1991 and Bangladesh Bank BRPD Circular no. 18 dated 21 December 2014, required capital of the Bank on solo basis at the close of business on 31 December 2015 is Taka 25,552,539,723 as against available Common Equity Tier-1 capital of Taka 18,339,220,715 and Total Tier-2 Capital Available capital of Taka 9,993,601,357 that is, a total of Taka 28,332,822,072 thereby showing surplus capital/equity of Taka 2,780,292,349 at that date. Details are shown below:		
<b>Tier I Capital (going-concern capital)</b>		
<b>Common Equity Tier-1 Capital</b>		
Fully Paid-up Capital/Capital Deposited with BB	5,990,165,460	5,324,591,520
Share Reserve	6,111,203,545	5,582,440,229
Non-repayable share premium account	-	-
General Reserve	1,222,199,200	42,199,200
Retained earnings	6,830,946,921	5,611,822,670
Minority interest in Subsidiaries	-	-
Non-Cumulative Irredeemable Preference Shares	-	-
Dividend Equalization Account	-	-
<b>Total</b>	<b>20,154,515,126</b>	<b>16,561,053,618</b>
<b>Regulatory Adjustment:</b>		
Goodwill and all other Intangible Assets	322,958,427	-
Provision 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 Deferred Tax Assets (DTA)	1,483,281,544	-
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	9,054,440	-
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)	-	-
<b>Total</b>	<b>1,815,294,411</b>	<b>-</b>
<b>Total Common Equity Tier-1 Capital</b>	<b>18,339,220,715</b>	<b>16,561,053,618</b>
<b>Additional Tier-1 Capital</b>		
<b>Tier-2 Capital (Gone concern Capital)</b>		
General Provision (Eligible for inclusion in Tier 2 will be limited to a maximum 1.25 percentage points of credit risk-weighted assets calculated under the standardised approach)	2,855,177,375	2,939,539,913
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)	6,500,000,000	2,500,000,000
Minority Interest	-	-
HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital	-	-
Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)	798,029,978	798,029,977
Other (if any item approved by Bangladesh Bank)	-	-
<b>Sub-Total</b>	<b>10,153,207,353</b>	<b>6,237,569,890</b>
<b>Regulatory Adjustments:</b>		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	159,605,996	-
Investment in own T-2 Instruments/Shares	-	-
Reciprocal crossholdings in the T-2 capital of Banking, Financial and Insurance	-	-
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	9,993,601,357	9,993,601,357
Other (if any)	-	-
<b>Total Tier-2 Capital Available</b>	<b>9,993,601,357</b>	<b>6,237,569,890</b>
Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)	16,301,733,294	-
Excess amount over maximum limit of Tier 2	-	-
<b>Total admissible Tier 2 Capital</b>	<b>9,993,601,357</b>	<b>6,237,569,890</b>
<b>Total Eligible Capital</b>	<b>28,332,822,072</b>	<b>22,798,623,509</b>
Total assets including off-Balance Sheet items	353,659,413,585	331,736,635,759
Total risk-weighted assets (RWA)	255,525,397,235	220,862,243,100
<b>B. Total required capital (10% of Total RWA)</b>	<b>25,552,539,723</b>	<b>22,086,224,310</b>
<b>Capital Surplus / (Shortfall) [A-B]</b>	<b>2,780,292,349</b>	<b>712,399,199</b>
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>11.09%</b>	<b>10.32%</b>
Detailed Disclosure under Pillar III of Basel III is presented in (Annex- E).		
<b>16. Statutory reserve</b>		
<b>In Bangladesh</b>		
Opening balance	5,384,130,846	5,384,130,846
Add: Addition during the year	504,578,003	-
Add./Less Adjustment for Foreign Exchange Rate Fluctuation	-	-
<b>Outside Bangladesh - ABBL, Mumbai Branch</b>		
Opening balance	198,309,382	180,668,545
Add: Addition during the year	31,248,121	22,074,774
Add: Transferred from Investment fluctuation reserve	(7,062,808)	(4,433,937)
Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation	222,494,695	198,309,382
<b>Total</b>	<b>6,111,203,545</b>	<b>5,842,440,229</b>
<b>17. Other reserve</b>		
General reserve (Note-17.1)	1,222,199,200	42,199,200
Assets revaluation reserve (Note-17.2)	1,305,535,182	1,323,567,486
Investment revaluation reserve (Note-17.3)	1,332,175,037	272,492,469
Foreign exchange revaluation for investment in foreign operation	-	-
<b>Total</b>	<b>3,859,909,419</b>	<b>1,638,259,155</b>
<b>17.1 General reserve</b>		
Opening balance	42,199,200	42,199,200
Add: Transferred from general provision of loans and advances	860,000,000	-
Add: Transferred from off balance sheet provisions	200,000,000	-
Add: Transferred from investment provisions	120,000,000	-
<b>Total</b>	<b>1,222,199,200</b>	<b>42,199,200</b>
<b>17.2 Assets revaluation reserve</b>		
Opening balance	1,323,567,486	1,326,815,807
Less: Adjustment during the year	-	3,248,321
Less: Transfer to Retained Earnings	18,032,304	-
<b>Total</b>	<b>1,305,535,182</b>	<b>1,323,567,486</b>
<b>17.3 Investment revaluation reserve (Treasury Bills &amp; Treasury Bonds)</b>		
Revaluation Reserve for:		
Held to Maturity (HTM)	2,176,484	3,946,258
Held for Trading (HFT)	1,332,175,037	272,492,469
<b>Outside Bangladesh</b>		
ABBL, Mumbai Branch	1,332,175,037	272,492,469
<b>17.3.1 Revaluation Reserve for Held to Maturity (HTM)</b>		
Opening balance	3,946,258	2,589,612
Add: Addition during the year	773,514	1,356,646
Add: Foreign Exchange	4,715,772	3,946,258
Less: Adjustment during the year	2,543,288	-
<b>Total</b>	<b>2,176,484</b>	<b>3,946,258</b>
<b>17.3.2 Revaluation Reserve for Held for Trading (HFT)</b>		
Opening balance	268,546,211	41,024,648
Add: Addition during the year	1,795,936,708	445,902,774
Less: Adjustment during the year	2,064,482,919	486,927,422
Less: Adjustment during the year	734,484,366	218,381,211
<b>Total</b>	<b>1,332,175,037</b>	<b>272,492,469</b>
<b>17(a) Consolidated Other reserve</b>		
AB Bank Limited	3,859,909,419	1,638,259,155
AB Investment Limited	-	-
AB International Finance Limited	77,532,187	77,257,827
AB Securities Limited	101,934,926	101,934,926
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Limited	-	-
<b>Total</b>	<b>4,039,376,532</b>	<b>1,817,451,907</b>
<b>18. Retained earnings</b>		
Opening balance	6,768,352,063	4,986,366,647
Add: Prior year adjustment for Deferred Tax Assets	1,156,529,394	-
Add: Post-tax profit for the year	1,270,414,868	1,260,033,729
Less: Transfer to statutory reserve	535,826,124	22,074,774
Cash dividend	665,573,940	248,812,688
Bonus shares issued	6,837,366,867	6,783,704,548
Add/(Less): Transferred from Assets Revaluation Reserve	18,032,304	-
Add/(Less): Retained earnings adjustment	(2,946,778)	-
Add/(Less): Foreign Exchange Translation gain/(Loss)	6,830,946,921	6,768,352,063
<b>Total</b>	<b>6,830,946,921</b>	<b>6,768,352,063</b>
<b>18(a) Consolidated Retained earnings</b>		
AB Bank Limited	6,830,946,921	6,768,352,063
AB Investment Limited	544,469,448	443,830,684
AB International Finance Limited	78,719,490	93,455,537
AB Securities Limited	138,145,940	142,031,030
Cashlink Bangladesh Limited (CBL)	(306,731,436)	(378,712,146)
AB Exchange (UK) Limited	(45,308,187)	(39,518,319)
Add: Addition during the year	7,242,421,776	7,029,438,851
Add/(Less): Adjustment made during the year	162,448,989	123,968,489
Minority Interest	30,550,428	37,742,268
<b>Total</b>	<b>7,435,241,593</b>	<b>7,191,149,608</b>
<b>18(b) Minority Interest</b>		
AB Investment Limited	10,498	7,193
AB Securities Limited	426,832	419,938
Cashlink Bangladesh Limited	(2,673,144)	(9,871,215)
<b>Total</b>	<b>(2,235,814)</b>	<b>(9,444,084)</b>
<b>19. Contingent liabilities</b>	<b>68,649,158,866</b>	<b>77,068,505,153</b>
<b>19.1 Letters of guarantee</b>		
Money for which the Bank is contingently liable in respect of guarantees issued favoring:		
Directors	-	-
Government	118,800,000	258,800,000
Banks and other financial institutions	12,208,610,154	13,586,532,265
Others	12,327,410,154	13,845,332,265
<b>Total</b>	<b>26,654,820,308</b>	<b>28,690,670,530</b>
<b>20 Profit and loss account</b>		
<b>Income:</b>		
Interest, discount and similar income	23,664,997,552	23,778,605,203
Dividend income	180,634,136	170,582,438
Fees, commission and brokerage	1,855,689,669	2,016,785,206
Gain/loss arising from investment securities	2,996,773	66,152,608
Gain/loss arising from dealing in foreign currencies	975,066,129	1,050,735,660
Other operating income	185,028,906	130,103,586
Gain/loss arising from dealing securities	318,368,965	261,853,532
Income from non-banking assets	-	-
Profit/loss on interest rate changes	27,180,782,130	27,474,818,233
<b>Expenses:</b>		
Interest, fee and commission	16,532,249,413	15,320,011,707
Administrative expenses	3,980,332,983	3,721,566,305
Other operating expenses	1,304,413,020	1,187,212,523
Depreciation and amortization on banking assets	343,596,380	321,183,026
Losses on loans and advances	22,160,591,796	20,549,973,500
<b>Total</b>	<b>5,020,190,334</b>	<b>6,924,844,673</b>

## Notes to the Financial Statements For the year ended 31 December 2015

	2015 Taka	2014 Taka
<b>21. Interest income/profit on investments</b>		
Interest on loans and advances:		
Loans and advances	20,145,481,015	20,251,138,469
Bills purchased and discounted	298,078,258	671,943,255
<b>Total</b>	<b>20,443,559,273</b>	<b>20,923,081,724</b>
*Less: Incentive for good borrowers	(63,960,816)	-
<b>Total</b>	<b>20,379,598,457</b>	<b>20,923,081,724</b>
Interest on:		
Calls and placements	407,090,134	466,213,165
Balance with foreign banks	1,322,879	8,678,051
Reverse Repo	22,729,948	337,876
834,599	479,030	
431,977,559	475,708,123	
<b>Total</b>	<b>20,811,576,016</b>	<b>21,398,789,847</b>
*The Bank has maintained incentive for good borrowers in accordance with Bangladesh Bank BRPD circular no. 06 dated March 19, 2015, BRPD circular letter no. 06 dated December 30, 2015 and BRPD circular letter no. 03 dated February 16, 2016.		
<b>21(a) Consolidated Interest income/profit on investments</b>		
AB Bank Limited	20,811,576,016	21,398,789,847
AB International Finance Limited	63,843,754	87,040,560
AB Investment Limited	393,372,052	552,380,899
AB Securities Limited	83,771,511	92,446,612
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Limited	-	-
<b>Total</b>	<b>21,352,899,645</b>	<b>22,130,657,918</b>
Less: Intercompany Transactions	(124,002,467)	(210,365,075)
<b>Total</b>	<b>21,228,897,178</b>	<b>21,920,292,843</b>
<b>22. Interest/profit paid on deposits, borrowings, etc.</b>		
Interest on deposits:		
Savings deposits	10,842,348,932	10,299,236,627
Fixed deposits	694,118,806	746,204,017
Special notice deposits	1,912,833,661	1,655,410,987
Other deposits	1,781,765,831	1,637,245,339
15,231,066,431	14,338,097,571	
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	892,689,832	869,519,615
Subordinated Bond	408,493,151	112,394,521
<b>Total</b>	<b>16,532,249,413</b>	<b>15,320,011,707</b>
<b>22(a) Consolidated Interest/profit paid on deposits, borrowings, etc.</b>		
AB Bank Limited	16,532,249,413	15,320,011,707
AB Investment Limited	14,722,697	268,657,700
AB International Finance Limited	5,765,028	12,760,792
AB Securities Limited	53,040,725	73,693,437
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Limited	-	-
<b>Total</b>	<b>16,735,777,862</b>	<b>15,674,642,637</b>
Less: Intercompany Transactions	(126,930,120)	(213,292,728)
<b>Total</b>	<b>16,608,847,742</b>	<b>15,461,349,909</b>
<b>23. Investment income</b>		
Capital gain on sale of shares	2,996,773	66,152,608
Interest on treasury bills	287,706,047	277,929,189
Dividend on shares	180,634,136	