



Numbers that make all the **difference.**

ANNUAL REPORT 2013

AB Bank Limited

AB STUDENT ACCOUNT

- ✓ 8% Interest Rate
- ✓ No Account Maintenance Fees
- ✓ Free Debit Card
- ✓ Free SMS/Internet Banking
- ✓ Free Real Time Mobile Top-Up*



“AB Student Account”

AB Minor: Students of Educational Institutions aged from 6 to below 18 years.

Minimum Opening Balance: BDT 100.00

AB Major: Students of Educational Institutions aged above 18 years.

Minimum Opening Balance: BDT 500.00

* Conditions apply

www.abbl.com

 **AB Bank**



Numbers that make all the difference. As a banking institution, numbers are part of our everyday lives. We live numbers, breath numbers and work with numbers to give them a sensible value for our respected clients and stakeholders. We don't see numbers simply as numeric characters, they are a bundle of shades that changes the color in one's life and makes all the difference.

AB Bank Limited **Letter of Transmittal**

All Shareholders of AB Bank Limited
Bangladesh Bank
Bangladesh Securities & Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Dear Sir(s),

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including consolidated and separate balance sheet as on 31 December 2013, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year then ended, and a summary of significant accounting policies and other explanatory notes thereto of AB Bank Limited (the Bank) and its subsidiaries for your kind information and record.

Financial statements of 'The Bank' comprise those of Conventional Branches, Islamic Banking Branch, one overseas Branch-Mumbai, India and Offshore Banking Unit while consolidated financial statements comprise financial statements of 'The Bank' and its five subsidiaries namely - AB Investment Limited (ABIL), AB Securities Limited (ABSL), Cashlink Bangladesh Limited (CBL), AB International Finance Limited (ABIFL) and AB Exchange (UK) Limited (ABEL).

Yours Sincerely,



Mahadev Sarker Sumon FCA
Company Secretary

Y2013 Highlights

BDT 2.03 **BDT 34.04**

Earnings per Share
Y2012: BDT 2.89

Net Assets per Share
Y2012: BDT 36.25

Up 6%

Equity
Y2012: BDT 16,034 mn
Y2013: BDT 16,940 mn

Up 20%

Assets
Y2012: BDT 173,842 mn
Y2013: BDT 208,006 mn

Up 16%

Deposits
Y2012: BDT 140,026 mn
Y2013: BDT 161,846 mn

Up 32%

Loans
Y2012: BDT 106,066 mn
Y2013: BDT 140,121 mn

11.82%

Cost of Fund
Y2012: 12.07%

8.64%

Equity to Assets
Y2012: 9.45%

0.53%

Return on Assets
Y2012: 0.88%

6.13%

Return on Equity
Y2012: 9.31%

Up 21%

Operating Profits
Y2012: BDT 4,363 mn
Y2013: BDT 5,290 mn

BDT 1.37 mn

Pre-tax profit per employee
Y2012: BDT 1.54 mn

10.80%

Total Capital Adequacy Ratio
Y2012: 11.73%

8.95%

Tier I Capital Adequacy Ratio
Y2012: 9.99%

Up 12.5%

Paid up Capital
Y2012: BDT 4,423 mn
Y2013: BDT 4,976 mn

Up 25%

Import
Y2012: BDT 100,373 mn
Y2013: BDT 125,383 mn

Up 10%

Export
Y2012: BDT 65,782 mn
Y2013: BDT 72,571 mn

89

BRANCHES

235

ATMs

2,179

EMPLOYEES

11

SME CENTERS

6

SUBSIDIARIES

407,590

NUMBER OF
ACCOUNTS

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VISION

"To be the trendsetter for innovative banking with excellence and perfection"

MISSION

"To be the best performing bank in the country"

CORE VALUES

Our Compliance

We consider adherence to national policies and objectives a priority for giving our customers the best financial support with corporate integrity, meaning a fully compliant bank along with involvement in social development.

Our Customers

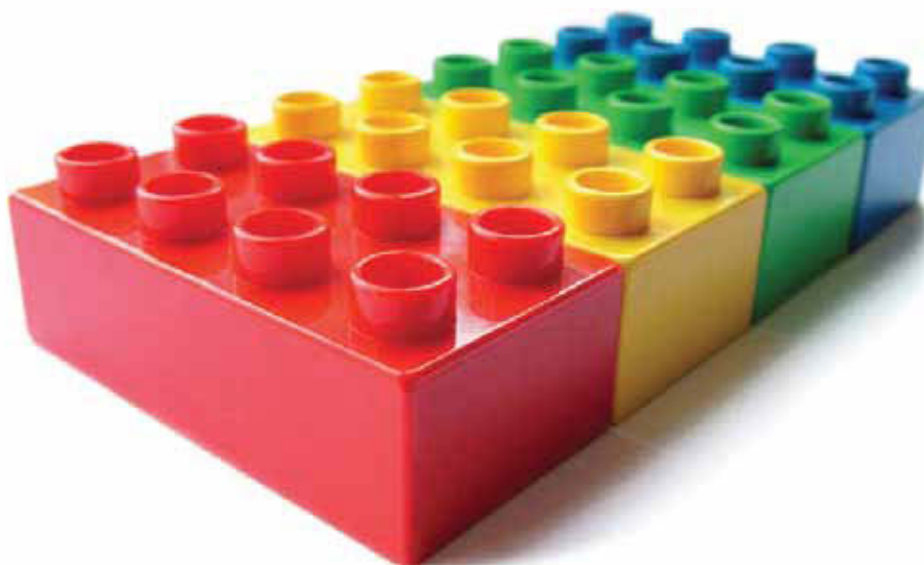
We give the best priority on our customer demand and through our endless effort we assure the best satisfaction to our customers.

Our Shareholders

We assure the best return to our shareholders' by commenced performance over a rolling year.

Our Team Members

We provide secure, satisfying employment, ensuring the contribution of each individual to the success of ABBL.



STRATEGIC PRIORITIES 2014

- Ensure that distribution, operations, technology and risk management are aligned and geared towards sustainable growth and service delivery
- Optimize business mix and maintain the asset quality with balanced growth, focusing the return to the shareholders
- Add value to the customers by providing satisfactory, reliable and competitive services at reasonable cost and thereby attaining excellence in banking operation
- Focus on manpower and talent management for capacity building through training and development
- Strengthen the capital base through generation and optimization of capital based on risk-adjusted returns
- Set high ethical standards and transparency in adhering regulatory requirements
- Enhance brand image through value driven CSR to promote the stability of the financial, social and ecological systems



AB CHRONICLES

Certificate of Incorporation December 31, 1981
First meeting of the Board of Directors February 05, 1982
Commencement of Business February 27, 1982

Opening of the First Branch (KARWAN Bazar Branch) April 12, 1982
Opening of ABIFL – Subsidiary at Hong Kong November, 1995
First Foreign Branch at Mumbai, India April 06, 1996
Opening of the Islamic Banking Branch December 23, 2004

Listing with Dhaka Stock Exchange (DSE) December 28, 1983
Publication of Prospectus for IPO May 05, 1984
Subscription for Share starts June 25, 1984
Listing with Chittagong Stock Exchange (CSE) January, 1996
Online share transaction in CDS May 07, 2006

Opening of Merchant Banking Wing (MBW) November 02, 2002
Incorporation of AB Bank Foundation November 03, 2003
Security Custodial Service License January 22, 2007
Incorporation of AB Investment Limited (ABIL) December 24, 2009

Launching of ATM April 12, 2002
Launching of Visa Card December 23, 2004
First ATM Booth launched at Board Bazaar (under CBL Network) October 19, 2009

New Logo Launch January 01, 2008
Opening of AB Bank Training Academy October 07, 2008
Customer Service Desk placed at Branches November, 2008
First SME Center opened (at Principal Branch) March 29, 2009

Primary Dealership License December 08, 2009
Off-shore Banking Unit December 06, 2009

Incorporation of AB Exchange (UK) Limited June 03, 2010
Incorporation of AB Bank Limited, Myanmar Rep. Office December 10, 2010

Launching of Internet Banking October 24, 2011

Business Automation

MISYS Roll-out (1st Phase) March, 2007
Islamic Banking Software 'Ababil' Launched July 13, 2008
Mumbai Branch gets connected with Central Network April 20, 2009
Trade Innovation (TI) Module Roll Out (completed) April 27, 2009
Disaster Recovery Site (DR Site) starts operation April 28, 2009
Automated Cheque Requisition System May 04, 2009
Digitization of Authorized Signatories October 17, 2009
Centralized Fixed Asset Registration December 14, 2009
SMS Banking Services August 10, 2010
Cheque truncation & automated clearing process October 07, 2010
Internet Banking Services November 25, 2010
Electronic Fund Transfer (EFT) February, 2011
Automation of Credit Information Bureau (CIB) August 25, 2011
Automation for Offshore Banking December 06, 2012
Anti-Money Laundering Solution January 01, 2013
Bank Guarantee March 06, 2013

Branching-out

Opening of Principal Branch January 16, 1986
First Branch in Chittagong Division (Agrabad Branch) September 19, 1982
First Branch in Sylhet Division (Dargha Gate Branch) May 27, 1983
First Branch in Khulna Division (Khulna Branch) March 15, 1984
First Branch in Rajshahi Division (Bogra Branch) July 25, 1984
First Branch in Barisal Division (Barisal Branch) October 07, 1986
First Branch in Rangpur Division (Saidpur Branch) July 19, 1986



PRODUCTS & SERVICES

Corporate & Structured Finance

Term Loan
Time Loan
Trade Finance
Trust Receipt
Working Capital
Bill Discounting
Letter of Guarantee
Syndication Arrangement
Agency Function
Syndication Participation
Equity Financing & Arrangement
Corporate Advisory Service

Small & Medium Enterprise (SME) Loans

- Choto Puji Rin
- Proshar
- Digun
- Uddog
- Goti
- Awparajita
- Sathi

Treasury and Foreign Exchange Products

Money Market

- Overnight (call)
- Repo
- SWAP
- Term
- Reverse Repo

FX Market

- Spot
- Corporate
- Forward

Retail Products

Personal Loan (Unsecured)
Personal Loan (Secured)
Home Loan
Education Loan
Auto Loan
Debit Card

Deposit Accounts

Savings Account
MaxSaver
SmartSaver
Current Account
Progati
Special Notice Deposit
Fixed Term Deposit
Foreign Currency Account
NFCB
RFCD
School Banking
Family Savings Plan (FSP)
Double Deposit Scheme (DDS)
Monthly Savings Deposit Scheme (MSDS)
Monthly Income Deposit Scheme (MIDS)
Millionaire Savings Account (MSA)

Service Products

24 hour ATM access
Online Banking
SMS Banking
Internet Banking
Exchange Houses
SWIFT

Islami Banking

Deposit Products

Al-Wadiah Current Deposit
Mudaraba Savings Deposit
Mudaraba Special Notice Deposit
Mudaraba Term Deposit
Mudaraba Pension Deposit Scheme
Mudaraba Quarterly Profit Paying Scheme
Mudaraba Probable Millionaire Deposit Scheme
Mudaraba Hajj Deposit Scheme
Mudaraba Monthly Profit Payment Deposit Scheme
Mudaraba Cash Waqf Deposit
Mudaraba Marriage Savings Deposit Scheme

Investment Products

Bai-Murabaha
Bai-Muajjal
Bai-Muajjal (TR)
Hire-Purchase under Shirkatul Melk (HPSM)
Murabaha Post-Import (MPI)
Quard against MTDR



AB Bank Limited

Message from the Chairman



Bismillahir Rahmanir Rahim

Assalamualaikum

Distinguished Shareholders,

It gives me a great pleasure and honor to welcome you all to the 32nd Annual General Meeting of AB Bank Limited. On behalf of the Board of Directors of the Bank and on my behalf, I would like to extend a warm welcome to all of you who are present today and also to all distinguished shareholders of our Bank. It is your trust, faith, cooperation and understanding without which it would not have been possible for us in AB to achieve what the Bank has earned under a most trying

বিস্মিল্লাহির রাহমানির রাহিম

আসসালামুআলাইকুম

সম্মানিত শেয়ারহোল্ডারবৃন্দ,

এবি ব্যাংক লিমিটেড-এর ৩২তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাতে পেরে আমি আনন্দিত এবং একই সাথে নিজেকে সম্মানিত বোধ করছি। এবি ব্যাংকের পরিচালনা পর্ষদের পক্ষ থেকেও আমি সবাইকে স্বাগত জানাচ্ছি, বিশেষ করে সম্মানিত শেয়ারহোল্ডারবৃন্দকে এবং আজকের আরো যারা এখানে উপস্থিত রয়েছেন-আপনাদের সবাইকে আন্তরিক অভিনন্দন।

AB Bank Limited Message from the Chairman

circumstances in 2013. The Bank is committed to deliver utmost quality of services for our valuable customers, shareholders and stakeholders as a whole.

A long 32 years of enduring journey has made AB Bank one of the house-hold names among the top Private Sector Commercial Banks in the country. We believe that it is our passion for service and quality, customer centricity, innovation and value creation and above all our courage and humility which distinguishes us as a bank of choice and trust. The result of our hard work and the collective wisdom brought us; we are now as a leading Bank in corporate business, trade finance & International trade in Bangladesh. We have all the more reasons to choose this year's tagline as "32 Years of Inspiration" to show our respect and appreciation to all of our esteemed stakeholders.

The global economy is still on an arduous climb out of the great recession of 2008-09. The US economy shows signs of recovery, with growth and employment picking up buoyed by strong private demand, EU countries are still mired in stagnancy with countries such as Italy, Spain, Portugal and Greece, still in the grip of high and stubborn unemployment. Germany remains the only performer with low unemployment and strong exports. Consequently, the Euro area is just crawling out of recession. The latest IMF World Economic Outlook (WEO) suggests that the scenario will result in a rebound in the world economy compared to the minor setback in 2013, with global growth at 3.6 percent in 2014 compared to 2.9 percent in 2013 and trade growth is expected to be 4.9% in 2014, whereas it was 2.9% in 2013.

The IMF projection on global economy augurs well for the Bangladesh economy which is increasingly relying on export expansion for job creation and income growth. Excess liquidity and low private sector credit growth and the political turmoil seen in the second half of the year seriously affected most entities in all sectors of our economy that eventually affected the profitability of the Banking sector in 2013. Excess liquidity in the banks rose by 73.8 percent at the end of 2013 over the corresponding period of 2012; however, in case of Direct Foreign Investment (DFIs) a negative growth is observed for the same period as regards excess liquidity situation.

Low private sector demand for credit due to political turmoil and also the ceilings imposed on banks' investment in the share market by Bangladesh Bank for a very prudent reason have also contributed to high liquidity in the banking system. Though credit to the public sector has increased by 15.56 percent in 2013 compared to 8.9 percent in 2012, credit to the private sector increased only by 11 percent in 2013 as opposed to the target of 16.5 percent for 2014. Lower credit to the private sector reflects a low appetite by the private sector which is influenced by recent political turmoil, weak infrastructure, and low investment opportunities,

আমাদের প্রতি আপনাদের অবিচল আস্থা, বিশ্বাস এবং অব্যাহত সহযোগিতার কারণেই গত এক বছরে ব্যাংকটির সাফল্য অর্জন সম্ভব হয়েছে। বিশেষ করে ২০১৩ সালের শেষ দিকে বিরূপ পরিস্থিতির মোকাবেলা করতে হয়েছে। তারপরও ব্যাংক তার অগ্রযাত্রা অব্যাহত রাখতে সক্ষম হয়েছে। আপনাদের সহযোগিতা ও সমর্থন না থাকলে হয়তো সেটা সম্ভব হতো না। সম্মানিত গ্রাহক, শেয়ারহোল্ডার ও সংশ্লিষ্ট সবাইকে মানসম্মত সেবা প্রদানে আপনাদের এই ব্যাংক প্রতিশ্রুতিবদ্ধ।

৩২ বছরের দীর্ঘ পথচলায় অর্জিত নানান সাফল্য আজ এটি ব্যাংককে দেশের সেরা বেসরকারি বাণিজ্যিক ব্যাংকগুলোর মধ্যে অন্যতম স্থান করে দিয়েছে। আমাদের সেবা ও গুণগত মানের প্রতি আপোষহীনতা, গ্রাহক চাহিদা সম্পূর্ণ উদ্ভাবনী সেবা চালু ও মূল্য সংযোজন, সর্বোপরি আমাদের সাহস ও মানবিকতার কারণেই এটি ব্যাংক আজ গ্রাহকের 'আস্থাশীল ও পছন্দের' ব্যাংক হিসাবে সুনাম কুড়াতে পেরেছে। সম্মিলিত প্রজ্ঞা, কঠোর পরিশ্রম আজ আমাদেরকে এই অবস্থানে নিয়ে এসেছে। যে কারণে কর্পোরেট ব্যবসা, শিল্প-বাণিজ্যে অর্থায়ন ও আন্তর্জাতিক বাণিজ্যে এটি ব্যাংক বাংলাদেশের নেতৃত্বস্থানীয় ব্যাংকে পরিণত হয়েছে। সঙ্গত কারণেই আমাদের এবারের স্লোগান 'উদ্ভীপনার ৩২ বছর' এবং এর মাধ্যমে দীর্ঘ পথচলায় সহযাত্রী সকল স্টেকহোল্ডারদের জন্য রইলো আমাদের স্বীকৃতি ও সম্মাননা।

আপনারা জানেন, বিশ্ব অর্থনীতি, বিগত ২০০৮-০৯ অর্থবছরের মন্দার রেশ এখনো বয়ে চলেছে। মার্কিন যুক্তরাষ্ট্রের অর্থনীতি পুনরুদ্ধার প্রক্রিয়ায় কিছুটা এগিয়েছে। ইউরোপীয় অঞ্চলের অনেক দেশই এখনো ঘুরে দাঁড়াতে পারেনি। ইতালি, স্পেন, পর্তুগাল ও গ্রিসে আর্থিক সংকটে উচ্চমাত্রায় বেকারত্ব দেখা দিয়েছে। ইউরোজোনের মধ্যে জার্মানীর অবস্থা তুলনামূলক ভালো। তবে অপরাপর দেশগুলোও মন্দার রাহস্য কাটাতে মরিয়া। ইতিমধ্যে আর্থিক প্রণোদনাসহ নানান পদক্ষেপ নিয়েছে সেদেশের সরকারগুলো। ফলে, সামগ্রিকভাবে বিশ্ব অর্থনীতি ঘুরে দাঁড়ানোর প্রক্রিয়ায় চলে এসেছে বলা যায়। সম্প্রতি প্রকাশিত আন্তর্জাতিক মুদ্রা তহবিলের 'ওয়ার্ল্ড ইকোনমিক আউটলুক' ২০১৩ সালের তুলনায় ২০১৪ সালে বিশ্ব প্রবৃদ্ধির হার বৃদ্ধির প্রক্ষেপণ করা হয়। এতে বলা হয়, ২০১৪ সালে বিশ্ব অর্থনৈতিক প্রবৃদ্ধির হার ৩.৬ শতাংশে পৌঁছতে পারে। যেখানে ২০১৩ সালে এই প্রক্ষেপণ ছিল ২.৯ শতাংশ। একই সঙ্গে বাণিজ্য প্রবৃদ্ধিও ৫ শতাংশের কাছাকাছি হবে বলে প্রত্যাশা করা হচ্ছে।

বিশ্ব অর্থনীতি এই প্রক্ষেপণ অনুযায়ী এগিয়ে গেলে তার সুবাতাস বাংলাদেশেও বইবে। কর্মসংস্থান ও বাণিজ্য বৃদ্ধি পেলে প্রবৃদ্ধির হারও বাড়বে। বর্তমানে অতিরিক্ত তারল্য এবং বেসরকারি খাতের ঋণ প্রবাহে শ্লথগতির কারণে দেশের ব্যাংকিং খাতে এর বিরূপ প্রভাব পড়েছে। এরই মধ্যে গত বছরের শেষার্ধ্বে রাজনৈতিক অস্থিরতার কারণে সার্বিক পরিস্থিতিই ছিল নেতিবাচক। যা দেশের সকল অর্থনৈতিক খাতকেই ক্ষতিগ্রস্ত করেছে এবং যার প্রত্যক্ষ প্রভাব গিয়ে পড়েছে ব্যাংকিংখাতের মুনাফার ওপর। ২০১৩ সাল শেষে ব্যাংকিং খাতে অতিরিক্ত তারল্য আগের বছরের তুলনায় ৭৩.৮ শতাংশ বৃদ্ধি পায়। আলোচ্য সময়ে প্রত্যক্ষ বৈদেশিক বিনিয়োগও ছিল ঋণাত্মক।

ব্যাংকিং খাতে অতিরিক্ত তারল্য বৃদ্ধি পাওয়ার যুক্তিসঙ্গত কারণও ছিল। প্রথমত, রাজনৈতিক অস্থিরতার কারণে বেসরকারি খাতে ঋণের চাহিদা কমে যায়। দ্বিতীয়ত, শেয়ার বাজারে ব্যাংকের বিনিয়োগের ওপর সীমা নির্ধারণ করে দেয় বাংলাদেশ ব্যাংক। যা ব্যাংকিং খাতে অলস অর্থের যোগান দ্রুততার সঙ্গে বাড়িয়ে দেয়। যদিও ২০১৩ সালে সরকারের ব্যাংক ঋণ বৃদ্ধি পায় ১৫.৫৬ শতাংশ, যা ২০১২ সালে ছিল ৮.৯ শতাংশ। এছাড়া বেসরকারি খাতের প্রকৃত ঋণ প্রদানের হার লক্ষ্যমাত্রার তুলনায় অনেক পিছিয়ে ছিল। রাজনৈতিক অস্থিরতা ছাড়াও দুর্বল অবকাঠামো, বিনিয়োগ সুযোগে স্বল্পতা, অবকাঠামো

AB Bank Limited Message from the Chairman

scarcity of direct foreign investments, inadequate infrastructural development and continued energy crisis.

In 2013, corporate portfolio was rationalized, manpower requirement revisited, retail business was prioritized, organizational restructuring was taken in hand to reduce imbalances; business monitoring and risk management platform was strengthened. Like past, Bank also concentrated on value-driven CSR activities. At the end of 2013, the Bank was able to boost up the operating profit registering 21 percent growth. Percentage of Classified Loans stood at 3.37 where the industry average was 8.93, Total Assets of the Bank increased to 20,801 crore from 17,384 crore registering an increase of 20 percent. To strengthen the Corporate Governance Bank formed a separate Risk Management Committee in the Board supported by a Risk Management Division headed by a Chief Risk Officer (CRO) who is a very senior banker (DMD).

We believe that it is the dedication, professionalism and desire to achieve that drives the AB Family to succeed in this difficult year for the banking sector. In spite of the above, we look forward to achieving larger targets and strengthening our position in the upcoming years. I believe that in the coming days, our innovative and creative employees, directed by our efficient Management Team, will ensure delivery of more consumer-oriented banking products and services through continuous efforts and set a definite benchmark for the entire banking industry.

On behalf of members of the entire AB family, I would like to emphasize on the immense significance of strategic viewpoints of the Sponsors, their trust and support to the Board of AB which has enabled us to battle through various challenges that have come its way in the last 32 years.

I express heartfelt thanks and gratitude to you for your unfailing faith and trust in us. Your support and direction along with the faith and trust of our clients have been the prime driving force behind the Bank in times of political, business and economic challenges throughout its journey. I would also like to express my deep gratitude to our respected Regulators, Shareholders, Customers, Well-wishers, Print & Electronic media for their continuous support and guidance in enabling AB to sail through the challenges experienced by the banking sector. Wishing good health, peace and prosperity to all of you.

Thank you all

Assalamualaikum

M. Wahidul Haque
Chairman

উন্নয়ন পদক্ষেপের কমতি, অব্যাহত জ্বালানি সংকট প্রভৃতি কারণেও বেসরকারি বিনিয়োগকারীদের বিনিয়োগে আকৃষ্ট করা যায়নি।

সম্মানিত শেয়ারহোল্ডারবৃন্দ, এতক্ষণ আমি সামগ্রিক অর্থনীতির সার্বিক চিত্র আপনাদের সামনে তুলে ধরলাম। এই অবস্থার মধ্যেও এবি ব্যাংক যথেষ্ট অগ্রগতি সাধন করেছে। গত বছর কর্পোরেট গ্রাহকদের সঙ্গে ব্যবসা যৌক্তিক পর্যায়ে ছিল। জনবল চাহিদা পূনর্মূল্যায়ন, প্রাতিষ্ঠানিক পুনর্গঠন ও রিটেইল ব্যবসায় ব্যাংকের মনোযোগ ছিল বেশি। এ সময়ে ব্যবসা মনিটরিং ও ঝুঁকি ব্যবস্থাপনা জোরদার করা হয়। অতীতের মত ২০১৩ সালেও ব্যাংক মূল্যবোধভিত্তি সিএসআর কার্যক্রমকে প্রাধান্য দিয়েছে। ফলে, বছর শেষে ব্যাংক পরিচালনাগত মুনাফায় যথেষ্ট উন্নতি সাধন করেছে। পরিচালনাগত মুনাফার হার ছিল ২১ শতাংশ। খেলাপি ঋণের পরিমাণ কমে দাঁড়ায় ৩.৩৭ শতাংশে। যেখানে ব্যাংক খাতে গড় খেলাপি ঋণের হার ৮.৯৩ শতাংশ। আপনারা জেনে আনন্দিত হবেন যে, ২০১৩ সাল শেষে এবি ব্যাংকের মোট সম্পদমূল্য ২০ শতাংশ বেড়ে দাঁড়ায় প্রায় ২০ হাজার ৮ শ' কোটি টাকায়। যা আগের বছর ছিল ১৭ হাজার ৩৮৪ কোটি টাকা। ব্যাংকের কর্পোরেট গভর্নেন্স ব্যবস্থার উন্নয়নের লক্ষ্যে গঠন করা হয়েছে পৃথক ঝুঁকি ব্যবস্থাপনা কমিটি। উপব্যবস্থাপনা পরিচালক সম্মানে একজন সিনিয়র ব্যাংকারের নেতৃত্বে এই কমিটি গঠন করা হয়েছে।

আমরা বিশ্বাস করি যে, এবি ব্যাংকের এই অর্জনের পেছনে গুরুত্বপূর্ণ ভূমিকার দাবিদার 'এবি পরিবার'। এখানে কর্মরত সবাই তাদের নিরলস শ্রম ও পেশাদারিত্ব দিয়ে লক্ষ্য অর্জনের জন্য কাজ করেছেন। গত বছরটি ব্যাংকিং খাতের জন্য একটি কঠিন বছর ছিল। কঠিন পরিস্থিতি মোকাবেলা করে অর্জিত সাফল্যের জন্য তারা ধন্যবাদের দাবিদার। এত অর্জন সত্ত্বেও আমরা আরো বৃহৎ লক্ষ্যে পৌঁছাতে চাই এবং আগামী দিনগুলোতে আমাদের অপ্রতিদ্বন্দ্বী অবস্থান নিশ্চিত করতে চাই। আমি আশাবাদী এবি পরিবারের সদস্যরা তাদের উদ্ভাবনী শক্তি ও সৃজনশীলতা দিয়ে তা অর্জন করতে সক্ষম হবেন। আগামী দিনগুলোতেও এবি ব্যাংক গ্রাহক-চাহিদা অনুযায়ী পণ্য ও সেবা সুবিধা প্রদান করবে, যা গোটা ব্যাংকিং খাতের জন্য হবে অনুসরণীয়।

এবি পরিবারের সকল সদস্যের পক্ষ থেকে ব্যাংকের উদ্যোক্তাগণের প্রতি আমরা কৃতজ্ঞ। ব্যাংকের পরিচালনা পর্ষদের প্রতি তাদের আস্থা ও সহযোগিতার কারণেই নানা চ্যালেঞ্জের মধ্যেও গত ৩২ বছর ধরে আমরা এগিয়ে যেতে সক্ষম হয়েছি।

আমি অন্তরের অন্তঃস্থল থেকে আপনাদের ধন্যবাদ জানাই। রাজনীতি, ব্যবসা-বাণিজ্য ও অর্থনীতিতে নানা চ্যালেঞ্জের মধ্যে আপনাদের সহযোগিতা ও নির্দেশনা এবং সম্মানিত গ্রাহকদের আস্থা ও বিশ্বাসই ছিল আমাদের মূল চালিকাশক্তি। আমি একই সঙ্গে নিয়ন্ত্রক সংস্থা, স্টেকহোল্ডার, গ্রাহক, শুভানুধ্যায়ী, প্রিন্ট ও ইলেকট্রনিক মিডিয়ার প্রতি ধন্যবাদ ও কৃতজ্ঞতা জানাতে চাই তাদের অব্যাহত সহযোগিতার জন্য।

আপনাদের সবার সুস্বাস্থ্য, শান্তি ও সমৃদ্ধি কামনা করছি।

সবাইকে ধন্যবাদ

আসসালামুআলাইকুম

AB Bank Limited
From the desk of
President & Managing Director



Banks today are, more than ever, a key element for economic development; both due to the value that their ideas and projects contribute to the society and the new markets and business environments which their initiatives generate. The importance of creating and carrying out these projects has a multiplying impact on the economy; promoting the creation of jobs, technological innovation and synergies between the different agents making up the economic and social environment.

In the entrepreneurial ecosystem, AB Bank offers a superb environment to implement banking solutions. The bank is committed to lead the transformation of conventional business projects accelerating the innovative nature of their talent; bringing together professionals, and creating global entrepreneurship promotion programs.

AB turned 32 in 2013 and it has been unquestionably a difficult year for AB and the banking industry as well due to political turmoil. Some traditional problems like structural reforms, tightened monetary policy and downtrend in investment market, labor unrest, and weak infrastructural facility hit the banking industry hard. In this backdrop, our main focus was to maintain the asset quality. In spite of such negative trends, we continued to enrich our market share. Our deposits increased by 16 percent where the loans and advances growth rose by 32 percent. In case of international trade, both Import and Export business marked rise by 25 percent and 10 percent respectively.

After my six years of journey with AB, when I was approached about taking this position, I had some primary interests: expanding the market share, working with a compelling vision, capitalizing on great

AB Bank Limited

From the desk of President & Managing Director

capabilities, and working with experienced & hard working people. I have observed and appreciated that a culture has been set in AB to go for value-driven business rather than to run for profit only that will make AB worthy of its past. No wonder that it is now one of the leading and successful Private Sector Commercial Banks of the country becoming an icon of sustainable institution for our entire stakeholders as it focused on "Bonding Generations".

Again, from the tightened guidelines and weak business sector-wise growth, it was very difficult to maintain asset quality. In 2013, the classified loan increased to BDT 472 crore from last year's BDT 352 crore as well as the non-performing loans increased to BDT 522 crore from BDT 403 crore. Our team worked to sustain the capital, as a result the year-end capital adequacy ratio stood in a strong position of 10.80 percent where the regulation is only to maintain 10 percent. Earnings per Share reached at BDT 2.03. I believe that it is the credible achievement, a strong team and absolute commitment to which spur the AB Family to succeed in this adverse scenario.

AB's visionary policy was always to expand business horizon and to make portfolio diversification. Though AB's UK operation through AB Exchange (UK) Ltd. is not money-making yet, the Hong Kong operation, AB International Finance Limited, and Mumbai branch are doing quite well.

The compliance with national policies and regulatory guidelines always has to be prioritized. As the market is highly competitive, we built strong reputation to our present and potential clients by providing business solution to them with new products and facility. In this year AB strengthened its alternative delivery channels, Consumer Banking Business, SME business. We think client's confidence is a 'sine qua non' for sustainable future business growth. That's why we treat the clients as our business partner.

AB believes that the Corporate Social Responsibility is the first and foremost commitment to contribute to the society for improving the lives of its people, particularly for that segment of the people who are underprivileged and less fortunate in terms of basic needs and remain alongside as sincere benefactor of the country's rich heritage of arts, culture and sports. Another thing I would like to emphasize is Green Banking and environmental friendly work atmosphere within AB. We built conscientiousness among staffs regarding energy usages, paper usages, and carbon emission reductions

in every steps. We believe it's not the pressure but culture we have established.

I believe that employees are the key to our success. The quality of their work forms the basis for performance and client trust. We continuously invest in training and development for our staff as well as in increasing our attractiveness as an employer to win and retain the best talent. We consider the diversity of our employees to be a competitive advantage, as this allows us to respond very individually to different clients and their specific needs. Moreover, diversity is an important source of creativity and innovation.

The economic outlook for the foreseeable future is not quite well. This means we have to prioritize our investments and our focus rather than look to grow every business. More than ever, we need to focus on costs. This will be the strategic battleground for the Financial Service Industry in the future and we must do things differently if we are to thrive. We are going to undertake a comprehensive, end-to-end review of our operations, unprecedented in scope and detail. We have closely examined the external environment, now and in the future, looking at the economic context, the needs of our customers and clients, regulatory and stakeholder expectations, and the competitive perspectives.

I believe it is the right strategy, balanced business mix, appropriate culture and the dedicated team that we have can drive the Bank to continued growth and take advantage of changes in the market place. I would like to thank regulatory agencies for their continued supports and valuable guidelines. I express my deep gratitude towards the Shareholders, Customers, and all the Stakeholders for their faith and trust; which is the core enduring source of our bank in any critical crisis. I am grateful to the AB Family for their quintessential dedication in all success stories of AB.

Thank you.



Shamim Ahmed Chaudhury
President & Managing Director

AB Bank Limited

Board of Directors

Sitting from left (First row)

Salim Ahmed, M. Wahidul Haque

Sitting from left (Second row)

Syed Afzal Hasan Uddin, Shishir Ranjan Bose, FCA, Runa Zakia Shahrood Khan, M. A. Awal, Prof. Dr. M. Imtiaz Hossain

Standing from left

Ghulam Sarwar, B. B. Saha Roy, Md. Anwar Jamil Siddiqui, Faheemul Huq, Feroz Ahmed, Md. Mesbahul Hoque, Shamim A. Chaudhury



AB Bank Limited

Composition of Board and Committees

BOARD OF DIRECTORS

Chairman

M. Wahidul Haque

Vice Chairman

Salim Ahmed

Directors

Feroz Ahmed
M.A. Awal
Faheemul Huq, Bar-at-Law
Syed Afzal Hasan Uddin, Bar-at-Law
Gholam Sarwar
Md. Mesbahul Hoque
Md. Anwar Jamil Siddiqui
B. B. Saha Roy

Independent Director

Shishir Ranjan Bose, FCA
Prof. Dr. M. Imtiaz Hossain
Runa Zakia Shahrood Khan

President & Managing Director

M. Fazlur Rahman¹
Shamim A. Chaudhury²

Company Secretary

Mahadev Sarker Sumon FCA

EXECUTIVE COMMITTEE

Chairman

Salim Ahmed

Members

Md. Mesbahul Hoque
Feroz Ahmed
B.B. Saha Roy
Faheemul Huq, Bar-at-Law
Md. Anwar Jamil Siddiqui
Prof. Dr. M. Imtiaz Hossain

Secretary

Mahadev Sarker Sumon FCA

AUDIT COMMITTEE

Chairman

Shishir Ranjan Bose, FCA

Members

M. Wahidul Haque
M. A. Awal
Syed Afzal Hasan Uddin, Bar-at-Law
Runa Zakia Shahrood Khan

Secretary

Mahadev Sarker Sumon FCA

RISK MANAGEMENT COMMITTEE

Chairman

M. Wahidul Haque

Members

Shishir Ranjan Bose, FCA
B.B. Saha Roy
Syed Afzal Hasan Uddin, Bar-at-Law
Md. Anwar Jamil Siddiqui

Secretary

Mahadev Sarker Sumon FCA

SHARIAH SUPERVISORY COMMITTEE

Chairman

Jb. Shah Abdul Hannan

Vice Chairman

Jb. M. Azizul Huq

Member

Dr. Md. Harun Rashid
Jb. Muhammad Musa
Jb. M. Wahidul Haque
Jb. Shamim A. Chaudhury

Member Secretary

Jb. Mukhlesur Rahman

ASSET LIABILITY COMMITTEE

Chairman

Shamim A. Chaudhury

Member

Sajjad Hussain³
Ahsan Afzal
Moshiur Rahman Chowdhury
Abu Hena Mostafa Kamal
Mahadev Sarker Sumon FCA
Salma Akter

Member Secretary

Sheikh Md. Reajul Islam

¹Mr. M. Fazlur Rahman left AB on January 01, 2014

²Effective from February 23, 2014

³Joined AB on February 02, 2014

AB Bank Limited Directors' Profile



M. Wahidul Haque

Chairman

Mr. M. Wahidul Haque joined the Board of Directors of AB Bank Limited on December 12, 2007 as Director. He was unanimously elected as the Chairman of the Board of Directors in July 2008 and continues to be the Chairman of the Bank.

Mr. Haque is also the Managing Director of Deundi Tea Company (UK) Limited and The Noyapara Tea Company (UK) Limited both of which are UK registered companies. He had been the Chairman of Bangladesh Tea Association for six (6) years, representing tea plantation owners in Bangladesh.

He is a member of the Executive Committee of Bangladesh Tea Board-a Government body to regulate tea/coffee plantations in Bangladesh.

Mr. Haque also represents owner on the Board of Trustees of Plantation Employees Provident Fund, managed by Government of Bangladesh (Labor Ministry).

He is also a Trustee in the Tea Workers Welfare Trust constituted by the Government for the Welfare and enhancing education etc. for the tea plantation workers. He is

the office bearer of the Bangladesh Employers Federation (Dhaka) as well.

Mr. Haque also holds the position of the Chairman of the Board of the following subsidiary companies:

- AB Investment Limited
- AB Securities Limited
- CashLink Bangladesh Limited
- AB Exchange (UK) Limited

He was a nominated Director by AB Bank Limited, in the Board of Amana Bank Limited, Sri Lanka, which is the first Islamic Bank of Sri Lanka. AB Bank has 15% equity in Amana Bank Limited.

Mr. Haque has been awarded the prestigious 'Atish Dipanker Gold Medal Award' for his contribution to the Tea Industry of Bangladesh in 2010.

Mr. Haque is a graduate of Dhaka University and also holds a Law Degree. He is married with three daughters. Being an active participant in social activities, he also organizes small & medium sized businesses in Bangladesh.



Salim Ahmed

Vice Chairman

Mr. Salim Ahmed is the Chairman of Elite Paint and Chemical Industries Limited. He represents one of the sponsor shareholders of AB Bank Limited. Mr. S. Ahmed became Vice Chairman on October 19, 2008. He is also the Chairman of the Executive Committee of the Board. A successful industrialist and sports enthusiast, Mr. Ahmed is also connected with various sports bodies and philanthropic organizations. He is a Member of the Executive Body of FBCCI and also the former President of Bangladesh Paint Manufacturers Association (BPMA).



Feroz Ahmed

Director

Mr. Feroz Ahmed is a Director of AB Bank Limited and also the former Vice Chairman of the Board. He is also the Vice Chairman of Elite Paint Group and the Managing Director of Elite International Ltd., Hexagon Chemical Complex Ltd. as well as Ahmed Securities Services Ltd. among others. Apart from business activities, Mr. Feroz is also involved with various Socio-Cultural, Philanthropic and Sports organizations. He was associated with the Bangladesh Cricket Board (BCB) as its AD-HOC Executive Committee Member. He is also an Executive Committee Member of Bhatiary Golf & Country club, life member of Chittagong Zila Krira Sangstha and member of Chattagram Mohanagari Krira Sangstha. He is also life member of Red Crescent Society, Chittagong, Maa O Shishu Haspatal, Chittagong.

AB Bank Limited Directors' Profile



Syed Afzal Hasan Uddin
Director

Mr. Syed Afzal Hasan Uddin is a Director of AB Bank Limited. He graduated from King's College, London in 1993 and was called to the Bar from Lincoln's Inn, London in March 1996. Mr. Hasan Uddin is the Managing Partner of Syed Ishtiaq Ahmed & Associates, one of the prominent law firms of the country. Prior to joining Syed Ishtiaq Ahmed & Associates, he worked for the Civil Litigation Department of Price Waterhouse in London. He enrolled as Advocate of the High Court Division of the Supreme Court of Bangladesh in 2001. Mr. Hasan Uddin's area of expertise include advising clients in the areas of telecommunication, energy and power generation, mergers and acquisitions, due diligence of companies and general corporate and commercial affairs.



Faheemul Huq
Director

Mr. Faheemul Huq, Barrister-at-Law, a distinguished legal practitioner in the country is vastly known for his profound knowledge in Corporate and Banking Sector. Apart from his legal profession, the contribution of Mr. Huq in the policy matter of the Bank is significantly conspicuous. Mr. Huq's wide amplitude of knowledge in Banking Sector has assisted the bank in deciding various complicated issues.



Md. Mesbahul Hoque
Director

Md. Mesbahul Hoque, Director, started his career in Country's Pharmaceutical Sector in 1969 by joining May & Baker (UK) Ltd. presently known as Aventys (BD) Ltd. At present, he is the Managing Director of Therapeutics (BD) Ltd. and

an active member of Bangladesh Pharmaceuticals Society; and also the Chairman, Reptiles Farm Ltd. (first crocodile captive breeding farm in Bangladesh).



Gholam Sarwar
Director

Mr. Gholam Sarwar has held the position of a Director of AB Bank Limited from January 10 to July 16, 2008 and had been re-appointed for the post again on December 24, 2012. He is also the Director of Pacific Industries Limited, Pacific Motors Ltd. & Therapeutics (BD) Ltd. He has about 45 years of experience in Automobile Sector.



B.B. Saha Roy
Director

Mr. B.B. Saha Roy has completed his MBA from the renowned IBA, DU and has worked as a general manager for Berger Paints Ltd for twenty years. He currently holds the position of Managing Director and CEO of Elite Paint Group of Companies. He is also the President of Bangladesh Paint Manufacturers' Association.



M. A. Awal
Director

M. A. Awal joined in AB Bank Limited as Director on July 16, 2008. He has over 40 years of banking experience serving in senior responsible positions in different Banks including AB Bank. Prior to his Directorship, Mr. Awal served as the Advisor and also the Chief Consultant of the Bank for about three years. He is also the director of ABIFL, Hong Kong.

AB Bank Limited Directors' Profile



Md. Anwar Jamil Siddiqui
Director

Mr. Anwar Jamil Siddiqui is one of the respected directors of AB Bank Limited. His valuable contribution to the bank is highly esteemed as it is a result of his immense experience in the corporate world for over 50 years. He is also the Director of Therapeutics (BD) Ltd. and Pacific Motors Ltd.



Shishir Ranjan Bose, FCA
Independent Director

A fellow of Institute of Chartered Accountants of Bangladesh, Mr. Bose joined AB Bank Limited on July 16, 2008 as a Director of the Board. Having 32 years of experience in the field of chartered accountancy profession, Mr. Bose also became the Chairman of the Audit Committee of the Board on July 22, 2008. He has been nominated as the

Independent Director of the Board. He is also the Independent Director of AB Securities and Cash Link Bangladesh.



Prof. Dr. M. Imtiaz Hossain
Independent Director

Prof. Dr. M. Imtiaz Hossain is a Depositor Director of AB Bank Limited. A Ph.D holder from the University of Manchester Institute of Science and Technology, Manchester, UK, Mr. Hossain is currently the Vice Chancellor of Islamic University of Technology, Gazipur, Bangladesh. He is a Fellow of the Institution of Engineers, life Fellow of Bangladesh Society of Mechanical Engineers and also a life Member of National Oceanographic and Maritime Institute, Bangladesh.



Runa Zakia Shahrood Khan
Independent Director

Runa Zakia Shahrood Khan is a Depositor Director of the Bank. She is the Founder and Executive Director of "Friendship", an NGO engaged in Sustainable Integrated Development projects, including healthcare, relief and rehabilitation, livelihood and income generation, education and cultural preservation, in remote, unaddressed, hard-to-reach riverine and Char areas. She is also an acknowledged national award winning writer of Educational Books for children. A lady with many talents, Mrs. Khan has received many international awards including The Rolex Awards in 2006, the IDB Award for women in 2008, and an Ashoka Fellowship for her innovative method for pedagogy in public primary schools and was awarded the Schwab Foundation's 2012 Social Entrepreneur award.



Shamim A. Chaudhury
President & Managing Director

Shamim A. Chaudhury was appointed as the President and Managing Director of AB Bank Limited on February 23, 2014. Mr. Chaudhury joined the Bank on 16th March, 2008 as Deputy Managing Director and has been promoted to the rank of Additional Managing Director effective from 20th October 2013. After completing MBA, Mr. Chaudhury started his career with American Express Bank Limited in 1980 as Management Trainee. During his over 33 years of experience, he also served in Bank of Credit & Commerce International (Overseas) Limited, Bank of Small Industries & Commerce, Union Bank of Zambia Limited, Al Rajhi Banking & Investment Corporation, CIT Financial Limited, BPB North American Financial Services from 1988 to 2005. He served in One Bank Limited as Deputy Managing Director from October 2005 to March 2008.

AB Bank Limited
Core Management Committee

Standing from left

Ahsan Afzal, Sajjad Hussain, Shamim A. Chaudhury, Moshir Rahman Chowdhury, Mahadev Sarker Sumon FCA



AB Bank Limited Management Committee

Core

Shamim A. Chaudhury
President & Managing Director

Ahsan Afzal
Deputy Managing Director

Mahadev Sarker Sumon FCA
Company Secretary

Sajjad Hussain
Deputy Managing Director

Moshiur Rahman Chowdhury
Deputy Managing Director

Extended

Abu Hena Mustafa Kamal
SEVP & Head of Financial Institutions
& Treasury

Enayet Afzal
VP & Head of Internal Control &
Compliance (Acting)

Ifterkhar Enam Awal
SVP & Head of SME

Mohammad Shamsul Islam
EVP & Head of Credit Administration
Management

Salma Akter
SVP & Head of Credit Risk
Management

Md. Azad Hossain
SEVP & Relationship Manager,
Principal Branch

Md. Aminur Rahman
SVP & Head of Human Resource (CC)

Syed Mizanur Rahman
SVP & Head of Consumer Banking

Shamima Hedayet
SVP & Relationship Manager,
Motijheel Branch

Reazul Islam
EVP & Head of Information Technology

M. Azizul Huq
Head of Islamic Banking

Quazi Waseem Ahmed¹
SEVP & Head of CFD and SFD

Regions

Dhaka

Chowdhury Manzoor Liaquat
EVP & Regional Relationship Manager
(Region 1)

Md. Altaf Hossain
EVP & Regional Relationship Manager
(Region 2)

Khulna

Anisuddin Ahmed
VP & Regional Relationship Manager

Chittagong

Mohammed Ishaque Chowdhury
SEVP & Regional Relationship
Manager (Region 1)

Syed Aminul Islam
SEVP & Regional Relationship
Manager (Region 2)

Rajshahi

Md. Abdul Maleque
VP & Regional Relationship Manager

Sylhet

Golam Mahmud Rizvi
SVP & Regional Relationship Manager

¹ Joined AB on March 18, 2014



বাংলাদেশে এই প্রথম
মোবাইল রিচার্জ
আপনার এবি ব্যাংক অ্যাকাউন্ট থেকে
SMS-এর মাধ্যমে, যেকোন মোবাইলে
যেকোন সময়, যেকোন জায়গায়!



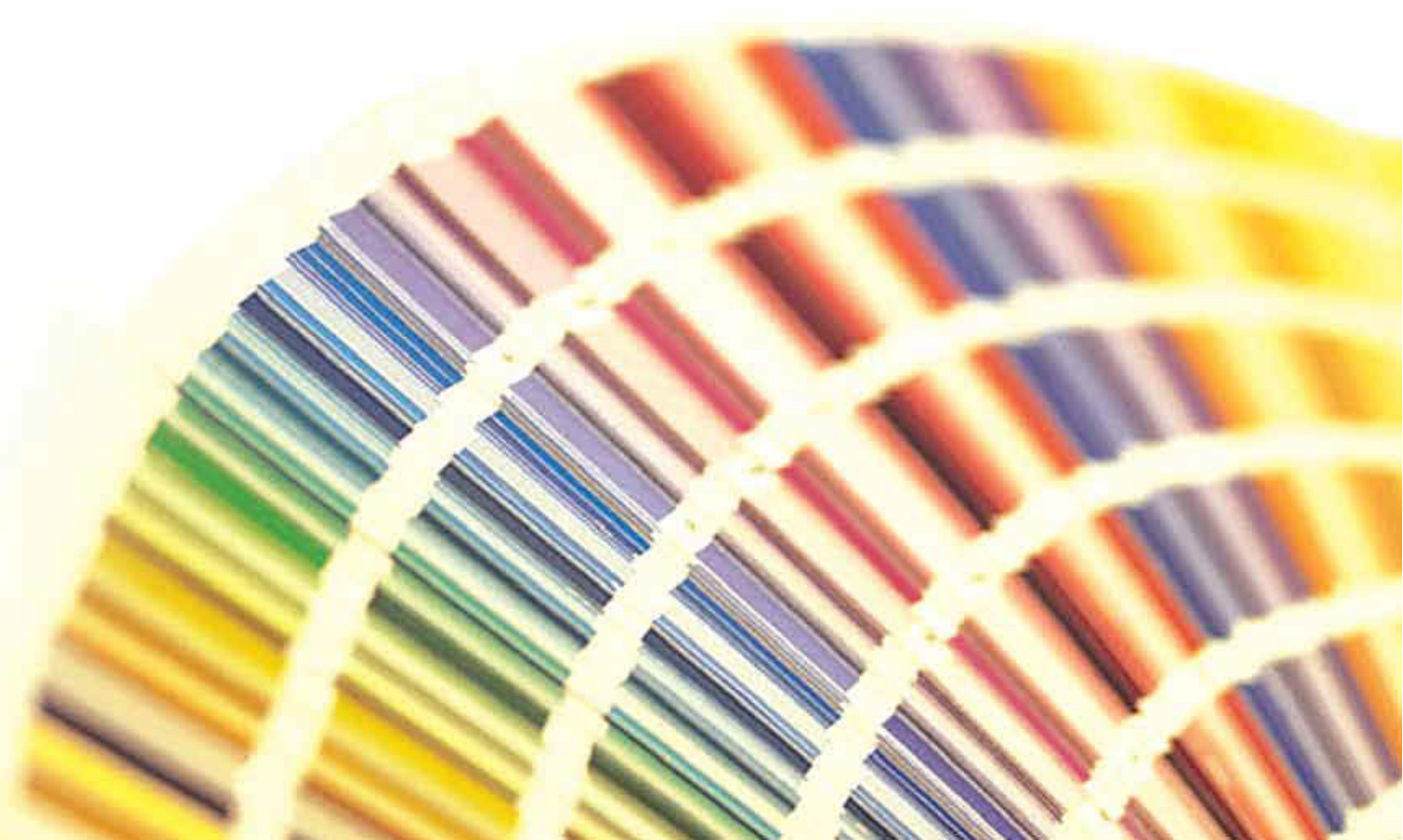
এবি এসএমএস ব্যাংকিং-এর বর্তমান গ্রাহকদের জন্য:

প্রি-পেইড				পোস্ট-পেইড			
TOP	PIN	AMT	MOBILE NO.	BILL	PIN	AMT	MOBILE NO.
TOP	9999	500	01XXXXXXXXX	BILL	9999	500	01XXXXXXXXX

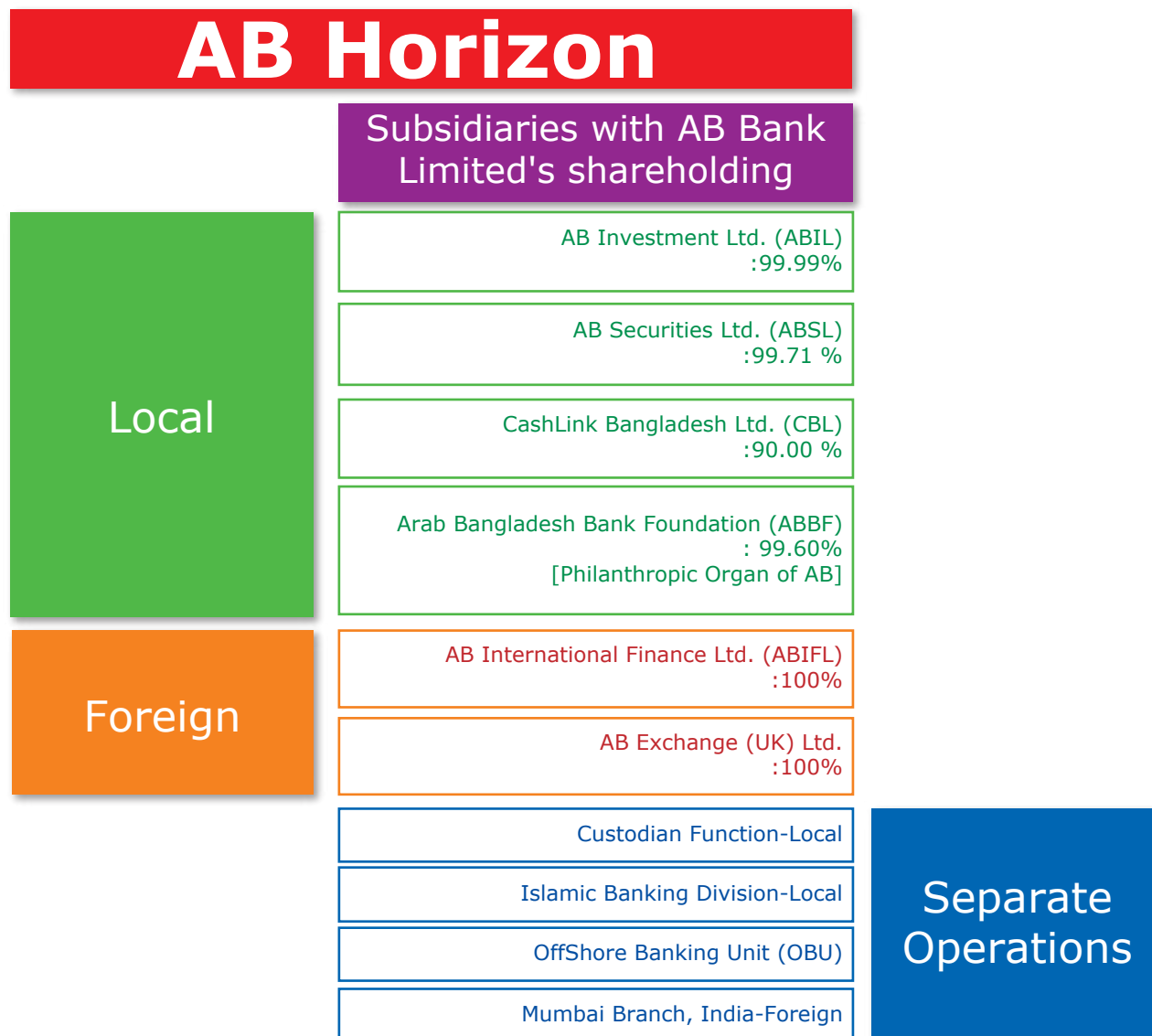
১৬২০৭ নম্বরে পাঠিয়ে দিন

আপনার সেবায় যেকোন সময়
০৯ ৬৭৮৯ ১৬২০৭

CORPORATE GOVERNANCE



CORPORATE STRUCTURE



AB Bank Limited Corporate Governance

Corporate Governance policies and practices of the Bank are focused on ensuring fairness, transparency and accountability in the organization as a whole. Bank is structured and systems and processes organized aligned with accepted Corporate Governance practices and also in line with guidelines of Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC) in this regard. While pursuing the goal of Shareholders value addition, Bank attached utmost importance to setting up of well-defined compliance oriented organization and business structure.

Board of Directors of AB comprises of 14 (fourteen) Members. This is in conformity of Bangladesh Bank guidelines and also the Articles of Association of the Bank. Board includes three Independent Directors in pursuance with respective regulatory requirements respectively.

Board of Directors of AB is a professionally run forum having Members from various backgrounds and professions.

Board is the apex body for strategy and policy formulations and for taking decisions on business, operational and financial matters besides ensuring compliance and risk management of the Bank. This is run professionally following the guidelines of Bangladesh Bank and also within the authorities of the Memorandum and Articles of Associations of the Bank. Management of the Bank operates within the policies, guidance and limits approved by the Board.

Board holds meeting regularly and sits at least once in a month.

Executive Committee of the Board is formed following the guidelines of Bangladesh Bank in this respect and comprises of 7 (seven) Members nominated by the Board. Vice-Chairman of the Board is the Chairman of the Executive Committee. Executive Committee operates within the Terms of Reference (TOR) set by the Board.

Audit Committee of the Bank has been formed in strict compliance of Bangladesh Bank guidelines and accordingly comprises of 5 (five) Members. Chairman of the Audit Committee is the Independent Director of the Board. Company Secretary acts as the Secretary of the Committee while other Members of the Management attends the Committee Meeting on invitation only. Audit Committee has set Terms of Reference as contained in Bangladesh Bank guidelines.

Risk Management Committee (RMC) of the Bank has been formed in compliance of Bank Company (Amendment) Act-2013, sec-15 Kha, and subsequent BRPD Circular # 11 Dated October 27, 2013. RMC is formed by 5 (five) Board Members and Chairman of the Board is also act as the Chairman of the RMC. Function of the RMC is to minimize risk regarding Strategic planning & implementation and to accomplish Board functions accurately related to risk.

Shariah Council of the Bank has 7 (seven) Members for overseeing and strategic guidance of the Islamic Banking business. The Council comprises of scholarly persons and operates as per the assigned responsibilities.

Regulatory compliance disclosure

Bank has been following related guidelines on submission of Quarterly, Half-yearly and Yearly financial statements and other statutory reports. Any significant development in the business is forth-with disclosed through the adherence of proper rules/guidelines/directive in the form of price sensitive declarations.

Bank also ensures submission of returns to regulatory bodies in full-compliance of the requirements and appropriate disclosures ensuring transparency and accountability.

Board of Directors ensures adequate disclosures for the Shareholders and other stakeholders through the Annual Report or other specific disclosures if required.

Delegation of Power

Management of the Bank has been empowered with appropriate finance and business decision making authorities as per the guidelines of Bangladesh Bank.

Credit Committee of the Bank has been delegated with the authority for Credit approval up to a given limit. Board has approved a Procurement Manual to cover the purchase of goods and services and other procurements of the Bank.

Besides, various Manuals, Policies and Guidelines were approved by the Board from time to time with levels of authority and process delegation varied across the Bank.

Bank also has well empowered ALCO to deal with funding and treasury matters.

President & Managing Director is the Executive Head of the Bank. Bank has approved Organizational Structure (Organogram) upto the Unit Level with clear functional segregation and also segregation of processing functioning (Front and Back office) authorities. This ensures Core Risk Management compliance across the Bank. Bank's functions and plans also consider various regulatory limits and restrictions to be risk compliant, as well.

A **Risk Management Division (RMD)** has been formed in compliance with the relevant guidelines of Bangladesh Bank. Bank also has a strong SRP Team in place.

In the overall, the Bank is governed by the rules, regulations, guidelines, directions and policies as applicable for the banking business and operation. Different control aspects on the basis of need, regulatory or business-are in place which includes capital adequacy, risk management, market and liquidity, anti money laundering compliance, prudential guidelines, reporting standards among others.

Other operations of AB like AB International Finance Limited (ABIFL) at Hong Kong, AB Exchange (UK) Limited and the Branch in Mumbai, India are governed by the rules and regulations of the respective countries. While the two subsidiaries, AB Investment Limited (ABIL) and AB Securities Limited (ABSL), will be governed by rules and regulations of the Bangladesh Securities and Exchange Commission (BSEC) mostly.

Bank has also acquired 90 percent shareholding of CashLink Bangladesh Limited (CBL) a company engaged in EFT business. This will be governed under the Companies Act besides other applicable regulatory requirements.

Business Plan and Achievements in 2013

Business Plan of the Bank provides for the Working Platform embodying the growth aspect, profitability, risk appetite, capital management etc. It also embodies accountability in terms of set KPI's and acts as a roadmap for Shareholders value addition.

Overall performance of the Bank in 2013 with respect to Business Plan Target is given below:

BDT in Crore	BGT-2013	ACT-2013	Variance	
			Amount	%
Operating Profit	555	529	(26)	-5%
Provisions for loans and others	131	231	(100)	-43%
Profit before Tax	424	298	(126)	-42%
Provision for Tax	265	197	(68)	-34%
Net Profit After Tax	159	101	(58)	-57%
Loans and Advances	12,255	14,012	1,757	13%
Deposits	15,375	16,185	810	5%
Export	7,928	7,257	(671)	-9%
Import	11,712	12,538	826	7%
Inward Remittance (USD)	22	24	2	7%

Annual performance of the Bank for the year 2013 has been placed in the 546th Board of Directors meeting held on March 12, 2014 and Board deeply analysed the yearly performance and recommended their views by following:

1. To follow the Board approved Budget-2014 strictly in order to maintain capital adequacy ratio of the Bank.
2. Investment Banking Division activities to be revamped by taking appropriate measures to get benefit from the investment already made by the Bank under this Division. Although Branch profitability is inline with Budget, Investment income was far behind and seriously impacted the bottom line outcome. This sector needs concentrated and planned focus.
3. Loan growth to be rationalized in consideration of existing loan level and also in the overall context of deposit mobilization keeping in the mind that the Board's approved budget for loans and deposits.
4. Branches must meet the Deposit target along with the deposit mix for the year. Board also advised to review the Deposit & Lending rate based on the current market situation and review the budget every quarter.
5. Business of ABBL Mumbai Branch, India to be monitored closely and profitability to be increased to supplement bottom line support of the Bank in future evidencing broadening of their business sectors.
6. Cost of fund is on the higher side, which needs to be looked into. In this respect, benchmarking with peer Banks was advised.
7. Cost control measures to be taken seriously by the management.
8. To watch-out the asset quality and provisioning while new loans are approved.
9. Off Balance-Sheet exposure to be monitored and controlled properly in order to contain risks of proper Balance Sheet Management.
10. Classified Loan (CL) to be reduced to acceptable level by the year end.

Bangladesh Bank conducted the comprehensive inspection of Head Office and 09 selected Branches based on 31 December 2013. Tri-party meeting among Bangladesh Bank, External Auditors and Management of AB has conducted for finalization of annual Financial Statements.

External Audit

External Auditors also covered potential Branches and Head Office as part of the Annual Audit Program. Auditors covered 80 percent of the risk assets.

Auditors submitted a Management Report with a Special Section on the 'Review of Bank's Internal Control Environment' of the Bank. The Report was discussed in the Audit Committee. Audit Committee referred the Report for detailed review as to compliance to the Board of Directors Meeting.

Internal Control and Compliance Division (ICCD)

Bank has a separate Division for Internal Control & Compliance monitoring. This Division operates independently and has given responsibilities by the Board in line with the Bangladesh Bank guidelines.

Head of Internal Control & Compliance is accountable to the Audit Committee of the Board.

Rating

AB Bank Limited was rated by Credit Rating Agency of Bangladesh Limited (CRAB). The summary of their ratings is given below:

Surveillance Rating (2013)	Long Term	Short Term
	AA ₃	ST-2
Date of Rating	27 March 2014	
Validity Date	30 June 2015	

Credit Rating Agency of Bangladesh (CRAB) has affirmed 'AA₃' rating in the long term and 'ST-2' rating in the short term of AB Bank Limited for the year ended December 31, 2013 (based on Audited Financials).

Commercial Banks rated 'AA₃' in the long term belongs to "Very strong capacity & very high quality" cohort. Banks rated 'AA₃' has very strong capacity to meet their financial commitments. 'AA₃' rated banks are judged to be of very high quality and are subject to very low credit risk.

Commercial Banks rated 'ST-2' in the short term is considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds.

Compliance

Bangladesh Securities and Exchange Commission (BSEC) issued a Corporate Governance Guidelines (Notification dated 07 August, 2013) for the companies listed with the Stock Exchanges. Compliance status of the guidelines is attached in Annexure-I, II and A respectively.

Bangladesh Bank also issued a guideline on 04 February, 2010 as BRPD Circular No.06 [replacing BRPD Circular No.16 dated 24th July, 2003]. Compliance of the guideline is attached in Annexure-III.

MEETINGS OF THE BOARD OF DIRECTORS OF AB BANK LIMITED.

Total Meeting held in 2013: 30 (thirty)

Director(s)	Status	No. of meeting attended	% of Attendance	Remarks/ Granted Leave of absence
Mr. M. Wahidul Haque	Chairman	30	100%	Nil
Mr. Salim Ahmed	Vice Chairman	4	13%	26 (twenty six)
Mr. Feroz Ahmed	Director	14	47%	16 (sixteen)
Mr. M.A. Awal	Director	25	83%	05 (five)
Mr. Shishir Ranjan Bose, FCA	Independent Director	20	67%	10 (ten)
Mr. Faheemul Huq	Director	22	73%	08 (eight)
Mr. Syed Afzal Hasan Uddin	Director	22	73%	08 (eight)
Mr. Md. Mesbahul Hoque	Director	22	73%	08 (eight)
Mr. Md. Anwar Jamil Siddiqui	Director	30	100%	Nil
Mr. B.B. Saha Roy	Director	29	97%	01 (one)
Mr. Gholam Sarwar	Director	0	0%	30 (thirty)
Prof. Dr. M. Imtiaz Hossain	Depositor/ Independent Director	18	60%	12 (twelve)
Ms. Runa Zakia Shahrood Khan	Depositor/ Independent Director	17	57%	13 (thirteen)
Mr. M. Fazlur Rahman (Left AB on 1st January 2014)	President & Managing Director	17	57%	13 (thirteen)

Executive Committee Meeting

Total Meeting held in 2013: 1 (one)

Director(s)	Status	No. of meeting attended	% of Attendance	Remarks/ Granted Leave of absence
Mr. Salim Ahmed, Vice Chairman, ABBL	Chairman	1	100%	NIL
Mr. Md. Mesbahul Hoque, Director, ABBL	Member	1	100%	NIL
Mr. M. Wahidul Haque, Chairman, ABBL, (upto December 26, 2013)	Member	1	100%	NIL
Mr. Syed Afzal Hasan Uddin, Director, ABBL, (upto December 26, 2013)	Member	1	100%	NIL
Mr. M. Fazlur Rahman, President & Managing Director (upto December 31, 2013)	Member	Nil	Nil	01 (One day)
Mr. Feroz Ahmed, Director, ABBL (with effect from 26.12.2013)	Member	Nil	Nil	01 (One day)
Mr. B.B. Saha Roy, Director, ABBL (with effect from 26.12.2013)	Member	Nil	Nil	01 (One day)
Mr. Faheemul Huq, Director, ABBL (with effect from 26.12.2013)	Member	Nil	Nil	01 (One day)
Mr. Md. Anwar Jamil Siddiqui, Director, ABBL (with effect from 26.12.2013)	Member	Nil	Nil	01 (One day)
Prof. Dr. M. Imtiaz Hossain, Director, ABBL (with effect from 26.12.2013)	Member	Nil	Nil	01 (One day)

Audit Committee Meeting

Total Meeting held in 2013: 16 (sixteen)

Director(s)	Status	No. of meeting attended	% of Attendance	Remarks/ Granted Leave of absence
Mr. Shishir Ranjan Bose, FCA, Director, ABBL	Chairman	12	75%	04 (four)
Mr. M. Wahidul Haque, Chairman, ABBL	Member	16	100%	Nil
Mr. M.A. Awal, Director, ABBL	Member	15	94%	01 (one)
Mr. Syed Afzal Hasan Uddin, Director, ABBL	Member	12	75%	04 (four)
Mr. Salim Ahmed, Vice Chairman, ABBL (upto December 26, 2013)	Member	1	6%	15 (fifteen)
Ms. Runa Zakia Shahrood Khan, Director, ABBL (with effect from 26.12.2013)	Member	Nil	Nil	Nil

AB Bank Limited Corporate Governance

Annexure-I

Risk Management Committee Meeting

Total Meeting held in 2013: Nil

Director(s)	Status	No. of meeting attended	% of Attendance	Remarks/ Granted Leave of absence
Mr. M. Wahidul Haque, Chairman, ABBL	Chairman	Nil	Nil	Nil
Mr. Shishir Ranjan Bose, FCA, Director, ABBL	Member	Nil	Nil	Nil
Mr. B.B. Saha Roy, Director, ABBL	Member	Nil	Nil	Nil
Mr. Syed Afzal Hasan Uddin, Director, ABBL	Member	Nil	Nil	Nil
Mr. Md. Anwar Jamil Siddiqui, Director	Member	Nil	Nil	Nil

Annexure-II

Shareholding pattern of the Bank is disclosed as below following the requirements of Section 1.5 (xxi) of SEC Notification No.-SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

a) Parent/Subsidiary/Associated Companies and other related parties: N/A

b) Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Finance Officer, Head of Internal Audit and their Spouses and Minor Children are as follows: status as of 31st December, 2013

i) Shares held by Directors and their spouses

Name of the Directors	Status	No. of Shares	%	Name of the Spouses	No. of Shares	%
Mr. M. Wahidul Haque,	Chairman	107,662	0.022	Mrs. Lutfun Nesa	24,407	0.005
Mr. Salim Ahmed,	Vice-Chairman	11,754,084	2.362	Mrs. Lutfunnessa Ahmed	203,769	0.041
Mr. Feroz Ahmed	Director	10,325,069	2.075	Mrs. Tahmina Salvana	203,809	0.041
Mr. M. A. Awal	Director	3,118	.0006	Mrs. Hosne Ara Awal	Nil	-
Mr. Shishir Ranjan Bose, FCA	Independent Director	2,214	.0004	Mrs. Buli Bose	Nil	-
Mr. Faheemul Huq, Barrister-at-Law	Director	426,964	.0858	Mrs. Rokeya Sultana	Nil	-
Mr. Syed Afzal Hasan Uddin, Barrister-at-law	Director	2,214	.0004	Mrs. Razia Akhter Choudhury	Nil	-
Mr. Gholam Sarwar	Director	11,933	.0024	Mrs. Rahat Sarwar	Nil	-
Mr. Md. Mesbahul Hoque	Director	2,214	.0004	Mrs. Mahfuza Hoque	Nil	-
Mr. Md. Anwar Jamil Siddiqui	Director	2,214	.0004	Mrs. Nargis Akhter Banu	Nil	-
Mr. B.B. Saha Roy	Director	1,930	.0004	Mrs. Misty Saha Roy	Nil	-
Dr. M. Imtiaz Hossain	Depositor/Independent Director	Nil	-	Mrs. Shirin Jahan	Nil	-
Mrs. Runa Zakia Shahrood Khan	Depositor/ Independent Director	Nil	-	Mr. Yues Marre	Nil	-
Mr. M. Fazlur Rahman*	President & Managing Director	Nil	-	Mrs. Jesmin Arzu Rahman	Nil	-

*Resigned on 01 January 2014

ii) Shares held by Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit.

Name	Status	No. of Shares
Mr. M. Fazlur Rahman	President & Managing Director	Nil
Mr. Mahadev Sarker Sumon FCA	Company Secretary & Chief Financial Officer	Nil
Mr. Amzad Hossain	Head of Internal Audit	Nil

c) Shares held by top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit.

Name	Status	No. of Shares
Mr. Shamim A. Chowdhury	Additional Managing Director	Nil
Mr. Ahsan Afzal	Deputy Managing Director	Nil
Mr. Badrul H. Khan	Deputy Managing Director	Nil
Mr. Moshir Rahman Chowdhury	Deputy Managing Director	Nil
Mr. Reazul Islam	Executive Vice President	Nil

d) Shareholders holding ten percent or more voting interest in the company: N/A

S. F. AHMED & CO
Chartered Accountants
— Established : 1958

House # 51 (3rd Floor)
Road # 9, Block # F, Banani
Dhaka 1213, Bangladesh

Phones: (880-2) 987-1018 & 987-0619
E-mails: (i) sfaco@citechco.net
(ii) sfaco@sfahmedco.org

Auditors' Certificate on the Compliance with Corporate Governance of AB Bank Limited

We have examined the compliance with Corporate Governance by AB Bank Limited (the Bank) for the year ended 31 December 2013 as stipulated in notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission.

The compliance with Corporate Governance is the responsibility of the management of the Bank. Our examination was limited to the procedures and implementation thereof as adopted by the Bank for ensuring the compliance with Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above-mentioned notification.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.



House # 51 (3rd Floor), Road # 9, Block # F
Banani, Dhaka 1213, Bangladesh
Dated, 27 March 2014


S. F. AHMED & CO
Chartered Accountants

AB Bank Limited Corporate Governance

Annexure-A

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission Notification No.SEC/CMRRCD/2006-158/134/Admin/44: dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance 1969:

Report under condition no. 7.00 of above referred notification

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1.1	Board's Size: Board members should not be less than 5 (five) and more than 20 (twenty)	√		
1.2(i)	Appointment of Independent Directors: at least 1/5th	√		
1.2(ii)	Independent Director means a Director	√		
1.2 (ii) a)	Independent Director should not hold any share in the company or hold less than one percent (1%) shares of the total paid-up shares of the Company	√		
1.2 (ii) b)	Independent Director should not be a sponsor of the company and is not connected with the company's sponsors or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.	√		
1.2 (ii) c)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1.2 (ii) d)	Independent Director is not a member, director or officer of any Stock Exchange	√		
1.2 (ii) e)	Independent Director is not a shareholder, director or officer of any member of Stock Exchange or an intermediary of the Capital Market	√		
1.2 (ii) f)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	√		
1.2 (ii) g)	Independent Director shall not be an independent director in more than 3 (three) listed Companies	√		
1.2 (ii) h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	√		
1.2 (ii) i)	Independent Director has not been convicted for a criminal offence involving moral turpitude	√		
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1.2 (iv)	Post of independent director(s) can not remain vacant for more than 90 (ninety) days	√		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	N/A		
1.4	Chairman of the Board and Chief Executive Officer			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		
1.5	The Directors' Report to Shareholders			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns.	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	N/A		
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	N/A		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	N/A		
1.5 (x)	Remuneration to directors including independent directors.	√		

AB Bank Limited

Corporate Governance

Annexure-A

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.			
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5 (xxi) a)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- a) Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5 (xxi) c)	Executives;			
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1.5 (xxii) a)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- A brief resume of the director;	√		

AB Bank Limited

Corporate Governance

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas;	√		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2.	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS):			
2.1	Appointment The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		
2.2	Requirement to attend the Board Meetings The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3.	AUDIT COMMITTEE:			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	N/A		

AB Bank Limited

Corporate Governance

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.1(v)	The company secretary shall act as the secretary of the Committee.	√		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	Chairman of the Audit Committee			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).			
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles.	√		
3.3 (iii)	Monitor Internal Control Risk management process.	√		
3.3 (iv)	Oversee hiring and performance of external auditors.	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3 (vii)	Review the adequacy of internal audit function.	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors	√		
3.4.1 (ii) a)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- a) report on conflicts of interests	√		
3.4.1 (ii) b)	suspected or presumed fraud or irregularity or material defect in the internal control system	√		
3.4.1 (ii) c)	suspected infringement of laws, including securities related laws, rules and regulations	√		
3.4.1 (ii) d)	any other matter which shall be disclosed to the Board of Directors immediately	√		

AB Bank Limited

Corporate Governance

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.4.2	Reporting to the Authorities If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	√		
3.5	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		
4.	EXTERNAL/STATUTORY AUDITORS:			
4 (i)	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:- (i) Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation.	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4 (iv)	Broker-dealer services.	√		
4 (v)	Actuarial services.	√		
4 (vi)	Internal audit services.	√		
4 (vii)	Any other service that the Audit Committee determines.	√		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
4 (ix)	Audit/certification services on compliance of corporate governance as	√		
	Required under clause (i) of condition no. 7.	√		
5.	SUBSIDIARY COMPANY:			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		

AB Bank Limited

Corporate Governance

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
6.	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):			
6 (i) a)	The CEO and CFO shall certify to the Board that:- (i) They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
	a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
6 (i) b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct	√		
7.	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

AB Bank Limited

Directors' Statement of Responsibilities

Bismillahir Rahmanir Rahim

Dear Fellow Shareholders

The Directors are required to present the Directors' Report together with the Financial Statements in the Annual Report in accordance with the Companies Act, 1994, Rules and Regulations of Institute of Chartered Accountants of Bangladesh (ICAB), Rules and Regulations of Bangladesh Bank (BB), Bangladesh Securities and Exchange Commission (BSEC) Rules, 1987 and the Listing Rules of the Dhaka Stock Exchange Ltd (DSE) and Chittagong Stock Exchange Ltd (CSE) respectively.

The financial statements are required by Law and International Accounting Standards and International Financial Reporting Standards (IFRS) as adopted by ICAB to present fairly the financial position of the Company and the performance for the period.

Proper accounting records should be kept which disclose with reasonable accuracy of the financial position of the Company and enable them to ensure that its financial statements comply with Companies Act, 1994 and the Bank Company (Amendment) Act, 2013 including the above mentioned regulations.

The Directors of AB Bank Limited, further confirm that the Directors' Report together with the Financial Statements in the Annual Report for the year 2013 have been prepared in compliance with law, rules and regulatory guidelines as per the Companies Act, 1994, the Bank Company (Amendment) Act, 2013, guidelines issued by Bangladesh Bank and also in compliance of SEC Notification No. SEC/CMRRCD/2006-158/Admin/44 dated 07 August 2012.

Board of Directors of AB meet regularly to consider Bank's Policies, Procedures, Risk Management and Business Plan among others. During the year 2013, 30 (thirty) Meetings of the Board of Directors took place.

This report should be read in conjunction with the Auditors' Report to the Shareholders of AB Bank Limited.

Other compliance as per BSEC Notification No. SEC/CMRRCD/2006-158/Admin/44 dated 7 August 2012 is given separately.

Some of the information in this Annual Report may contain projections or other forward-looking statements regarding the Bank. These statements are based on our expectations and assumptions. Statements of such nature are not be construed as guarantees of future performance. Therefore, actual future results and trends may differ materially from what is in our forward-looking statements.

On behalf of the Board.



M. Wahidul Haque
Chairman

AB Bank Limited

Report of the Audit Committee

The Audit Committee of AB Bank Limited operates within the guidelines of Bangladesh Bank and also carries oversight responsibilities. The Board of Directors set out the overall Business Plan & formulates policies that the Management is responsible for implementation. The Audit Committee, on behalf of the Board, strives to ensure effective implementation of the processes and procedures set out in the Business Plans and Policies. Audit Committee also reviews the internal control regime and compliance status of the Bank as a whole.

Functions of The Audit Committee

Main function of the Audit Committee is to facilitate the Board in its oversight responsibilities. In order to fulfill the responsibilities, among others, main responsibilities of the Audit Committee are as follows:

- Review Internal Control
- Review Financial Statements
- Review Internal Audit
- Review the findings of External Audit
- Compliance of rules and regulations
- Others

Composition of the Audit Committee

Current Audit Committee is comprised of-

- | | |
|--|-----------|
| 1. Mr. Shishir Ranjan Bose, FCA, Ind. Director, ABBL | -Chairman |
| 2. Mr. M. Wahidul Haque, Chairman, ABBL | -Member |
| 3. Mr. M.A. Awal, Director, ABBL | -Member |
| 4. Mr. Syed Afzal Hasan Uddin, Director, ABBL | -Member |
| 5. Ms. Runa Zakia Shahrood Khan, Ind. Director, ABBL | -Member |

As per SEC Notification No. SEC/CMRRCD/2006-158/Admin/44 dated 07 August 2012, an independent Director of the Board is the Chairman of the Audit Committee. As per regulatory guidelines, the Company Secretary of the Bank acts as the Secretary to the Audit Committee. Senior officials of the Bank attend the Meetings on invitation.

Meetings of The Audit Committee

The Audit Committee had held 16 (sixteen) Meetings during the year 2013.

During the year under review the Committee, inter alia, focused on following activities (not an exhaustive test)

- Reviewed Internal Audit Plan for the year 2013
- Reviewed Draft Financial Statements and after discussing with the External Auditors recommended it to the Board for their considerations
- Reviewed the Management Letter issued by the External Auditors, Management responses thereto and corrective measures taken by the Bank to avoid recurrence of the lapses mentioned therein



- Reviewed Quarterly Financial Statements of the Bank and recommended its submission to the shareholders as a statutory requirement
- Reviewed significant Internal Audit findings and advised corrective actions
- Reviewed comprehensive inspection report of Bangladesh Bank including status of compliance thereof
- Reviewed inspection reports Branches and Head Office functions conducted by the Internal Control & Compliance Division (ICCD)

Approval of Financial Statements

The Audit Committee reviewed and examined the Annual Financial Statements, for the year 2013 prepared by the Management and audited by the External Auditors ACNABIN Chartered Accountants and recommended these to the Board for consideration.

Acknowledgement

The Audit Committee expresses its sincere thanks to the Members of the Board and the Management of AB for their excellent support in carrying out the duties and responsibilities of the committee during the period under review.

Shishir Ranjan Bose, FCA
Chairman, Audit Committee



AB Bank Limited

Report of the Executive committee

Executive Committee of the Board has been formed following the guidelines of Bangladesh Bank and comprises of 7 (seven) Members nominated by the Board. Vice-Chairman of the Board is the Chairman of the Executive Committee.

Bank's Executive Committee is assigned with responsibilities of reviewing specific areas of business which includes inter alia review of delinquent asset management, legal cases, functional performance review, new Branch performance review.

Executive Committee also ensures proper and timely implementation of Policies and guidelines issued by the Board through Management.



Executive Committee comprises of the following:

Mr. Salim Ahmed, Vice Chairman, ABBL	-Chairman
Mr. Md. Mesbahul Hoque, Director, ABBL	-Member
Mr. Feroz Ahmed, Director, ABBL	-Member
Mr. B.B. Saha Roy, Director, ABBL	-Member
Mr. Faheemul Huq, Director, ABBL	-Member
Mr. Md. Anwar Jamil Siddiqui, Director, ABBL	-Member
Mr. Prof. Dr. M. Imtiaz Hossain, Director, ABBL	-Member

Executive Committee expresses its sincere thanks to the Members of the Board and the Management of AB for their excellent support while carrying out the duties and responsibilities of the Committee.

Salim Ahmed

Chairman, Executive Committee

AB Bank Limited

Report of the Risk Management Committee

The Risk Management Committee of AB Bank Limited is formed as per requirement of section 15 Kha (3) of the Banking Company (Amendment) Act 2013 and as per BRPD circular no. 11 dated 27 October 2013 with a view to execute risk related responsibilities of the BOD with due care and competency. This committee take necessary initiatives to minimizes probable risk arises from the overall business plan set out and policies formulated by the BOD of the Bank.

Functions of the Risk Management Committee

Main function of the Risk Management Committee as a integral part of the Board is to identify and measure the undermentioned risks and to oversee whether the management of the bank properly implement those risk minimizing ways and methods. Those risks are:

- Credit risk
- Foreign currency transaction risk
- Internal control and compliance risk
- Money laundering risk
- Information and Communication Technology risk
- Operational risk
- Interest risk
- Liquidity risk and
- Other risk

Members of the Risk Management Committee

Current Risk Management Committee is comprised of-

- | | |
|---|------------|
| 1. Mr. M. Wahidul Haque, Chairman AB Bank | - Chairman |
| 2. Mr. Shishir Ranjan Bose, FCA, Director AB Bank | - Member |
| 3. Mr. B.B. Saha Roy, Director AB Bank | - Member |
| 4. Mr. Syed Afzal Hassan Uddin, Director AB Bank | - Member |
| 5. Mr. Md. Anwar Zamil Siddiqui, Director AB Bank | - Member |

Meeting of the Risk Management Committee

To comply with the clauses of BRPD Circular No.11 dated 27 October 2013 the Risk Management Committee was formed in the



541st Board Meeting of the Bank on 26 December 2013. The first meeting was held as on 4th February 2014. The meeting resolves to review:

- Existing risk management methodology policies and procedure for ensuring effective control system (in a short-cut form)
- Redefine the risk management policy and procedure in summarized form
- Review the loan approval delegation and other delegation limit

Acknowledgement

The Risk Management Committee expresses its gratitude to the Member of the Board for forming the Risk Management Committee and assigning its duties and responsibilities.

M. Wahidul Haque

Chairman, Risk Management Committee



In the name of Allah, The Beneficent, The Merciful

Report of AB Bank Shariah Supervisory Committee for the year 2013

The duty of the Shariah Supervisory Committee is to give independent opinions and necessary guidelines by observing and reviewing the activities of Islamic banking operation of the Bank and to make the clients aware of Shariah compliance. On the other hand, the responsibility of the Bank is to ensure that the Bank conducts its business under Islamic banking operations in accordance with rules and principles of Shariah.

During the Year 2013, AB Bank Shariah Supervisory Committee met in 4 (four) meetings, 2 (two) meetings for Shariah Supervisory Committee & 2 (two) meetings for Shariah Supervisory Standing Committee and reviewed different operational issues, including those referred to it by the Management of the Bank and gave opinions & decisions related to Islamic Shariah.

During the year 2013, the AB Bank Shariah Supervisory Committee discussed and gave guidance/opinion on different issues among which important ones are as under:

1. Reviewing the Half Yearly Shariah Audit Report (June-December, 2012) of Islami Banking Branch and its observations.
2. Approving the Final Account, 2012 of Islami Banking Branch.
3. Approving the Annual Report of Shariah Supervisory Committee for the year 2012 on Islamic Banking in AB.
4. Reviewing the Quarterly Shariah Audit Report (January-March, 2013) of Islami Banking Branch and its observations.
5. Reviewing the rules and procedures of Mudaraba Cash Waqf.

The Supervisory Committee, after reviewing the Shariah Inspection Reports, Balance Sheet (as at the end of 31st December'2013) and Profit & Loss Account of Islamic Banking operation of the Bank for the Year 2013, gave the following opinion:

1. In Bai Murabaha / Muajjal mode, buying & selling are being done by ensuring physical &/or constructive possession on the goods.
2. The agreements for investment and transactions entered into by Islamic Banking Branch during the period concerned have been made in accordance with the Principles of Shariah.
3. The officials of Islamic Banking Division are trying to comply with the Shariah direction.
4. Profit distributed to Mudaraba Depositors has been made as per weightage system.
5. Compensation amounts have been kept separate and not included in Bank's income.
6. Profit payment to Mudaraba depositors may be converted to (ISR) Mode.

To the best of our knowledge no gross violation & lapses in the Islamic banking operations of the Bank have so far been detected.

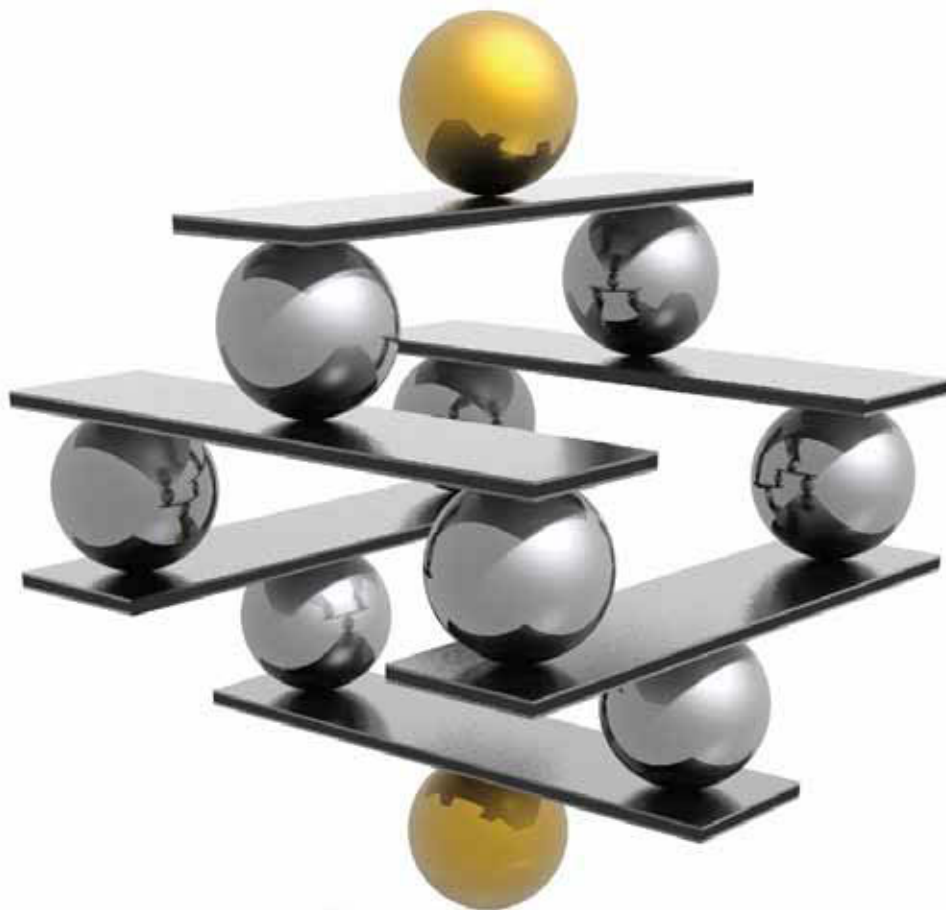
May Allah grant success to our sincere efforts and bless us with His Rahmah & Barakah and guide us all to His right path.

(Shah Abdul Hannan)

Chairman

AB Bank Shariah Supervisory Committee

INVESTOR RELATIONS



Forward Looking Statements

Annual Report for the year 2013 contains statements which are based on assumptions, estimates, believes and future expectations. Such forward looking statements may include but not limited to future plan, performance, growth of business, profitability and cash flow of the Bank which are subject to known and unknown risks. Actual performance or results may materially differ from original plan, assumptions, estimates or expectations expressed or implied in forward looking statements. Therefore, undue reliance should not be placed on such statements for making any decisions, transactions or investments with the Bank.

Bank does not guarantee in any way that the expressions made or implied in forward looking statements would be materialized. Bank does not also take any responsibility to update, modify or revise any forward looking statements contained in this Annual Report irrespective of whether those are changed by any new events, information or future development or by any other factors.

AB Bank Limited

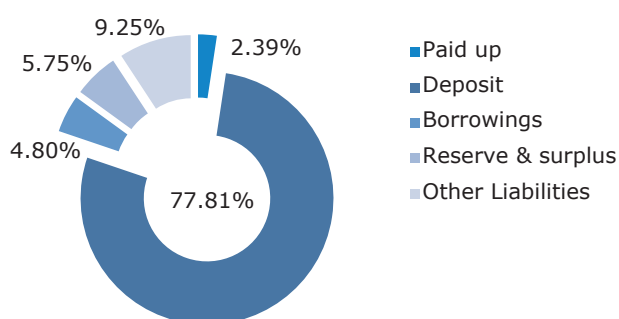
Shareholders' Information

Financial Highlights - AB Bank & Consolidated

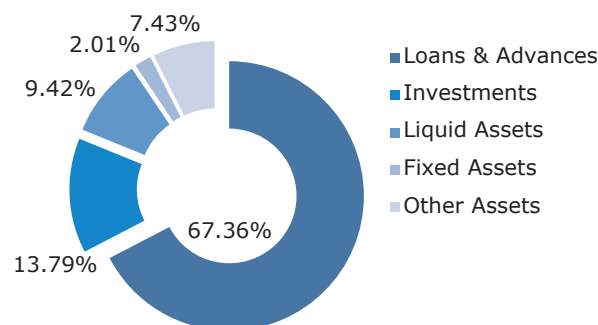
	AB Bank Limited			Consolidated		
	2013	2012	% Growth	2013	2012	% Growth
At the end year						
Equity	16,940	16,034	6%	17,309	16,223	7%
Total Deposits	161,846	140,026	16%	161,610	139,908	16%
Loans & advances	140,121	106,066	32%	147,129	113,663	29%
Investments	28,676	26,115	10%	29,617	26,950	10%
Fixed assets	4,173	4,230	-1%	4,742	4,869	-3%
Total assets	208,006	173,842	20%	209,749	175,517	20%
Performance during the year						
Interest Income	17,953	15,714	14%	18,365	16,498	11%
Operating Profit	5,290	4,363	21%	5,545	4,719	17%
Provision for loans and others	2,305	1,173	97%	2,372	1,223	94%
Profit before tax	2,985	3,190	-6%	3,173	3,496	-9%
Provision for tax	1,974	1,752	13%	2,075	2,034	2%
Profit after tax	1,011	1,439	-30%	1,098	1,462	-25%
Statutory Ratios						
Liquid Assets	22.08%	22.93%		22.08%	22.93%	
Capital adequacy ratio	10.80%	11.73%		10.85%	11.63%	
Share information						
Earnings per share (Taka)	2.03	2.89	-30%	2.20	2.95	-25%
Dividend - %	*12	12.5		*12	12.5	
Net Asset Value per share (Taka)	34	36	-6%	35	37	-5%
Ratios						
Classified Loan	3.37%	3.32%		3.21%	3.10%	
Return on Assets (ROA)	0.53%	0.88%		0.57%	0.89%	
Return on Equity (ROE)	6.13%	9.31%		6.55%	9.36%	

*Proposed

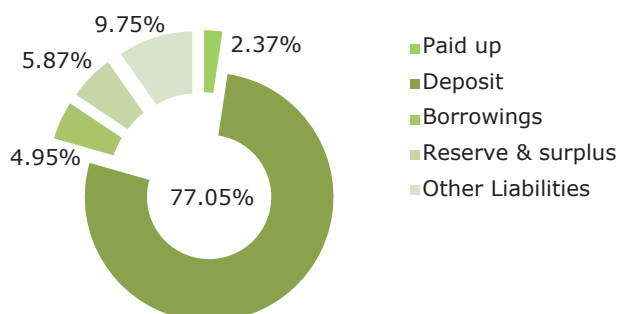
Constituents of Liabilities & Capital - AB 2013



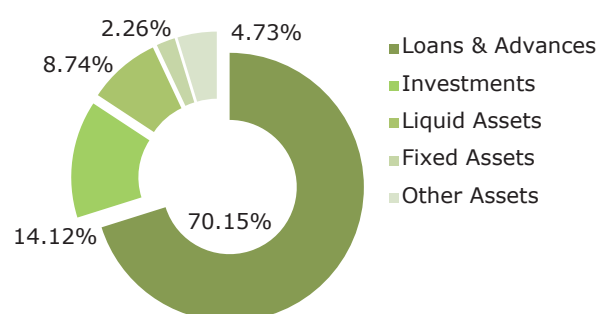
Constituents of Assets - AB 2013



Constituents of Liabilities & Capital - Consolidated 2013



Constituents of Assets - Consolidated 2013



AB Bank Limited

OUR PERFORMANCE

	2013	2012	2011	2010	2009
Million BDT					
Financial position					
Cash & bank balances	18,599	18,499	17,524	12,914	8,849
Investments	28,676	26,115	21,556	14,563	16,369
Money at call and short notice	991	3,672	666	380	600
Loans & advances	140,121	106,066	94,638	88,002	70,880
Fixed assets	4,173	4,230	3,854	3,926	2,441
Other assets	15,446	15,261	14,725	12,906	7,773
Total assets	208,006	173,842	152,963	132,691	106,912
Borrowings	9,987	3,649	10,248	14,200	6,125
Total deposits	161,846	140,026	116,152	95,702	83,087
Other liabilities	19,232	14,133	11,710	8,922	7,542
Equity	16,940	16,034	14,853	13,867	10,158
Total liability & SH's equity	208,006	173,842	152,963	132,691	106,912
Total contingent liabilities & commitments	83,217	59,590	52,595	44,485	28,996
Loan Deposit Ratio	86.58%	75.75%	81.48%	91.95%	85.31%
Interest earning assets	175,978	144,167	125,049	110,453	86,768
Non-Interest earning assets	32,028	29,676	27,914	22,535	20,144
Profitability					
Net interest margin	3,780	3,123	2,394	3,481	2,908
Operating income	9,755	8,435	7,743	10,898	8,269
Operating expenses	4,465	4,072	3,431	3,489	2,466
Operating profit	5,290	4,363	4,312	7,409	5,802
Provision for loans and others	2,305	1,173	1,355	1,052	598
Profit before tax	2,985	3,190	2,957	6,357	5,205
Provision for tax	1,974	1,752	1,629	2,661	1,842
Profit after tax	1,011	1,439	1,328	3,696	3,363
Cost income ratio	45.78%	48.27%	44.31%	32.01%	29.83%
Return on investment (ROI)	10.37%	11.39%	14.62%	32.72%	21.06%
Return on assets (ROA)	0.53%	0.88%	0.93%	3.08%	3.52%
Return on equity (ROE)	6.13%	9.31%	9.25%	30.77%	39.84%
Cost of fund	11.82%	12.07%	11.19%	9.89%	10.31%
Earning Per Share	2.03	2.89	2.67	7.43	2.67
Net income per share	2.03	2.89	2.67	7.43	2.67
Other business					
Import	125,383	100,373	79,463	90,751	65,956
Export	72,571	65,782	57,592	41,686	30,640
Remittance (Million USD)	237	217	250	210	182
Equity measures					
Authorized capital	6,000	6,000	6,000	6,000	6,000
Paid-up capital	4,976	4,423	3,686	3,205	2,564
Capital - Core (Tier I)	15,570	14,630	13,410	12,411	9,250
Capital - Supplementary (Tier II)	3,203	2,552	2,534	2,249	1,668
Total capital	18,772	17,181	15,943	14,660	10,918
Capital surplus/ (deficit)	1,385	2,532	1,920	1,345	1,072
Statutory reserve	5,565	5,005	4,390	4,396	3,101
Retained earnings	4,986	5,159	5,291	4,768	3,542
Capital adequacy ratio	10.80%	11.73%	11.37%	9.91%	11.09%
Asset quality					
Total loans & advances	140,121	106,066	94,638	88,002	70,880
Classified loans (CL)	4,720	3,522	2,672	1,852	1,949
% CL to total loans & advances	3.37%	3.32%	2.82%	2.11%	2.75%
Provision for unclassified loan	1,707	1,270	1,317	1,041	826
Provision for classified loan	2,273	1,049	1,031	921	427
Share information					
Market Price per share (DSE)	26	34	68	158	118
Dividend - %	12*	12.5	25	25	45
Bonus - %	7	12.5	20	15	25
Cash - %	5	-	5	10	20
Price earning ratio (times)	12.90	11.66	25.59	21.28	44.09
Net Asset Value per share (Taka)	34	36	40	43	40
Distribution network					
Number of branches	89	87	86	82	78
Number of SME service center	11	11	11	11	10
Employee number	2,179	2,070	2,096	2,008	1,952

*Proposed



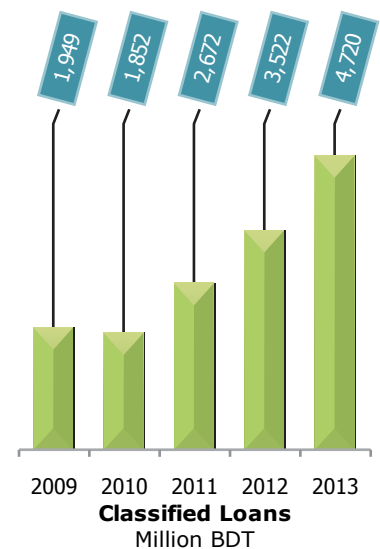
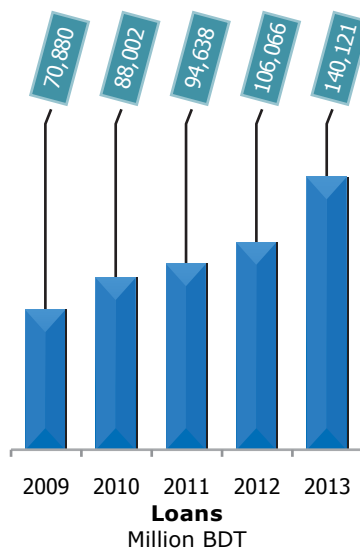
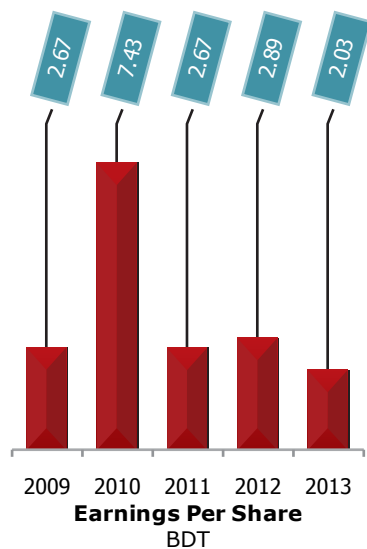
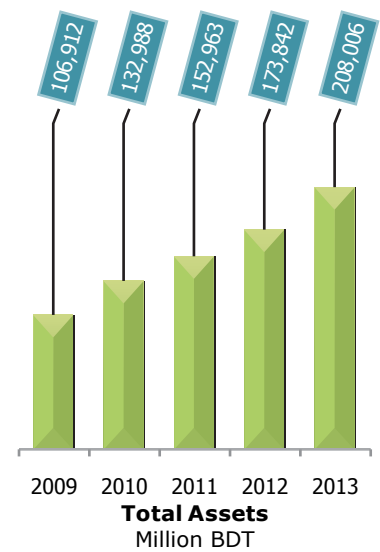
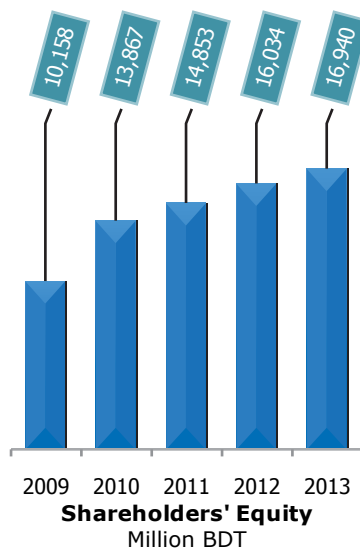
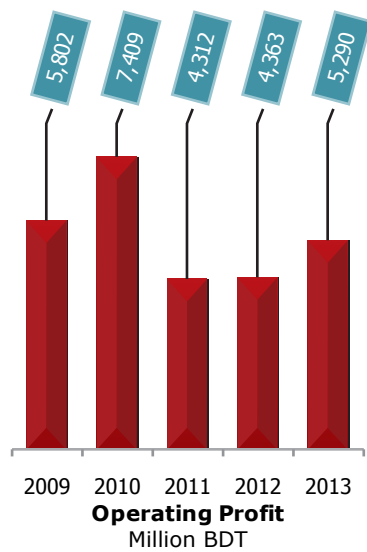
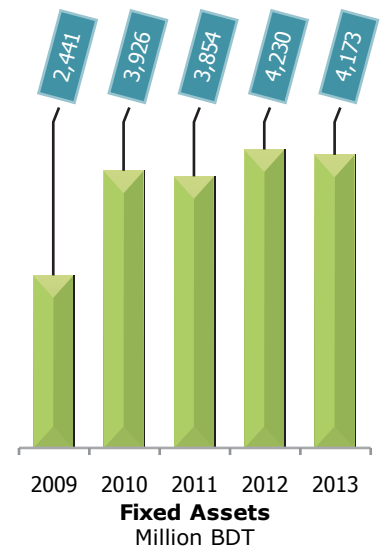
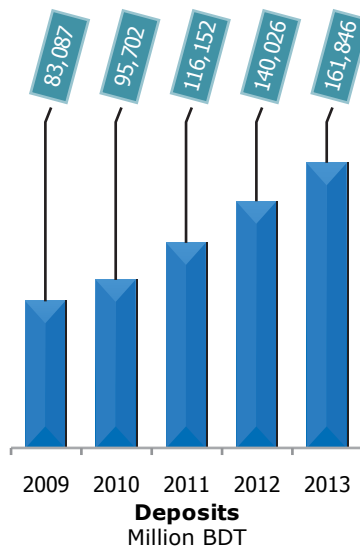
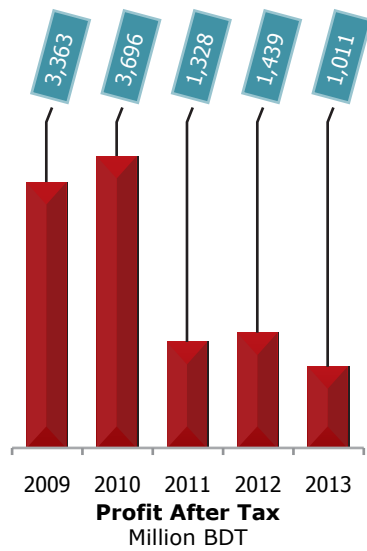
AB Bank Limited

OUR PERFORMANCE

	Million BDT				
	2008	2007	2006	2005	2004
Financial position					
Cash & bank balances	6,396	6,160	4,520	2,476	3,891
Investments	11,396	8,885	6,281	4,061	6,738
Money at call and short notice	1,191	574	517	390	446
Loans & advances	56,709	40,915	31,289	21,385	17,008
Fixed assets	2,445	2,381	1,148	370	277
Other assets	5,918	4,635	4,233	4,384	4,148
Total assets	84,054	63,550	47,990	33,065	32,509
Borrowings	3,193	1,872	1,297	1,911	757
Total deposits	68,560	53,375	42,080	27,361	28,299
Other liabilities	5,577	3,791	2,032	2,267	2,209
Equity	6,723	4,512	2,580	1,527	1,244
Total liability & SH's equity	84,054	63,550	47,990	33,065	32,510
Total contingent liabilities & commitments	26,074	27,288	21,112	14,663	13,268
Loan Deposit Ratio	82.71%	76.66%	74.36%	78.16%	60.10%
Interest earning assets	68,580	49,208	37,570	24,007	23,750
Non-Interest earning assets	15,473	14,342	10,420	9,059	8,760
Profitability					
Net interest margin	2,034	1,439	616	691	507
Operating income	6,153	4,657	2,650	1,577	1,460
Operating expenses	1,854	1,331	1,939	822	1,100
Operating profit	4,298	3,325	710	755	360
Provision for loans and others	698	507	179	348	170
Profit before tax	3,601	2,818	532	407	190
Provision for tax	1,300	915	-	245	100
Profit after tax	2,301	1,903	530	162	90
Cost income ratio	30.14%	28.59%	73.19%	52.14%	75.35%
Return on investment (ROI)	23.89%	22.87%	18.81%	5.88%	6.66%
Return on assets (ROA)	3.12%	3.41%	1.11%	0.50%	0.39%
Return on equity (ROE)	40.96%	42.19%	20.61%	11.73%	7.24%
Cost of fund	11.09%	10.54%	10.04%	8.60%	8.53%
Earning Per Share	4.62	3.83	1.07	0.33	0.18
Net income per share	4.62	3.83	1.07	0.33	0.18
Other business					
Import	70,041	48,441	42,860	23,151	19,266
Export	28,937	20,677	17,876	12,595	10,100
Remittance (Million USD)	164	156	130	115	83
Equity measures					
Authorized capital	3,000	2,000	2,000	800	800
Paid-up capital	2,230	743	570	520	495
Capital - Core (Tier I)	6,128	3,838	1,944	1,400	1,218
Capital - Supplementary (Tier II)	1,312	947	720	327	252
Total capital	7,440	4,785	2,664	1,727	1,470
Capital surplus/ (deficit)	1,644	331	67	33	15
Statutory reserve	2,066	1,357	773	650	556
Retained earnings	1,790	1,696	554	181	125
Capital adequacy ratio	12.84%	10.75%	9.23%	9.17%	9.09%
Asset quality					
Total loans & advances	56,709	40,915	31,290	21,385	17,010
Classified loans (CL)	1,695	1,763	206	1,756	2,376
% CL to total loans & advances	2.99%	4.31%	4.02%	8.21%	11.37%
Provision for unclassified loan	691	487	229	216	186
Provision for classified loan	658	660	116	375	354
Share information					
Market Price per share (DSE)	82	85	89	36	38
Dividend - %	30	200	30	10	5
Bonus - %	15	200	30	10	5
Cash - %	15	-	-	-	-
Price earning ratio (times)	17.79	22.32	83.81	111.50	210.70
Net Asset Value per share (Taka)	30	61	45	29	25
Distribution network					
Number of branches	73	72	69	68	71
Number of SME service center	-	-	-	-	-
Employee number	1,804	1,725	1,590	1,525	1,726

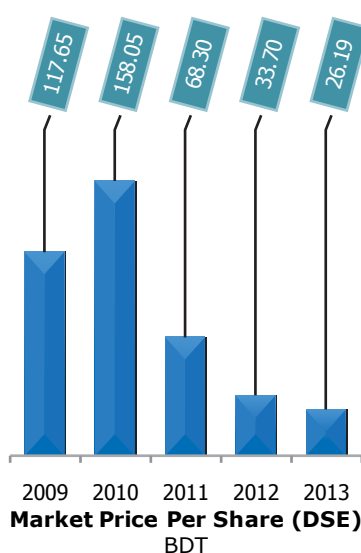
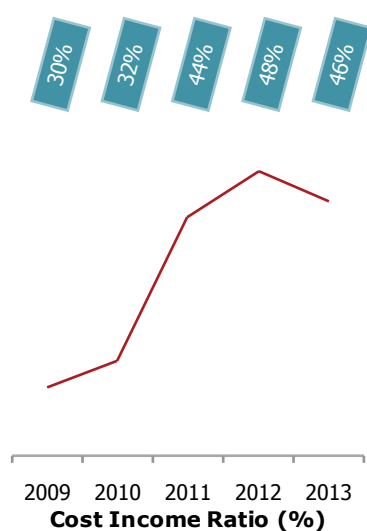
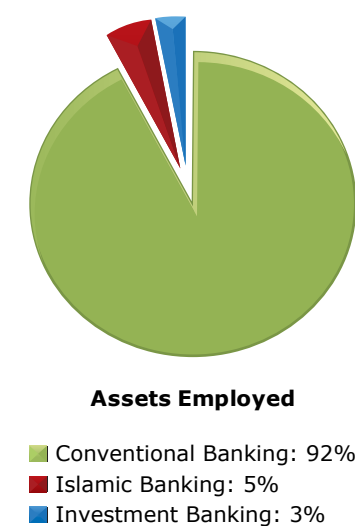
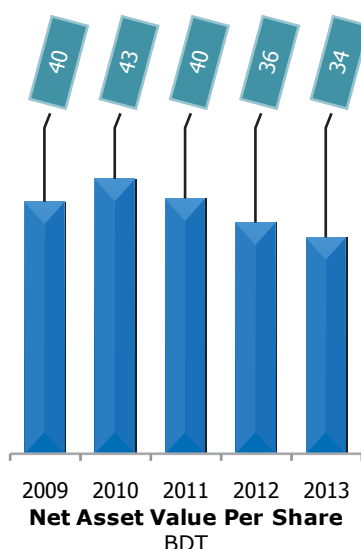
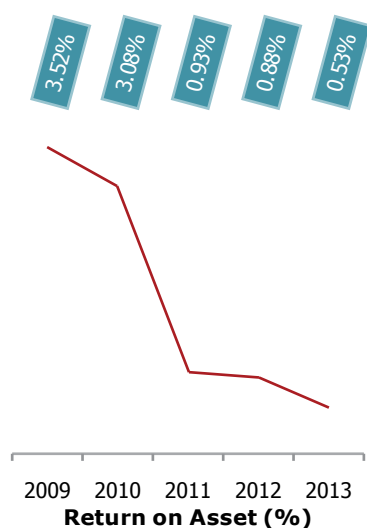
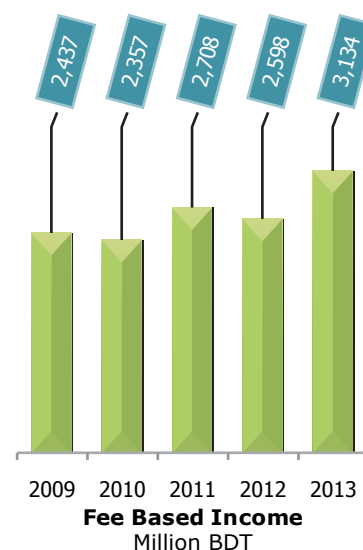
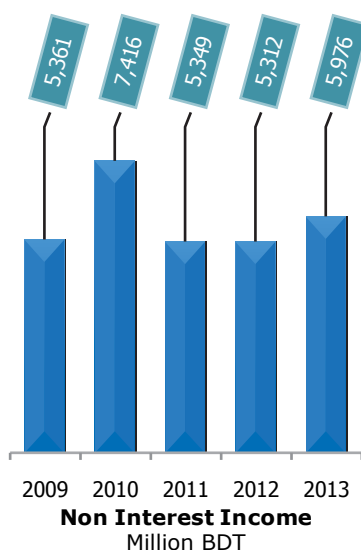
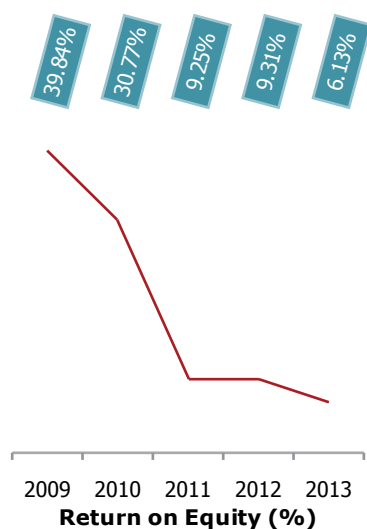
AB Bank Limited

Graphical Presentation



AB Bank Limited

Graphical Presentation

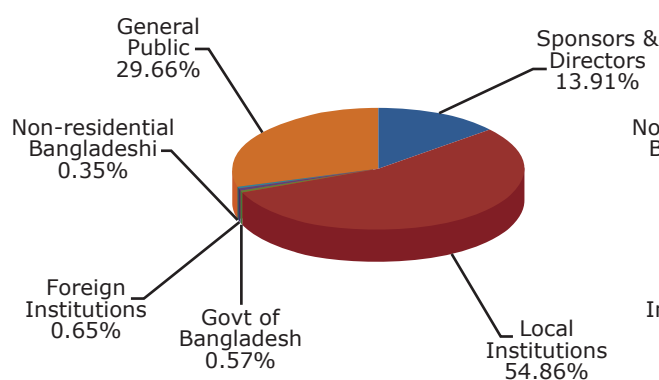


AB Bank Limited

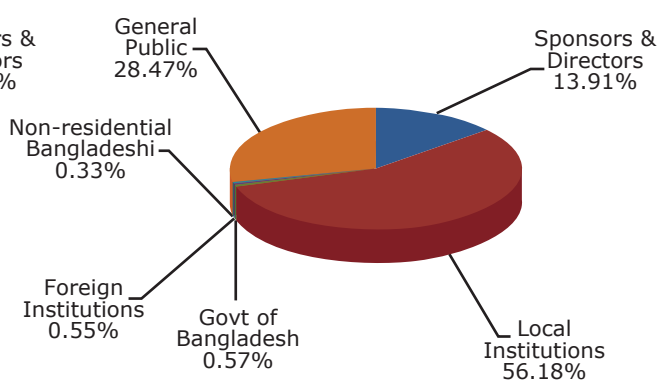
Shareholders Pattern 2013

Particulars	Number of Shares		% of Shares	
	2013	2012	2013	2012
Sponsors & Directors	69,196,634	61,508,124	13.91%	13.91%
Local Institutions	273,001,355	248,483,927	54.86%	56.18%
Govt. of Bangladesh	2,852,441	2,535,504	0.57%	0.57%
Foreign Institutions	3,227,029	2,450,338	0.65%	0.55%
Non-resident Bangladeshi	1,746,331	1,437,623	0.35%	0.33%
General Public	147,601,586	125,918,152	29.66%	28.47%
Total-	497,625,376	442,333,668	100.00%	100.00%

Year : 2013



Year : 2012



Name of the Director	Status	No. of Shareholding	
		31.12.2013	31.12.2012
Mr. M. Wahidul Haque	Chairman	107,662	95,700
Mr. Salim Ahmed	Vice-Chairman	11,754,084	10,448,076
Mr. Feroz Ahmed	Director	10,325,069	9,177,840
Mr. M. A. Awal	Director	3,118	2,772
Mr. Shishir Ranjan Bose, FCA	Independent Director	2,214	1,968
Mr. Faheemul Huq, Barrister-at-Law	Director	426,964	379,524
Mr. Syed Afzal Hasan Uddin, Barrister-at-law	Director	2,214	1,968
Mr. Gholam Sarwar	Director	11,933	10,608
Mr. Md. Mesbahul Hoque	Director	2,214	1,968
Mr. Md. Anwar Jamil Siddiqui	Director	2,214	1,968
Mr. B.B. Saha Roy	Director	1,930	1,716
Dr. M. Imtiaz Hossain	Depositor/Independent Director	-	-
Mrs. Runa Zakia Shahrood Khan	Depositor/Independent Director	-	-
Mr. M. Fazlur Rahman	President & MD-Ex-officio Director	-	-

AB Bank Limited Financial Calendar

Quarterly Results of 2013

Unaudited results for the 1st Quarter ended 31st March 2013	Announced on	April 30, 2013
Unaudited result for the 2nd quarter and half-year ended 30th June 2013	Announced on	July 28, 2013
Unaudited results for the 3rd Quarter ended 30th September 2013	Announced on	October 29, 2013
Audited consolidated results for the year ended 31 st December 2013	Announced on	March 12, 2014

31st AGM	Price Sensitive Information	March 31, 2013
	Record Date	April 30, 2013
	AGM	July 07, 2013
31st AGM Notice	Published Date	June 13, 2013
Annual Report-2012 Distribution	-	June 20, 2013
Stock Dividend Credited	Respective BO Account	July 14, 2013
Cash Dividend Distribution	N/A	N/A
Fraction Distribution	BEFTN	August 27, 2013

32nd AGM

Price Sensitive Information	March 13, 2014
Record Date	March 25, 2014
Notice of the 32nd AGM	March 14, 2014
Date of 32nd AGM	April 21, 2014

Stock Details

Particulars	DSE	CSE
Stock symbol	ABBANK	ABBNK
Listing Year	December, 1983	January, 1996
Market category	A	A
Electronic share	YES	YES
Face Value (Taka)	10	10
Market lot	50	50
Total number of securities	4976253376	4976253376

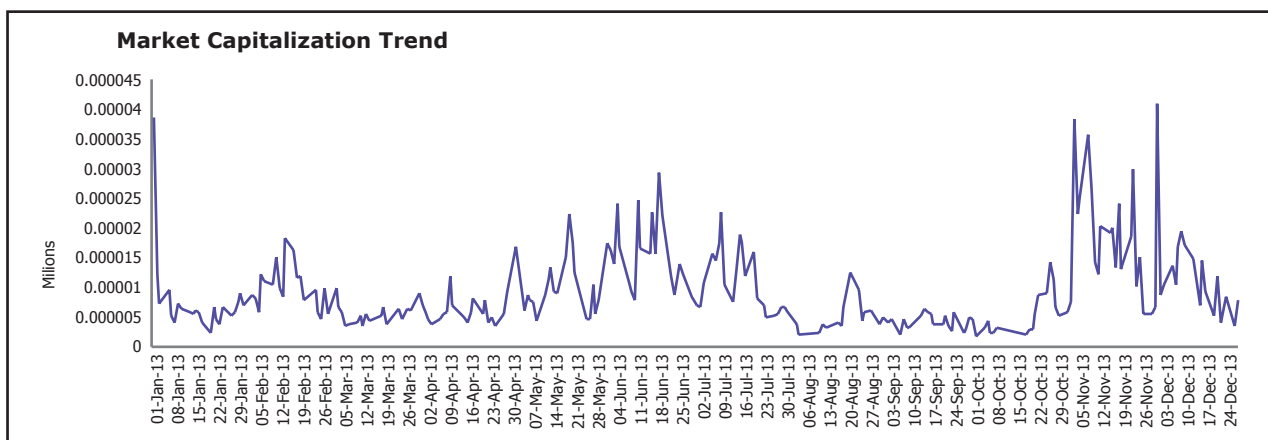
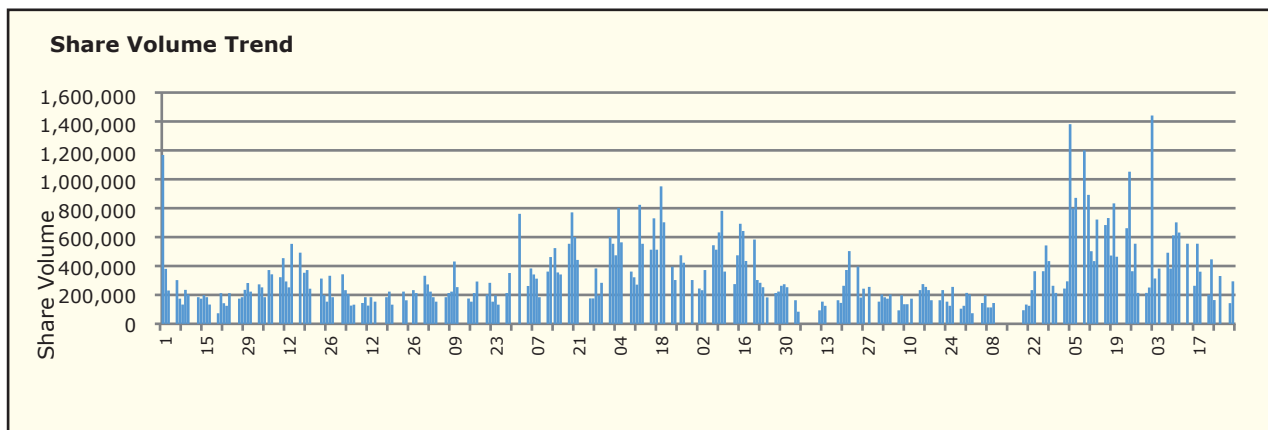
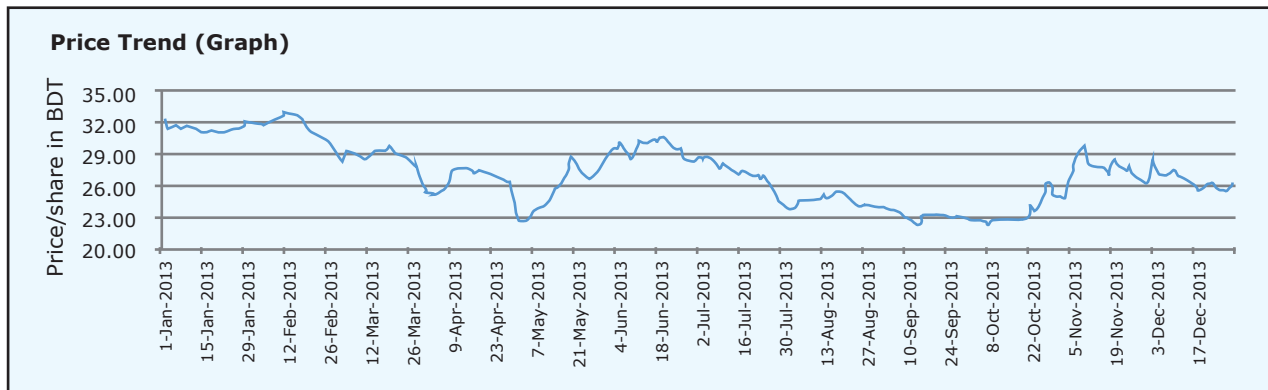
Availability of Information about Annual Report

Annual Report 2013 and other information about ABBL may be viewed on ABBL website www.abbl.com

AB Bank Limited

Price Trend of AB Bank Share

Period	January to December 2013
Year End closing	BDT 26.20
Year High	BDT 33.80
Year Low	BDT 21.20
Average Trade Volume (Per Day)	335,467 shares per day
Total Trade Volume	79,841,250 shares



NOTICE OF THE 32ND (THIRTY SECOND) ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd (thirty-second) Annual General Meeting (AGM) of AB Bank Limited will be held **on April 21, 2014 (Monday) at 9:15 am** at Bashundhara Convention Centre-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka, to transact the following business:

Agenda

1. To receive and adopt the Directors' Report, the Audited Financial Statements for the year ended 31st December, 2013 and the Auditors' Report thereon.
2. To declare the Dividend for the year ended 31st December, 2013 as recommended by the Board of Directors.
3. To elect/re-elect Directors.
4. To appoint/re-appoint Auditors for the year 2014 and fix their remunerations.

By order of the Board
Sd/-

Company Secretary

Dated: March 14, 2014

NOTES:

1. **'Record date' is 25th March, 2014 (Tuesday).**
The Shareholders whose names appeared in the Register of Members of the Company or in the Depository Register on the **'Record Date'** will be eligible to attend the AGM and will qualify for the Dividend.
2. A Member entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and on a poll to vote on his/her behalf. Form of Proxy duly stamped must be deposited at the Company's Registered Office not later than **forty eight hours** before the time fixed for the meeting and in default, Form of Proxy will not be treated as valid.
3. Members are requested to notify change of address, if any, well ahead. **For BO Account holders, the same to be rectified through their respective Depository Participants.**
4. Admission into the Venue of the AGM will be allowed on production of the Attendance Slip sent with the Annual Report.
5. Shareholders are requested to register their names in the counter **at the AGM Venue from 7:00 am to 9:30 am.**

N.B. As per BSEC Directive No. SEC/CMRRCD/2009-193/154 dated 24.10.2013, "No benefit in cash or kind, other than in the form of cash dividend or stock dividend, shall be paid to the holders of equity securities", in the ensuing 32nd AGM of the Bank.

AB Bank Limited Glimpses of 31st AGM



1. The Board of Directors conducting 31st AGM
2. The Chairman, along with the Vice Chairman and Managing Director, answering shareholders

AB Bank Limited Glimpses of 31st AGM



3. First Sponsor Chairman expressing his views 4. Honorable Chairman extending a warm welcome to the shareholders
5. Shareholders registering for AGM 6. & 7. Partial view of shareholders



AB Bank Limited

Glimpses of 31st AGM



8. First Sponsor Chairman amongst the attendees 9. Podium support members
10. Shareholders registering for AGM 11. Registration booths at the AGM Centre



ECONOMIC IMPACT REPORT

AB Bank Limited Economic Impact Report

AB being a responsible corporate citizen and a dynamic financial institution has created value in line with its mission "To be the best performing bank in the country". Toward this value creation AB has put in place an organizational and operational framework which is based on transparent and ethical conduct of business. Bank has systems, processes, and procedures to create value with appropriate risk management (validation) system in order to ensure sustainable value addition to stakeholders. It has not been a case of bottom line enhancement alone but creation of value conducive to socio- economic development.

Savings, Investment, Production, Distribution, Consumption of goods and service, and Employment Generation are essential parts of an Economic System. As a financial intermediary Bank plays an important catalytical role in the mobilization of resources like saving and allocation thereof in productive investments, consumptions and development of trading activities locally and internationally.

Economic impact related to a bank as an institution and ordained activities of a bank extends beyond the boundaries of any single organization and is linked to both environmental and social development. By analyzing economic impact we seek to understand how a company adds value to society. Bank's direct contributions to the economy would comprise of creation of employment opportunities, collection of taxes on behalf of the government etc. including harnessing the savings habits among the members of the community and improvement of socio-economic and environmental performance in client organizations through banking services could be considered as indirect contributions.

Bank as an institution is woven in to the socio-economic fabric involving numerous sector of the society which together are identified as stakeholders of a bank. Shareholders provide much needed capital depositors and investors invest money, borrowers obtain credit facility, employees put their effort for the bank to

serve customers and government provides financial infrastructure by way of regulatory, systems, supervisions etc. Financial services thus provided lead to creation of wealth which is bound to be distributed among stakeholders in different forms of distribution like Dividend, Interest, Tax, Salaries etc.

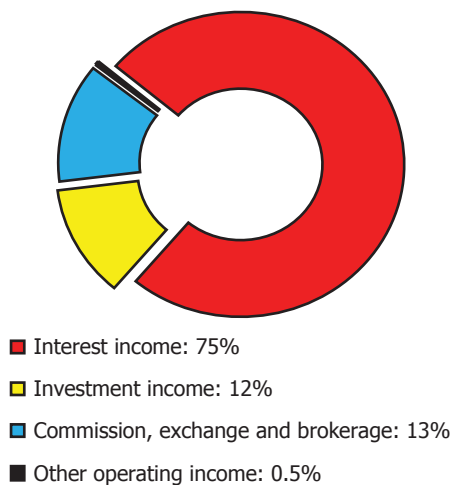
Sources & Distribution of Income for the year ended December 31, 2013

BDT in Crore	2013	% of Total	2012	% of Total
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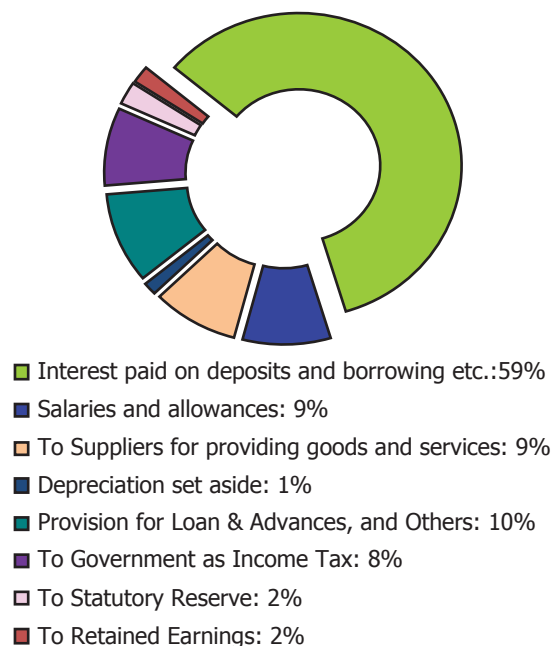
Source of Income	2,393	100%	2,103	100%
Interest income	1,795	75%	1,571	75%
Investment income	284	12%	271	13%
Commission, exchange and brokerage	302	13%	246	12%
Other operating income	11	0.5%	14	1%

Distribution of Income	2,393	100%	2,103	100%
Interest paid on deposits and borrowing etc.	1,417	59%	1,259	60%
Salaries and allowances	209	9%	188	9%
To Suppliers for providing goods and services	205	9%	188	9%
Depreciation set aside	32	1%	32	2%
Provision for Loan & Advances, and Others	231	10%	117	6%
To Government as Income Tax	197	8%	175	8%
To Statutory Reserve	57	2%	62	3%
To Retain Earnings	44	2%	81	4%

Sources of Income 2013



Distribution of Income 2013



AB Bank Limited Economic Impact Report

AB has taken following measures to create, sustain and deliver value which are as follows:

A. Maintaining adequate capital

Capital adequacy is the measure of the financial strength and sustainability of a bank. Capital Adequacy Ratio (CAR) determines the capacity of the Bank in terms of meeting the time liabilities and other risks such as credit risks, market risks, operational risks, etc. It is the policy of AB to maintain adequate capital as a cushion for potential losses to absorb unforeseen eventualities/shocks, to ensure long term sustainability and growth of the Bank to endure and enhance shareholders value.

At the end of 2013, Bank's total capital reached at BDT 1,877.23 Crore as against BDT 1,718.14 Crore on 31 December 2012.

Summary of total capital and capital adequacy ratio of the Bank under Basel II is as follows:

BDT in Crore	2013	2012
Core Capital - Tier I	1,556.96	1,462.98
Supplementary Capital – Tier II	320.26	255.17
Total Capital	1,877.23	1,718.14
Risk weighted assets	17,387.12	14,649.22
CAR against		
Core Capital	8.95%	9.99%
Supplementary Capital	1.84%	1.74%
Total Capital	10.80%	11.73%

B. Risk Management

Risk management covering credit risks, market risks and operational risks is at the heart of all business operations and transactions of AB. Risk management system has been designed and implemented to ensure quality and value of assets and smooth banking operations and services in a sustainable way to protect interest of shareholders, depositors and all the stakeholders. Risk management systems also comply with Bangladesh Bank's core risk management guidelines.

C. Sustainable Dividend Policy

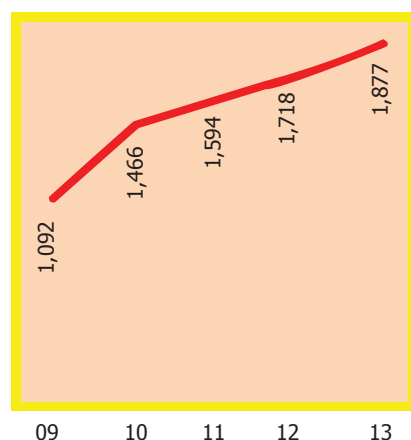
AB's dividend policy aims at ensuring long term sustainable growth maintaining capital adequacy requirements which ultimately leads to shareholders' value creation.

AB Bank paid 12.5 percent Stock Dividend in 2012 while for 2013 the proposition is 7 percent Stock Dividend and 5 percent Cash Dividend respectively.

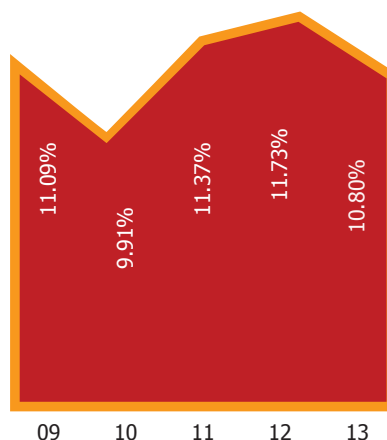
D. Maintenance of Liquidity

Bank maintains liquid assets to carry out the day-to-day operations and fulfill the statutory requirements in relation to business as imposed by the regulator from time to time. Asset & Liabilities Committee (ALCO) of the Bank monitors the evolving business situation and provides direction to maintain an optimum trade-off between liquidity and profitability.

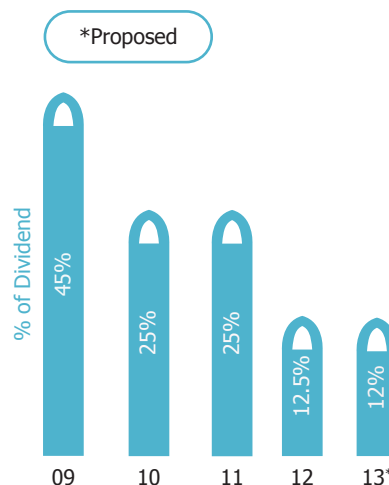
Total Capital
In Crore BDT



Capital Adequacy



Dividend



AB Bank Limited Economic Impact Report

AB maintains positive mismatch in interest earning assets and interest bearing liabilities. Bank has detailed laid down plan for business inflow-outflow to manage liquidity profile and also ensure generation of profitability.

E. Utilization of resources

Bank follows a well defined strategy and plan to mobilize resources such as deposits and borrowings besides the capital, cost effective market responsive measures of fund mobilization are adopted for the purpose with due consideration for of profitable investments for bottom line growth.

Resource allocation at competitive rate follows the productive sectors including export oriented sectors ship-breaking etc. Sectors like SME, Women Entrepreneur and Agriculture are also in the resource mobilization scheme.

Bank maintained Credit-Deposit ratio to ensure resource utilization in proper. This has contributed towards improvement of assets quality and generation of income in the overall. Further, the cost-income ratio of the Bank signifies the optimum utilization of resources.

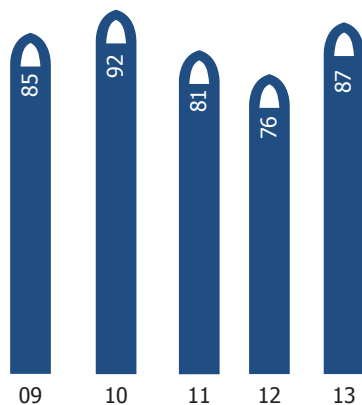
Shareholders equity of the Bank stood of Taka 1,694 crore on 31 December 2013 being resultant cumulative of prudent dividend, tax and capital expenditure planning.

F. Contribution to the National Exchequer

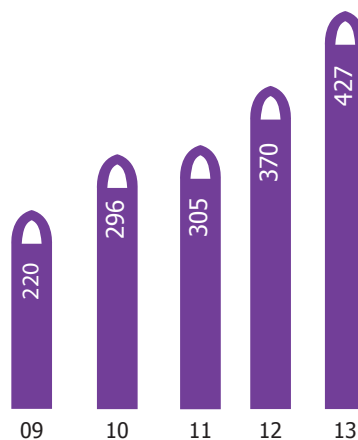
AB Bank contributed BDT 427 crore into the national exchequer in the form of VAT, Income Tax and Excise Duty.

Retained earnings ■
Other reserve ■
Statutory reserve ■
Paid-up capital ■

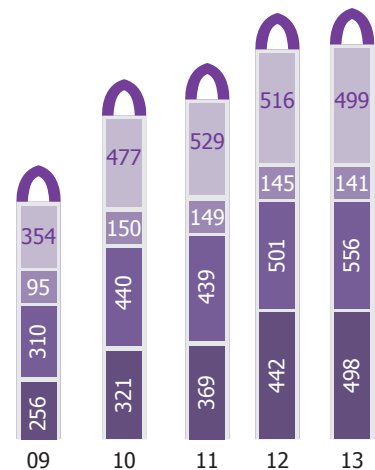
Loan Deposit Ratio (%)



Contribution to the National Exchequer
In Crore BDT



Total Equity
In Crore BDT



AB Bank Limited Economic Impact Report

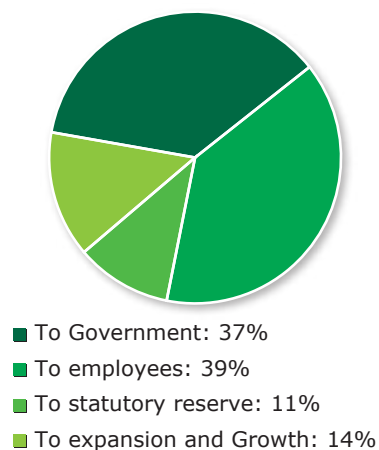
G. VALUE ADDED STATEMENT

Value Added Statement (VAS) for the year ended 31 December 2013

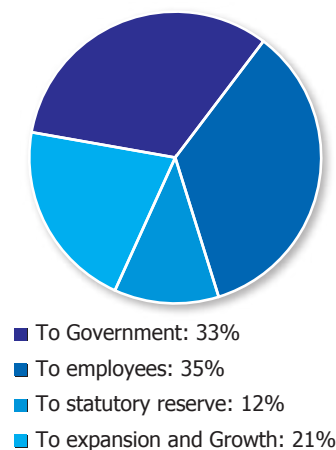
The Value Added Statement for the Bank shows how the value is created and distributed among different stakeholders of the Bank.

	2013 Crore BDT	2012 Crore BDT
Income from Banking Services/Total Income	2,392.87	2,102.64
Less: Cost of services & supplies :		
Interest paid on deposits and borrowings, etc	1,417.35	1,259.15
Total operating expenses excluding salary and allowances and depreciation & amortization	205.27	187.93
	1,622.62	1,447.08
Less: Loan loss provision and other provisions	230.50	117.27
Total value added	539.74	538.29
Distribution of added value		
To Government	197.36 37%	175.17 33%
To employees	209.30 39%	187.68 35%
To statutory reserve	57.45 11%	62.41 12%
To expansion and Growth	75.63 14%	113.03 21%
Retained earning	43.65	81.45
Depreciation & amortization	31.97	31.58
	539.74	538.29

Distribution of Added Value - 2013



Distribution of Added Value - 2012



AB Bank Limited Economic Impact Report

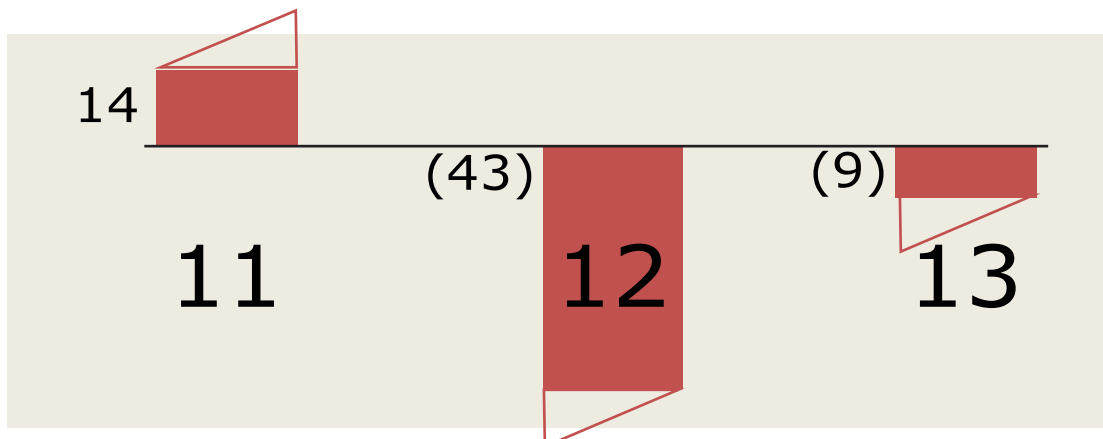
H. ECONOMIC VALUE ADDED STATEMENT

EVA Statement for the year ended 31 December 2013

Economic Value Added (EVA) is a key performance indicator to measure profitability of a Bank as compared to cost of equity capital. It indicates how much additional value has been created by the Bank for its shareholders after deducting the minimum rate of return required by the shareholders i.e. cost of equity.

	In Crore BDT		
	2013	2012	2011
Shareholder's equity	1,694	1,603	1,485
Add: Cumulative provisions	708	478	441
Total Invested fund by shareholders	2,402	2,081	1,926
Average Shareholder's equity [A]	2,241	2,004	1,809
Earnings for the year			
Profit after taxation	101	144	133
Add: Total provisions excluding taxation	231	117	135
Earnings for the year [B]	332	261	268
Average Cost of Equity (based on highest rate of Shanchay Patra issued by the Government of Bangladesh) plus 2% risk premium [C]	15.19%	15.19%	14.07%
Cost of average equity [D=A X C]	340	304	255
Economic Value Added [B-D]	-8.9	-43.2	13.8
Growth over last year	79%	-414%	-95%

Economic Value Added
In Crore BDT



AB Bank Limited Economic Impact Report

I. MARKET VALUE ADDED (MVA)

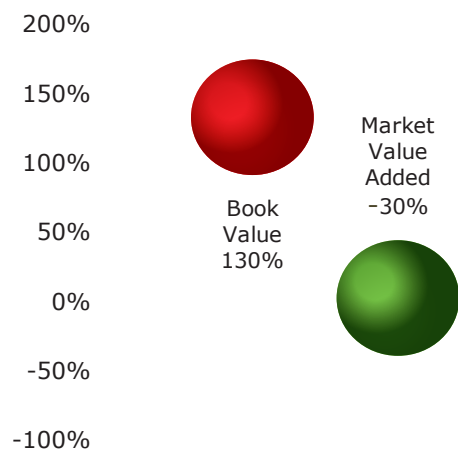
Market Value Added (MVA) Statement for the year ended 31 December 2013

Market Value Added (MVA) is the difference between the current market value (based on the quoted price in the main bourse) of a company and the capital contributed by investors. A high MVA indicates the company has created substantial wealth for the shareholders.

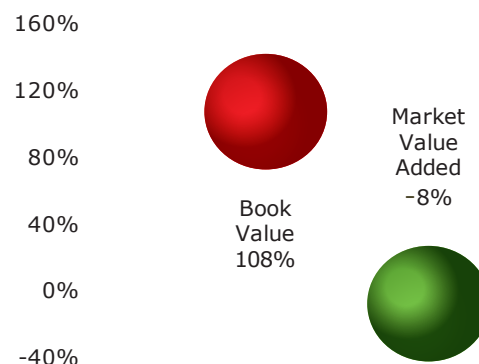
The share market value of AB stood at BDT 1,304 crore whereas the book value of the Shareholder's Equity stood at BDT 1,694 crore, resulting in a negative Market Value of BDT 390 crore as on 31 December 2013. The calculation of Market Value is given below:

	In Crore BDT	
	2013	2012
Total market value of the equity	1,304	1,491
Less: Total book value of the equity	1,694	1,603
Market Value Added	-390	-113

Total represents market capitalization 2013



Total represents market capitalization 2012



RISK MANAGEMENT REPORT



AB Bank Limited

Risk Management Report

1. Overview

No business can be successful without taking certain risks. The banking sector in Bangladesh is no exception. While calculated and well informed, risk taking can produce the desired results; over ambitious and reckless risk appetite can culminate in disaster for any business. The art is to know the risks associated with the business and to keep these risks at a manageable level. Therefore, the term 'Risk Management'.

The role and importance of Risk Management department in the banking sector is ever increasing, specially in light of the recession being experienced world-wide. Risk Management is a discipline at the core of every financial institution and encompasses all activities that affect its risk profile. It involves identification, measurement, monitoring and controlling risks associated with the institution's business. It helps the management and the Board of Directors of a bank to make calculated decisions and pragmatic planning for the future.

AB Bank has always taken cognizance of the risks associated to conducting a banking business. Accordingly a well-organized risk management team has been set up in line with guidelines provided by Bangladesh bank and incorporating best practices in the industry.

2. Risks in Banking Sector

Risks in Banking Sector			
Sl no.	Major Risk	Sl no.	Other material risk
1.	Credit risk	1.	Business risk
2.	Market risk	2.	Technological risk
3.	Operational risk	3.	Reputational risk
4.	Liquidity risk	4.	Residual risk
5.	Money laundering Risk	5.	Evaluation of core risk management
		6.	Credit concentration risk
		7.	Interest rate risk in the Banking Book
		8.	Settlement risk
		9.	Reputational risk
		10.	Strategic risk
		11.	Environmental risk

3. AB's Risk Management Strategy

Objective

At a strategic level, Bank's risk management objectives are:

- To identify the Bank's material risks
- To formulate the Bank's Risk Appetite and ensure that business profile and plans are consistent with it
- To optimize risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures

- To ensure that business growth plans are properly supported by effective risk infrastructure
- To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions
- To help executives improve the control and co-ordination of risk taking across the business

Policies & Guidelines

To ensure that risks are properly addressed and protected for sustainable development of the Bank, there are approved policies and procedures covering all risk areas. These are formulated taking into account Bangladesh Bank's Guideline on managing Core Risks on Credit Risk Management, Internal Control & Compliance, Asset and Liability Management, Foreign Exchange Risk Management, Information Technology Risk Management and Money Laundering Risk Management. These policies are regularly reviewed and updated to keep pace with the changing operating environment, technology and regulatory requirements.

Assigning responsibilities

Responsibility for risk management resides at all levels within the Bank, from the Board, Risk Management Committee (RMC) and the Executive Committee down through the organization to each business manager and risk specialist. Bank distributes these responsibilities so that risk/return decisions are taken at the most appropriate level; as close as possible to the business, and subject to robust and effective review and challenge. The risk management procedures are approved, monitored and mitigated at various stages of the Bank with a combination of Board, its Committees-Executive Committee, Audit Committee and Risk Management Committee (RMC), Management Committees (MANCOM), Assets Liability Committees (ALCO), Risk Management Division (RMD), Credit Committee and Internal Control & Compliance Division (ICCD) as detailed below:

Board of Directors

The Board is responsible for approving and setting Risk Appetite, which is the level of risk the Bank, chooses to take in pursuit of its business objectives. The Board is also responsible for the Internal Control and Compliance Framework. Board oversees, approves and ensures all major risk management policies and parameters taking into account market condition, regulatory requirements and lessons learned in the past.

Executive Committee of the Board

Executive Committee is responsible to oversee that the management and its committees are operating within approved limits and authorities and that all major risks are managed and mitigated effectively and potential and actual losses arising from risks are within acceptable limits.



AB Bank Limited Risk Management Report

Audit Committee of the Board

The Audit Committee assists Board in meeting its responsibilities for an effective system of financial reporting, internal control and risk management. It has responsibility for reviewing the findings of internal and external auditors and monitoring outstanding actions for timely completion. It is supported by the Bank's Internal Audit function. Audit Committee receives reports on the operation of the risk framework and the risk management processes and systems in place in the Bank.

Risk Management Committee (RMC)

According to Bank Company (Amendment) Act-2013, sec-15 Kha, and subsequent BRPD Circular # 11 dated October 27, 2013 a Risk Management Committee (RMC) has been formed by 5 (five) members within the Board in the 541st Board Meeting on December 26, 2013. Function of the RMC is to minimize risk regarding Strategic planning & implementation and to accomplish Board functions accurately related to risk.

RMC major risks dealing with Loan Risk, Foreign Currency Exchange Rate Risk, Internal Control and Administration Risk, Money Laundering Risk, Information and Technology Risk, Operation Risk, Interest Risk and Liquidity Risk.

Duties & Responsibilities of RMC has designed by Risk determination and control strategy, Preparation of Organizational Structure, Review and approval of risk management guidelines, Information Storage & Reporting Process, Supervision of overall Risk Management Guidelines implementation and Miscellaneous issues.

Management Committees (MANCOM)

MANCOM ensures that the risk framework provides the risk information required by the Bank's senior management to

manage the Bank's risk profile, and that the risk profile fully articulates those risks which may impact the Bank's ability to achieve its objectives.

It also ensures compliance with all relevant risk management policies.

Assets and Liabilities Committee (ALCO)

ALCO supports and advises the Managing Director, on the management of the Bank's Balance Sheet. In the context of the risk framework, it monitors the financial performance and risk profile of the Bank's main financial activities, and of the balance sheet as a whole.

Internal Control and Compliance Division (ICCD)

ICCD independently verifies compliance with all approved risk management and internal control policies. Deviations are identified, reported and corrected to mitigate risks on a continuous basis and to ensure that the Bank is operating in compliance with all approved and established policies.

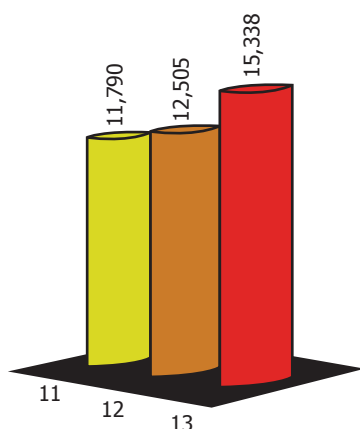
4. Risk management

A. Credit Risk Management:

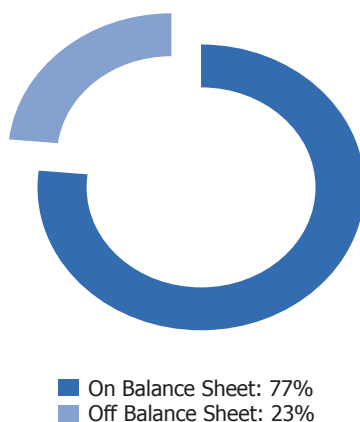
In order to mitigate Credit Risk, AB Bank has taken the following steps:

- A Credit Risk policy which clearly defines our objectives, criteria, credit approval process and clear cut responsibilities of individuals associated with approving and administering the credit portfolio of the bank
- Credit proposals are exhaustive and contains details of the customer's financials, reputation, security etc. to enable the credit approving authority to make a well-informed decision

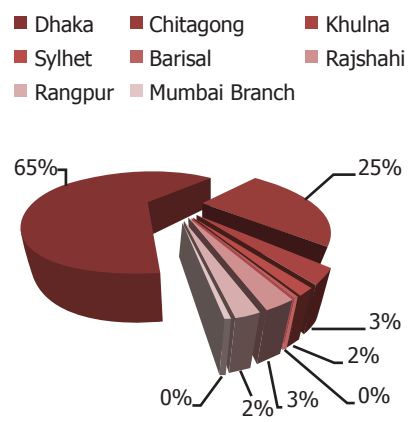
Credit Risk
In Crore BDT



RWA for Credit Risk 2013
In Crore BDT



Geographical location wise loans positions 2013



AB Bank Limited Risk Management Report

- Centralized setting up of credit limits to ensure accuracy and control
- Customers are actively encouraged to rate themselves through approved credit rating agencies which is a good indicator of the financial health of the customers
- System based monitoring of credit limits, maturity etc.
- Periodic credit portfolio review
- Timely classification and provisioning
- Periodic stress testing etc.

The Bank has segregated duties of the officers/executives involved in credit related activities. A separate Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, two separate units have been formed within the credit division. These are (a) Credit Risk Management Division and (b) Credit Administration Division. Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/strategy for lending operation, etc. Adequate provision has been made on classified loans/investments.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process starts at Corporate Division by the Relationship Manager/Officer and ends at Credit Risk Management Unit when it is approved/declined by the competent authority. Credit approval authority has been delegated to the credit committee.

In determining Single borrower Exposure/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 policies.

Loans are classified as per Bangladesh Bank's guidelines. Interest accrued on classified loan is suspended and adequate provision is maintained thereagainst as per Bangladesh Bank's Guidelines.

Quantitative information:

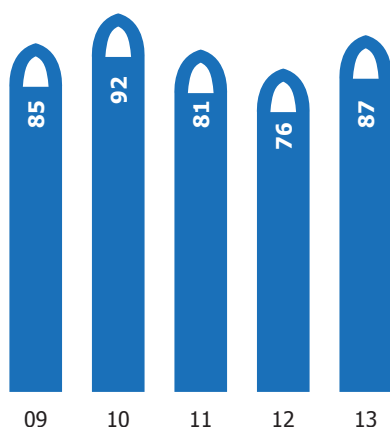
BDT in Crore	31.12.2013	31.12.2012
Total Loan and Advances	14,012	10,607
Total Risk Weighted Assets for Credit Risk:	15,338	12,505
On-Balance Sheet	11,814	10,294
Off-Balance Sheet	3,523	2,211
Total Capital requirement for Credit Risk	1,534	1,251
Total provision maintained for Loan & advances	398	232

B. Market Risk Management

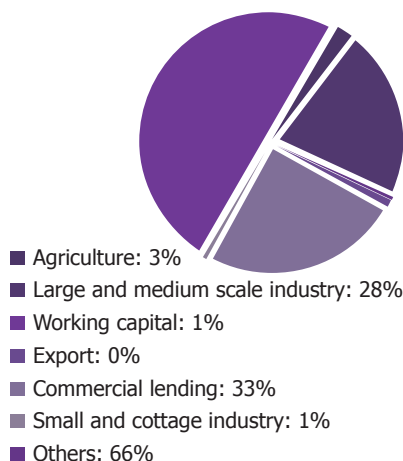
This risk emanates from adverse movement of interest rate, foreign exchange rates, equity prices, commodity prices etc. In AB we have the following structure in place for monitoring the trend and taking appropriate measures to maximize margin and minimize risks:

- ALCO (Asset Liability Committee) comprising Treasury and other senior management meets periodically to review present and anticipated future market trend and takes appropriate decisions on interest rates and investments
- Segregated Treasury Front, Mid and Back Offices to ensure check and balance

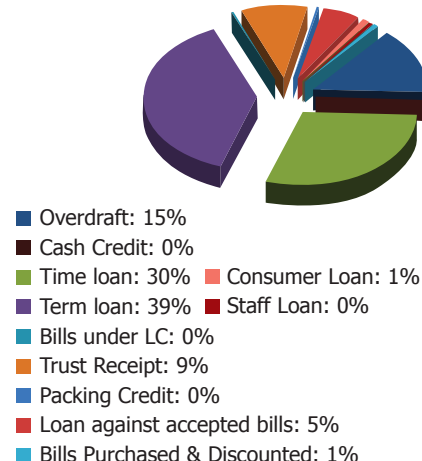
Loan Deposit Ratio



Industry Wise Loan Portfolio 2013



Product Wise Loan Portfolio 2013



AB Bank Limited Risk Management Report

- Separate Investment Division having a well-defined policy framework for capital market investments
- Regular reconciliation of all Nostro accounts

Banks market risk objectives are to:

- Understand and control market risk by robust measurement and the setting of limits
- Facilitate business growth within a controlled and transparent risk management framework
- Minimize non-traded market risk

The exposure of market risk of the bank is restricted to foreign exchange risk, interest rate risk and equity position risk.

Quantitative information:

BDT in Crore	31.12.2013	31.12.2012
Total Capital requirement for Market risk:	66.40	74.61
Interest rate risk	14.31	7.98
Equity position risk	51.06	61.99
Foreign Exchange risk	1.03	4.64
Commodity risk	-	-

C. Operational Risk

It is a risk of direct or indirect losses resulting from human errors, external events, inadequate or failed internal processes and systems, frauds and forgeries etc. We are committed to alleviate this risk through:

- Set down guidelines, manuals and policies have been implemented for all back office functions

- Strong operational teams with clear segregation of duties to ensure check and balance and regular reviews by senior management
- A strong and committed control culture across the bank
- A robust Core banking System
- A strong internal control team conducting regular audits

Quantitative information:

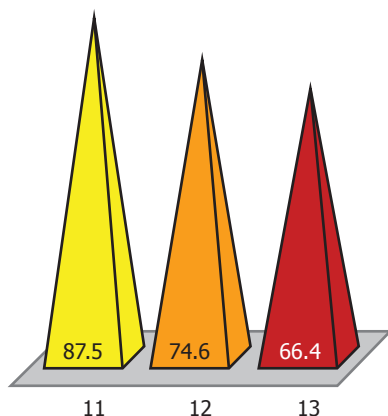
BDT in Crore	31.12.2013	31.12.2012
Total RWA for Operational risk	1,385	1,398
Total Capital requirement for Operational risk	138.54	139.78

D. Liquidity Risk

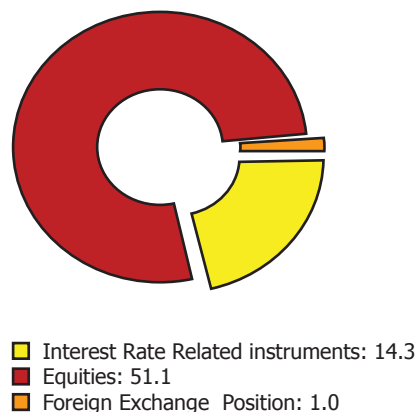
Liquidity risk is faced by a bank when it is unable to meet its financial obligations when they fall due. It arises when the cushion provided by the liquid assets of the bank are not sufficient to meet maturing obligations. AB Bank has instituted the following safeguards against liquidity risks:

- ALCO (Asset Liability Committee) comprising Treasury and other senior management meets periodically to review different aspects of the bank's portfolio with special emphasis on deposits and liquidity position and determines the direction to be taken by the bank
- Parameters set by Bangladesh Bank specially in regards to AD ratio strictly maintained
- A balanced mix of short and long terms deposits to counter maturity gaps
- Annual budget is formulated with a balance between growth in assets viz a viz liabilities
- Introduction of different products to attract deposits

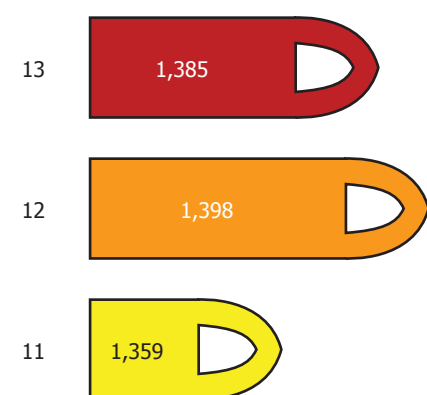
Market Risk
In Crore BDT



RWA for Market Risk
2013 In Crore BDT



Operational Risk
In Crore BDT



AB Bank Limited Risk Management Report

E) Money Laundering & Financing of Terrorism

Money Laundering and Terrorism are alarming threats worldwide. Economy, political stability, law and order and in some cases the entire country may be destroyed if appropriate measures are not taken to check these risks. Since these risks are directly associated with 'money', banks have an active role in prevention of money laundering and terrorism financing. Bangladesh Bank has taken a leading role to combat these risks and have already introduced guidelines and policies on 'Anti-Money Laundering' and 'Combating the Financing of Terrorism'. In accordance with these guidelines AB Bank has taken the following steps:

- A Central Compliance Unit has been set up headed by a Deputy Managing Director who is also the Chief Anti Money Laundering Officer (CAMLCO)
- AB Bank guidelines on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) have been formulated and disseminated to all employees of the bank
- An AML software has been implemented to monitor account activities and for Auto reporting of Cash Transaction reports
- Trainings are imparted to employees on AML & CFT to create awareness and to be vigilant
- AML & CFT compliance status of branches are reviewed by the internal audit team during their periodic audit of AB Branches

5. Capital Plan and Management

The Bank is committed to maintain a strong capital base to support business growth, comply with all regulatory requirements, and obtain good credit rating and CAMELS rating and to have a cushion to absorb any unforeseen shock arising from credit, operational and market risk.

Capital Maintenance & Dividend policy

Following important issues are considered for capital maintenance and dividend policy:

- Increased capital requirement for sustainable business growth
- Keeping sufficient cushion to absorb unforeseen shock or stress
- Cost effective options for raising Tier I and Tier II capital
- Improving credit rating and CAMELS rating of the Bank
- Meeting regulatory requirements
- Meeting covenants of lenders

The Board is responsible to ensure capital management within a broad framework of risk management.

The Bank has been pursuing a dividend policy that must ensure satisfactory return for shareholders as well as sustainable growth of the Bank with strong capital adequacy ratio to protect greater interest of depositors and shareholders.

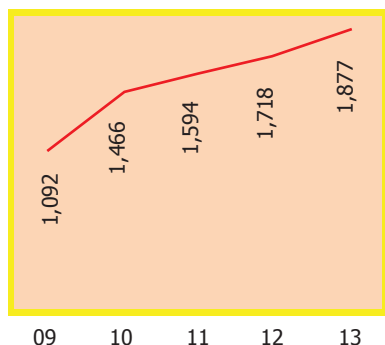
6. Stress Testing

AB Bank prepared Stress Testing Report on Quarterly basis in accordance with Bangladesh Bank Guidelines. We considered the following different risk factors as specified by Bangladesh Bank for the stress testing:

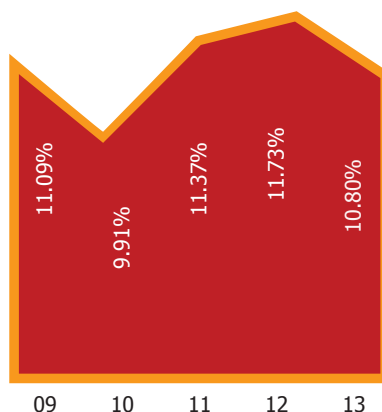
- Credit Risk:
 - Increase in NPLs
 - Increase in NPLs due to default of Top large borrowers
 - Fall in the forced sale value (FSV) of mortgaged collateral
 - Negative shift in the NPLs categories
 - Increase of NPLs in particular 2 sectors
- Interest Rate Risk
- Exchange Rate Risk
- Equity Price Risk
- Liquidity Risk
- Combined shock

Latest Stress Testing Report based on December 31, 2013 has been approved by the Board of the Bank and accordingly submitted to Bangladesh Bank.

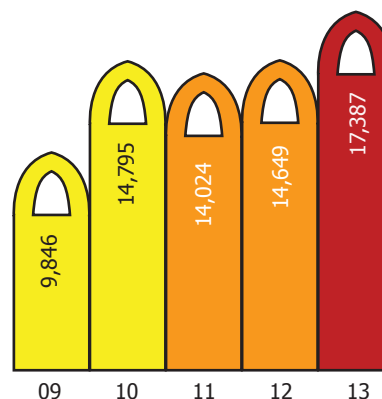
Total Capital
In Crore BDT



Capital Adequacy



Total Risk Weighted Assets (RWA)
In Crore BDT



AB Bank Limited

Risk Management Report

7. Supervisory Review Process (SRP)-Supervisory Review Evaluation Process (SREP) on Internal Capital Adequacy Assessment Process (ICAAP)

Supervisory Review Process (SRP) underscores principle that Banks have a process for assessing overall capital adequacy in relation to risk profile and strategy for maintaining their capital at an adequate level.

The process involves constitution of two teams viz SRP Team at the Bank level and SREP Team at Bangladesh Bank. Accordingly, Bank formed SRP team which was duly approved by the Board.

Supervisory Review Evaluation Team (SREP) of BB is assigned with the review and evaluating of Bank's ICAAP and strategies, as well as ability to monitor and ensure compliance with economic Capital Adequacy Ratio (CAR).

Under this process, Bank has to maintain 'adequate capital' in addition to Minimum Capital Requirement (MCR) under Section 13 of Bank Company (Amendment) Act, 2013. Adequate Capital Requirement (ACR) is in addition to MCR, for the following risks:

- Residual risk
- Evaluation of Core Risk management
- Credit concentration risk
- Interest rate risk in the banking book
- Liquidity risk
- Reputation risk
- Settlement risk
- Strategic risk
- Environmental & Climate change risk
- Other material risk

Document on SRP-SREP Dialogue on ICAAP based on December 31, 2011 & 2012 has already been approved by the Board of the Bank and accordingly submitted to Bangladesh Bank. A face to face meeting on ICAAP between AB Officials and Basel-II Implementation Cell of Bangladesh Bank held on December 19, 2013.

8. Basel II & its implementation

Bangladesh Bank has taken measures to implement BASEL II in banking sector effective from January 2009 in parallel with Basel 1. From January 2010 it has fully come into force.

Bangladesh Bank issued guidelines on Risk Based Capital Adequacy for Banks vide BRPD Circular No. 09 dated 31 December 2008 and subsequently latest amendment on Risk Based Capital Adequacy Circular No. 35 of 29 December 2010 (Revised Regulatory Capital Framework for banks in line with BASEL II). Under standardized approach, Basel II requires the recognition of External Credit Assessment Institution (ECAI) and credit rating of the borrowers.

Accordingly, a guideline has been prepared by Bangladesh bank and few credit rating agencies have been recognized for this purpose.

In line with Bangladesh Bank requirement, AB Bank has already formed a Basel II implementation Unit to ensure timely implementation of Basel II accord.

9. Risk Management Division

As per Bangladesh Bank guidelines, AB Bank has formed a high-powered Risk Management Division (RMD) headed by a DMD for overall risk management of the Bank. The RMD is constantly contemplating and exerting efforts for developing a structure and processes to ensure sound risk management in all areas of the Bank. The Division always follows Bangladesh Bank's risk related directives and works closely with core risk areas dealing Divisions to mitigate the risk. RMD always training to maintain the core risk areas and where risks is high or not up to the mark as suggested by Bangladesh Bank, RMD provides its full effort to fill the loopholes. Meanwhile with the close team work with Financial and Treasury Division, Bank introduced VAR calculation on fixed income & FX position and MAT is under process. In case of ICT, all the issues raised by Bangladesh Bank have already fully complied.

A part from these, information relating to Disclosures on Risk Based Capital (Basel II) based on 31 December 2013 as required by BRPD Circular no. 35 of 29 December 2010 is given in **Annex-E1** of the audited Financial Statements of the Bank for the year 2013.



DIRECTORS' REPORT

AB Bank Limited Directors' Report 2013

Bismillahir Rahmanir Rahim

Honorable Shareholders

Assalamualaikum

The Board of Directors of AB Bank Limited takes immense pleasure in presenting the 32nd Annual Report of the Bank. AB Bank, which started its journey with a single Branch operation at Kawran Bazar, Dhaka in 1982, it celebrated its 32nd year of operation in 2013. AB has been able to establish itself as a premier financial house of the country with wide network of branches, an array of products and services, alternative delivery channels (ATMs, Internet Banking, SMS banking etc.) and divergent business activities with good performance. The Bank has been "the epitome of trendsetter" in the banking arena of Bangladesh as it already completed three decades of banking business - the first ever private sector bank in Bangladesh to achieve this rare feat.

It is an honor for the Board to present the audited Financial Statements of the Bank for the year ended 31st December, 2013 along with the Auditor's Report thereof. The Financial Statements of the Bank have been prepared with an eye to providing the widest possible coverage in terms of compliance with the related regulatory and financial standards and to give a fair view of the business activities in a transparent manner to our shareholders and regulators alike. All subsidiaries and other independent activities of the Bank have been given separate representation in this year's accounts.

Total Asset at the end of the year 2013 reached BDT 20,801 crore with a Total Capital base of BDT 1,877 crore. Profit after Tax reached BDT 101 crore at the end of the year which was BDT 144 crore in 2012.

Dear Shareholders

The Director's Report and review contains a brief overview of the world economy alongside the Bangladesh economy and Banking industry scenario. The Report also deals with the Bank's overall performance and activities for 2013.

Global Economy

The global economy is still not yet come out of the Recession of 2008-09. While the US economy shows stronger signs of recovery, with growth and employment picking up buoyed by strong private demand, EU countries are still mired in stagnancy with countries such as Italy, Spain, Portugal and Greece, still in the grip of high unemployment. Germany remains the only high performer with low unemployment and strong exports. Consequently, the Euro area is crawling out of recession, but business activity is forecast to stay moderate.

2013 also saw a growing number of emerging market economies, including China and India, coming off cyclical

peaks. In 2014, their growth rates are projected to remain below the elevated levels seen in recent years, for both cyclical and structural reasons. Japan's economy has shown a sign of strong rebound but is expected to lose steam in 2014 as fiscal policy tightens.

The latest IMF World Economic Outlook (WEO) update of October 2013, suggests that these scenarios will result in a rebound in the world economy compared to the minor setback in 2013, with global growth at 3.6 percent in 2014 compared to 2.9 percent in 2013. The trade growth is expected to be 4.9 percent in 2014, whereas it was 2.9 percent in 2013. This augurs well for the Bangladesh economy which is increasingly relying on export expansion for job creation and income growth.

Global Economic Outlook (October 2013)

	2010	2011	2012	2013	2014 (p)
World Output Growth	5.1	3.9	3.2	2.9	3.6
World Trade Growth	12.6	6.1	2.7	2.9	4.9

Source: IMF, World Economic Outlook, October 2013

Two recent developments will likely shape the path of the global economy in the coming year. First, markets are increasingly convinced that U.S. monetary policy is reaching a turning point with quantitative easing set to taper off in coming months. Second, China is likely to grow more slowly over the medium term than in the recent past. The core economies of Europe (e.g. UK, Germany, France) are expected to show some signs of recovery due to higher spending by consumers and firms. But the Southern periphery countries of Europe like Italy, Spain, Portugal and Greece, are expected to remain subdued.

Emerging market economies are slowing down and the trend will remain unchanged in 2014. If the reasons for this slowdown are structural, emerging market economies might face exchange rate and financial market disruptions with some balance of payments problems as well.

Bangladesh Economy

Global investment houses like Goldman Sachs and JP Morgan had already gone bullish on Bangladesh, as the 'frontier five' and 'next-11' investment destinations after BRICS, and McKinsey LLC is convinced that Bangladesh was going to be the preferred sourcing choice for leading garment houses of the world for the coming decade.

Bangladesh's success story is not just limited to its evolving RMG manufacturing prowess. British magazine, The Economist, echoed the same in its December 03, 2013 publication, "Bangladesh has dysfunctional politics and a stunted private sector. Yet it has been surprisingly good at improving the lives of its poor". Nobel Laureate Economist Amartya Sen has gone to great lengths to

AB Bank Limited Directors' Report 2013

examine the progress in human development in South Asia, arguing, with much exuberance, that Bangladesh with some unique but striking features in its human development strategy stands out well ahead of India in many indicators of human development. The Economist magazine of November 03, 2012, also points to some of the indicators he was referring to. These are remarkable accomplishments, termed "Bangladesh paradox" by some experts, particularly in the field of health and social transformation, as echoed by the highly respected British medical journal, Lancet.

Bangladesh Economy in 2013

A serious political turmoil in the second part of the year hit the economy in 2013. Besides the political crisis, the one major economic event was the Rana Plaza tragedy which raised significant concerns among European and North American buyers about the poor state of compliance in Bangladeshi garment factories. For the first time, there is a common understanding coming together of leading buyers of Bangladeshi garments in Europe and North America, international agencies like the ILO and UNCTAD, Bangladeshi garment manufacturers, government policymakers, and worker representatives about the urgency of the need to ensure compliance in Bangladesh's 5000 garment factories and improve workers' pay and working conditions. To give teeth to this initiative, resources have been mobilized but a serious consequential event tremble the Bangladesh Economy-the suspension of GSP privileges for Bangladeshi exporters in the US market.

Apart from that, the year 2013 saw the economy's macroeconomic management pretty much on track with most macro indicators related to internal and external balance conforming to developments related to the economic slowdown. Though revenue growth was modest (9.4%) in FY13, fiscal deficit was contained within the prudent limit of 4.4 percent of GDP with bank financing capped under 3 percent. Likewise, slower import growth alongside strong export and remittance growth with favorable trend in aid disbursements kept the balance of payments in positive territory resulting in accumulation of foreign exchange reserves. Thus the macroeconomic scenario in 2013 remained stable and sustainable though in the context of subdued overall economic performance.

Revenue receipts

Though, in terms of revenue performance, the trend of overshooting the target of the last two years has been reversed with collection being lower in FY13, there was growth in overall NBR revenue of 9.4 percent in FY13 which is almost 10% lower than the growth recorded in

the previous fiscal year. The shortfall in revenue has been exacerbated by the import-based revenue which declined due to the predictable slowdown in imports. On the contrary, domestic based taxes were the saving grace with income tax and domestic VAT salvaging the revenue performance. Both components experienced a minor decline in growth but still managed to remain robust. The tax performance is broadly still in line with the targets set in the Sixth-Five Year Plan and hence is not yet a cause for concern. Notably, the government has clearly given the NBR a vote of confidence for having set targets in FY14 which are higher than those set for FY13 albeit not met.

NBR Revenue Growth (%)

Revenue Components:	FY09	FY10	FY11	FY12	FY13	FY05-09	FY09-13
NBR tax	10.6	13.9	32.4	19.4	9.4	15.1	17.1
Custom duty	-2.7	9.2	9.7	18.7	-4.9	3.7	6.0
VAT Import	8.2	6.9	26.0	8.5	10.3	18.3	12.0
Supplementary Import	33.4	45.3	17.6	3.7	1.4	14.6	20.3
Import-based Revenue	5.1	12.2	17.7	11.9	2.5	10.1	9.9
Income tax	18.0	16.8	40.2	24.4	21.8	24	24.2
VAT Domestic	19.0	15.1	41.6	23.7	19.6	16.8	23.8
Domestic Supplementary	2.7	11.0	41.8	23.8	-0.2	11.3	15.8
Others tax	-0.3	8.3	30.9	-33.7	-4.5	11.9	0.1
Domestic-based Revenue	14.6	14.9	40.8	23.0	16.5	18	22.0

Source: NBR

The fiscal deficit has been managed very prudently in light of the risk of revenue shortfall exacerbating the planned deficit target. The deficit was contained at 4.4% of GDP, well below the usual target of 5% of GDP, made possible by proportional adjustments in government expenditure in line with revenue collection. There was also a reversal of past trends in deficit financing which was criticized as being overly dependent on domestic sources, particularly bank financing, which had the effect of crowding out private credit flows adversely affecting investment. However, owing to healthy foreign aid disbursement in FY13, the banking sector was spared the additional pressure and the remaining balance was covered by non-bank borrowing which picked up from the dismal performance in the previous year.

Inflation

Point to point inflation data using the 2005/06 base broadly shows that food inflation has risen steadily from 1.75 percent in September 2012 to 9.00 percent in December 2013. The reasons relate to higher distribution costs due to the frequent nationwide strikes, and the fact that Indian food inflation has also risen sharply which is also correlated with Bangladesh food inflation. On the other hand, point to point non-food inflation is steadily declining, having peaked in October 2012 at 11.28 percent and has declined steadily to 4.88 percent in December 2013. This is due to the adherence to the monetary program and the recent disruptions which

AB Bank Limited Directors' Report 2013

caused a slowdown in economic activity and lower consumer demand. However, the rise in food inflation is pushing up average inflation which bottomed out at 6.06 percent in January 2013, rose to 6.78 percent in June 2013 and is 7.53 percent in December 2013.

Current Account Balance (CAB)

Current Account Balance (CAB) recorded a surplus of USD 1384 million during July-November 2013 compared to a surplus of USD 433 million during the same period of the preceding fiscal year. The improvement in trade deficit (18 percent export growth along with 4.4 percent import growth) contributed to this and compensated for the decline in remittances relative to July-November 2012. Supported by the surplus in CAB and a small surplus in the combined capital and financial account, the overall balance recorded as surplus of USD 2040 million. This contributed to foreign exchange reserves reaching USD 18.1 billion at the end of H1FY14 compared with USD 15.3 billion at the end of FY13.

Reserves

Bangladesh Bank's gross foreign exchange reserves rose sharply to USD 18.1 billion (nearly 5 months of imports) at the end of December 2013 from USD 12.8 billion a year earlier. Bangladesh Bank accumulated a large amount of foreign exchange through purchases from commercial banks to prevent the taka from appreciating and eroding the country's export competitiveness. The lower demand for foreign currencies from importers also contributed to the central bank's high foreign exchange reserves.

Remittance

Remittances came in strong at the close of FY13, at \$14 billion. However, there are impending risks stemming from a potential decline in remittances as departure of migrant workers peter out. Remittances declined by around 8 percent in the first quarter of the current fiscal year compared to the same period a year ago.

Manpower exports also dropped by about 39 percent during the period when 100,249 people went abroad for jobs against 139,647 in the same period last year. Declining manpower exports signify potential future decline in remittance levels as well as growth.

Foreign aid disbursement and foreign investments

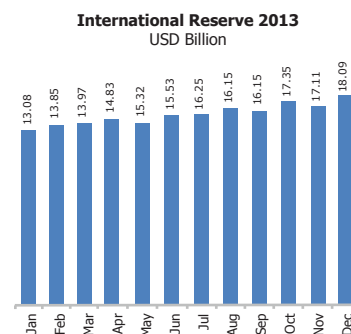
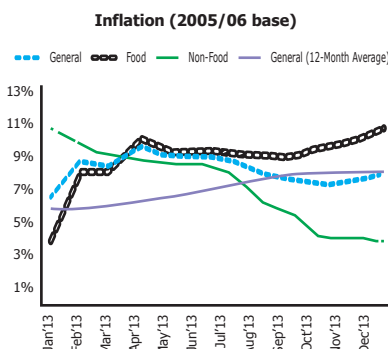
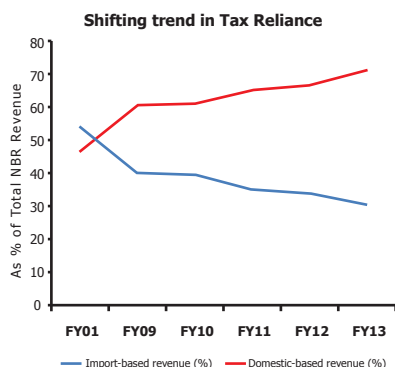
While net FDI inflows increased marginally, net foreign assistance decreased drastically due to the unfavorable political environment. Net FDI stood at USD 673 million in July-November 2013, up from USD 664 million in July-November 2012. Net foreign assistance fell to USD 441.7 million in July-November 2013, down from USD 611.1 million in July-November 2012.

Capital Market

On the governance front, a significant development has been the demutualization of both Dhaka Stock Exchange and Chittagong Stock Exchange, with a view to minimizing conflicts of interest by separating ownership and management of these bourses and placing a majority of independent qualified directors on the two boards. Demutualization separates trading and ownership rights diversifying the exchange's shareholder base. This major development brings the Bangladesh stock market in tune with most bourses in South and East Asia, as well as some of the leading exchanges in the world. Both DSE and CSE passed a volatile year in 2013 despite a positive ending of the broad share price index for the first time in last three years amid mounting political tensions.

The market saw a bull-and-bear game of domination throughout the first half of the year while the second half saw the market hovering around the same points on the price index trying to find a direction.

The DSE main index DSEX started the year at 4,090.47 points and closed at 4,266.55. It gave investors some solace as they became hopeful of a comeback in 2014. On



AB Bank Limited Directors' Report 2013

the other hand, the DS30 index of blue chip companies, formerly DSE 20 index, remained flat in the negative zone. It slipped by 0.46 percent in the year. All other market-related indicators suffered the jolts modestly during the period. The average daily trade value dropped by 4.76 percent to BDT 4.0 billion against last year's average of BDT 4.20 billion. The total market capitalisation of the DSE went up by 10.16 percent while the ratio of market capitalisation to GDP was 25.51 in 2013 against 26.27 in 2012. The market weighted average ratio for the DSE stood at 15.07 against 12.07.

Fifteen new securities were listed with the DSE in 2013. They raised BDT 10.56 billion through initial public offerings (IPO).

The government's initiative of compensating the retail investors who lost money during the market downswings in 2011, gave the investors some confidence in the last half of the year.

The first instalment of BDT 3.0 billion out of the BDT 9.0 billion refinance scheme for the affected retail investors was released to the Investment Corporation of Bangladesh (ICB) on August 26 last for disbursement through merchant banks and stock brokers. But the merchant banks and stock brokers drew poor response from the retail investors because of tough conditions attached to it, sources said.

Bangladesh Socio-Economy in 2013

According to Legatum, a London-based think tank, Bangladesh surpassed India in many economic parameters including asset, growth, standard of living, life expectancy, malnutrition, sanitation, secondary education, security etc placing it 103rd position while India is ranked in 106th.

Healthcare in Bangladesh also soars despite widespread poverty, study shows. Bangladeshi women hold key to success as infant mortality plunges and life expectancy climbs to 68.3 years, says Lancet, British medical journal.

The empowerment of women and the reach of NGOs have contributed to Bangladesh's remarkable success in healthcare, which has included significant improvements in the survival of under-fives, immunisation coverage and tuberculosis control, according to the Lancet.

Mobile-based IT penetration has become common in the economic pursuit of progress in Bangladesh. An almost cult-like devotion to IT has been among the driving forces behind the country's growing economic development in recent years. Mobile-based IT is now the epitome of digital development in Bangladesh with 11.5 million subscribers in Mobile Financial Services (MFS).

Sovereign Rating

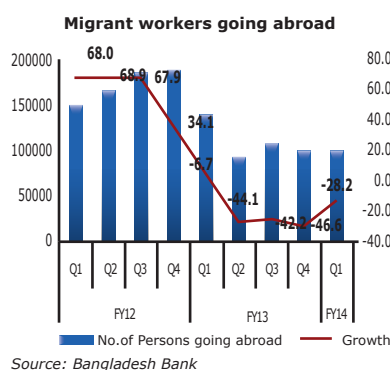
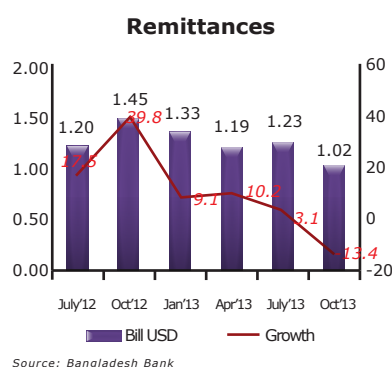
Based on the Bangladesh's strong & stable growth supports with the recovered macroeconomic stability through surplus of current account balances and by the declined trend of inflation in 2013, two foremost rating company S&P and Moody fixed the country's outlook 'Stable'.

Rated by	Rating	Outlook
S & P-Standard & Poor's	BB-	Stable
Moody	Ba3	Stable

For rating of upcoming years, it is mandatory to keep labor oriented industry sound & safe, infrastructural development and investment friendly environment is also necessary as well to maintain the stable rating position.

Banking Industry in 2013 and 2012

Despite festival season and the central bank's financial year closing, the interbank call money market rate remained stable as the central bank maintained close monitoring of the money market's day-to-day liquidity position and credit demand was lower due to the sluggish business environment. The interbank call money rate was 7.1 percent, on a weighted average basis in December 2013, down from 9.3 percent in December 2012.



AB Bank Limited Directors' Report 2013

Monetary tightening measures had little impact on the liquidity position of the banking system as scheduled banks' excess liquidity remained high at BDT 901.7 billion at the end of November 2013 up from BDT 518.7 billion at the end of October 2012. The sluggish business activity and high lending rate set by commercial banks reduced demand for credit, contributing to the buildup of liquidity in the banking system. The outstanding borrowing of the government through sales of national savings directorate certificates stood at BDT 678.8 billion at the end of November 2013, up from BDT 643.0 billion a year earlier.

The weighted average lending rate declined slightly to 13.5 percent at the end of December 2013 from 13.9 percent at the end of December 2012. The deposit rate remained the same at 8.4 percent, becoming positive in real terms because of lower inflation. As a result, the interest rate spread of the banking system narrowed from 5.5 percent in December 2012 to 5.1 percent in December 2013. Financial soundness indicators showed gross nonperforming loans (NPLs) at 8.93 percent in 2013 which was 10.03 percent in 2012 as the percentage of total loan outstanding. Poor credit decisions, bank frauds, slower economic activity, and the end-2012 tightening of loan classification standards contributed to the weakened financial soundness. In view of the significant capital shortfall, the government has disbursed BDT 410.0 billion to help four state-owned commercial banks. Bangladesh Bank adopted a six month long loan rescheduling policy for banks and financial institutions to enable the businesses to reschedule their classified loans by giving a relaxed down payment.

AB's Business 2013

Corporate Business

AB Bank offers a full array of Financial Services to Corporate houses and Institutions. Corporate & Structured Finance Division, a strategic business unit, has been striving on to provide sharper focus and intimate care to this major revenue generating source. Corporate Loans currently represent 69% of total credit portfolio of the Bank covering wide range of industrial and business houses of the country. In view of complexities and intricacies of corporate financing, Bank maintains close relationship with the clients to provide customized products & services including Working Capital facilities,

Trade Finance, Post Import Finance etc. The division also provides Loan & Equity Syndication, Corporate Advisory services and Structured Trade solutions through Structured Finance.

Corporate Loans in 2013 has experienced growth of 45 percent over 2012.



Protein House Ltd., financed by Board Bazar Branch AB Bank Ltd.

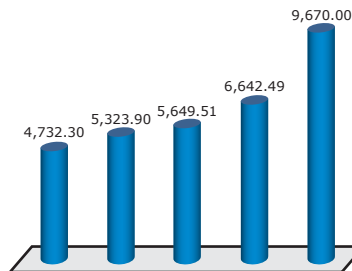


Noorani Dying, financed by AB Bank Ltd.

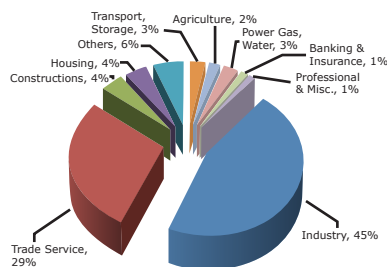
With slow revival of economy, AB Bank has been following growth strategy for corporate portfolio with dominant presence in manufacturing particularly in RMG, Textiles, Food & Beverage, Steel & Metal Industries, Ship Building, Ship Scrapping, Real Estate, Printing & Packaging, Pharmaceuticals, Telecommunication, Power etc. These have been major areas of interest for corporate business. In respect of Syndication loan, Bank has participation in 25 (twenty five) venture, out of which we are lead arranger for 9 (nine).

Corporate Loans

In Crore BDT

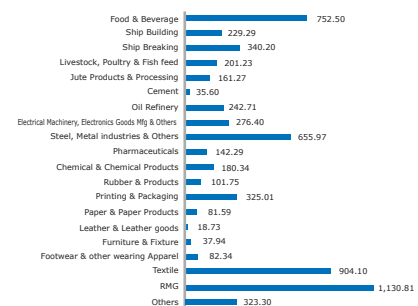


Sectoral Exposure 2013



Industrial Loan Mix- 2013

In Crore BDT



AB Bank Limited Directors' Report 2013

AB Retail Alternative Delivery Channels

Nearly three decades of service with a wide range of products blended with latest technology, AB Bank Limited is poised to steer e-Banking with 88 Branches and 235 ATMs under CashLink Bangladesh Limited (CBL) network, located at urban and rural areas around the country. To ensure seamless service, ABL has invested an extensive amount in mounting its e-Banking infrastructure. In 2013, existing Card Division has been merged with IT Division and formed a new Information Technology & Electronic Business Division with a view to providing accelerated service to our valued customers.

AB Bank Limited used latest NCR branded ATMs throughout the country with 24X7 video vigilances on these ATM Booths. ABL customers can avail the services like Cash Withdrawal, Balance Inquiry, PIN Change and Mini statement. Customers of other Banks can enjoy the ABL ATM facilities.

AB Bank has introduced the first ever embossed Visa Debit Card in the country with two different flavors-Visa Debit Silver for Elite Customers and Visa Debit White for regular customers. These cards are accepted at more than 5,000 retail outlets through Visa POS Terminals across the country.

To provide more enhanced service to our customers, AB Bank Limited has changed its Switch and Card Management Software in 2013. AB Bank has also started accepting MasterCard branded cards at AB Bank ATMs.

With the accelerated growth of mobile phones and to penetrate a large un-banked population in Banking, Bank has introduced SMS Banking. Through this channel AB Bank customers can avail services like- Balance Inquiry, Mini Statement, PIN Change, Fund Transfer and Mobile Bill Payment respectively. For the first time in the country, AB

Bank Limited introduced Mobile Balance Recharge facility through SMS in 2013. Through this service, SMS Banking customers can recharge not only their own mobile balance but also can recharge mobile balance for their near and dear ones by debiting his/her account. This service is operational 24 hours a day.

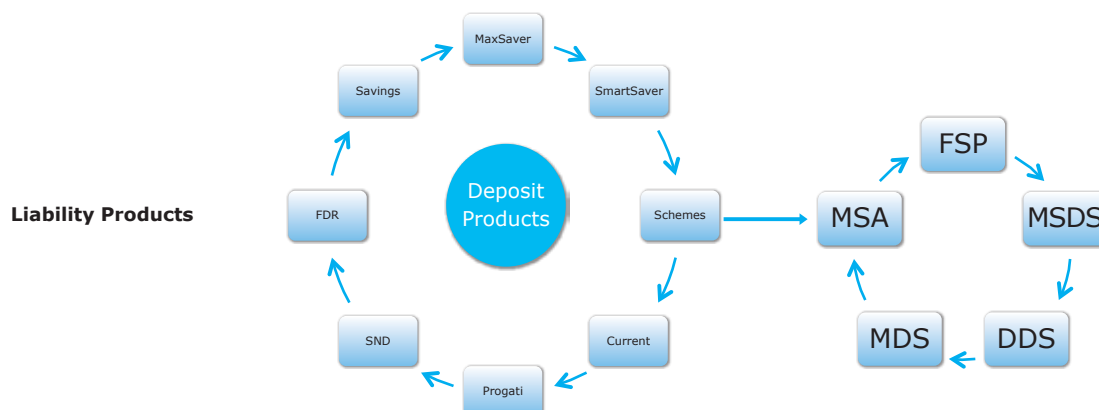
ABBL has established a call center where ABL customers can get the answers for any Banking related queries. In 2013, Bank has also introduced short code 16207 so that a customer can call at this number from any mobile phone conveniently. Setup of Interactive Voice Response (IVR) in the Call Center is one of the priorities for AB Bank in the near future.

Consumer Banking

AB Bank offers a complete range of retail and personal banking products and services through its network of 88 branches across the country. A thorough understanding of customer needs has helped AB to successfully develop flexible and customized products to meet the market demand. Consumer Banking Division of AB is spreading its presence in the banking arena with various deposit and asset products. An effective sales team also contributed in both Deposit and Asset in 2013. After restructuring, the Recovery and Collection team under Consumer Banking Division has also played a key role in managing the total asset portfolio. The team recovered BDT 35 crore in year 2013.

Liability Products

A new deposit product 'SmartSaver', online savings account was launched on September 15, 2013; which brought in deposits of BDT 9.32 crore in 1,400 accounts. AB Bank is very much market competitive with the following liability products:



AB Bank Limited Directors' Report 2013

Liability Performance in 2013

In the year 2013, the volume of liability products was BDT 2,046 crore higher compared to that of 2012 which is considered as an inspiring performance, from BDT 13,324.39 crore to BDT 15,371.08 crore. The following table shows the deposit mix in 2013.

Performance of Consumer Banking Center:

Consumer Banking Centre was set up at 17 different branches strategically located at three regions-Dhaka, Chittagong & Khulna. In 2013 total no of accounts booked through these 17 centers were 4312 and total deposit procured was BDT 463 crore.

Asset Products

AB has a wide range of Asset products to meet customer demands which is highly market competitive. Loans under Consumer Credit Scheme are:

- Personal Loan
- Auto Loan
- Home Loan
- Education Loan

Asset Performance in 2013

Total outstanding in CCS Loans as of December 2013 is BDT 448.33 crore which is 3.29 percent of the total LDOs of the Bank.

SME Business

SME Division is the focal point of all SME related issues, programs, projects and is also responsible for providing best financial solutions to its customers. Management's strong commitment towards SME Banking, appropriate

policy guidelines, customized products for customers, consolidated database, compliance culture etc. have led the SME Division to further higher platform of SME Banking in the country.

2013 Priorities

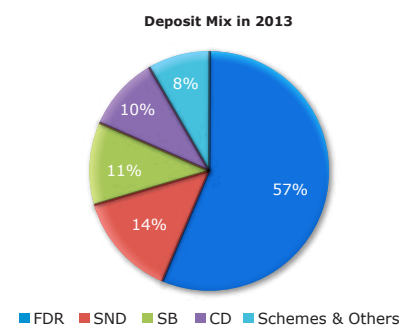
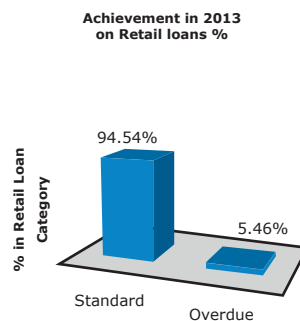
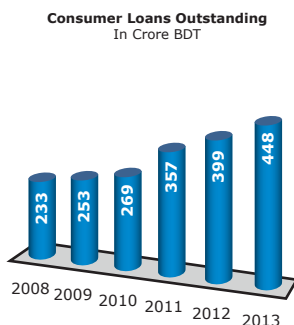
- Launching of special SME Deposit Products - Progati
- Focus on Rural Branches for SME & Agri Business
- Give emphasis on Service & Manufacturing sectors
- Organize staff training and development
- Extensive recovery drive for reducing SME delinquency
- Organize awareness programs for the prospective customer
- Strengthening the SME Centers for better performance

Financial Highlights

- SME Lending portfolio increased by 18 percent
- SME consist of 27 percent of Total Loan portfolio
- Total Outstanding BDT 3,738.20 crore
- Total SME Customers increased by 12 percent
- No of Customers 4,462
- SME Loan Disbursement increased by 16 percent
- WE Loan Outstanding BDT 77.23 Crore

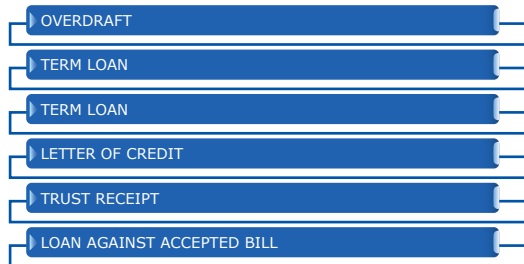
Objectives 2014

- Focus on trade finance and non-funded business
- Grow selectively by geography; based on historic trends, market potential
- Ensure optimal utilization of funds under various Re-finance Schemes
- Continue to focus on Branch and customer-intensive monitoring & follow-up
- Accommodate new and potential entrepreneurs
- Special drive for maintaining healthy SME Deposit
- Ensure strict compliance with regulators

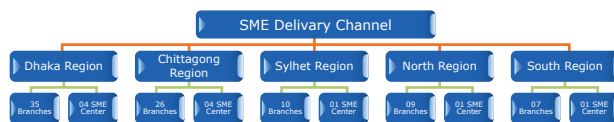


AB Bank Limited Directors' Report 2013

SME Products & Facilities



SME Delivery Channel



Agricultural and Rural Credit/Financing

AB gradually increased its portfolio in agricultural & rural credit and has earned appreciation from Bangladesh Bank for achieving the target since 2011. The financing are



Participation in "SME Bankers Entrepreneurs Conference" at Rajshahi on October 01, 2013.

fundamentally in Crop, Fisheries, Solar Energy, Bio-gas, ETP, Livestock areas. AB also financed in agricultural Credit at concessional Interest rate for the purpose of Cultivation of Pulses, Oil, Seeds, Spices and Maize.

Total Outstanding in Agri Loans as of December 2013 is BDT 280.32 Crore which is 2.06 percent of the total LDO of the Bank. Through the Bank's existing network of Branches as well as tie-up with micro finance institutions, Bank disbursed BDT 188.05 crore in FY 2012-13 and disbursed BDT 107.19 crore in FY 2013-14.



Rangpur Jute Mills Ltd. financed by AB Bank Limited Rangpur Branch.

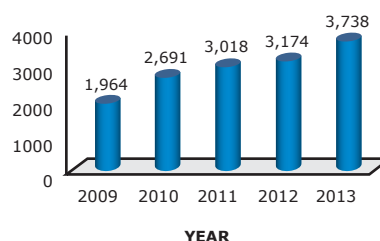
Investment Banking Division (IBD)

Investment Banking Division (IBD) was established to formalize the capital market operations of the Bank under 'one umbrella' in the year 2006. With the formation of the two subsidiaries viz AB Investment Ltd. (ABIL) and AB Securities Ltd. (ABSL) recently, role of IBD has been transformed into a 'Strategic Unit' and also a 'Functional Unit' to deal with business which will be centrally driven. IBD is also entrusted with the Portfolio Investment of the Bank. At the same time, IBD will continue to provide one-stop service to NRB's and Foreign Investors

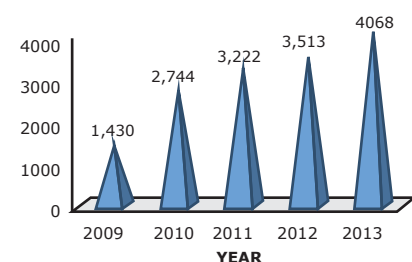
SME Loan Products



SME Loan Outstanding In Crore BDT



SME Loan Disbursement In Crore BDT



AB Bank Limited Directors' Report 2013

interested to invest in Capital Market here. In its destined role of strategic support, IBD shall be the platform for co-ordination for Capital market Subsidiaries of AB besides being the vehicle for strategic Investment of the Bank in future.

AB's last six years portfolio Investments (Quoted shares) are shown below:

Year	Taka in Crore
2013	455
2012	499
2011	394
2010	259
2009	635
2008	392

Investment Banking Division (IBD) continued its operation with a vision to cater various needs of the investors in the Capital Market. Keeping in pace with AB's vision of innovative banking. IBD also extended services for the Portfolio Management needs of Non-Resident Bangladeshi (NRBs) and foreign investors and also facilitated remittance in the local capital market through NRB-IDA, FC and NITA account facilities. As a value-adding option AB also has Custodian Wing under a separate License in operation from the year 2007.

1st Mutual Fund

Bank approved participation as a Sponsor in the **AB Bank 1st Mutual Fund** to the tune of BDT 30 (thirty) crore having fund size of BDT 150 crore.

Bangladesh Securities & Exchange Commission (BSEC) gave permission to float the Fund in the revised fund structure on June 26, 2011. Public subscription started on September 25, 2011 and closed on October 20, 2011. The fund has been listed with Dhaka and Chittagong Stock Exchange on January 29, 2012.

On the close of operation on February 06, 2014, the Fund has reported Net Asset Value (NAV) of BDT 11.95 per unit on the basis of current market price and BDT 10.87 per unit on the basis of cost price against face value of BDT 10.00 whereas total Net Assets of the Fund stood at BDT 1,943.18 million on the basis of market price and BDT

1,766.84 million on the basis of cost price after considering all assets and liabilities of the Fund.

Off-Shore Banking Unit (OBU)

Bank received the permission from Bangladesh Bank to operate an Off-shore Banking Unit at EPZ Branch in Chittagong in December 2009. Subsequently, AB's Off-shore Banking Unit commenced its operation from April, 2010. Given below is the highlight of the business performance of the OBU wing of the Bank for the financial year 2013:

Amount in Crore	2013	2012
	BDT	BDT
Operating Profit	3.87	2.02
Deposits	21.46	0.56
Borrowings	663.00	63.28
Loans and Advances	683.71	64.77
Total Assets	688.33	65.86

Primary Dealership

Bangladesh Bank approved AB as a Primary Dealer (PD) in December 2009 aiming to boost the country's secondary securities market. Inclusion of AB as PD is part of the latest move to increase the number of market makers to bring dynamism in the secondary securities market.

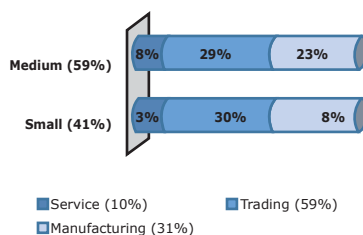
ICCD

Internal Control & Compliance Division (ICCD) includes three fold functions viz. Internal Audit, Monitoring and Compliance. 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.

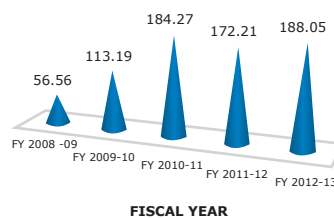
Internal Audit in 2013 completed:

Risk Based Audit of Branches	: 86 Branches
Annual Audit of Branches	: 86 Branches
Special Investigation	: 18 Numbers

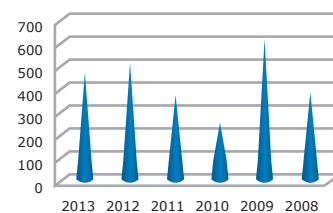
Sme Portfolio Segmentation 2013



Agri Loan Disbursement
In Crore BDT



Portfolio Investment
In Crore BDT



AB Bank Limited Directors' Report 2013

Anti-Money Laundering (AML) Activities 2013

In recent years Money Laundering & Terrorist financing have emerged as an alarming financial crime in the global economy. Hence preventing money laundering and terrorist financing has become imperative for the global financial system. Combating money laundering and terrorist financing therefore, is a key element in preservation and growth of a strong, sound and stable financial sector.

Bangladesh Govt. time to time promulgated acts to combat money laundering and terrorist financing. Lastly AML Act-2012 & Anti Terrorism (amendment) Act -2013 were passed in Parliament. In connection with "AML & Anti Terrorism "law of the land & guidance notes on prevention of money laundering of Bangladesh Bank, AB Bank is committed towards applying all local and international standards as well as strict adherence of AML & CFT policies.

We follow the highest standard of AML & CFT and ensure strict adherence to these standards by management and employees of our institution to prevent use of our product and services for money laundering & terrorist financing purpose.

We at AB Bank are committed to assist the authorities to combat the threat from money laundering & terrorist financing and will continuously thrive to prevent the same.

In order to combat money laundering & terrorist financing, we impart proper training to all officers which is mandatory. With this end in view AB Bank provided formal AML & CFT training all the officers of the Bank & refresher training was also been given as per regulatory instruction. In 2013 AB Bank as per decision of Board of Directors organized AML & CFT related trainings to the Senior Management of the Bank as well.

One of the basic pillars of strong AML program is effective transaction monitoring. Due to the diligence exercised by the Bank we have regularly reported suspicious transactions to BFIU, Bangladesh Bank in 2013. So far the Bank has reported 55 (fifty five) Suspicious Transactions (STR) to Bangladesh Bank.

The most important element of a successful of AML program is the senior management commitment. Every year a message from the President and Managing Director's office goes to all employees of the Bank reiterating the importance of AML and CFT & the responsibilities of Bank officials.

AB Bank complies with the BFIU, Bangladesh Bank's instruction issued time to time & keeps all employees aware for meticulous compliance of the instructions. AB Bank acknowledges and supports the increasing need for a partnership between the government, Bangladesh Bank, Law enforcement agencies, Commercial Banks and general public to work together to combat money laundering and terrorist financing. AB Bank is determined to play appropriate role in this partnership.

IT Division

AB Bank IT Division is taking forward the horizon of AB through rolling out initiatives, up-gradations, system consolidations among others and providing a platform for facilitating best possible customer service along with enablement for execution of strategic business needs.

The rapidly evolving banking needs have also led AB to give increased focus on information technology dependent products and solutions by adapting to state of the art technology platform.

Primary objective of the automation strategy is to optimize the business processes to reach customer in real time with their preferred banking channels and provide value innovation to achieve optimum customer experience.

Major IT Division initiatives in 2013 included among others:

- ATM Switch Migration from Euronet iTM to ECS iTx
- Automatic Voltage Regulator for Head Office Data Center and Disaster Recovery Site
- CISCO IronPort Web Security implemented to protect Internet threat
- Building Management System (BMS) expanded to protect AB Bank Data Center and Disaster Recovery Site from fire and water
- Implemented CISCO Nexus 7009 Switch into DC and DR which is the first time for any financial institution in Bangladesh
- Call Center and IP-PABX System Implemented. Now AB Customer can dial 16207 to get help from Bank
- 10G Network implemented for VMware Virtualization
- CashLink Bangladesh Limited Data Center was merged with AB Bank Data Center
- In house software developed for Corporate Salary Disbursement
- Real time mobile recharge for AB Customers

AB Bank Limited Directors' Report 2013

Operations Division

Operations Division is entrusted with overall operations management of the Bank. The primary objective of operations is to ensure a high level of product and service delivery from all AB Branches within a control culture. Like the previous years the Division undertook different initiatives for 2013. Among these noteworthy are: network expansion, branding, enhancement of facilities, systems and process improvement, developing and instilling a compliance culture and improvement of service delivery standards. In addition the division was also entrusted to hold different events, which were successfully supervised and monitored by the Division.

In 2013 Head Office Operations undertook and successfully implemented the following initiatives:

- Reengineering of processes to improve operational efficiency and control
- Formulation and implementation of Standard Operating Procedures (SOPs) e.g.:
 - Handling of Emergency Situations in the Bank's Head Office, Branches & ATM Booths.
 - Operating MICR Cheque Scanner Machine & Roll out to all branches to protect fraud cheques.
 - Revised Matrix for obtaining documents from Customer/Applicant's photo identification while opening any Bank Account.
- Tools to monitor Branch activities to enhance HO supervision in order to mitigate risk through Operational Risk management & Regulatory Compliance
- Monitor locker rentals and collection of fees. Also introduced Revised Guidelines to break open the lockers of Defaulting Locker holders and/or lockers which have not been operated for over 10 years
- Training Program: Imparted trainings to front line branch officials relating to Customer Service Excellence, Communication & Interpersonal Skills, Negotiable Instrument Act, Cash Management, Account Opening and Local Remittance etc.
- Installation of Fake Note detectors in Cattle Markets at Gabtoli, Mirpur, Dhaka and different part of the country during Eid-ul-Azha
- Registered and signed MoUs with Hajj Agencies Association of Bangladesh (HAAB) and Electronic Government Procurement (e-GP) system of CPTU under Ministry of Planning

Branch Network Expansion

AB intends to have its presence in every district of the country in phases. Acquisition of land strengthened the Bank's capacity for conducting operation from own premises with much more flexibility to provide service. With this end in view AB Bank opened its 88th Branch at Chaturi, Chittagong in its own purchased property. The Bank's 89th Branch at Banani, Dhaka was also opened during the year.



Mr. M. A. Awal, Director of AB Bank opened 89th Branch on December 26, 2013 with the presence of some other Directors



Chaturi Branch was opened by Regional Head of Chittagong Region, ABBL, Senior executives, Local elites and dignitaries were also present on the occasion

Registration with Electronic Government Procurement (e-GP) system of CPTU under Ministry of Planning

AB Bank Limited signed a Memorandum of Understanding (MoU) regarding "Registration with Electronic Government Procurement (e-GP) System" with Central Procurement Technical Unit (CPTU) of Ministry of Planning.



Mr. Shamim Ahmed Chaudhury shaking hands with Mr. Amulya Kumar Debnath

AB Bank Limited Directors' Report 2013

Under the MoU, CPTU will provide E-GP Portal Dashboard and training to nominated focal persons of the bank in e-GP portal link as the e-payment service provider. As member bank AB Bank will provide services like registration/re-registration of bides/tenders and sell tender documents on behalf of Procuring Agencies (Pas) and Procuring Entities (PEs) within the territorial jurisdiction of the Bank. Mr. Shamim Ahmed Chaudhury, President & Managing Director, AB Bank Limited and Mr. Amulya Kumar Debnath, Director General, CPTU, signed the MoU on behalf of their respective organizations. Mr. Mohammad Mejbahuddin, Secretary IMED, Ministry of Planning, Government of Bangladesh attended the MoU signing ceremony and presided over this function.

Human Resources Management (HRM)

AB Bank Limited, the first Private Sector Commercial Bank of the country is moving forward with a vision of converting human resources into human capital through the processes of providing appropriate knowledge, skills, abilities and personal attribution.

By developing and strengthening the core competencies of our human capital, valuing their unique perceptions and enabling them to contribute positively to our success, ABBL provides opportunities for individuals to fulfill their latent talent.

Human Resource Strategies

- Fostering High Performance Work culture by effective Performance Management System & Job Description, constant focus on serving the customers in each every horizon
- Strengthening HR System and Practice
- Team Building: Awareness of our competitive advantage, working with teams from different background as AB Family
- Talent Management-The AB Way Program: Supporting the best talents as a mean of expanding the business
- As a business partner, to create a sense of accountability among the AB employees, we provide opportunity to them based on a shared commitment to devote their talents to benefitting the business and to develop the own

- Employee Motivation through Reward and Recognition (Promotion, Increment, Incentives etc.) on the basis of Performance, Employee Engagement Events, skill and competency development
- Manpower Planning through right-sizing and Assessment Strategy aligned with mission, goals, and organizational objectives and integrated into its strategic plans, performance plans, and budgets

Workforce Diversity

Total Workforce by Age Group:

Age Group	2013	2012	2011
Above 55 Years	94	72	82
45-55 Years	469	438	450
35-45 Years	770	755	766
25-35 Years	832	796	795
Below 25 Years	22	09	03
Total	2187	2070	2096

Total Workforce by Age Group (2013):

Age Group	Above 55 Years	45-55 Years	35-45 Years	25-35 Years	Below 25 Years	Total
2013	94	469	770	832	22	2187

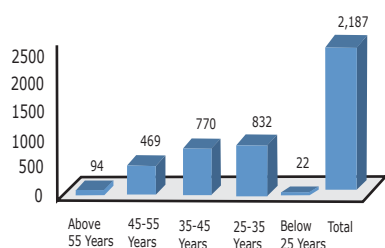
Total Workforce by Gender:

Year/Sex	Female	Male	Total
2013	486	1701	2187
2012	462	1608	2070
2011	458	1638	2096

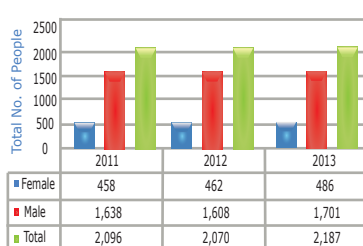
Recruitment and Selection

The Recruitment and Selection process of AB Bank Limited dynamic and transparent and always focused on attracting the high potential individuals. Bank employs highly distinguished consultancy firm to professionally conduct the assessment of fast tracker recruitment at the entry level. The fast trackers are the

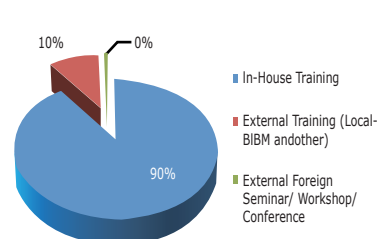
Total Workforce by Age Group 2013



Total Workforce by Gender



Trainings at AB Bank Ltd. 2013



AB Bank Limited Directors' Report 2013

Management Trainees (MTs) who are groomed and nurtured to take over the future leadership position. Bank also recruits fresh graduates to perform the jobs of basic operational level in the capacity of Trainee Officers (TOs). Besides, Bank is focused on recruiting the proven leaders as lateral entrants. AB also participates in job fairs at reputed academic institutions as part of employer branding.

AB Bank Training Academy: A House That Facilitates Learning:

Training at AB is coordinated through AB Bank Training Academy. Training Academy is aimed at enhancing the employees' job related knowledge, skills and managerial competencies. Each year, the Bank invests significantly on employee development and training both at home and abroad

Training Organized	Number of Participants 2013
In-House Training	2,108
External Training (Local - BIBM and others)	226
External Foreign Seminar/ Workshop/ Conference	11
Total	2,345

Treasury Functions

Being an integrated unit AB Bank Treasury manage day to day Liquidity, Interest rate and Foreign Exchange Risks. AB Bank Treasury is engaged in Fund Management both in LCY and FCY. To manage the fund it participates in the interbank market within the laid down policies and guidelines of Bangladesh Bank's. It also invests in Govt. Securities to meet the regulatory compliance. As a Primary Dealer, AB Bank perform its core responsibility to underwrite Govt. Securities by this division. Treasury division is broadly divided into ALM and Foreign Exchange desk. Treasury Operations primarily maintain the statutory requirements. Prudent Money Market and Foreign Exchange Operations however contribute significant interest and exchange earnings.

Year 2013 was a challenging year of Treasury in terms of managing FX Risk, Interest Rate Risk and Liquidity Risk of the Bank in the midst of a sluggish economy. Throughout the year 2013, the Inter-bank money market was stable and short term money market rates were on the lower side.

To accommodate economic expansion, Bangladesh Bank has taken several liquidity measures, which are as follows:

- Decreased the REPO & Reverse Repo rates by 50 basis point. In 2013, repo rate was 7.25 percent and Reverse Repo was 5.25 percent
- Bangladesh Bank introduced 2 Years BGTB to reduce the concentration on longer term maturity in focus of easing liquidity pressure on PD banks
- To reduce devolvement pressure of Govt. Securities on PD Banks, Bangladesh Bank introduces devolvement on Non-PD's a certain portion of the unsubscribed securities in the primary Auction
- 8 new banks started operations as Primary Dealers in 2013

In the year 2013, there was no CRR/SLR short fall and no breach of Net Open Position (NOP) limit though the market was too volatile. Treasury successfully used all types of money market and foreign exchange instruments to efficiently manage the funds to ensure optimum Balance Sheet spread.

Financial Institutions Unit

FI marketing team facilitated trade business on behalf of AB Bank Mumbai branch and AB International Finance Limited (ABIFL), Hong Kong. FI Marketing is primarily engaged in harnessing Reimbursement Authorities/ Payment Instructions and scouting of LC advising from different commercial Banks for Mumbai Branch. For ABIFL this marketing team procured foreign trade related business like advising LCs, confirmation of LCs and discounting of bills. AB holds the major share in this line of business.

International Trade

International Trade has significant value addition to AB's business profile. In 2013, Both Import and Export business experienced growth compared to previous year.

Import Business reached BDT 12,538 crore which was BDT 10,037 crore in 2012. Import bucket of AB covers areas like scrap vessels, food items, chemicals, medicines, textiles, capital machineries etc. Total Import growth was 25 percent in the year 2013.

Total Export growth of AB was 10 percent in the year 2013 compared to the previous year. Total Export reached BDT 7,257 crore at the end of the year which was BDT 6,578 crore in 2012. Export business was concentrated in frozen fish, readymade garments, knitwear and other indigenous products.

AB's Foreign correspondent relationship covers most of the important financial centers and financial institutions. About 521 correspondents comprises correspondent banking platform of the Bank facilitating its expanding international trade business and customer service.

Remittance Initiative

AB strengthened the existing remittance relationship with various exchange houses in 2013. AB is focusing on enhanced customer services through the existing Branches. Dedicated 'Remittance Hub' centrally located at Head Office backed by advanced technology platform helped expanding the Bank's service to the doorstep of the customers. Corporate clients of AB remained another major source of foreign currency. Bank is also trying to broaden its base through solicitation of indigenous export clients. Total remittance at the end of the year stood at USD 236 million in 2013 as against USD 217 million in 2012.

AB Bank Limited Directors' Report 2013

Activities of FI Marketing Team

AB Bank Limited Mumbai Branch, India is the only Bangladeshi Bank based in Mumbai catering to Indo-Bangla Trade. Since its inception in the year 1996, in addition to retail banking activities, it is engaged in handling LCs and documents arising out of exports from India to Bangladesh. The Branch also handles add confirmation, negotiation and discounting of documents among others.

Our FI Marketing Team, formed on 20 July 2003, facilitates trade business activities originating from the different Banks in Bangladesh. The operations of our FI Marketing Team are a fee based income infusing foreign currency to our national economy.

At present our Mumbai Branch is maintaining Nostro Accounts of 40 Banks in Bangladesh.

During the year 2013, our FI Marketing Team has collected a good number of Reimbursement Authorities/Payment Instructions and provided support in advising a significant number of LCs from different Commercial Banks in Bangladesh to our Mumbai Branch, India.

AB International Finance Limited, Hong Kong a wholly owned Subsidiary of AB Bank Limited, having started its operations in the year 1995 is primarily engaged in advising, adding confirmation to documentary credits, negotiation and discounting of bills under LC.

Our FI Marketing Team procures foreign trade related business i.e. arranges advising of documentary credits and arranging confirmation to LCs of different Banks in Bangladesh on behalf of ABIFL, Hong Kong.

Overseas operations

Mumbai Branch, AB Bank, India

AB Bank Limited, Mumbai Branch is the only Bangladeshi Bank based in Mumbai which caters Indo-Bangla trade. The Branch was established in the year 1996 and since inception, in addition to

corporate banking services. it is engaged in handling LCs and documents arising out of exports from India to Bangladesh. The Branch also adds confirmation, negotiate and discount documents. Mumbai Branch is connected to AB's central network system to provide an advanced technology platform for the Branch's operations. Branch's Operating Profit at the year-end 2013 was INR 141.74 million.

Major KPIs of the Branch in 2013:

Basel III	2013	2012	2011
CRAR – Overall	33.87%	26.28%	35.17%
CRAR – Tier I	33.59%	25.70%	34.45%
CRAR – Tier II	0.28%	0.58%	0.72%
Operating Profit to Total Working Funds	8.15%	6.49%	12.69%
Fee based income to Total income	73.93%	82.90%	83.87%
Return on Total Assets	4.78%	5.45%	5%

Operating Results of Mumbai in 2013:

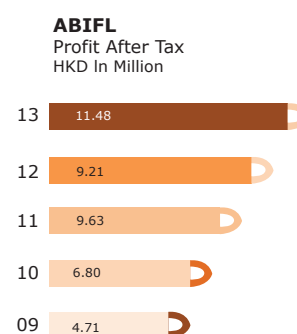
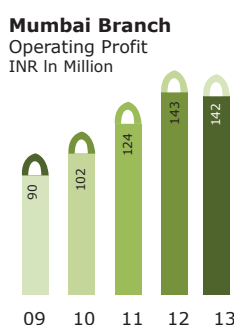
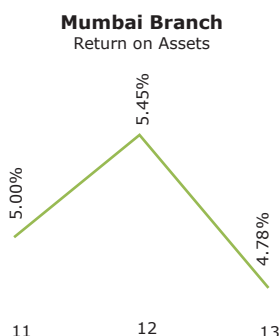
Particulars	2013	2012	2011
Operating Profit- INR Million	142	143	124
Return on Assets (%)	4.78%	5.45%	5.00%
Return on Equity (%)	10.86%	12.88%	10.08%

AB International Finance Limited (ABIFL), Hong Kong

ABIFL started its operations in 1995 and is primarily engaged in advising, adding confirmation of documentary credit, negotiation and discounting of bills under LC. ABIFL is also involved in remittance business. ABIFL's performance in 2013 was satisfactory all round.

Operating results of ABIFL in 2013:

Particulars	2013	2012	2011
Profit After Tax (PAT)-HKD Million	11.48	9.21	9.63
Return on assets (%)	7.19	5.54	5.55
Return on equity (%)	58.98	50.23	60.70
Earnings per Share- HKD	114.85	92.07	96.29

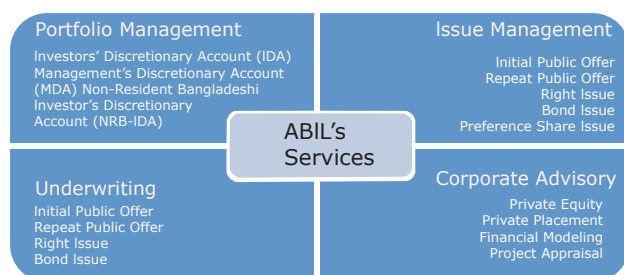


AB Bank Limited Directors' Report 2013

Local Subsidiaries

AB Investment Limited

After incorporation on 24 December 2009 AB Investment Limited (ABIL), a wholly owned subsidiary company of AB Bank Limited, started its operation on the 10 March 2010. Clients of ABIL avail the following services:

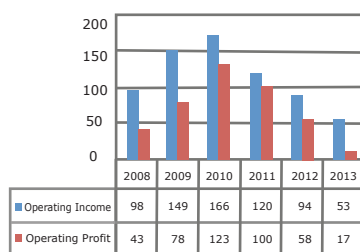


The number of clients of AB Investment Limited is about 2,705 and it comprises of Local Individual & Institutional clients along with NRBs and Foreign Individuals. ABIL has six panel brokers to perform trading of its clients and of own portfolio. Total portfolio of ABIL was more than BDT 9.74 billion in 2013 which is 0.37 percent of the total market capitalization. Currently, ABIL operates from its Head Office in Dhaka and two branch offices in Chittagong & Sylhet.

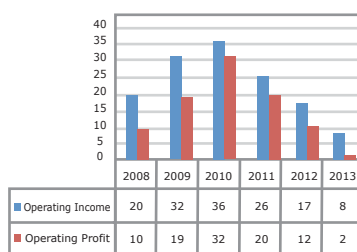
Performance of ABIL:

Amount in Crore	2013	2012	2011
Number of Clients	2,705	2,749	2,886
Margin Loan provided to Clients	714	759	726
Operating Income	53	94	120
Operating Profit	17	58	100
Profit after Tax (PAT)	04	32	55
Earnings Per Share (BDT)	4.27	32.38	55
Face Value (BDT)	10	10	10

Performance of ABIL
In Crore BDT



Performance of ABSL
In Crore BDT



AB Securities Limited (ABSL)

After incorporation on 24 December 2009, AB Securities Limited (ABSL), a wholly owned subsidiary company of AB Bank Limited, started its operation on the 02 August 2010. ABSL is a TREC Holder of both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

The number of clients of ABSL is more than 2,600 and it comprises of local individual & institutional along with NRBs and foreign individuals. ABSL also acts as Agent Broker of two Merchant Banks namely AB Investment Limited and First Security Islami Capital & Investment Limited. Total turnover of ABSL was more than BDT 23.71 billion in 2013.

Currently, ABSL operates from its Head Office in Dhaka and two branch offices in Chittagong & Sylhet.

For Foreign Nationals and Non-Resident Bangladeshis, we provide one stop stock broking services including assistance in opening Foreign Currency (FC) account & Non-Resident Investor's Taka Account (NITA), BO account opening and trading at DSE and CSE.

Performance of ABSL:

Amount in Crore	2013	2012	2011
Number of Clients	2,636	2,472	2,525
Margin Loan Disbursed	104	107	103
Operating Income	08	17	26
Operating Profit	02	12	20
Earnings Per Share (BDT)	0.88	18.01	28
Total Turnover-Trade (Billion BDT)	23.71	25.83	41.99

AB Exchange (UK) Limited

AB Exchange (UK) Limited, London, UK, a 100 percent owned subsidiary of AB Bank Limited has commenced its operation with effect from 31 May 2011. AB Exchange (UK) Limited is engaged in Remittance Business and facilitating expatriate Bangladeshis residing in UK to send their remittances through official channel

ABSL Services



AB Bank Limited Directors' Report 2013

in a secured, reliable and expedient manner.

In addition to 89 branches of ABBL, Bangladesh, designated branches of BURO Bangladesh and designated CCPs of Pacific Bangladesh Telecom Limited are acting as distribution channel of ABEL.

CashLink Bangladesh Limited (CBL)

CashLink Bangladesh Limited (CBL) is a subsidiary of AB Bank Limited. CBL was incorporated on 24 September 2008 with the following objectives:

- To carry on the business of providing integrated electronic financial payment to AB and other member Banks
- To do Transaction Processing Solutions in Bangladesh, including coordination and deployment of independent branded Automated Teller Machines (ATM)
- To facilitate Electronic Fund Transfer through Points of Sale (EFT POS) and provide pre-paid Card, Debit Card and Credit Card processing services etc.
- To facilitate E-commerce facility to AB and other member Banks

CBL's vision is to become the largest shared ATM & POS network in Bangladesh. Currently CBL is providing Electronic Fund Transfer services through ATMs and POS throughout the country.

Credit Risk Management (CRM)

Credit risk of the Bank is governed by the CRM Division following Credit Policy Manual and other guidelines of Bangladesh Bank issued from time to time. Bank has identified credit portfolio into Corporate, Retail-Consumer Credit and Cards and SME in the overall. There are separate policies for each such sector with clearly defined units for exposure and risk management aspects. Bank-wide credit processing matrix is in place which is spread up to the Branch level. Clear segregation of relationship and credit processing streams across the Bank has been ensured to assure credit risk management covering the entire credit cycle. This set-up has also ensured sound practices in credit processing/appraisal, credit approval, credit documentation, credit disbursement, credit administration, monitoring and control.

Credit Administration Management (CAM)

Bank has a separate unit called Credit Administration Management (CAM) for Credit Administration and handling of classified loans. Banks entire CRM process is automated and linked to the Bank-wide core system which enhanced the reach of (AM unit further. Side by side with the automation of Trade Finance Module, AB is moving towards an integrated credit management environment.

Finance Division (FD)

Bank's Finance Division is working towards achieving high standards as befitting for a financial institution like AB and is also embedded with compliance framework and policies of the Bank as a whole. Finance Division is about developing and maintaining a service-oriented culture, having a strong capacity for strategic and tactical analysis, monitoring internal and outward factors and working within the businesses to add values. It is performing the key roles of controllership, budgeting, forecasting, financial analysis, business performance monitoring, decision making support, procurement (Payment Cell), ensure the regulatory compliances and is also providing risk management/ assessment framework support platform.

Risk Management Division (RMD)

RMD is constantly contemplating and exerting efforts for developing a structure and processes to ensure sound risk management in all areas of the Bank. Bank also formed a Supervisory Review Process (SRP) Team in pursuance of relevant guidelines of Bangladesh Bank. The function of SRP Team includes assessment/review of minimum capital requirement (MCR) and maintaining thereof as well as assessment of requirement of adequate capital in consideration of residual risk, evaluation of core risk management, credit concentration risk, interest rate risk, liquidity risk, Operation risk including reputation risk, settlement risk, strategic risk among others.

Financial Performance in 2013

As one of the most highly regulated banking industries in the world, investors have some level of assurance in the soundness of the banking system. As a result, investors can focus most of their efforts on how a bank will perform in different economic environments. Sound financial health of a bank is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy as well. As a sequel to this maxim, efforts have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively. Amid a challenging economic and business environment, which prevailed throughout 2013, financial results of the Bank helped AB in achieving its desired path. In this year, business and functional strategies and activities were successfully driven towards the achievements.

At the year end 2013, Total Assets of the Bank stood at BDT 20,801 crore (growth of 20 percent) while Total Capital reached at the level of BDT 1,877 crore which indicate the maximum level of wealth of the Bank.

Loans and Advances reached BDT 14,012 crore while Deposits was BDT 16,185 crore representing growth of 32 percent and 16 percent respectively. Trading business also experienced good results in 2013 amply showing the efforts of the Bank in this respect.

AB Bank Limited Directors' Report 2013

Business Results:

Taka in Crore	2013	2012	% Change
Deposits	16,185	14,003	15.58%
Loans and Advances	14,012	10,607	32.11%
Investments	2,868	2,611	9.81%
Import Business	12,538	10,037	24.92%
Export Business	7,257	6,578	10.32%
Guarantee Business	1,899	1,320	43.86%
Remittance (USD)	23.67	22	7.59%
Operating Profit	528.97	436.30	21.24%
Net Operating Profit	298.46	319.03	-6.45%
Profit after Tax	101.10	143.85	-29.72%
Earnings per Share (BDT)	2.03	2.89	-29.70%
Return on Equity (%)	6.13%	9.31%	-3.18%
Return on Assets (%)	0.53%	0.88%	-0.35%
Asset Utilization Ratio (%)	84.60%	82.93%	1.67%

Operating Profit of the Bank was BDT 529 crore registering a growth of 21 percent. Net Interest Income growth of 21 percent and nearly 23 percent growth in commission, exchange & brokerage income during the year led to the Operating Profit.

Operational Performance

BDT in Crore	2013	2012	% Change
Interest income	1,795	1,571	14.25%
Interest expenses	1,417	1,259	12.56%
Net interest income	378	312	21.04%
Investment income	284	271	4.69%
Comm.exchange & brokerage	302	246	22.72%
Other income	11	14	-17.13%
Operating Revenue	976	843	15.65%
Operating expenses	447	407	9.67%
Profit before Provision & Tax	529	436	21.24%
Provision & Tax	428	292	46.30%
Profit after Tax	101	144	-29.72%

After providing for requisite Tax and Provisions as per Bangladesh Bank guidelines, Profit after Tax (PAT) stood at BDT 101 crore for the year. During the year, Bank also provided for BDT 197 crore as provision for Current and Deferred Tax.

Interest income grew by 14 percent during 2013 which is consistent with the increase of Loans and Advances of 32 percent during the year. Bank had to mobilize funds to finance the growth of business. Deposits experienced a growth of 16 percent also resulting in increase of interest expense by 13 percent.

Net interest income of the Bank was BDT 378 crore and was also having a growth of 21 percent, a testimony of Banks ability to maintain reasonable yield on Loans and Advances.

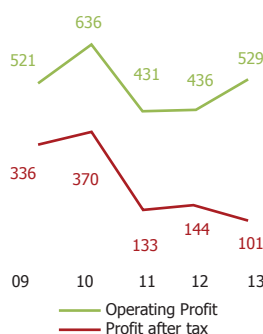
Total Non-funded or Non-interest Income including Income from Investments stood at BDT 598 crore at the end of the year which compares with the last year level of BDT 531 crore.

Operating expenses during the year increased by BDT 39 crore an increased of 10 percent over last year. Bank had to sustain the growth momentum through investment in infrastructure and human capital. Moreover, inflationary effects and increase of business inputs including utilities contributed towards this upward move. Salary and allowances which accounts for 47 percent of Operating expenses increased by 11 percent as the Bank went for promotion and salary increment. Besides, rent, taxes, insurance, electricity also increased due to multiple reasons like imposition of VAT, expansion of new branch, etc. Communication and other expenses increased keeping pace with the increasing business volume. Depreciation and repair of Bank's assets showed upward trend due to charging of depreciation of newly procured assets.

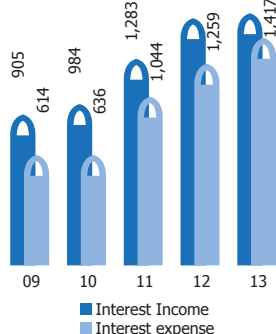
One of the key operational indicators "productivity of the employee" showed improvement in 2013:

BDT in Crore	2013	2012	Growth(%)
Operating profit per employee	0.24	0.21	15.60%
Net Profit after Tax per employee	0.05	0.07	-33.72%
Total Asset per employee	9.55	8.40	13.67%

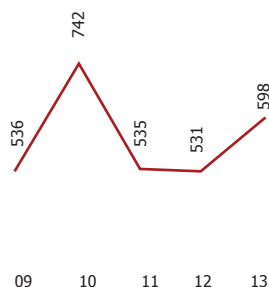
Profitability
In Crore BDT



Interest Income Vs Expenses
In Crore BDT



Non-Interest Income
In Crore BDT



AB Bank Limited Directors' Report 2013

Bank made progress in all major areas of business in 2013. Total Asset growth of 20 percent, Deposit growth of 16 percent, Loans and Advances growth of 32 percent, among others signifies a high performing Bank.

BDT in Crore	2013	2012	Growth(%)
Total Assets	20,801	17,384	19.65%
Deposits	16,185	14,003	15.58%
Loans & Advances	14,012	10,607	32.11%
Investments	2,868	2,611	9.81%
Import	12,538	10,037	24.92%
Export	7,257	6,578	10.32%
Remittance (USD)	22	22	0.00%
Guarantee	1,899	1,320	43.86%

Provision against Loans and Advances has increased during the year due to volume growth and also to cover the classified loans and advances. Bank gave constant emphasis on quality credit portfolio and could also keep the NPL Ratio at a manageable level due to the prudent risk management strategies. A committed recovery team and adequate monitoring and control systems are in place for asset quality assurance. Bank made total provisions of BDT 231 crore against Loans and Advances, Off-Balance Sheet items, Investments and others.

BDT in Crore	2013	2012	Change%
Net Profit after Tax	101.10	143.85	-29.72%
Total Income	2,392.87	2,102.64	13.80%
Interest Income	1,795.30	1,571.40	14.25%
Classified Loans	471.99	352.23	34.00%
CL Ratio	3.37%	3.32%	1.43%
CL Provisions	227.29	104.87	116.73%

Total Assets of the Bank stood at BDT 20,801 crore in 2013 against BDT 17,384 crore in 2012 registering a growth 20 percent. Increases of total assets were mainly driven by business assets like Loans & Advances and Investments.

Over a period of five years Bank's asset base has grown over 95 percent paving the way for shareholders value addition.

BDT in Crore	2013	2012	Growth(%)
Cash	1,135.95	962.28	18.05%
Balance with other banks and financial institutions	723.90	887.71	-18.45%
Money at call and short notice	99.14	367.18	-73.00%
Investments	2,867.57	2,611.48	9.81%
Loans and Advances	14,012.13	10,606.58	32.11%
Fixed Assets	417.26	422.95	-1.35%
Other Assets	1,544.61	1,526.07	1.22%
Total Assets	20,800.55	17,384.24	19.65%

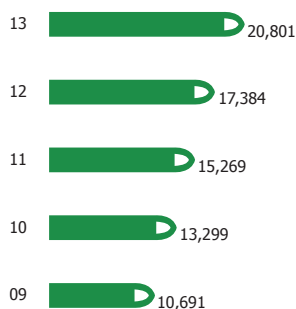
Loans and advances of the Bank grew by 32 percent and stood at BDT 14,012 crore during the year 2013. This is a result of continued growth in lending business and solid growth in banking activities reflecting a continued focus on customers and profitable growth. Commercial lending, the main concentration area for the Bank financing since long, comprises of 25 percent of total loans and advances. Sector wise loan portfolio also shows diversification mode of portfolio.

Bank's investments, during the year 2013, were made mostly in government securities which stood at BDT 2,233 crore in 2013 as against BDT 1,974 crore in 2012. Out of total Investments 78 percent is in Government Securities to maintain SLR. Investment in Shares stood at BDT 584 crore at the year-end.

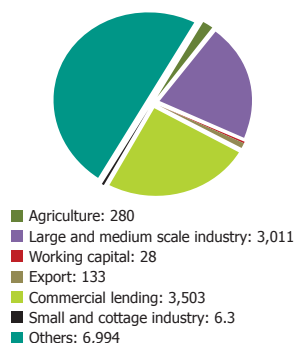
Other Assets of the Bank stood at BDT 1,544 crore a growth of 1 percent during the year. Other assets mostly comprises investment in subsidiaries, advance tax, operational advances among others.

Total liabilities in 2013 increased by 21 percent to BDT 19,107 crore from BDT 15,781 crore in 2012. Significant increases were in the area of Deposits. Borrowings increased by 174 percent to BDT 999 crore from BDT 365 crore in 2012. AB's total Deposit stood at BDT 16,185 crore at the end of year 2013. The volume of deposits, therefore, increased by 16 percent in 2013 over the previous year. The growth was supported by Branch network and along with management & Branch officials hard effort.

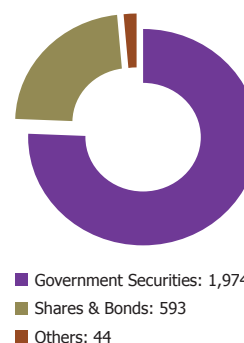
Total Assets
In Crore BDT



Industry Wise Loan Portfolio 2013
In Crore BDT



Investment mix
In Crore BDT



AB Bank Limited Directors' Report 2013

Earnings per Share stood at BDT 2.03 in 2013 compared to BDT 2.89 last year. Return on Assets (ROA) for the year was 0.53 percent while Return on Equity (ROE) was 6.13 percent reflecting a testimony to a successful year for AB.

Shareholders Equity stood at BDT 1,694 crore at the end of 2013 showing a growth of 6 percent over last year. Paid-up Capital of the Bank went up by 12.5 percent to Taka 498 crore representing the effect of Stock Dividend for the year 2012. Statutory Reserve stood at BDT 556 crore-during the year 20 percent reserve maintained on profit before tax for local operations and Mumbai branch has maintained statutory reserve for Reserve Bank of India (RBI) guidelines. Retained earnings for the year was BDT 499 crore from the last year level of BDT 516 crore.

Cash flow statement

During the year 2013, Bank had a net cash outflow of BDT 258 crore as given below:

BDT in Crore	2013	2012
Net cash flow from operating activities	25.06	914.81
Net cash used in investment activities	-282.85	-501.87
Net cash used in from financing activities	-0.51	-14.77
Net increase and (decrease) in cash	-258.30	398.18

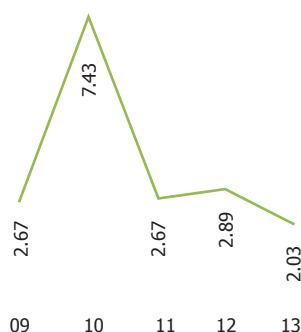
Net cash flow from operating activities

Major component of net cash flow from operating activities was operating profit after elimination of the effect of depreciation and provision and non cash items in Profit and Loss Account. Increase in Loans and Advances and other cash flows from operating activities were covered from Deposits. Increase/(decrease) of current assets and current liabilities effect has given in operating activities.

Net cash used in investment activities

Net cash used in investment activities is negative as the Bank purchased government securities for SLR maintaining and fixed assets purchased for banking operation.

Earnings Per Share
BDT



Net cash used in financing activities

Net cash used in financing activities comprised long term borrowings and Dividend paid during the year.

Capital Adequacy

Bank maintained adequate capital throughout and at the end of the year CAR was 10.80 percent. In 2013 the Bank's Core capital and Total Capital were 8.95 percent and 10.80 percent respectively.

Capital Adequacy

BDT# in Crore	2013	2012
Capital requirement	1,738.71	1,464.92
Capital maintained	1,877.23	1,718.14
Surplus/(Defecit)	138.51	253.22
RWA	17,387.12	14,649.22
CAR requirement	10%	10%
CAR maintained	10.80%	11.73%

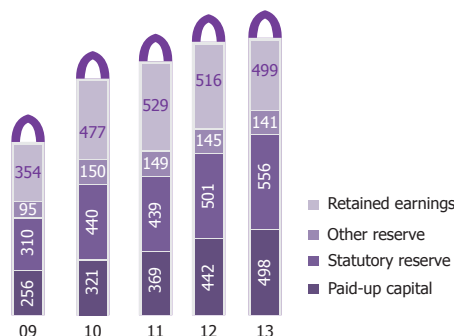
Core Capital (Tier-I) includes Paid-Up Capital, Statutory Reserve, General Reserve and Retained Earnings

Supplementary Capital (Tier-II) comprises general provision on loans and advances including off balance sheet items, 50 percent of Revaluation Reserve of Securities and Assets.

Capital Management

Bank has a detailed capital plan in place developed in line with the annual Business Plan. Quarterly review of the Capital Plan is done by the Board. Bank also adjusts its capital plan as and when required judging on the business eventualities. Bank maintained adequate capital throughout. At the end of the year 2013, Capital Adequacy Ratio (CAR) stood at 10.80 percent.

Total Equity
In Crore BDT



AB Bank Limited

Directors' Report 2013

BDT in Crore	2013	2012	% Growth
Fully Paid-up Capital	497.63	442.33	12.50%
Statutory Reserve	556.48	500.53	11.18%
General Reserve	4.22	4.22	0.00%
Retained Earnings	498.64	515.89	-3.34%
a. Total Eligible Tier-I Capital	1,556.96	1,462.98	6.42%
General Provision for Unclassified Loans	170.74	126.96	34.48%
General Provision for off Balance Sheet Exposure	81.00	58.00	39.66%
Assets Revaluation Reserves up to 50%	66.34	69.36	-4.35%
Revaluation Reserves of Securities (Upto 50%)	2.18	0.84	158.89%
b. Total Eligible Tier-II Capital	320.26	255.17	25.51%
c. Total Eligible Capital (a+b)	1,877.23	1,718.14	9.26%
Total assets including Off-Balance Sheet items	29,122.21	23,343.29	24.76%
Total Risk-Weighted Assets (RWA)	17,387.12	14,649.22	18.69%
Total Required Capital (10% of Total RWA)	1,738.71	1,464.92	18.69%
Capital Surplus / (Shortfall)	138.51	253.22	-45.30%
Capital Adequacy Ratio	10.80%	11.73%	

Quarterly CAR Position under BASEL II

Capital Adequacy Ratio (Under BASEL II):

BDT in Crore	2013			
	QTR I	QTR II	QTR III	QTR IV
Total Risk Weighted Assets (RWA)	15,236	16,443	16,924	17,387
Total Capital requirement	1,524	1,644	1,692	1,739
Capital Adequacy Ratio-Requirement	10%	10%	10%	10%
Capital Adequacy Ratio-Maintained	11.32%	10.79%	10.59%	10.80%
Total Capital maintained	1,724	1,774	1,793	1,877

Overall business performance indicators shows good position in terms of profitability, capital maintenance and Shareholders value addition for AB in 2013.

	2013	2012	2011	2010
LD Ratio (%)	86.58	75.75	81.48	91.95
CL (%)	3.37%	3.32	2.82	2.11
Capital Adequacy Ratio (%)	10.80	11.73	11.37	9.91
Cost Income Ratio (%)	45.78	48.27	44.31	32.01
Earning Per Share (Taka)-Diluted	2.03	2.89	2.67	7.43
Return on Equity (%)	6.13	9.31	9.25	30.77
Return on Assets (%)	0.53	0.88	0.93	3.08
Asset Utilization Ratio (%)	84.60	82.93	81.75	83.05

Consolidated Financial Statements

As per the Bangladesh Securities & Exchange Rules, 1987 Rules 12 (2) "The financial statements of an issuer of a listed security shall be prepared in accordance with requirements laid down in the Schedule and the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB)."

In the year 2009, Bangladesh Bank guidelines on Basel – II also laid emphasis on consolidation of accounts in case of Bank's housing any subsidiary company. Accordingly, Bank Management and the Board of Directors resolved to follow the guidelines of Bangladesh Financial Reporting Standards (BFRS) 10: Consolidated Financial Statements.

In compliance with the aforesaid, AB Bank prepared Financial Statements on Consolidated basis and Solo basis. Consolidated Financial Statements consists of consolidation of:

- AB Bank Limited
- AB Investment Limited
- AB Securities Limited
- Cash Link Bangladesh Limited
- AB International Finance Limited
- AB Exchange (UK) Limited

Consolidated Financial Statements for the Bank and its Subsidiaries were prepared and also separate Financial Statements were prepared for the Bank in relation to the year end 2013 accounts. The Financial Statements for the year 2012 have also been re-arranged for better comparative information.

Arab Bangladesh Bank Foundation (ABBF)

ABBF a fully owned subsidiary of the Bank platform for philanthropic activities. Board of Directors of AB has resolved to dissolve Foundation in its present form and convert it into an 'entity' under the Societies Act and to carry on with its philanthropic activities as envisioned.

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.

APPOINTMENT OF AUDITORS OF THE BANK

The External Auditor of the Bank, ACNABIN Chartered Accountants has completed first year in office and as per directives issued by Bangladesh Bank; they are eligible for re-appointment.

So, the Shareholders of the Company will have to re-appoint/appoint External Auditor for the year 2014 in the 32nd AGM of the Bank to be held on April 21, 2014 (Monday).

Dividend

Board of Director of the Bank has recommended Cash Dividend at 5 percent and Stock Dividend at 7 percent for the year ended 31st December, 2013 after keeping required provisions as envisaged by the applicable Acts and laws and regulations of Bangladesh Bank in this respect.

ELECTION OF DIRECTORS

In accordance with the relevant provisions of the Articles of Association of the Bank, at least one third of the Directors (other than the managing Director) shall retire in the next Annual General Meeting. All the retiring Directors are eligible for re-election/re-nomination by the 'respective group of shareholders under Articles 103 and 108 of the Articles of Association of the Bank.

AB Bank Limited Directors' Report 2013

BOARD OF DIRECTORS

Board of Directors of AB comprises of 14 (fourteen) Members including the President & Managing Director.

President & Managing Director is the Ex-Officio Member of the Board. Runa Zakia Shahrood Khan, Mr. Shishir Ranjan Bose, FCA and Prof. Dr. M. Imtiaz Hossain have been inducted as Independent Directors in compliance with the guidelines of the Bangladesh Securities and Exchange Commission (BSEC).

Board also has three Committees in operation viz Executive Committee, Audit Committee, Risk Management Committee. Respective Committees operate following their given TOR set by the Board of Bangladesh Bank as the case may be.

President & Managing Director

Mr. M. Fazlur Rahman was the President & Managing Director of the Bank upto January 02, 2014. After his resignation from the service w.e.f. January 02, 2014, **Mr. Shamim Ahmed Chaudhury** was the Managing Director as acting capacity upto February 22, 2014. Subsequently, Mr. Chaudhury has been appointed as the President and Managing Director of the Bank for the period of three years w.e.f February 23, 2014.

Rating of AB Bank Limited

AB Bank Limited was rated by Credit Rating Agency of Bangladesh Limited (CRAB). The summary of their ratings is given below:

Surveillance Rating (2013)	Long Term	Short Term
	AA3	ST-2
Date of Rating	27 March 2014	
Validity Date	30 June 2015	

Credit Rating Agency of Bangladesh (CRAB) has affirmed 'AA3' rating in the long term and 'ST-2' rating in the short term of AB Bank Limited for the year ended December 31, 2013 (based on Audited Financials).

Commercial Banks rated 'AA3' in the long term belongs to "Very strong capacity & very high quality" cohort. Banks rated 'AA3' has very strong capacity to meet their financial commitments. 'AA3' rated banks are judged to be of high quality and are subject to low credit risk.

Commercial Banks rated 'ST-2' in the short term is considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds.

32nd Annual General Meeting

The 32nd Annual General Meeting will be held on April 21, 2014 (Monday) at the Bashundhara Convention Centre-2, Block C, Bashundhara R/A, Baridhara, Dhaka at 9.15 am.

Future Outlook

Looking ahead to H2 FY14 the balance of payments projections apprehends there will be a correction in the pace of export growth due to a possible slow-down in RMG sector orders, along with a pick-up in imports as investor confidence grows. Although a global growth prospect for 2014 (3.6%) is higher than the previous two years, the road to recovery in the advanced economies is projected to remain uneven.

A slightly positive remittance growth in H2 FY14 is also projected. The monetary stance in H2 FY14 takes the recent economic and financial sector developments into account and will target a monetary growth path which aims to bring average inflation down to 7 percent, while ensuring that credit growth is sufficient to stimulate inclusive economic growth. This would require a monetary program framework that limits reserve money growth to 16.2 percent and broad money growth to 17 percent by June 2014.

The ceiling for private sector credit growth of 16.5 percent has been kept well in line with economic growth targets. The slightly higher credit to public sector for June 2014 is targeted.

Financial institutions will be needed to play a concerted and proactive role in the development of the country and sustainability, increase financial inclusion of a large population now totally outside the banking umbrella.

Infrastructure, investment policy clarity, political harmony, availability of power and gas at a sustainability level including absence of major natural calamity including containment of inflation remain causes of concern of the nation.

2013 will be a difficult year for those financial institutions in Bangladesh which are not well organized and have serious lack of good governance. Banks with good and manageable portfolio will be able to harvest the result of an uptrend of Asian economy. Hence consolidating the growth and thereby remain compliant in all respects and yet earn respectable returns for all our shareholders will be our endeavor.

Gratitude

The Members of the board take this opportunity to express their gratitude to all the valued Shareholders, Clients, Patrons and Well-wishers for their continued support over the years. We are also deeply indebted to the Government of Bangladesh in particular to the Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, other financial institutions, office of the Registrar of Joint Stock Companies & Firms and all other concerned for their continued guidance and support throughout this long journey of the bank.

The Board would like to place on record their deepest appreciation for the dedicated services rendered by all the employees of the bank.

AB will remain committed to its vision and also towards creation of Shareholder value. Besides, AB will also continue its holistic efforts in accelerating its contribution towards economic development of the country.



M. Wahidul Haque
Chairman

AB Bank Limited

President & Managing Director and CFO's Statement

March 12, 2014

TO

THE BOARD OF DIRECTORS

AB Bank Limited
Head Office, Dhaka

SUB: CEO AND CFO's DECLARATION TO THE BOARD OF DIRECTORS OF THE BANK

In compliance with the notification of Bangladesh Securities and Exchange Commission No. SEC/ CMRRCD/2006-158/134/Admin/44 dated August 07, 2012; we declare the following for the financial year ended 31 December, 2013:

- i. We have reviewed the financial statements for the year and that to the best of our Knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;
- ii. There are, to the best of knowledge and belief, no transaction was entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's code of Conduct.

This is placed for kind perusal of the Board.



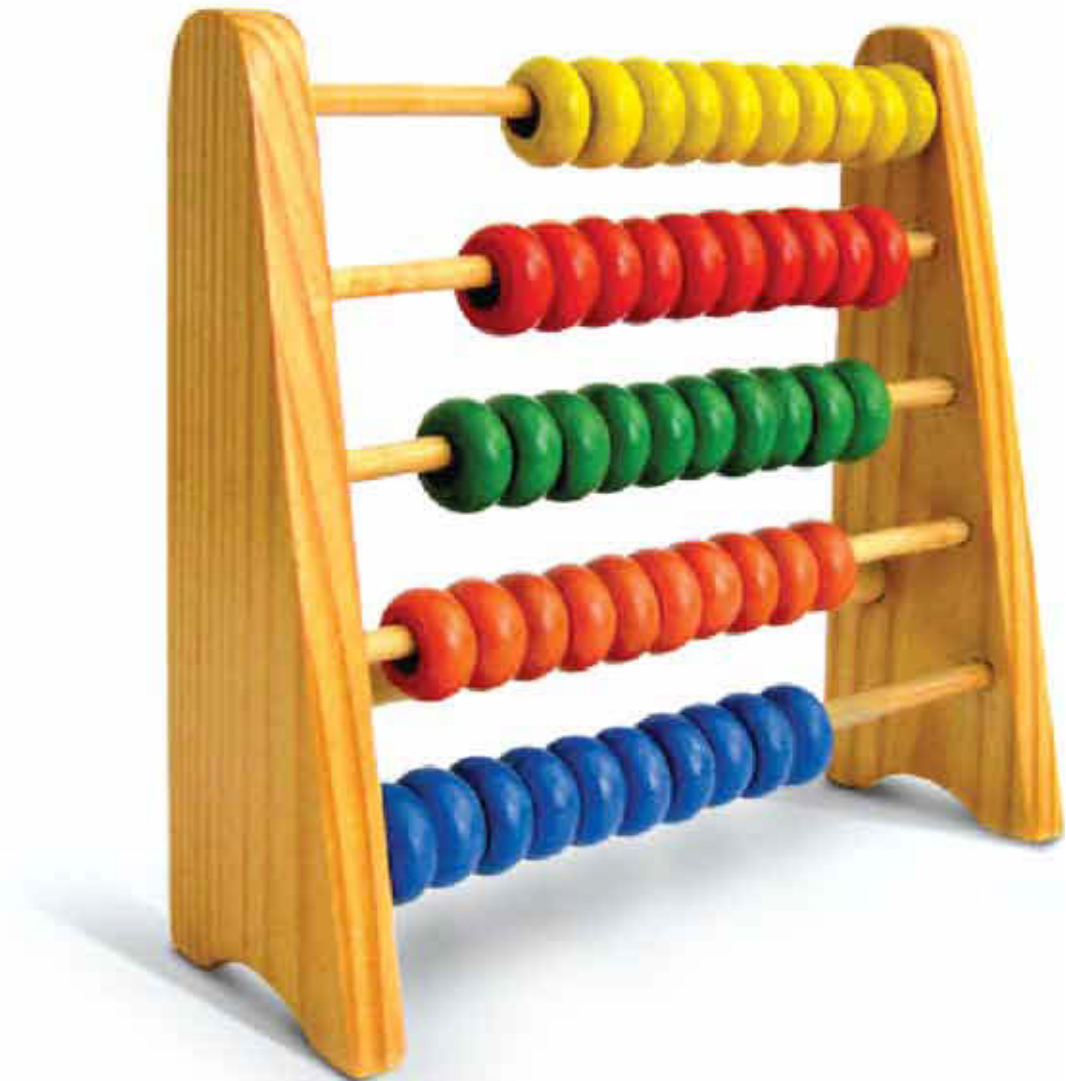
Mahadev Sarker FCA
Chief Financial Officer



Shamim A. Chaudhury
President & Managing Director

AUDITORS' REPORT & FINANCIAL STATEMENTS

[For The Year Ended 31 December 2013]



AB Bank Limited

Independent Auditor's Report

To the Shareholders

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 2013 and the consolidated and separate Profit & Loss Accounts, consolidated and separate Statements of Changes in Equity and consolidated 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) Act, 2013 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 about 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 2013, 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) Act, 2013 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) 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;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming 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:
 - i) 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;
 - ii) 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) the expenditure incurred was for the purposes of the Bank's business;
- (g) 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;
- (h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (j) the information and explanation required by us have been received and found satisfactory; and
- (k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,950 person hours for the audit of the books and accounts of the Bank.

Dated,
12 March 2014



ACNABIN
Chartered Accountants

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet

At 31 December 2013

	Notes	31.12.2013 Taka	31.12.2012 Taka
PROPERTY AND ASSETS			
Cash	3(a)	11,362,379,912	9,622,886,412
In hand (including foreign currencies)	3.1(a)	1,328,232,066	1,231,720,758
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	10,034,147,846	8,391,165,655
Balance with other banks and financial institutions	4(a)	5,983,961,130	7,473,564,867
In Bangladesh	4.1(a)	4,746,243,512	5,621,794,561
Outside Bangladesh	4.2(a)	1,237,717,618	1,851,770,306
Money at call and on short notice	5(a)	991,387,500	3,671,790,000
Investments	6(a)	29,617,297,504	26,949,597,279
Government	6.1(a)	22,327,865,346	19,743,454,873
Others	6.2(a)	7,289,432,157	7,206,142,406
Loans, advances and lease/investments		147,128,880,056	113,662,985,699
Loans, cash credits, overdrafts, etc./Investments	7(a)	144,545,643,251	111,311,725,962
Bills purchased and discounted	8(a)	2,583,236,805	2,351,259,736
Fixed assets including premises, furniture and fixtures	9(a)	4,741,796,955	4,868,649,902
Other assets	10(a)	9,923,067,613	9,267,837,853
Non-banking assets		-	-
Total Assets		209,748,770,670	175,517,312,012
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	10,391,319,243	4,116,982,161
Deposits and other accounts	12(a)	161,609,892,233	139,908,043,708
Current account and other accounts		15,746,417,142	13,487,221,464
Bills payable		1,140,175,156	1,467,147,011
Savings bank deposits		17,093,460,022	14,860,539,427
Fixed deposits		91,742,137,914	80,452,713,916
Other deposits		35,887,701,999	29,640,421,890
Other liabilities	13(a)	20,454,511,793	15,290,014,994
Total liabilities		192,455,723,268	159,315,040,863
Capital/shareholders' equity			
Equity attributable to equity holders of the parent company		17,308,687,827	16,222,502,086
Paid-up capital	14	4,976,253,760	4,423,336,680
Statutory reserve	15	5,564,799,391	5,005,314,801
Other reserve	16(a)	1,596,508,461	1,532,116,076
Retained earnings	17(a)	5,171,126,214	5,261,734,530
Minority interest	17(b)	(15,640,425)	(20,230,938)
Total Equity		17,293,047,402	16,202,271,149
Total Liabilities and Shareholders' Equity		209,748,770,670	175,517,312,012

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet

At 31 December 2013

	Notes	31.12.2013 Taka	31.12.2012 Taka
Off-Balance Sheet Items			
Contingent liabilities	18	83,216,543,057	59,590,452,646
Acceptances and endorsements		26,948,988,710	19,642,751,282
Letters of guarantee	18.1	16,393,076,675	12,882,332,805
Irrevocable letters of credit		30,225,132,651	17,863,397,969
Bills for collection		9,649,345,020	9,201,970,590
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		83,216,543,057	59,590,452,646


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




Shamim Ahmed Chaudhury
Managing Director



Shishir Ranjan Bose, FCA
Director



Salim Ahmed
Vice Chairman



M. Wahidul Haque
Chairman

This is the consolidated balance sheet referred to in our separate report of even date.

Dated,
12 March 2014



ACNABIN
Chartered Accountants

AB Bank Limited & Its Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2013

OPERATING INCOME

Interest income/profit on investments
Interest/profit paid on deposits and borrowings, etc.

Net interest income

Investment income
Commission, exchange and brokerage
Other operating income

Total operating income (a)

OPERATING EXPENSES

Salary and allowances
Rent, taxes, insurance, electricity, etc.
Legal expenses
Postage, stamps, telecommunication, etc.
Stationery, printing, advertisement, etc.
Chief executive's salary and fees
Directors' fees
Auditors' fees
Depreciation and repairs of Bank's assets
Other expenses

Total operating expenses (b)

Profit before provision (c = (a-b))

Provision against loans and advances
Provision for diminution in value of investments
Other provisions

Total provision (d)

Profit before tax (c-d)

Provision for taxation

Current tax
Deferred tax

Net profit after tax

Appropriations

Statutory reserve
General reserve
Dividends, etc.

Retained surplus

Minority interest

Net Profit attributable to the shareholders of parent company


Consolidated Earnings Per Share (EPS)


Notes	2013 Taka	2012 Taka
20(a)	18,365,001,635	16,497,564,598
21(a)	(14,281,076,850)	(12,686,931,403)
	4,083,924,785	3,810,633,196
22(a)	2,715,057,334	2,326,182,892
23(a)	3,159,603,231	2,689,955,033
24(a)	163,206,015	191,675,408
	6,037,866,580	5,207,813,333
	10,121,791,365	9,018,446,529
25(a)	2,146,756,426	1,951,187,116
26(a)	481,603,988	429,860,032
27(a)	14,043,869	11,086,830
28(a)	132,462,923	144,166,579
29(a)	166,314,652	177,109,048
	11,434,501	8,683,734
30(a)	3,058,243	3,189,207
31(a)	3,404,536	6,031,215
32(a)	650,702,451	698,884,807
33(a)	967,027,569	868,874,312
	4,576,809,158	4,299,072,880
	5,544,982,207	4,719,373,649
34(a)	1,667,125,000	712,182,142
35(a)	464,446,127	426,565,410
36(a)	240,149,814	84,356,875
	2,371,720,941	1,223,104,427
	3,173,261,266	3,496,269,222
	2,074,819,159	2,034,460,196
	2,065,632,307	1,975,206,567
	9,186,852	59,253,629
	1,098,442,107	1,461,809,026
	574,478,006	624,066,492
	-	-
	-	-
	574,478,006	624,066,492
	523,964,101	837,742,534
	4,744,929	(5,141,410)
	519,219,172	842,883,944
38(a)	2.20	2.95

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


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

This is the consolidated profit & loss account referred to in our separate report of even date.

Dated,
12 March 2014


ACNABIN
Chartered Accountants

AB Bank Limited & Its Subsidiaries

Consolidated Cash Flow Statement

For the year ended 31 December 2013

Cash Flows from Operating Activities

Interest receipts
Interest payments
Dividend receipts
Fee and commission receipts
Recoveries on loans previously written off
Payments to employees
Payments to suppliers
Income taxes paid
Receipts from other operating activities
Payments for other operating activities

Operating profit before changes in operating assets & liabilities

Increase/decrease in operating assets and liabilities

Loans and advances to customers
Other assets
Deposits from other banks
Deposits from customers
Trading liabilities (short-term borrowings)
Other liabilities

Net cash flow from operating activities (a)

Cash Flows from Investing Activities

Purchase of government securities
Purchase of trading securities, shares, bonds, etc.
Purchase of property, plant and equipment

Net cash used in investing activities (b)

Cash Flows from Financing Activities

Increase/(decrease) of long-term borrowings
Dividend paid

Net cash used in from financing activities (c)

Net (decrease)/increase in cash (a+b+c)
Effects of exchange rate changes on cash and cash equivalents
Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year (*)

(*) Cash and cash equivalents:


Cash
Prize bonds
Money at call and on short notice
Balance with Bangladesh Bank and its agent bank(s)
Balance with other banks and financial institutions


Net Operating Cash Flow Per Share (NOCFPS)

2013 Taka	2012 Taka
17,868,906,709	16,110,252,914
(13,660,160,838)	(12,084,816,416)
92,382,323	428,296,844
2,302,351,297	1,917,638,998
4,151,397	35,168,196
(2,158,190,927)	(1,959,870,850)
(166,314,652)	(165,214,877)
(1,694,163,208)	(1,255,457,669)
3,638,981,563	2,826,709,294
(1,862,628,891)	(1,780,622,074)
4,365,314,773	4,072,084,362
(32,969,799,431)	(10,805,534,596)
1,045,630,998	(50,423,752)
601,235,941	(1,518,308,927)
20,479,696,573	24,998,752,352
6,278,478,986	(6,611,565,014)
711,482,081	(964,278,126)
(3,853,274,852)	5,048,641,936
512,039,921	9,120,726,298
(2,585,559,073)	(3,630,127,191)
(83,289,752)	(835,644,329)
(269,770,988)	(461,907,563)
(2,938,619,813)	(4,927,679,083)
(4,141,904)	30,357,603
(939,542)	(178,010,131)
(5,081,446)	(147,652,528)
(2,431,661,338)	4,045,394,687
-	-
20,773,260,680	16,727,865,994
18,341,599,343	20,773,260,680
1,328,232,066	1,231,720,759
3,870,800	5,019,400
991,387,500	3,671,790,000
10,034,147,846	8,391,165,655
5,983,961,131	7,473,564,867
18,341,599,343	20,773,260,680
1.03	18.33


Shamim Ahmed Chaudhury
 Managing Director


Shishir Ranjan Bose, FCA
 Director


Salim Ahmed
 Vice Chairman


M. Wahidul Haque
 Chairman

This is the consolidated cash flow statement referred to in our separate report of even date.

Dated,
 12 March 2014


ACNABIN
 Chartered Accountants

AB Bank Limited & Its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2013

Particulars	Amounts in Taka								
	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Minority interest	Retained earnings	Total
Balance at 01 January 2013	4,423,336,680	5,005,314,801	120,093,432	1,326,815,807	68,360,312	16,846,523	(20,230,938)	5,261,734,530	16,202,271,147
Adjustment	-	-	-	-	-	-	-	-	-
Dividend for 2012:									
12.5% stock dividend	552,917,080	-	-	-	-	-	-	(552,917,080)	-
Minority interest	-	-	-	-	-	-	-	-	-
Restated opening balance	4,976,253,760	5,005,314,801	120,093,432	1,326,815,807	68,360,312	16,846,523	(20,230,938)	4,708,817,450	16,202,271,147
Net profit after tax for the year	-	-	-	-	-	-	4,744,929	1,093,697,177	1,098,442,107
Addition/(Adjustment) made during the year	-	584,653,545	-	-	-	130,438,021	(154,417)	(574,612,893)	140,324,257
Foreign exchange fluctuation	-	(25,168,955)	(2,075,002)	-	(62,324,709)	(1,645,924)	-	(56,775,521)	(147,990,110)
Balance at 31 December 2013	4,976,253,760	5,564,799,391	118,018,430	1,326,815,807	6,035,603	145,638,620	(15,640,425)	5,171,126,214	17,293,047,402
Balance at 31 December 2012	4,423,336,680	5,005,314,801	120,093,432	1,326,815,807	68,360,312	16,846,523	(20,230,938)	5,261,734,530	16,202,271,149


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

This is the consolidated statement of changes in equity referred to in our separate report of even date.

Dated,
12 March 2014


ACNABIN
Chartered Accountants

AB Bank Limited

Balance Sheet

At 31 December 2013

PROPERTY AND ASSETS

	Notes	31.12.2013 Taka	31.12.2012 Taka
Cash	3	11,359,517,250	9,622,840,530
In hand (including foreign currencies)	3.1	1,325,369,404	1,231,674,876
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	10,034,147,846	8,391,165,655
Balance with other banks and financial institutions	4	7,238,990,059	8,877,073,955
In Bangladesh		4,744,159,686	5,616,079,788
Outside Bangladesh		2,494,830,373	3,260,994,166
Money at call and on short notice	5	991,387,500	3,671,790,000
Investments	6	28,675,696,033	26,114,787,647
Government	6.1	22,327,865,346	19,743,454,873
Others	6.2	6,347,830,687	6,371,332,773
Loans, advances and lease/investments	7	140,121,297,505	106,065,758,923
Loans, cash credits, overdrafts, etc./Investments	7.2	139,067,739,439	105,373,785,000
Bills purchased and discounted	8	1,053,558,066	691,973,923
Fixed assets including premises, furniture and fixtures	9	4,172,564,367	4,229,520,560
Other assets	10	15,446,091,023	15,260,656,171
Non-banking assets		-	-
Total Assets		208,005,543,738	173,842,427,785

LIABILITIES AND CAPITAL

Liabilities

Borrowings from other banks,

financial institutions and agents

	11	9,987,492,033	3,649,261,782
Deposits and other accounts	12	161,846,275,315	140,025,953,891
Current accounts and other accounts		15,742,024,927	13,487,687,930
Bills payable		1,140,175,156	1,467,147,010
Savings bank deposits		17,093,460,022	14,860,539,427
Fixed deposits		91,742,137,914	80,452,713,916
Other deposits		36,128,477,296	29,757,865,608
Other liabilities	13	19,231,727,325	14,133,406,241
Total Liabilities		191,065,494,672	157,808,621,915

Capital/Shareholders' Equity

Total Shareholders' Equity		16,940,049,066	16,033,805,870
Paid-up capital	14	4,976,253,760	4,423,336,680
Statutory reserve	15	5,564,799,391	5,005,314,801
Other reserve	16	1,412,629,267	1,446,253,561
Retained earnings	17	4,986,366,647	5,158,900,828
Total Liabilities and Shareholders' Equity		208,005,543,738	173,842,427,785

AB Bank Limited

Profit and Loss Account

For the year ended 31 December 2013

OPERATING INCOME

Interest income/profit on investments

Interest paid/profit on deposits and borrowings, etc.

Net interest income

Investment income

Commission, exchange and brokerage

Other operating income

Total operating income (a)

OPERATING EXPENSES

Salary and allowances

Rent, taxes, insurance, electricity, etc.

Legal expenses

Postage, stamps, telecommunication, etc.

Stationery, printing, advertisement, etc.

Chief executive's salary and fees

Directors' fees

Auditors' fees

Depreciation and repairs of Bank's assets

Other expenses

Total operating expenses (b)

Profit before provision (c = (a-b))

Provision against loans and advances

Provision for diminution in value of investments

Other provisions

Total provision (d)

Profit before taxation (c-d)

Provision for taxation

Current tax

Deferred tax

Net profit after taxation

Appropriations

Statutory reserve

General reserve

Dividends, etc.

Retained surplus


Earnings Per Share (EPS)


Notes	2013 Taka	2012 Taka
20	17,953,048,673	15,714,006,609
21	(14,173,526,482)	(12,591,500,175)
	3,779,522,191	3,122,506,434
22	2,841,538,159	2,714,131,615
23	3,020,517,974	2,461,270,850
24	113,557,511	137,035,990
	5,975,613,644	5,312,438,455
	9,755,135,835	8,434,944,888
25	2,081,594,761	1,868,144,551
26	467,485,269	409,531,774
27	13,260,716	10,107,729
28	139,468,741	146,329,444
29	164,680,619	175,413,748
	11,434,501	8,683,734
30	2,513,743	2,840,207
31	2,455,328	4,917,497
32	576,298,293	617,640,766
33	1,006,285,515	828,307,326
	4,465,477,486	4,071,916,777
	5,289,658,349	4,363,028,111
34	1,667,125,000	712,182,142
35	397,900,000	376,400,000
36	240,000,000	84,160,000
	2,305,025,000	1,172,742,142
	2,984,633,350	3,190,285,969
	1,973,636,035	1,751,748,156
	1,976,443,810	1,708,291,302
	(2,807,775)	43,456,854
	1,010,997,314	1,438,537,813
	574,478,006	624,066,492
	-	-
	-	-
	574,478,006	624,066,492
	436,519,309	814,471,321
38	2.03	2.89

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


Shamim Ahmed Chaudhury
 Managing Director


Shishir Ranjan Bose, FCA
 Director


Salim Ahmed
 Vice Chairman


M. Wahidul Haque
 Chairman

This is the profit & loss account referred to in our separate report of even date.

Dated,
 12 March 2014


ACNABIN
 Chartered Accountants

AB Bank Limited
Cash Flow Statement
For the year ended 31 December 2013

Cash Flows from Operating Activities

Interest receipts	
Interest payments	
Dividend receipts	
Fee and commission receipts	
Recoveries on loans previously written off	
Payments to employees	
Payments to suppliers	
Income taxes paid	
Receipts from other operating activities	39
Payments for other operating activities	40

Operating profit before changes in operating assets & liabilities

Increase/decrease in operating assets and liabilities

Loans and advances to customers	41
Other assets	
Deposits from other banks	
Deposits from customers	
Trading liabilities (short-term borrowings)	
Other liabilities	42

Net cash flow from operating activities (a)

Cash Flows from Investing Activities

Purchase of government securities	
Purchase of trading securities, shares, bonds, etc.	
Purchase of property, plant and equipment	

Net cash used in investing activities (b)

Cash Flows from Financing Activities

Increase/(decrease) of long-term borrowings	
Dividend paid	

Net cash used in from financing activities (c)

Net (decrease)/increase in cash (a+b+c)

Effects of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year (*)

(*) Cash and cash equivalents:

Cash	
Prize bonds	
Money at call and on short notice	
Balance with Bangladesh Bank and its agent bank(s)	
Balance with other banks and financial institutions	


Net Operating Cash Flow Per Share (NOCFPS)


Notes	2013 Taka	2012 Taka
	17,456,953,748	15,326,694,925
	(13,552,610,471)	(11,989,385,188)
	203,264,167	428,296,844
	2,157,327,618	1,679,196,940
	4,151,397	35,168,196
	(2,093,029,262)	(1,876,828,285)
	(164,680,619)	(157,488,361)
	(1,489,851,305)	(1,548,936,383)
39	3,610,870,462	3,169,776,474
40	(1,911,516,399)	(1,721,791,885)
	4,220,879,335	3,344,703,276
	(33,559,443,656)	(11,040,228,876)
41	1,202,074,557	565,680,945
	601,235,941	(1,518,308,927)
	20,598,169,472	24,790,283,691
	6,342,372,154	(6,629,285,393)
42	845,322,731	(364,695,728)
	(3,970,268,801)	5,803,445,713
	250,610,534	9,148,148,989
	(2,585,559,073)	(3,630,127,191)
	23,502,086	(928,911,197)
	(266,430,377)	(459,656,732)
	(2,828,487,364)	(5,018,695,120)
	(4,141,904)	30,357,603
	(939,542)	(178,010,131)
	(5,081,446)	(147,652,528)
	(2,582,958,276)	3,981,801,341
	-	-
	22,176,723,886	18,194,922,545
	19,593,765,610	22,176,723,886
	0.50	18.38

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


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

This is the cash flow statement referred to in our separate report of even date.

Dated,
12 March 2014



ACNABIN
Chartered Accountants

Statement of Changes in Equity

For the year ended 31 December 2013

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Retained earnings	Total
Balance at 01 January 2013	4,423,336,680	5,005,314,801	42,199,200	1,326,815,807	60,392,031	16,846,523	5,158,900,828	16,033,805,870
Adjustment								
Bonus for 2012:								
12.5% Stock Dividend	552,917,080	-	-	-	-	-	(552,917,080)	-
Restated Opening Balance	4,976,253,760	5,005,314,801	42,199,200	1,326,815,807	60,392,031	16,846,523	4,605,983,748	16,033,805,870
Net profit after taxation for the year	-	-	-	-	-	-	1,010,997,314	1,010,997,314
Addition/(Adjustment) made during the year	-	584,653,545	-	-	-	28,413,661	(574,478,006)	38,589,201
Foreign Exchange Rate Fluctuation	-	(25,168,955)	-	-	(60,392,031)	(1,645,924)	(56,136,410)	(143,343,319)
Balance at 31 December 2013	4,976,253,760	5,564,799,391	42,199,200	1,326,815,807	-	43,614,260	4,986,366,647	16,940,049,066
Balance at 31 December 2012	4,423,336,680	5,005,314,801	42,199,200	1,326,815,807	60,392,031	16,846,523	5,158,900,828	16,033,805,870


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director

b. Abdul
Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

This is the statement of changes in equity referred to in our separate report of even date.

Dated,
12 March 2014

Farah
ACNABIN
Chartered Accountants

AB Bank Limited
Liquidity Statement
Analysis of Maturity of Assets and Liabilities
At 31 December 2013

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 & with banks	2,418,317,250	-	-	-	8,941,200,000	11,359,517,250
Balance with other banks and financial institutions	3,119,318,559	1,119,450,250	3,000,221,250	-	-	7,238,990,059
Money at Call & Short Notice	516,287,500	450,000,000	25,100,000	-	-	991,387,500
Investments	730,956,791	992,809,554	6,004,105,500	6,582,170,904	14,365,653,285	28,675,696,033
Loans & advances	23,278,479,950	33,844,889,706	56,676,768,431	22,858,233,012	3,462,926,405	140,121,297,505
Fixed assets including premises, furniture and fixture	-	-	-	-	4,172,564,367	4,172,564,367
Other assets	3,610,143,936	3,146,999,760	2,702,005,953	-	5,986,941,374	15,446,091,023
Non-banking assets	-	-	-	-	-	-
Total Assets	33,673,503,987	39,554,149,270	68,408,201,133	29,440,403,916	36,929,285,431	208,005,543,738
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	3,903,120,310	4,147,870,040	1,878,041,325	58,460,358	-	9,987,492,033
Deposit and other accounts	24,054,649,297	34,788,853,563	67,362,500,417	34,252,352,458	1,387,919,580	161,846,275,314
Provision and other Liabilities	438,010,694	119,045,814	4,537,567,328	14,137,103,490	-	19,231,727,325
Total Liabilities	28,395,780,300	39,055,769,417	73,778,109,069	48,447,916,306	1,387,919,580	191,065,494,672
Net Liquidity Excess/(shortage)	5,277,723,687	498,379,853	(5,369,907,935)	(19,007,512,390)	35,541,365,851	16,940,049,066


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

This is the liquidity statement referred to in our separate report of even date.

Dated,
12 March 2014


ACNABIN
Chartered Accountants

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

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 (Amendment) Act 2013. The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. AB Bank Limited has 89 Branches including one (1) Islami Banking Branch and one (1) Overseas Branch in Mumbai, India. The Bank has six subsidiary companies namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, Arab Bangladesh Bank Foundation all incorporated in Bangladesh, AB International Finance Limited, incorporated in Hong Kong and AB Exchange (UK) Limited, incorporated in United Kingdom.

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.

Brokerage business of Arab Bangladesh Bank Foundation (ABBF) was transferred on 01 August 2010 to AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009.

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.

The Bank has a dedicated philanthropic unit named Arab Bangladesh Bank Foundation (the Foundation) which has been operating since 2002. Foundation has obtained brokerage licenses from BSEC on 15 August 2006 and 23 October 2006 for Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) respectively and started its operation from 28 August 2006 and 05 December 2006 on DSE and CSE respectively. However, in view of the decision of Bangladesh Bank and upon due agreement to that effect the Board of Directors of ABBL and ABBF respectively, launched a new subsidiary company AB Securities Limited for the operation of brokerage business. The business of ABBF is now being conducted by AB Securities Limited.

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

Presentation of the financial statements

Consolidated financial statements and separate financial statements of the Bank comprise of Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and relevant notes and disclosures.

Consolidated financial statements and financial statements of the Bank were made as at 31 December 2013 and were prepared under the historical cost convention except investments categorised under held for trading and in accordance with Bank Company (Amendment) Act 2013, 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.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

Consolidated financial statements and financial statements of the Bank have been prepared in accordance with the measurement and recognition requirements of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).

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, AB International Finance Limited, Hong Kong and AB Exchange (UK) Limited 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 BFRS 10 "Consolidated Financial Statements". The Consolidated Financial Statements have been prepared to a common reporting period ending on 31 December 2013.

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 **Annex-F**.

Islami Banking Branch

Islami Banking Branch has been maintaining separate set of books and records for its operations following Bangladesh Bank guidelines. All assets-liabilities and income-expenses of this Branch have been incorporated in similar heads of account of the Bank's financial statements. Balance Sheet and Profit and Loss Account of Islami Banking Branch is shown separately in **Annex-G** as per Bangladesh Bank BRPD Circular No. 15 dated 09 November 2009. Distribution of profit under Islamic Banking Operation and fixation of final rate for the year 2013 has also been disclosed separately in **Annex-H**.

Custodian Wing

Financial statements of Custodian Wing have been separately audited by the auditors of the Bank. Income-expenditures of Custodian Wing have been incorporated in similar heads of account of the Bank's Profit and Loss Account. Profit and Loss Account of Custodian Wing has been shown separately in **Annex-I**.

Off-Shore Banking Unit (OBU)

This particular unit of the Bank started its operation in the year 2010. Assets-liabilities and income-expenditures of Off-Shore Banking Unit are incorporated in similar heads of account of the Bank's Balance Sheet and Profit and Loss Account. The Balance Sheet and Profit and Loss Account of the Off-Shore Banking Unit (OBU) have been shown separately in **Annex-J**.

Subsidiaries Operation

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

AB Investment Limited (ABIL)

AB Investment Limited (ABIL) started its operation from 10 March 2010 for Merchant Banking Operation. AB Bank Limited holds 99.99% shares in ABIL. The Balance Sheet and Profit and Loss Account of the ABIL have been shown separately in **Annex-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 99.71% shares in ABSL. The Balance Sheet and Profit and Loss Account of the ABSL have been shown separately in **Annex-L**.

CashLink Bangladesh Limited (CBL)

Cashlink Bangladesh Limited (CBL) was incorporated on 24 September 2008 with an authorised capital of Taka 1,000,000,000 divided into 100,000,000 ordinary shares of Taka 10 each. The Bank at present holds 90% shares in CBL. The Balance Sheet and Profit and Loss Account of the CBL have been shown separately in **Annex-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

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

business is situated at Unit 1201-B, 12/F, Admiralty Centre, Tower One, 18 Harcourt, Hong Kong. It is a fully owned (100%) Subsidiary of AB Bank Limited. The Balance Sheet and Profit and Loss Account of the ABIFL have been shown separately in **Annex-N**.

AB Exchange (UK) Limited

AB Exchange (UK) Limited (ABEL) is a company incorporated and domiciled in United Kingdom (UK) vide registration no. 07272766 (England & Wales). The registered office is situated at 69 Whitechapel High Street, London, E1 7PL. ABEL is a fully owned (100%) Subsidiary of AB Bank Limited. The Balance Sheet and Profit and Loss Account of the ABEL have been shown separately in **Annex-O**.

Arab Bangladesh Bank Foundation (ABBF)

Arab Bangladesh Bank Foundation (ABBF) has maintained separate set of books and records for its operation. The Balance Sheet and Profit and Loss Account of the ABBF have been shown separately in **Annex-P**.

Use of estimates and judgments

The preparation of consolidated financial statements and financial statements of the Bank required management to make judgments, estimates and assumptions that affected the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions have been reviewed considering business realities. Revisions of accounting estimates have been recognised in the period in which the estimates have been revised and in the future periods affected, if applicable.

All intergroup balances, transactions, income and expenses are fully eliminated while preparing the consolidated financial statements.

Materiality, aggregation and offsetting

The Bank aggregates each material class of similar items and separately which are dissimilar in nature or function unless those are immaterial. The Bank did not offset assets and liabilities or income and expense, unless required or permitted by BAS/ BFRS.

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

Assets and liabilities in foreign currencies as at 31 December 2013 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.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

Foreign operations

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

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

Cash flow statement

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

Liquidity statement

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

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

1.3 Assets and basis of their valuation

Cash and cash equivalents

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

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

Loans and advances

- Loans and advances/investments in Islamic Banking Branch are stated at gross amounts at 31 December 2013.
- Interest/profit is calculated on a daily product basis but charged and accounted for 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 as income until realized from borrowers. Interest/profit is not charged on bad and loss loans/investments as per guideline of Bangladesh Bank.
- Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- Provision for loans and advances is made on the basis of quarter-end review by the management and as per instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012 and BRPD circular no. 05 dated 29 May 2013. The rates for provisions are stated below:

Types of loans and advances		General Provision		Specific Provision		
		UC	SMA	SS	DF	BL
Consumer	House building and professionals to setup business	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
Loan to brokerage house, merchant banks, stock dealers		2%	2%	20%	50%	100%
Short-term agri-credit and micro credit		5%	-	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Other advances		1%	1%	20%	50%	100%
Off-balance sheet items		1%	-	-	-	-

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

Investment

Investments have been initially recognised at cost, including acquisition charges associated with the investment. Premium have been amortised and discount accredited, using the effective or historical yield method. Government Treasury Bills and Bonds (categorized as HFT or/and HTM) are accounted for as per Bangladesh Bank DOS circular letter no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January 2009.

The valuation methods of investment used are:

Government securities

Held to Maturity (HTM)

Investments which are intended to be held to maturity are classified as "Held to Maturity". These are measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Amortised amount of such premium are booked into Profit and Loss Account or discount is booked to reserve until maturity/disposal.

Held for Trading (HFT)

Investment primarily held for selling or trading is classified in this category. After initial recognition, investments are mark to market weekly. Decrease in the book value is recognised in the Profit and Loss Account and any increase is transferred to revaluation reserve account.

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	Any loss, charged in P&L Unrealized gain, not recognize in accounts

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 as per BAS 18 "Revenue".

In Accordance with BRPD Circular no. 14 dated 25 June 2003, provisions should be made for any loss arising from the diminution in value of investments. Subsequently as per DOS Circular No.04 dated 24 November 2011, provisions may be made for any loss arising from the diminution in value of investments after netting of gain.

Investment in unlisted securities

Investment in unlisted securities is reported at cost under cost method.

Investment in subsidiaries

Investment in subsidiaries is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the BAS 27 "Separate Financial Statements".

Fixed assets

i. All fixed assets are stated at cost less accumulated depreciation as per BAS 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 recognized in accordance with the specific requirements of the BFRS.

ii. The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

iii. Depreciation on fixed assets is charged using reducing balance method except motor vehicles, computers & computer equipments and photocopiers for which straight-line method is used. The rates of depreciation are as follows:

Category of asset	Rate of depreciation
Land	Nil
Building	2.5%
Furniture and fixtures	10%
Electrical appliances	20%
Motor vehicles	20%
Leasehold assets-vehicles	20%

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

iv. Depreciation on fixed assets acquired during the year is charged from the month of their acquisition. Full month's depreciation is charged in the month of addition irrespective of the date of acquisition and no depreciation is charged in the month of their disposal.

v. The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the Profit and Loss Account.

vi. Useful lives and method of depreciation of fixed assets are reviewed periodically. If useful lives of assets do not differ significantly as these were previously estimated, revaluation of assets does not consider to be done.

vii. Bank capitalised items value of which is over BDT 50,000 and the items below BDT 50,000 were booked as non-capitalized 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 recognized if:

- It is probable that the expected future economic benefits that are attributable to the assets will flow to the entity; and
- The cost of the assets can be measured reliably.

Other assets

Other assets include all balance sheet items not covered specifically in other areas.

Leasing

Where property, plant and equipment have been financed by lease arrangement under which substantially all the risks and rewards of ownership are transferred to the lessees are treated as finance leases as per BAS 17 "Leases". All other leases are classified as operating leases as per BAS 17 "Leases"

Bank as lessee

Assets held under finance lease are recognised as assets of the Bank at their fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Bank as lessor

The Bank did not grant any lease finance.

Stock of stationery

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

1.4 Capital, Reserve, Liabilities and Provision and Basis of their Valuation

Share capital

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

Statutory reserve

As per Section 24 of the Bank Company (Amendment) Act 2013, 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 BAS 16 "Property, Plant and Equipment".

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

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 at 42.5 percent 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 recognized 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 recognized 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 recognized 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 BAS-12 "Income Taxes" (note 13.3).

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 BAS 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.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

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 recognized 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 BAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

No provision is recognized 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 maintained as per circular letter no. FEPD(FEMO)/01/2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank.

Minority Interest

Minority Interest is the equity in a subsidiary not attributable, directly or indirectly, to parent.

As per BFRS 10 'Consolidated Financial Statements' Bank presents Minority 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 Minority Interest. Total shareholders equity is attributed to the owners of the parent and to the Minority Interest even if this result in the Minority Interest having a deficit balance.

1.5 Revenue recognition

Interest income

According to the BAS 18 "Revenue", 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

As per BAS 18 "Revenue", dividend income from investment in shares is recognised when the Bank's right to receive dividend is established. It recognized when:

- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- the amount of the revenue can be measured reliably.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

Interest paid on deposits and borrowings

Interest paid on deposits, borrowings, etc. is accounted for on accrual basis according to the BAS 1 "Presentation of Financial Statements".

Profit paid on deposits (Islami Banking Branch)

Profit paid to different Mudaraba depositors is recognised on accrual basis as per provisional rate. However, the final rate of profit is determined and to be paid to the depositors as per **Annex-H**.

Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the BAS 1 "Presentation of Financial Statements".

1.6 Reconciliation of books of account

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) and inter-branch transactions are reconciled and no material difference was found which may affect the financial statements significantly. There exist no un-reconciled items in NOSTRO accounts as at 31 December 2013.

1.7 Earnings Per Share (EPS)

Basic earnings per share

Basic earnings per share have been calculated in accordance with BAS 33 "Earnings per Share" which has been shown in the face of the Profit and Loss Account. This has been calculated by dividing the basic earnings by the total ordinary outstanding shares. EPS of previous year was restated giving effect of issue of bonus shares for 2012.

Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under review.

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, general provision at 1 percent has been made on the outstanding balances of Off-balance Sheet exposure of the Bank as at 31 December 2013. 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.

1.10 Reporting period

These financial statements cover calendar year ended 31 December 2013. Segmental reporting period shown in below:

Sl no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2013 to 31 December 2013
2	Off Shore Banking Unit	01 January 2013 to 31 December 2013
3	Mumbai Branch, India	01 January 2013 to 31 December 2013
4	AB Investment Limited	01 January 2013 to 31 December 2013
5	AB Securities Limited	01 January 2013 to 31 December 2013
6	Cashlink Bangladesh Limited	01 January 2013 to 31 December 2013
7	AB International Finance Limited	01 January 2013 to 31 December 2013
8	AB Exchange (UK) Limited	01 January 2013 to 31 December 2013
9	Arab Bangladesh Bank Foundation	01 January 2013 to 31 December 2013

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

1.11 Segment Reporting

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

By Geographical Location & Segment Business

Particulars	AB Bank Limited						Subsidiaries				(Amount in Crore Taka)			
	Inside Bangladesh			Off-Shore Banking Unit			Inside Bangladesh		AB Int. Finance Ltd. (Hong Kong)		Adjustment	AB Bank & its subsidiaries		
	Conventional Banking	Islamic Banking	Investment Banking	India (Mumbai Branch)	Adjustment	Total	AB Investment Limited	AB Securities Limited	Cash Link Bangladesh Ltd. (CBL)	AB Exchange (UK) Ltd.				
Income Statements														
Interest income	1,754.70	89.91	-	12.58	6.51	(68.39)	1,795.30	49.61	9.58	-	-	10.67	1,836.50	
Interest paid on deposits and borrowings, etc.	1,335.04	72.54	66.49	9.40	2.27	(68.39)	1,417.35	30.94	7.31	-	-	1.46	1,428.11	
Net interest income	419.67	17.36	(66.49)	3.17	4.24	-	377.95	18.67	2.27	-	-	9.21	408.39	
Investment income	262.50	1.03	17.87	-	2.76	-	284.15	(1.14)	0.01	-	-	-	271.51	
Commission, exchange and brokerage	273.23	1.97	-	1.09	27.23	(1.47)	302.05	3.74	5.16	10.52	0.58	4.35	315.96	
Other operating income	10.66	0.23	-	0.13	0.33	-	11.36	0.83	0.24	0.12	-	4.59	16.32	
Total operating income	966.07	20.58	(48.62)	4.39	34.56	(1.47)	975.51	22.10	7.67	10.64	0.58	18.16	1,012.18	
OPERATING EXPENSES														
Salary and allowances	205.12	2.21	-	0.29	1.68	-	209.30	1.41	2.25	0.01	0.43	2.42	215.82	
Rent, taxes, insurance, electricity, etc.	44.84	0.14	0.30	-	1.46	-	46.75	0.16	0.77	0.15	0.23	0.63	48.16	
Legal expenses	1.31	-	-	-	0.02	-	1.33	0.02	0.00	0.02	0.00	0.04	1.40	
Postage, stamps, telecommunication, etc.	13.19	0.03	-	0.03	0.69	-	13.95	0.10	0.16	0.03	0.04	0.72	13.25	
Stationery, printing, advertisement, etc.	16.13	0.10	0.00	-	0.23	-	16.47	0.06	0.06	0.00	0.00	0.04	16.63	
Directors' fees	0.24	0.01	-	-	-	-	0.25	0.01	0.04	0.00	-	-	0.31	
Auditors' fees	0.14	-	-	-	0.10	-	0.25	0.02	0.01	0.02	0.02	0.03	0.34	
Charges on loan losses	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation and repairs of Bank's assets	56.19	0.27	0.05	-	1.12	-	57.63	1.64	0.60	4.82	0.32	0.05	65.07	
Other expenses	88.72	0.63	0.67	0.20	10.42	-	100.63	1.32	2.14	0.80	0.14	0.38	96.70	
Total operating expenses	425.88	3.40	1.02	0.52	15.73	-	446.55	4.73	6.02	5.85	1.18	4.31	(10.97)	
Profit before provision	540.18	17.18	(49.64)	3.87	18.83	(1.47)	528.97	17.37	1.65	4.79	(0.61)	13.84	554.50	
Provision against loans and advances														
Provision for diminution in value of investments														
Other provisions														
Total provision														
Profit before taxation							230.50							237.17
Provision for taxation							298.46							317.33
Net profit after taxation							197.36							207.48
							101.10							109.84



Balance Sheet

Particulars	AB Bank Limited						Subsidiaries				Adjustment	AB Bank & its subsidiaries		
	Inside Bangladesh			India (Mumbai Branch)	Adjustment	Total	Inside Bangladesh							
	Conventional Banking	Islamic Banking	Investment Banking				Off- Shore Banking Unit	AB Investment Limited	AB Securities Limited	Cash Link Bangladesh Ltd.			AB Exchange (UK) Ltd.	AB Int. Finance Ltd. (Hong Kong)
PROPERTY AND ASSETS														
Cash	1,113.04	22.48	-	-	0.43	-	1,135.95	0.00	0.00	0.00	0.28	-	-	1,136.24
Balance with other banks and financial institutions	353.99	456.56	-	3.13	54.05	(143.84)	723.90	0.04	23.50	0.80	0.16	0.14	(150.15)	598.40
Money at call and on short notice	80.00	-	-	-	19.14	-	99.14	-	-	-	-	-	-	99.14
Investments	2,291.24	19.20	522.80	-	36.31	(1.98)	2,867.57	74.73	16.97	2.46	-	-	-	2,961.73
Loans and advances	12,925.15	329.60	-	683.71	70.45	3.21	14,012.13	713.67	104.25	-	-	152.97	(270.13)	14,712.89
Fixed assets	414.79	1.16	0.15	-	1.15	(0.00)	417.26	53.91	1.23	1.04	0.71	0.03	-	474.18
Other assets	2,052.41	9.48	5.63	1.49	39.03	(563.42)	1,544.61	41.18	15.20	3.69	0.13	0.71	(613.22)	992.31
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	19,230.62	838.49	528.59	688.33	220.56	(706.03)	20,800.55	883.54	161.17	7.99	1.28	153.84	(1,033.50)	20,974.88
LIABILITIES AND CAPITAL														
Liabilities														
Borrowings from other banks, financial institutions and agents	295.46	181.02	-	663.00	-	(140.73)	998.75	245.49	29.96	26.82	-	125.93	(387.82)	1,039.13
Deposits and other accounts	15,414.65	654.28	0.00	21.46	100.23	(5.99)	16,184.63	-	-	-	-	0.51	(24.15)	16,160.99
Other liabilities	1,894.77	3.19	528.59	3.87	18.92	(526.15)	1,923.17	93.11	84.81	1.17	0.97	6.74	(64.53)	2,045.45
Total Liabilities	17,604.87	838.49	528.59	688.33	119.14	(672.87)	19,106.55	338.60	114.77	27.99	0.97	133.18	(476.49)	19,245.57
Total Shareholders' Equity	1,625.75	-	-	-	101.42	(33.16)	1,694.00	544.94	46.40	(20.01)	0.31	20.66	(555.44)	1,730.87
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	(1.56)	(1.56)
Total Liabilities and Shareholders' Equity	19,230.62	838.49	528.59	688.33	220.56	(706.03)	20,800.55	883.54	161.17	7.99	1.28	153.84	(1,033.50)	20,974.88

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

1.12 Compliance of Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS)

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

SI No.	Name of BAS	No. of BAS	Status
1	Presentation of Financial Statements	1	Complied
2	Inventories	2	Complied
3	Statement of Cash Flows	7	Complied
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Complied
5	Events after the Reporting Period	10	Complied
6	Construction Contracts	11	Complied
7	Income Taxes	12	Complied
8	Property, Plant and Equipment	16	Complied
9	Leases	17	Complied
10	Revenue	18	Complied
11	Employee Benefits	19	Complied
12	Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
13	The Effects of Changes in Foreign Exchanges Rates	21	Complied
14	Borrowing Costs	23	Complied
15	Related Party Disclosures	24	Complied
16	Accounting and Reporting by Retirement Benefit Plans	26	Complied
17	Separate Financial Statements	27	Complied
18	Investments in Associates & Joint Ventures	28	Complied
19	Interests in Joint Ventures	31	Complied
20	Financial Instruments: Presentation	32	*
21	Earnings Per Share	33	Complied
22	Interim Financial Reporting	34	Complied
23	Impairment of Assets	36	Complied
24	Provisions, Contingent Liabilities and Contingent Assets	37	Complied
25	Intangible Assets	38	Complied
26	Financial Instruments: Recognition and Measurement	39	*
27	Investment Property	40	Complied
28	Agriculture	41	N/A

SI No.	Name of the BFRS	No. of BFRS	Status
1	First-time Adoption of International Financial Reporting Standards	1	N/A
2	Share Based Payment	2	N/A
3	Business Combinations	3	Complied
4	Insurance Contracts	4	N/A
5	Non-Current Assets Held for Sale and Discontinued Operations	5	N/A
6	Exploration for and Evaluation of Mineral Resources	6	N/A
7	Financial Instruments: Disclosures	7	*
8	Operating Segments	8	Complied
9	Consolidated Financial statements	10	Complied
10	Joint Arrangements	11	Complied
11	Disclosure of interests in other Entities	12	Complied
12	Fair Value Measurement	13	Complied

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

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

1.13 Compliance of Bangladesh Bank regulations over BAS/BFRS:

SI No.	Issues	BAS/BFRS	Bangladesh Bank
1	Presentation	As per BAS 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 BAS 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 equivalent	As per BAS-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 BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.	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 BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of Held For Trading (HFT) assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised 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	Repo and reverse repo transactions	When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar asset) at a fixed price on a future date (REPO), the arrangements is accounted for as a deposit as oppose to a sale, and the underlying asset continues to be recognized in the entity's financial statements. Such transaction do not satisfy derecognition criteria specified in BAS 39. 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.

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

1.13 Compliance of Bangladesh Bank regulations over BAS/BFRS: (cont.)

SI No.	Issues	BAS/BFRS	Bangladesh Bank
6	Provision on loans and advances/ investments	As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis. Such provision shall be netted off against loans and advances.	As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) 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 BAS 39. Also for disclosure such provision shall be shown as liability as opposed to netting of against loans and advances.
7	Recognition of interest in suspense	Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.	As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified; interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to interest suspense account, which is presented as liability in the balance sheet.
8	Non-banking asset	No indication of Non-banking asset is found in any BFRS.	As per BRPD circular No. 14, dated 25 June 2003 there must exist a face item named Non-banking asset.
9	Cash flow statement	The cash flow statement can be prepared using either the direct method or the indirect method as per BAS-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.
10	Financial Guarantee	Financial guarantee liabilities are recognized initially at their fair value (as measured in accordance with BFRS 13), and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included under 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.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

1.14 Regulatory and legal compliance

The Bank complied with the requirement of the following regulatory and legal authorities:

- i. The Bank Company (Amendment) Act, 2013
- 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 2006
- viii. The Income Tax Ordinance 1984 and Rules
- ix. The Value Added Tax (VAT) 1991 and Rules
- x. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations.

1.15 Risk management

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 viz, credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk. The objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguarding the Bank's capital, its financial resources and profitability from various business risks through its own measures and through 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 Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, two separate divisions have been formed within the Credit Division. These are (a) Credit Risk Management Division and (b) Credit Administration Division. Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/strategy for lending operation, etc. Adequate provision has been made on classified loans/investments.

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Division. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process starts at Corporate Division by the Relationship Manager/Officer and ends at Credit Risk Management Division when it is approved/declined by the competent authority. Credit approval authority has been delegated to the credit committee.

In determining single borrower/large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines. Concentration of single borrower/large loan limit is shown in [note-7.6](#).

Operational risk

Operational risk address the risk associated with fraud, forgery, unauthorised activities, error, omission, system failure and external events among others. Bank is managing these risk through written procedures, regular training and awareness programs. Departmental Control Function Checklist (DCFCL), Quarterly Operations Report, Loan Documentation Checklist etc. are in place covering all probable risks associated with bank's business and operations. Surprise inspections are also made on a regular basis to make sure that all control tools are functioning properly.

Market risk

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity position risk.

Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

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

IT division of AB Bank took several initiatives to minimize the ICT related risk. Among those ATM Switch Migration from Euronet iTM to ECS iTx, Automatic Voltage Regulator for Head Office Data Center and Disaster Recovery Site, CISCO IronPort Web Security implementation to protect Internet threat, Building Management System (BMS) expanded to protect AB Bank Data Center and Disaster Recovery Site from fire and water and Implemented CISCO Nexus 7009 Switch into DC and DR which is the first time for any financial institution in Bangladesh.

1.16 Environment Risk Management (ERM)

Bangladesh Bank issued Guidelines on Environment Risk Management (ERM) to streamline solutions for managing the environmental risks in the financial sector – Ref: BRPD Circular No.01/2011 dated 30.01.2011 and BRPD Circular no.02 dated 27 February, 2011 respectively. Bank accordingly introduced the Guideline on Environment Risk Management on June 15, 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.

AB Bank Limited

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For the year ended 31 December 2013

Environmental risk is a facilitating element of credit risk arising from such environmental issues. These can be due to environmental impacts caused by and/or due to the prevailing environmental conditions. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

The Bank is complying with Bangladesh Bank Guidelines to the above effect from time to time and reporting activities on ERM and Green Banking every quarter.

1.17 Credit Rating of the Bank

Credit rating of the Bank in last five years are:

Year	Date of Rating	Long term	Short term
Jan to Dec 2012	26 May 2013	AA3	ST-2
Jan to Dec 2011	21 June 2012	AA3	ST-2
Jan to Dec 2010	26 May 2011	AA3	ST-2
Jan to Dec 2009	15 June 2010	AA3	ST-1
Jan to Dec 2008	24 May 2009	A1	ST-2

1.18 Events after Reporting Period

As per BAS -10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavourable, 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 (no adjusting events after the reporting period).

There was no material events which have occurred after the reporting period which could affect the values stated in the financial statements.

1.19 Related party disclosures

A party is related to the company if:

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

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

Name of contract	Name of the Party	Name of Director and Related by	Relationship
Lease agreement with AB Bank Ltd.	Elite International Ltd.	Salim Ahmed, Feroz Ahmed & B.B. Saha Roy	Common Director

b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in BDT
Elite International Ltd.	Common Director	Rent of warehouse	569,250

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

1.20 Audit Committee of the Board of Directors

i) Particulars of Audit Committee

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD Circular No. 11 dated October 27, 2013 issued by Bangladesh Bank. The Committee was formed comprising 5 (five) members of the Board:

SI no.	Name	Status with Bank	Status with Committee	Duration	Educational/ Professional Qualification
1	Mr. Shishir Ranjan Bose, FCA	Director	Chairman	With effect from 16 July 2008	Fellow of Chartered Accountants
2	Mr. M. Wahidul Haque	Chairman	Member	With effect from 04 February 2008	B.A., LLB
3	Ms. Runa Zakia Shahrood Khan	Director	Member	With effect from 27 December 2013	B.A. (Hons.)
4	Mr. Syed Afzal Hasan Uddin	Director	Member	With effect from 12 July 2011	Barrister-at-Law
5	Mr. M.A. Awal	Director	Member	With effect from 12 July 2011	B.Com.

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

ii) Meeting held with Audit Committee

During the year 2013, the Audit Committee conducted sixteen (16) meetings in which, among others, the following issues were reviewed and discussed:

- comprehensive inspection report of Bangladesh Bank including status of compliance thereof;
- inspection reports of branches/Head Office conducted by Bank's internal inspection team;
- financial statements of the Bank;
- quarterly and half-yearly accounts of the Bank for the year 2013;
- review of the financial statements of the subsidiary companies; and
- status of compliance of different rules and regulations.

iii) Steps taken for implementation on effective internal control procedure of the Bank

The Committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of good governance within the organization.

1.21 Shariah Council

Members of AB Bank Shariah Supervisory Committee are as under:

SI no.	Name	Status with the Committee	Educational/ Professional Qualification
1	Jb. Shah Abdul Hannan	Chairman	Masters in Political Science from Dhaka University & Scholar of Islamic Studies
2	Jb. M. Azizul Huq	Vice-Chairman	M.A (Economics) Dhaka University & Scholar of Islamic Banking.
3	Jb. Md. Harun Rashid	Member	M.A, M. Phil PhD, Aligor University, India. Islamic Law (1st class), Dewband, India. Fazel-E-Dewband (1st class), Dewband, India.
4	Jb. Muhammad Musa	Member	Kamil: Madrasah Education Board, Dhaka. B.Com. (Hons.) & M.Com, Dhaka University. Prominent author and research scholar in Quran & Hadith.
5	Jb. M. Wahidul Haque Chairman, BOD, ABBL	Member	BA, LLB
6	Jb. M. Fazlur Rahman	Member	B.COM, MBA & FCA
7	Jb. Mukhlesur Rahman	Member Secretary	Kamil, Madrasah Education Board, Dhaka, B.A (Hons) & M.A in Islamic Studies, Dhaka University. Higher Diploma in Arabic Language, Dhaka University.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

During the year 2013, the AB Bank Shariah Supervisory Committee met in 4 (four) meetings (2 meetings of full Committee and 2 meeting of it's Standing Committee). In those meetings different issues were discussed and prudent guidance/opinion were given among which the important ones are as under:

- Reviewing the Shariah Audit 2012 of Islami Banking Branch
- Reviewing the Shariah Audit 01 January 2013 to 31 March 2013 of Islami Banking Branch
- Approving the Final Account, 2012 of AB Bank Islami Banking Branch

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 without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for 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.

Balance Sheet

3. Cash

Cash in hand (Note: 3.1)
Balance with Bangladesh Bank and its agent bank(s) (Note: 3.2)

3(a) Consolidated Cash

AB Bank Limited
AB Investments Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

3.1 Cash in hand

In local currency
In foreign currency

3.1(a) Consolidated Cash in hand

AB Bank Limited
AB Investments Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

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

Balance with Bangladesh Bank
In local currency
In foreign currency
Sonali Bank Limited
(as an agent bank of Bangladesh Bank) - local currency

3.2.1 Balance with Bangladesh Bank- local currency

Balance as per Bank Ledger
Unresponded debit entries:
Bangladesh Bank statement
AB Bank's ledger

Unresponded credit entries:
Bangladesh Bank statement
AB Bank's ledger

31.12.2013 Taka	31.12.2012 Taka
1,325,369,404	1,231,674,876
10,034,147,846	8,391,165,655
11,359,517,250	9,622,840,530
11,359,517,250	9,622,840,530
25,000	25,000
-	-
16,319	13,727
26,941	7,155
2,794,402	-
11,362,379,912	9,622,886,412
1,306,186,571	1,209,413,399
19,182,833	22,261,477
1,325,369,404	1,231,674,876
1,325,369,404	1,231,674,876
25,000	25,000
-	-
16,319	13,727
26,941	7,155
2,794,402	-
1,328,232,066	1,231,720,758
9,351,408,862	7,688,919,749
254,257,224	324,610,156
9,605,666,086	8,013,529,905
428,481,760	377,635,750
10,034,147,846	8,391,165,655
9,351,408,862	7,688,919,749
89,675,190	58,110,442
89,675,190	15,610,442
-	42,500,000
223,377,542	129,379,251
5,913,808	24,559,079
217,463,734	104,820,172
9,485,111,214	7,760,188,558

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

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 31.12.2013 is given below:

Period of Unreconciliation	Number of unresponded entry		Unresponded amount	
	Dr.	Cr.	Dr.	Cr.
Less than 3 months	14	12	89,175,190	223,187,542
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	1	1	500,000	190,000
Total	15	13	89,675,190	223,377,542

3.2.2 Balance with Bangladesh Bank-Foreign currency

Balance as per Bank Ledger

Unresponded debit entries:

Bangladesh Bank statement

AB Bank's ledger

Unresponded credit entries:

Bangladesh Bank statement

AB Bank's ledger

Balance as per Bangladesh Bank Statement

31.12.2013 Taka	31.12.2012 Taka
254,257,224	324,610,156
23,359,910	1,164,508
23,359,910	399,250
-	765,258
220,878,091	187,825,274
79,227,947	38,284,888
141,650,144	149,540,386
451,775,406	511,270,922

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 31.12.2013 is given below:

Period of Unreconciliation	Number of unresponded entry		Unresponded amount	
	Dr.	Cr.	Dr.	Cr.
Less than 3 months	3	209	23,359,910	219,700,937
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	8	-	1,177,154
12 months and more	-	-	-	-
Total	3	217	23,359,910	220,878,091

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

AB Bank Limited

AB Investments Limited

AB International Finance Limited

AB Securities Limited

Cashlink Bangladesh Limited (CBL)

AB Exchange (UK) Ltd.

31.12.2013 Taka	31.12.2012 Taka
10,034,147,846	8,391,165,655
-	-
-	-
-	-
-	-
10,034,147,846	8,391,165,655

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

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 (Amendment) Act, 2013 and Bangladesh Bank MPD's subsequent circular nos. 04 and 05 dated 01 December 2010.

The statutory cash reserve requirement is on the Bank's time and demand liabilities at the rate of 6% and has been calculated and maintained with Bangladesh Bank in current account while statutory liquidity ratio of 19% is required, including cash reserve requirement, on the same liabilities is also maintained in the form of treasury bills, bonds and debentures including foreign currency balance with Bangladesh Bank. 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. 04 dated 01 December 2010, Bank has to maintain CRR at 6 percent on fortnightly cumulative average basis and minimum CRR at 5.5 percent on daily basis.

i. Daily Position as on the reporting date

	31.12.2013 Taka	31.12.2012 Taka
Required reserve	8,941,240,067	7,470,664,500
Actual reserve maintained	9,252,441,427	7,667,490,512
Surplus	311,201,360	196,826,012

As per Bank ledger, balance with Bangladesh Bank (local currency) is BDT 9,128,739,074.84 while as per Bangladesh Bank Statement balance is BDT 9,252,441,427. 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. 04 dated 01 December 2010, Bank has to maintain 6 percent CRR on fortnightly cumulative average basis.

	31.12.2013 Taka	31.12.2012 Taka
Required reserve (6% of total time & demand liabilities)	152,001,081,145	127,001,296,500
Actual reserve maintained	153,399,300,644	128,617,519,795
Surplus	1,398,219,499	1,616,223,295

(b) Statutory Liquidity Ratio (SLR)

Required reserve (19% of total time & demand liabilities)

Actual reserve maintained

Total surplus

	31.12.2013 Taka	31.12.2012 Taka
Required reserve (19% of total time & demand liabilities)	28,313,926,880	23,657,104,250
Actual reserve maintained	32,904,213,205	28,550,377,784
Total surplus	4,590,286,325	4,893,273,534

As per MPD Circular # 04 & 05 dated 01 December 2010 all scheduled Banks have to maintain CRR and SLR (including CRR) at 6.00 percent and 19.00 percent daily of their total time and demand liabilities on bi-weekly average basis respectively, where the Bank maintained at the year ended 6.21 percent and 22.08 percent respectively.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand	1,318,900,000	1,223,800,000
Balance with Bangladesh Bank	9,252,438,766	7,624,990,512
Balance with Sonali Bank	428,500,000	377,600,000
TT in Transit	-	42,500,000
HTM Securities	16,099,330,147	15,489,345,473
HFT Securities	5,795,044,292	3,777,141,799
Other Eligible Security	10,000,000	15,000,000
	32,904,213,205	28,550,377,784

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

Islamic Banking

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 (Amendment) Act, 2013 and subsequent circular of Bangladesh Bank MPD's (nos. 04 and 05 dated 01 December 2010).

The statutory Cash Reserve Requirement (CRR) is required on the Bank's time and demand liabilities at the rate of 6% and has been calculated and maintained with Bangladesh Bank in Al-Wadia Current Account while Statutory Liquidity Ratio (SLR) of 11.50% is required, including cash reserve requirement, on the same liabilities is also maintained in the form of BGIIB including foreign currency balance with Bangladesh Bank. Both these are maintained by the Bank in excess of the statutory requirements, as shown below:

	31.12.2013 Taka	31.12.2012 Taka
(a) Cash Reserve Requirement (CRR)		
Required reserve	207,540,320	119,914,610
Actual reserve maintained	222,669,787	126,811,832
Surplus	15,129,467	6,897,222
(b) Statutory Liquidity Ratio (SLR)		
Total required reserve	397,785,620	229,836,330
Total actual reserve held	416,775,049	236,611,832
Total surplus	18,989,429	6,775,502

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 Bank Company (Amendment) Act 2013, Section 42 (2) of the RBI Act 1934 and RBI circular nos. DBOD. No.Ret. BC.22/12.01.001/2012-13.

The statutory cash reserve ratio is required on the Bank's time and demand liabilities at the rate of 4.00 percent for 31.12.2013 & 4.25 percent for 31.12.2012 and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 23.00 percent for 31.12.2013 & 23.00 percent for 31.12.2012 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:

	31.12.2013 Taka	31.12.2012 Taka
(a) Cash Reserve Ratio (CRR)		
Required reserve	13,804,595	25,389,338
Actual reserve maintained	16,619,195	26,538,311
Surplus	2,814,600	1,148,974
(b) Statutory Liquidity Ratio (SLR)		
Required reserve	230,525,386	296,595,683
Actual reserve maintained	327,552,189	374,529,525
Surplus	97,026,803	77,933,843
Total required reserve	244,329,981	321,985,020
Total actual reserve held	344,171,384	401,067,836
Total surplus	99,841,403	79,082,816

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

4. Balance with other banks and financial institutions

In Bangladesh
Outside Bangladesh

31.12.2013 Taka	31.12.2012 Taka
4,744,159,686	5,616,079,788
2,494,830,373	3,260,994,166
7,238,990,059	8,877,073,955

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

In Bangladesh (Note: 4.1.a)
Outside Bangladesh (Nostro Accounts) (Note: 4.2.a)

4,746,243,512	5,621,794,561
1,237,717,618	1,851,770,306
5,983,961,130	7,473,564,867

4.1 In Bangladesh

Current Deposits

Standard Chartered Bank, Dhaka City Centre Branch
Agrani Bank Ltd., VIP Road Branch, Sylhet
Agrani Bank Ltd., Local Office, Dhaka
Islami Bank Bangladesh Ltd., Local Office
Agrani Bank Ltd., Bhairab Bazar Branch
Janata Bank Ltd., Jessore Branch
Janata Bank Ltd., Corporate Branch, Bogra
Agrani Bank Ltd., Mymensingh Branch
Agrani Bank Ltd., Thana Road Branch, Bogra
RAKUB, Bogra Branch
Sonali Bank Limited, Corporate Br. Shilpa Bahaban
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi
Janata Bank Ltd., Rajshahi Branch
IFIC Bank Ltd., Rajshahi Branch
Rupali Bank Ltd., Rajshahi Branch
Janata Bank Ltd., Rangpur Branch
RAKUB, Rangpur Branch
Rupali Bank Ltd., Rangpur Branch
Janata Bank Ltd., Chapai Nawabganj Branch

978,435	149,880
16,145	35,845
24,885	24,885
17,277	11,277
534	534
5,800	34,764
2,497	6,892
10,054,087	-
5,012,016	20,005,912
4,075	1,850
-	20,185,074
5,000	115
2,257	5,000
840	840
10,000	4,655
45,037,086	31,766,275
35,223	9,493
10,074,374	24,271
1,323	1,323
71,281,854	72,268,885

Special Notice Deposits

Agrani Bank Ltd., Rangpur Branch
Agrani Bank Ltd., Saidpur Branch
Agrani Bank Ltd., VIP Road Branch, Sylhet
Agrani Bank Ltd., Bogra Branch
Agrani Bank Ltd., Jhikargachha Branch
Agrani Bank Ltd., Sir Iqbal Road Branch, Khulna
Agrani Bank Ltd., Naogaon Branch
Agrani Bank Ltd., Jessore Branch
Agrani Bank Ltd., Moulvi Bazar Branch
Agrani Bank Ltd., Satkhira Branch
Agrani Bank Ltd., Court Road Branch, Narayanganj
Agrani Bank Ltd., Chawk Bazar, Barisal
Southeast Bank Ltd., Principal Branch
Agrani Bank Ltd., Principal Branch, Dhaka
Bangladesh Krishi Bank, Barishal
Janata Bank Ltd., Barisal Branch
Standard Chartered Bank, Dhaka City Centre Branch

32,606,372	173,732
16,482,198	6,896,328
32,798	32,956
7,530	7,530
26,004,011	3,003,011
95,974	97,804
103,612	2,638,195
32,098,627	5,047,900
5,617,075	3,013,881
13,318	13,468
963	2,034
26,153	2,593,733
48,120	48,120
9,500,215	17,510,806
13,042	7,977,102
4,536	5,477
1,043,033	1,044,033

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

Special Notice Deposits (cont.)

Islami Bank Bangladesh Ltd., Head Office Complex Corporate Br.	16,196,533	65,519
Bank Asia Ltd., Islami Banking Window, Shantinagar Branch	1,275,359	1,222,860
First Security Islami Bank Ltd, Dilkusha Br.	10,290,853	9,882,119
Al-Arafah Islami Bank Ltd, Dilkisha Branch	157,620,783	97,488,415
Shahjalal Islami Bank Ltd, Dhaka Main Branch	7,434,472	6,737,868
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka	630,732	10,295,096
Bank Alfalah Ltd, Main Branch, Dhaka	309,442,146	102,356,250
Agrani Bank Ltd., Islami Banking Window, Amin Court Corp. Br.	666,503,196	342,518,170
Jamuna Bank Ltd. Nayabazar Islami Banking Br.	10,906,565	-

31.12.2013
Taka

31.12.2012
Taka

1,303,998,215

620,672,406

Savings Deposits

Social Islamic Bank Ltd. Principal Branch	594,072	7,446,687
Southeast Bank Ltd., Motijheel Branch	6,452,949	54,528,107
EXIM Bank Ltd, Motijheel Branch	192,595	1,163,704

7,239,617

63,138,498

Fixed Deposits

The Premier Bank Ltd.	200,000,000	200,000,000
Hajj Finance Company Ltd.	200,000,000	150,000,000
Southeast Bank Ltd.	400,000,000	400,000,000
First Security Islami Bank Ltd.	200,000,000	450,000,000
Shahjalal Islalmi Bank Ltd.	400,000,000	700,000,000
Social Islami Bank Ltd.	-	400,000,000
Phoenix Finance and Investment Ltd.	-	250,000,000
Al-Arafah Islami Bank Limited	100,000,000	900,000,000
EXIM Bank Ltd.	-	750,000,000
The City Bank Ltd.	411,640,000	400,000,000
Agrani Bank Ltd.	400,000,000	100,000,000
ICB Islamic Bank Ltd.	-	160,000,000
Jamuna Bank Ltd.	500,000,000	-
Union Bank Ltd.	400,000,000	-
Islamic Finance & Investment Ltd.	150,000,000	-

3,361,640,000

4,860,000,000

4,744,159,686

5,616,079,788

4.1.a Consolidated In Bangladesh

AB Bank Limited	4,744,159,686	5,616,079,788
AB Investments Limited	443,555	586,494
AB International Finance Limited	-	-
AB Securities Limited	235,022,444	117,287,732
Cashlink Bangladesh Limited (CBL)	8,030,892	5,662,854
AB Exchange (UK) Ltd.	-	-

4,987,656,577

5,739,616,868

Less: Inter company transaction

241,413,065

117,822,307

4,746,243,512

5,621,794,561

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

4.2 Outside Bangladesh

Current Deposits

The Bank of Tokyo Mitsubishi Ltd.		
HSBC Plc		
HSBC AUST		
JP Morgan Chase Bank		
Sonali Bank (Kolkata)		
Sonali Bank (UK)		
Myanmar Economic Bank		
Citibank NA		
Hatton National Bank Ltd.		
Commerz Bank AG		
AB International Finance Ltd.		
State Bank of India		
NIB Bank Ltd.		
Mashreq Bank Psc		
Nepal Bangladesh Bank Ltd.		
Bank of Bhutan		
Habib Bank UK		
Wachovia Bank/Wells Fargo N.A		
Habib America Bank		
Commerz Bank AG		
Hypovereins Bank		
HSBC, Karachi		
National Commercial Bank Ltd.		
Habib Metro Bank		
U.B.A.F-BANQUES		
Habib Bank AG		
COMMERZ BK CAD		
COMMERZ BK CHF		
JPMC NY-OBU		
HSBC, New York		
UBAF (Hong Kong) Limited		
Reserve Bank of India		
HDFC BANK CSG		
HDFC Bank Ltd.		
Commerz Bank AG (Euro)		
HSBC (Euro)		
HSBC (GBP)		
HSBC (USD)		
HSBC (ACUD)		
Habib American Bank Ltd.		
Citi Bank OBU		
HSBC NY (OBU)		
Standard Chartered Bank		
JP Morgan Chase Bank		

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

31.12.2013 Taka	31.12.2012 Taka
894,135	2,062,777
16,830,487	13,338,434
3,151,006	-
141,546,295	406,093,091
3,310,777	3,400,196
167,328,099	11,184,877
31,878	32,738
75,332,176	96,298,024
192,465	263,725
21,396,747	32,101,352
1,260,016,500	1,454,865,178
-	1,255,665
1,226,799	855,545
28,820,563	53,599,443
2,923,964	3,450,095
7,857,287	7,542,776
10,844,372	-
39,081,544	138,084,119
31,814,528	52,518,778.01
27,109,939	17,507,255
5,081,425	2,810,857
-	87,508
28,511,749	36,003,642
29,036,435	5,669,160
-	1,581,827
785,816	808,126
6,343,841	-
13,222,299	-
938,469	-
-	120,653,557
-	61,257
16,619,195	26,538,311
525,996	602,738
22,770,443	14,420,730
6,175,319	14,842,050
3,717,213	2,219,242
1,157,427	2,824,090
12,650,631	125,809,870
401,048,987	440,729,185
7,402,943	134,027
-	159,699,800
30,166,661	3,627,317
518,888	3,587,797
68,447,077	3,829,006
2,494,830,373	3,260,994,166

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

4.2.a Consolidated Outside Bangladesh (Nostro Accounts)

AB Bank Limited
AB Investments Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

Less: Inter company transactions

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

Current deposits
Savings deposits
Short-Notice Deposits
Fixed deposits

4.4 Maturity grouping of balance with other banks

Repayable – on demand
– up to 3 months
– over 3 months but below 1 year
– over 1 year but below 5 years
– over 5 years

5. Money at call and on short notice

In Bangladesh (Note: 5.1)
Outside Bangladesh (Note: 5.2)

5.1 In Bangladesh

With banking companies

Prime Bank Ltd
Mercantile Bank Ltd.
Mutual Trust Bank Ltd.
Uttara Bank Ltd.
Eastern Bank Ltd.
Basic Bank Ltd.
Citibank NA
Southeast Bank Ltd.

With non-banking financial institutions

Phoenix Finance Ltd.
IDLC BD Ltd.
Lanka Bangla Finance Ltd.
Delta Brac Housing Ltd.
Peoples Leasing
International Leasing

At short notice

31.12.2013 Taka	31.12.2012 Taka
2,494,830,373	3,260,994,166
-	-
1,395,886	41,332,012
-	-
-	-
1,563,984	4,397,182
2,497,790,243	3,306,723,360
1,260,072,624	1,454,953,055
1,237,717,618	1,851,770,306
2,566,112,226	3,333,263,051
7,239,617	63,138,498
1,303,998,215	620,672,406
3,361,640,000	4,860,000,000
7,238,990,059	8,877,073,954
3,119,318,559	3,443,145,577
1,119,450,250	2,374,216,779
3,000,221,250	3,059,711,599
-	-
-	-
7,238,990,059	8,877,073,955
800,000,000	3,300,000,000
191,387,500	371,790,000
991,387,500	3,671,790,000
-	650,000,000
-	450,000,000
-	200,000,000
-	400,000,000
-	500,000,000
-	500,000,000
-	150,000,000
-	250,000,000
-	3,100,000,000
-	200,000,000
150,000,000	-
50,000,000	-
50,000,000	-
100,000,000	-
450,000,000	-
800,000,000	200,000,000
800,000,000	3,300,000,000
-	-

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

On calls and placements

Prime Bank Ltd.
Mercantile Bank Ltd.
Mutual Trust Bank Ltd.
Uttara Bank Ltd.
Eastern Bank Ltd.
Basic Bank Ltd.
Citibank NA
Southeast Bank Ltd.
Phoenix Finance Ltd.
IDLC BD Ltd.
Lanka Bangla Finance Ltd.
Delta Brac Housing Ltd.
Peoples Leasing
International Leasing

5.2 Outside Bangladesh

HDFC Bank Ltd.
Abu Dhabi Commercial Bank

5(a) Consolidated money at call and on short notice

AB Bank Limited
AB Investments Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

6. Investments

Nature wise:

Held for Trading
Held to Maturity
Others

Claim wise:

Government securities (Note: 6.1)
Other investments (Note: 6.2)

6 (a) Consolidated investments

AB Bank Limited
AB International Finance Limited
AB Investment Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

Less: Inter-group transaction

31.12.2013 Taka	31.12.2012 Taka
	650,000,000
	450,000,000
	200,000,000
	400,000,000
	500,000,000
	500,000,000
	150,000,000
	250,000,000
	200,000,000
150,000,000	-
50,000,000	-
50,000,000	-
100,000,000	-
450,000,000	-
800,000,000	3,300,000,000
800,000,000	3,300,000,000
191,387,500	284,310,000
-	87,480,000
191,387,500	371,790,000
991,387,500	3,671,790,000
-	-
-	-
-	-
-	-
991,387,500	3,671,790,000
5,795,044,292	3,777,141,799
16,462,398,836	15,928,683,098
6,418,252,905	6,408,962,750
28,675,696,033	26,114,787,647
22,327,865,346	19,743,454,873
6,347,830,687	6,371,332,773
28,675,696,033	26,114,787,647
28,675,696,033	26,114,787,647
-	-
747,286,336	740,381,828
169,743,904	67,495,079
24,571,230	26,932,725
-	-
29,617,297,504	26,949,597,279
-	-
29,617,297,504	26,949,597,279

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

6.1 Government securities

Treasury bills
30 days Bangladesh Bank bills
Treasury bonds
Debentures - Bangladesh House Building Finance Corporation
(Maturity date: 14 March 2015, interest rate: 5.50%)
Bangladesh Bank Islami Investment bonds
Prize bonds

6.1.1 Maturity wise Treasury Bills & Bonds

(a) 30 Days Bangladesh Bank Bill

(b) Treasury Bill

(i) 91 Days Treasury Bill
(ii) 182 Days Treasury Bill
(iii) 364 Days Treasury Bill

Total Treasury Bill

(c) Treasury Bond

(i) 05 Years Treasury Bond
(ii) 10 Years Treasury Bond
(iii) 15 Years Treasury Bond
(iv) 20 Years Treasury Bond

Total Treasury Bond

Treasury Bond PD REPO Adjustment

Total (a)+(b)+(c)

6.1(a) Consolidated Government securities

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

6.2 Other investments

Shares
Bond

Investments -ABBL, Mumbai Branch

Treasury bills
Debentures and Bonds

Total Other investments

31.12.2013 Taka	31.12.2012 Taka
2,011,667,653	758,517,571
499,364,774	1,217,326,894
19,610,962,119	17,637,791,008
10,000,000	15,000,000
192,000,000	109,800,000
3,870,800	5,019,400
22,327,865,346	19,743,454,873
499,364,774	1,217,326,894
398,408,433	-
477,346,392	598,375,125
1,135,912,828	160,142,446
2,011,667,653	758,517,571
3,477,187,767	2,872,192,146
9,579,943,175	8,554,134,029
4,252,816,238	3,916,984,148
2,073,394,832	1,947,332,484
19,383,342,012	17,290,642,807
227,620,107	347,148,202
22,121,994,546	19,266,487,272
22,327,865,346	19,743,454,873
-	-
-	-
-	-
-	-
-	-
22,327,865,346	19,743,454,873
5,844,761,998	5,791,995,148
140,000,000	140,000,000
5,984,761,998	5,931,995,148
327,552,189	374,529,525
35,516,500	64,808,100
363,068,689	439,337,625
6,347,830,687	6,371,332,773

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
6.2 (a) Consolidated other investments		
AB Bank Limited	6,347,830,687	6,371,332,773
AB Investment Limited	747,286,336	740,381,828
AB International Finance Limited	-	-
AB Securities Limited	169,743,904	67,495,079
Cashlink Bangladesh Limited (CBL)	24,571,230	26,932,725
AB Exchange (UK) Ltd.	-	-
	7,289,432,157	7,206,142,406
6.2.1 Investments in shares		
Quoted (Publicly Traded)	4,546,755,153	4,988,920,181
Unquoted	1,298,006,845	803,074,967
	5,844,761,998	5,791,995,148
Detailed are given in Annexure-B		
6.2.2 Investment in subordinated bonds		
Prime Bank Limited	90,000,000	90,000,000
Trust Bank Limited	50,000,000	50,000,000
	140,000,000	140,000,000
6.3 Maturity grouping		
Repayable – on demand	227,620,107	347,148,201
– upto 3 months	1,496,146,238	6,318,747,621
– over 3 months but below 1 year	6,004,105,500	778,522,750
– over 1 year but below 5 years	6,582,170,904	4,049,530,324
– over 5 years	14,365,653,285	14,620,838,750
	28,675,696,033	26,114,787,646
6.4 Disclosure of uniform accounting procedures for REPO transactions under DOS circular no 06 dated 15 July 2010 is given below:		

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

Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
Bangladesh Bank (Liquidity Support)	30 Dec 2013	01 Jan 2014	1,650,615,000
The City Bank Ltd (Interbank REPO)	30 Dec 2013	01 Jan 2014	1,435,120,890
Total			3,085,735,890

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

Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
None	N/A	N/A	N/A

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

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	-	4,959,685,000	2,220,138,329
ii) with other banks & FIS	-	3,294,942,816	596,192,247
Securities purchased under reverse repo:			
i) from Bangladesh Bank	NIL	NIL	NIL
ii) from other banks & FIS	NIL	NIL	NIL

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
7. Loans, advances and lease/investments	140,121,297,505	106,065,758,923
7.1 Maturity grouping		
Repayable – on demand	2,133,556,712	775,758,643
– upto 3 months	54,989,812,944	43,158,153,209
– over 3 months but below 1 year	56,676,768,431	25,841,675,479
– over 1 year but below 5 years	22,858,233,012	28,885,806,271
– over 5 years	3,462,926,405	7,404,307,785
	140,121,297,505	106,065,701,388
7.2 Broad category-wise breakup		
In Bangladesh		
Loans	118,527,054,842	88,019,786,261
Overdrafts	20,328,225,615	17,025,203,384
Cash credits	-	-
	138,855,280,458	105,044,989,644
Outside Bangladesh: ABBL, Mumbai Branch		
Loans	186,434,730	277,279,676
Overdrafts	13,640,801	4,057,448
Cash credits	12,383,450	47,458,232
	212,458,981	328,795,356
	139,067,739,439	105,373,785,000
7.3 Product wise Loans and Advances		
Overdraft	20,344,462,888	17,029,369,806
Cash Credit	12,383,450	47,458,232
Time loan	41,464,803,500	29,840,866,073
Term loan	53,937,687,644	42,415,222,846
Bills under LC	315,517,044	273,489,781
Trust Receipt	13,153,607,322	10,900,089,435
Packing credit	403,227,357	385,262,490
Loan against accepted bills	7,353,921,361	2,616,131,651
Consumer Loan	1,438,967,224	1,315,619,721
Staff Loan	643,161,648	550,274,965
Bills Purchased & Discounted	1,053,558,066	691,973,923
	140,121,297,504	106,065,758,922
7.4 Net loans, advances and lease/investments		
Gross loans and advances	140,121,297,505	106,065,758,923
Less:		
Interest suspense	1,774,784,880	879,992,653
Provision for loans and advances	3,980,331,722	2,318,340,874
	5,755,116,603	3,198,333,527
	134,366,180,902	102,867,425,396
7.5 Significant concentration		
Advances to industries	58,383,212,206	42,209,112,384
Advances to customer groups	81,738,085,299	63,856,646,539
Advances to allied concerns of Directors	-	-
Advances to Chief Executive	-	-
	140,121,297,505	106,065,758,923
7.6 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	18,772,259,345	17,181,413,003
Number of clients	35	30
Amount of outstanding advances	43,997,312,467	32,671,931,246
Amount of classified advances	-	-
Measures taken for recovery	Not applicable	Not applicable

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

7.7 Industry-wise loans, advances and lease/investments

	31.12.2013 Taka	31.12.2012 Taka
Agriculture	2,803,250,230	2,614,202,720
Large and medium scale industry	30,111,835,287	22,162,114,632
Working capital	27,645,068,600	19,566,085,368
Export	1,329,836,620	1,415,926,793
Commercial lending	35,030,324,376	35,492,934,966
Small and cottage industry	626,415,950	480,913,125
Others	42,574,566,442	24,333,581,319
	140,121,297,505	106,065,758,923

7.8 Geographical location-wise (division) distribution

In Bangladesh

Urban Branches

Dhaka	87,657,115,729	69,932,442,327
Chittagong	34,619,147,376	21,340,455,537
Khulna	4,834,496,931	4,176,544,481
Sylhet	2,090,420,112	1,909,055,866
Barisal	380,231,607	319,361,172
Rajshahi	3,588,080,320	2,643,457,653
Rangpur	2,652,948,789	2,209,016,998
	135,822,440,864	102,530,334,034

Rural Branches

Dhaka	3,069,394,405	2,518,022,539
Chittagong	446,593,289	361,998,917
Khulna	-	-
Sylhet	78,373,582	74,568,972
Barisal	-	-
Rajshahi	-	-
Rangpur	-	-
	3,594,361,276	2,954,590,428

Outside Bangladesh

ABBL, Mumbai Branch	704,495,365	580,834,460
	140,121,297,505	106,065,758,923

7.9 Classification of loans, advances and lease/investments

In Bangladesh

Unclassified

Standard	134,277,476,780	101,542,166,762
Special Mention Account	502,457,360	505,004,000
	134,779,934,140	102,047,170,762

Classified

Sub-Standard	128,254,000	437,063,154
Doubtful	761,605,000	524,890,000
Bad/Loss	3,747,009,000	2,475,800,546
	4,636,868,000	3,437,753,700
	139,416,802,140	105,484,924,462

Outside Bangladesh-Mumbai Branch

Unclassified Loan	621,442,443	496,321,614
Classified Loan	83,052,922	84,512,846
	704,495,365	580,834,460
	140,121,297,505	106,065,758,923

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

7.10 Particulars of Loans, advances and lease/investments

- (i) Loans considered good in respect of which the Bank is fully secured
- (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
- (iv) Loans adversely classified but provision not maintained there against

31.12.2013 Taka	31.12.2012 Taka
136,108,015,393	104,004,645,135
-	-
4,013,282,112	2,061,113,788
-	-
140,121,297,505	106,065,758,923

- (v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons [note 7.10 (a)]
- (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)]
- (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)
 - (b) Amount of loan written off
 - (c) Amount realised against loan previously written off
 - (d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet
 - (e) Interest charged to interest suspense account
- (xi) Written off loan
 - During the year
 - Cumulative to-date (as per Bangladesh Bank guidelines)
 - Cumulative to-date (in amicable settlement)
 - The amount of written off loans for which lawsuits have been filed for its recovery

642,414,253	550,274,964
-	-
645,075,360	550,274,964
-	-
-	-
1,228,725,000	818,327,401
-	991,500,000
4,151,397	35,168,196
2,272,906,409	1,048,706,561
964,080,962	646,576,267
-	991,500,000
5,464,993,000	5,464,993,000
2,677,402,985	2,703,300,000
2,677,402,985	2,703,300,000

7.10 (a) The amount represents loans Tk. 642,414,253 due by the employees of the Bank.

7.11 Securities wise Loans, advances and lease/investments

Nature of security

- Collateral of movable/immovable assets
- Cash collateral
- Banks and financial institutions guarantee
- Personal guarantee
- Corporate guarantee
- Other securities

107,514,203,681	80,184,533,296
2,978,767,369	5,576,928,815
736,912,409	658,117,246
7,209,910,563	5,873,289,218
444,386,889	9,875,872,087
21,237,116,594	3,897,018,261
140,121,297,505	106,065,758,923

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

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

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

Less: Inter company transaction

8. Bills purchased and discounted

In Bangladesh
Outside Bangladesh - ABBL, Mumbai Branch

8.1 Maturity grouping

Repayable – within 1 month
– over 1 month but within 3 months
– over 3 months but within 6 months
– over 6 months

8 (a) Consolidated Bills purchased and discounted

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

9. Fixed assets including premises, furniture and fixtures

Cost:

Land and Building
Furniture and fixtures
Office appliances
Electrical appliances
Motor vehicles
Intangible Assets

Less: Accumulated depreciation and amortization

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

31.12.2013 Taka	31.12.2012 Taka
139,067,739,439	105,373,785,000
7,136,710,118	7,585,189,288
-	-
1,042,520,416	1,073,788,194
-	-
-	-
147,246,969,973	114,032,762,482
2,701,326,722	2,721,036,520
144,545,643,251	111,311,725,962
561,521,682	439,934,818
492,036,384	252,039,105
1,053,558,066	691,973,923
422,367,371	138,394,785
606,588,875	553,579,139
24,601,820	-
-	-
1,053,558,066	691,973,923
1,053,558,066	691,973,923
-	-
1,529,678,739	1,659,285,813
-	-
-	-
-	-
2,583,236,805	2,351,259,736
3,263,321,411	3,111,940,206
205,265,735	202,789,081
61,255,451	61,663,735
1,411,987,344	1,353,846,742
484,488,318	479,583,052
249,255,099	218,879,331
5,675,573,357	5,428,702,146
1,503,008,990	1,199,181,586
4,172,564,367	4,229,520,560

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Cost:		
AB Bank Limited	5,675,573,357	5,428,702,146
AB Investments Limited	574,374,720	571,076,609
AB International Finance Limited	9,082,746	9,273,255
AB Securities Limited	28,819,670	28,777,170
Cashlink Bangladesh Limited (CBL)	250,270,883	268,419,630
AB Exchange (UK) Ltd.	15,592,870	15,837,740
	6,553,714,247	6,322,086,549
Accumulated depreciation:		
AB Bank Limited	1,503,008,990	1,199,181,586
AB Investments Limited	35,242,257	19,128,664
AB International Finance Limited	8,783,455	8,770,016
AB Securities Limited	16,482,964	11,193,635
Cashlink Bangladesh Limited (CBL)	239,907,170	209,896,835
AB Exchange (UK) Ltd.	8,492,456	5,265,911
	1,811,917,292	1,453,436,647
	4,741,796,955	4,868,649,902
10. Other assets		
Income generating-Equity Investment		
In Bangladesh:		
AB Investment Limited (99.99% owned subsidiary company of ABBL)	99,899,000	99,899,000
AB Securities Limited (99.71% owned subsidiary company of ABBL)	34,898,000	34,898,000
Cashlink Bangladesh Limited (CBL) (90% owned subsidiary company of ABBL)	212,581,228	212,581,228
Outside Bangladesh:		
AB International Finance Ltd., Hong Kong (wholly owned subsidiary company of ABBL)	5,203,944	5,203,944
AB Exchange (UK) Limited (wholly owned subsidiary company of ABBL)	38,425,620	32,280,000
	391,007,792	384,862,172
Non-income generating		
Inter-branch adjustment	1,839,710	4,191,700
Advance corporate income tax (note: 10.1)	7,060,657,451	5,673,148,042
Arab Bangladesh Bank Foundation (99.60% owned subsidiary company of ABBL)	19,920,000	19,920,000
Share Money Deposits - AB Investment Limited	4,900,100,000	4,900,100,000
Share Money Deposits - AB Securities Limited	165,000,000	165,000,000
Accounts receivable	626,469,027	1,232,257,570
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	828,594,917	1,033,615,467
Exchange for clearing	351,479,645	703,078,129
Interest accrued on investment but not collected, and debentures, and other income receivables	708,821,651	686,226,038
Security deposits	219,257,237	267,435,160
Advance rent and advertisement	143,568,488	156,275,414
Stationery, stamps, printing materials, etc.	29,375,102	34,546,476
	15,055,083,229	14,875,793,996
	15,446,091,023	15,260,656,171

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

10(a) Consolidated other assets

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

Less: Inter-group transaction

10.1 Advance corporate income tax

In Bangladesh:

Balance at 01 January 2013

Add: Paid during the year

Tax withheld during the year

Less: Transfer/Adjustment during the year

Balance at 31 December 2013

Advance tax paid by ABBL, Mumbai Branch

11. Borrowings from other banks, financial institutions and agents

In Bangladesh
Outside Bangladesh

(Note: 11.1)
(Note: 11.2)

11.1 In Bangladesh

Bangladesh Bank refinance

ADB loan

Islamic Investment Bonds

Bangladesh Bank Refinance

Call & Term Borrowing from

Basic Bank Ltd.

Rupali Bank Ltd.

Dutch Bangla Bank Ltd.

Dhaka Bank Ltd.

National Bank Ltd.

ICB Islami Bank Ltd.

Accrued interest

11.2 Outside Bangladesh

Sonali Bank UK

HSBC BK NY

SCB,NY,USA

International Finance Corporation

Sonali Bank Uk

National Bank Limited

United Commercial Bank Ltd

Dutch Bangla Bank Ltd.

31.12.2013 Taka	31.12.2012 Taka
15,446,091,023	15,260,656,170
411,820,752	235,544,527
7,060,521	9,249,425
152,033,578	107,900,318
36,866,958	23,287,654
1,346,818	1,350,208
16,055,219,650	15,637,988,302
6,132,152,038	6,370,150,451
9,923,067,613	9,267,837,853
5,514,493,945	4,066,825,904
1,187,716,325	1,325,524,111
223,255,192	122,143,930
1,410,971,517	1,447,668,041
162,799	-
6,925,302,663	5,514,493,945
135,354,788	158,654,097
7,060,657,451	5,673,148,042
4,230,695,016	3,262,748,341
5,756,797,017	386,513,441
9,987,492,033	3,649,261,782
42,893,375	28,799,000
1,810,228,912	3,000,800,000
162,305,002	180,541,281
2,015,427,290	3,210,140,281
800,000,000	-
700,000,000	-
250,000,000	-
250,000,000	-
200,000,000	-
-	50,000,000
15,267,726	2,608,060
2,215,267,726	52,608,060
4,230,695,016	3,262,748,341
388,750,000	386,513,441
36,369,504	-
123,710,388	-
2,721,250,000	-
620,717,125	-
699,750,000	-
777,500,000	-
388,750,000	-
5,756,797,017	386,513,441

A Schedule of Borrowings from other banks, financial institutions and agents outside Bangladesh is given in **Annex-D**.

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
11.3 Analysis by security		
Secured (assets pledge as security for liabilities)	-	-
Unsecured	9,987,492,033	3,649,261,782
	9,987,492,033	3,649,261,782
11.4 Repayment pattern		
Repayable on demand	5,035,547,017	386,513,441
Repayable on maturity (Note: 11.4.1)	4,951,945,016	3,262,748,341
	9,987,492,032	3,649,261,782
11.4.1 Repayable on maturity		
<u>Bangladesh Bank refinance:</u>		
ADB loan	42,893,375	28,799,000
SME, Women Entrepreneur, Solar Energy, Bio-Gas & ETP	162,305,002	233,149,341
	205,198,377	261,948,341
<u>Term borrowings:</u>		
Islamic Investment Bonds	1,810,228,912	3,000,800,000
National Bank Limited	200,000,000	-
International Finance Corporation	2,721,250,000	-
Accrued interest	15,267,726	-
	4,746,746,638	3,000,800,000
	4,951,945,016	3,262,748,341
11(a) Consolidated Borrowings from other banks, financial institutions and agents		
AB Bank Limited	9,987,492,033	3,649,261,782
AB Investment Limited	2,454,862,230	2,565,203,769
AB International Finance Limited	1,259,280,748	1,455,596,448
AB Securities Limited	299,613,357	247,970,830
Cashlink Bangladesh Limited (CBL)	268,241,029	343,241,029
AB Exchange (UK) Ltd.	-	-
	14,269,489,397	8,261,273,858
Less: Intercompany transactions	3,878,170,154	4,144,291,698
	10,391,319,243	4,116,982,161
12. Deposit and other accounts		
Inter-bank deposits	4,030,274,291	3,429,038,351
Other deposits	157,816,001,023	136,596,915,540
	161,846,275,315	140,025,953,891
12(a) Consolidated Deposit and other accounts		
AB Bank Limited	161,846,275,315	140,025,953,891
AB Investment Limited	-	-
AB International Finance Limited	5,086,140	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	161,851,361,454	140,025,953,891
Less: Inter-group transaction	241,469,222	117,910,183
	161,609,892,233	139,908,043,708

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

12.1 Maturity analysis of inter-bank deposits

Repayable – on demand
– within 1 month
– over 1 month but within 3 months
– over 3 months but within 1 year
– over 1 year but within 5 years
– over 5 years but within 10 years
– over 10 years

12.2 Maturity analysis of other deposits

Repayable – on demand
– within 1 month
– over 1 month but within 3 months
– over 3 months but within 1 year
– over 1 year but within 5 years
– over 5 years

12.3 Demand and time deposits

a) Demand Deposits

Current accounts and other accounts
Savings Deposits (9%)
Bills Payable

b) Time Deposits

Savings Deposits (91%)
Short Notice Deposits
Fixed Deposits
Other Deposits

Total Demand and Time Deposits

12.4 Sector-wise break up of deposits and other accounts

Government
Deposit money Banks
Autonomous & Semi-Autonomous Bodies
Public Non-Financial Organisation
Other Public
Foreign Currency
Private

13. Other liabilities

Accumulated provision against loans and advances	(Note 13.1)
Provision for current tax	(Note 13.2)
Deferred tax liabilities	(Note 13.3)
Interest suspense account	(Note 13.4)
Provision against other assets	(Note 13.5)
Provision for outstanding debit entries in NOSTRO accounts	
Accounts payable - Bangladesh Bank	
Accrued expenses	
Provision for off balance sheet items	(Note 13.6)
Provision against investments	(Note 13.7)
Others (*)	

31.12.2013 Taka	31.12.2012 Taka
337,310,488	244,935,907
2,343,721,850	2,204,358,814
1,011,931,465	734,807,722
337,310,488	244,935,907
-	-
-	-
4,030,274,291	3,429,038,351
1,935,942,496	2,026,259,201
19,437,674,463	21,291,051,239
33,776,922,098	45,049,083,405
67,025,189,928	46,346,615,500
34,252,352,458	19,739,825,047
1,387,919,580	2,144,081,150
157,816,001,023	136,596,915,541
18,420,611,485	16,292,283,489
15,742,024,927	13,487,687,930
1,538,411,402	1,337,448,548
1,140,175,156	1,467,147,010
143,425,663,830	123,733,670,403
15,555,048,620	13,523,090,879
22,968,769,304	21,160,436,286
91,742,137,914	80,452,713,916
13,159,707,991	8,597,429,322
161,846,275,315	140,025,953,891
457,073,000	436,114,413
4,030,274,291	3,429,038,351
3,027,972,099	1,806,458,373
22,900,850,230	18,865,880,199
1,013,434,469	1,097,727,074
3,306,827,378	3,221,036,565
127,109,843,848	111,169,698,916
161,846,275,315	140,025,953,891
3,980,331,722	2,318,340,874
9,650,912,245	7,772,599,103
109,050,939	112,104,055
1,774,784,880	879,992,653
292,234,553	282,197,228
200,000	200,000
47,656,432	66,308,878
38,724,384	62,205,113
810,000,000	580,000,000
1,995,053,000	1,597,153,000
532,779,169	462,305,337
19,231,727,325	14,133,406,241

(*) 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.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

13.1 Accumulated provision against loans and advances

The movement in specific provision for bad and doubtful debts

	31.12.2013 Taka	31.12.2012 Taka
Balance at 01 January	1,015,379,159	1,030,514,450
Fully provided debts written off during the year (-)	-	800,135,291
Recovery of amounts previously written off (+)	-	-
Specific provision made for the year (+)	1,228,725,000	711,800,000
Transferred from other assets provisions (+)	-	60,000,000
Transfer from general provision (+)	-	13,200,000
Recoveries and provision no longer required (-)	-	-
Net charge to Profit and Loss Account (+)	-	-
	1,228,725,000	(15,135,291)
Balance at 31 December	2,244,104,159	1,015,379,159
Provision made by ABBL, Mumbai Branch	28,802,250	33,327,401
Total provision on classified loans and advances	2,272,906,409	1,048,706,560

On unclassified loans

Balance at 01 January	1,265,260,313	1,278,460,313
Recoveries and provision no longer required (-)	-	-
Transfer to specific provision during the year (-)	-	13,200,000
General provision made for the year (+)	438,400,000	-
	438,400,000	(13,200,000)
Balance at 31 December	1,703,660,313	1,265,260,313
Provision made by ABBL, Mumbai Branch	3,765,000	4,374,000
Total provision on un-classified loans and advances	1,707,425,313	1,269,634,313
Total provision on loans and advances	3,980,331,722	2,318,340,873

Provision for

	Required	2013 Maintained	Excess
Un-classified loans and advances	1,348,107,622	1,707,425,313	359,317,691
Classified loans and advances	2,272,859,250	2,272,906,409	47,159
	3,620,966,872	3,980,331,722	359,364,850

13.1.1 Details of provision for loans and advances

General Provision :

Standard	1,338,711,622	1,698,029,313
Special Mention Account	9,396,000	9,396,000

Specific Provision:

Substandard	51,384,250	51,384,250
Doubtful	218,127,000	218,127,000
Bad/Loss	2,003,348,000	2,003,395,159

Excess provision maintained at 31 December 2013

359,364,851

13.2 Provision for current tax

	31.12.2013 Taka	31.12.2012 Taka
Balance at 01 January	7,618,313,733	5,981,196,923
Add: Provision made during the year	1,901,210,052	1,637,116,810
Less: Adjustment during the year	-	-
Balance at 31 December	9,519,523,785	7,618,313,733
Provision held by ABBL, Mumbai Branch	131,388,460	152,356,750
	9,650,912,245	7,770,670,483

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2008 (assessment year 2009-2010). Corporate income tax assessment for income years 2009, 2010, 2011 and 2012 are under process. Tax assessments for income years 1995, 1996 and 1997 were completed but these were referred to the Hon'ble High Court on the application made by the Bank for some disputed points.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
13.3 Deferred tax liabilities		
Balance at 01 January	112,104,056	68,532,913
Add/(less): Provision made during the year	(2,807,775)	43,456,854
Add/(Less): Adjustment/Rate Fluctuation during the year	(245,342)	114,289
Balance at 31 December	109,050,939	112,104,056
13.4 Interest suspense account		
Balance at 01 January	868,286,638	495,216,132
Transfer during the year (+)	964,080,962	646,576,267
Recovery during the year (-)	80,741,571	82,095,760
Write off during the year (-)	-	191,410,000
Balance at 31 December	1,751,626,029	868,286,638
Mumbai Branch	23,158,851	11,706,015
	1,774,784,880	879,992,654
13.5 Provision against other assets		
Provision for		
Prepaid legal expenses	60,030,000	54,500,000
Protested bills	22,565,610	22,413,201
London Representative Office	1,708,494	1,708,494
Myanmar Representative Office	1,112,430	1,112,430
Others	206,818,019	202,463,103
	292,234,553	282,197,228

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

13.5.1 Calculation of Provision against other assets

	Outstanding amount	Base for Provision	Rate	Provisions Requirement	Provisions Maintained
Prepaid legal expenses	60,022,909	60,022,909	50% & 100%	30,849,532	60,030,000
Protested bills	21,591,341	21,591,341	100%	21,591,341	22,565,610
London Representative Office	1,708,494	1,708,494	100%	1,708,494	1,708,494
Myanmar Representative Office	1,112,430	1,112,430	100%	1,112,430	1,112,430
Others	180,698,400	180,698,400	100%	180,698,400	206,818,019
Required provision for other assets				235,960,198	292,234,553

Total provision requirement	235,960,198
Total provision maintained	292,234,553
Excess provision maintained at 31 December 2013	56,274,356

	31.12.2013 Taka	31.12.2012 Taka
13.6 Provision for off balance sheet items		
Balance at 01 January	580,000,000	510,000,000
Add: Provision made during the period	230,000,000	70,000,000
	810,000,000	580,000,000

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

13.6.1 Particulars of required provision for Off-Balance Sheet Items

	Base for Provision	Rate (%)	31.12.2013	31.12.2012
Acceptances and endorsements	26,838,433,435	1%	268,384,334	194,950,959
Letters of guarantee	16,393,076,675	1%	163,930,767	128,823,328
Irrevocable letters of credit	30,225,132,651	1%	302,251,327	178,633,980
Bills for collection	7,537,276,394	1%	75,372,764	73,145,040
Total Off Balance Sheet Items & required provision	80,993,919,156		809,939,192	575,553,307
Total provision maintained			810,000,000	580,000,000
Excess provision at 31 December 2013			60,808	4,446,693

No provision has been maintained against Off Balance Sheet items of Mumbai Branch amounting Tk. 2,222,623,900 as per Reserve Bank of India (RBI) guidelines.

13.7 Provision against investments

	31.12.2013 Taka	31.12.2012 Taka
Balance at 01 January	1,597,153,000	1,220,753,000
Add: Provision made during the year	397,900,000	376,400,000
Balance at 31 December	1,995,053,000	1,597,153,000

13(a) Consolidated Other liabilities

AB Bank Limited	19,231,727,325	14,133,406,241
AB Investment Limited	931,141,087	891,700,012
AB International Finance Limited	67,419,361	65,932,526
AB Securities Limited	848,099,741	727,117,384
Cashlink Bangladesh Limited (CBL)	11,673,480	18,581,007
AB Exchange (UK) Ltd.	9,733,594	13,260,337
	21,099,794,588	15,849,997,507
Less: Inter-group transaction	645,282,795	559,982,513
	20,454,511,793	15,290,014,994

14. Share Capital

14.1 Authorised Capital

600,000,000 ordinary shares of Taka 10 each	6,000,000,000	6,000,000,000
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14.2 Issued, Subscribed and Paid-up Capital

10,000,000 ordinary shares of Taka 10 each issued for cash	100,000,000	100,000,000
5,000,000 ordinary shares of Taka 10 each issued for rights	50,000,000	50,000,000
482,625,376 ordinary shares of Taka 10 each issued as bonus shares	4,826,253,760	4,273,336,680
	4,976,253,760	4,423,336,680

14.3 Percentage of shareholding

Particulars	As at 31 December 2013		As at 31 December 2012	
	No. of shares	%	No. of shares	%
Sponsors and public	494,772,935	99.43	439,798,164	99.43
Government	2,852,441	0.57	2,535,504	0.57
	497,625,376	100.00	442,333,668	100.00

AB Bank Limited

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14.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2013	2012	2013	2012
Upto 500	70,601	63,751	64.22	62.93
501 to 5,000	34,156	33,187	31.07	32.76
5,001 to 10,000	2,789	2,420	2.54	2.39
10,001 to 20,000	1,319	1,044	1.20	1.03
20,001 to 30,000	353	293	0.32	0.29
30,001 to 40,000	147	109	0.13	0.11
40,001 to 50,000	104	98	0.09	0.10
50,001 to 100,000	201	181	0.18	0.18
100,001 to 1,000,000	216	180	0.20	0.18
Over 1,000,000	43	44	0.04	0.04
	109,929	101,307	100.00	100.00

14.5 Names of the Directors and their shareholding as at 31 December 2013

Name of the Director	Status	No of Shareholding	
		As at 31 Dec 2013	As at 31 Dec 2012
Mr. M. Wahidul Haque	Chairman	107,662	95,700
Mr. Salim Ahmed	Vice-Chairman	11,754,084	10,448,076
Mr. Feroz Ahmed	Director	10,325,069	9,177,840
Mr. M. A. Awal	Director	3,118	2,772
Mr. Shishir Ranjan Bose FCA	Independent Director	2,214	1,968
Mr. Faheemul Huq, Barrister - at -Law	Director	426,964	379,524
Mr. Syed Afzal Hasan Uddin, Barrister - at -Law	Director	2,214	1,968
Mr. Gholam Sarwar	Director	11,933	10,608
Mr. Md. Mesbahul Hoque	Director	2,214	1,968
Mr. Md. Anwar Jamil Siddiqui	Director	2,214	1,968
Mr. B. B. Saha Roy	Director	1,930	1,716
Dr. M. Imtiaz Hossain	Independent/Depositor Director	-	-
Mrs. Runa Zakia Shahrood Khan	Independent/Depositor Director	-	-
Mr. M. Fazlur Rahman	President & Managing Director	-	-

14.6 Capital Adequacy Ratio - As per BASEL II

Consolidated - Capital Adequacy Ratio

In terms of section 13 (2) of the Bank Company (Amendment) Act, 2013 and Bangladesh Bank BRPD Circular no. 35 dated 29 December 2010, required capital of the Bank on Consolidated basis at the close of business on 31 December 2013 is Taka 17,639,604,417 as against available core capital of Taka 15,804,597,371 and supplementary capital of Taka 3,340,451,376 that is, a total of Taka 19,145,048,748 thereby showing surplus capital/equity of Taka 1,505,444,330 at that date. Details are shown below:

Core capital (Tier I)

Fully Paid-up Capital/Capital Deposited with BB
Statutory Reserve
Non-repayable share premium account
General Reserve
Retained earnings
Minority interest in Subsidiaries
Non-Cumulative irredeemable Preferences shares
Dividend Equalization Account

Deductions from Tier-1 (Core Capital)

Book value of Goodwill
Shortfall in provisions required against classified assets
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.
Reciprocal crossholdings of bank capital/subordinated debt
Any investment exceeding the approved limit under section 26(2) of Bank Company (Amendment) Act, 2013.
Investments in subsidiaries which are not consolidated
Other if any

Total Eligible Tier-I Capital

31.12.2013 Taka	31.12.2012 Taka
4,976,253,760	4,423,336,680
5,564,799,391	5,005,314,801
-	-
118,018,431	120,093,432
5,171,126,214	5,261,734,530
(15,640,425)	(20,230,938)
-	-
-	-
15,814,557,372	14,790,248,506
-	-
-	-
-	-
-	-
-	-
-	-
9,960,000	9,960,000
-	-
9,960,000	9,960,000
15,804,597,372	14,780,288,506

AB Bank Limited
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Supplementary capital (Tier II)

General Provision for Unclassified Loans	
General Provision for off Balance Sheet exposure	
Assets Revaluation Reserves up to 50%	
Revaluation Reserves of Securities (Up to 50%)	
Revaluation Reserve for equity instruments up to 10%	
All other preference shares	
Balance of Exchange Equalisation Fund	
Perpetual Subordinated debt	

Sub-Total

Deductions if any

Total Eligible Tier-II Capital

Capital eligible for market risk (Tier-III)

Short-term subordinated debt

A. Total Eligible Capital

Total assets including off-Balance Sheet items
Total risk-weighted assets (RWA)

B. Total required capital (10% of Total RWA)

Capital Surplus / (Shortfall) [A-B]

Capital adequacy ratio

31.12.2013 Taka	31.12.2012 Taka
1,801,166,361	1,363,375,361
810,000,000	580,000,000
666,425,705	697,588,060
72,819,310	8,423,262
-	-
-	-
-	-
-	-
3,350,411,376	2,649,386,682
9,960,000	9,960,000
3,340,451,376	2,639,426,682
-	-
-	-
19,145,048,748	17,419,715,188
292,965,313,727	235,107,764,658
176,396,044,173	149,744,862,415
17,639,604,417	14,974,486,241
1,505,444,331	2,445,228,947
10.85%	11.63%

Solo - Capital Adequacy Ratio

In terms of section 13(2) of the Bank Company (Amendment) Act, 2013 and Bangladesh Bank BRPD Circular no. 35 dated 29 December 2010, required capital of the Bank on Solo basis at the close of business on 31 December 2013 is Taka 17,387,119,871 as against available core capital of Taka 15,569,618,999 and supplementary capital of Taka 3,202,640,347 that is, a total of Taka 18,772,259,345 thereby showing surplus capital/equity of Taka 1,385,139,474 at that date. Details are shown below:

Core capital (Tier I)

Fully Paid-up Capital/Capital Deposited with BB	
Statutory Reserve	
Non-repayable share premium account	
General Reserve	
Retained earnings	
Minority interest in Subsidiaries	
Non-Cumulative irredeemable Preferences shares	
Dividend Equalization Account	

Deductions from Tier-1 (Core Capital):

Book value of Goodwill	
Shortfall in provisions required against classified assets	
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.	
Reciprocal crossholdings of bank capital/subordinated debt	
Any investment exceeding the approved limit under section 26(2) of Bank Company (Amendment) Act, 2013.	
Investments in subsidiaries which are not consolidated	
Other if any	

Total Eligible Tier-I Capital

4,976,253,760	4,423,336,680
5,564,799,391	5,005,314,801
-	-
42,199,200	42,199,200
4,986,366,647	5,158,900,828
-	-
-	-
-	-
15,569,618,999	14,629,751,509
-	-
-	-
-	-
-	-
-	-
-	-
-	-
15,569,618,999	14,629,751,509

AB Bank Limited

Notes to financial statements

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	31.12.2013 Taka	31.12.2012 Taka
Supplementary capital (Tier II)		
General Provision for Unclassified loans	1,707,425,313	1,269,634,313
General Provision for off Balance Sheet exposure	810,000,000	580,000,000
Assets Revaluation Reserves up to 50%	663,407,904	693,603,919
Revaluation Reserves of Securities (Up to 50%)	21,807,130	8,423,262
Revaluation Reserve for equity instruments up to 10%	-	-
All other preference shares	-	-
Balance of Exchange Equalisation Fund	-	-
Perpetual Subordinated debt	-	-
Sub-Total	3,202,640,347	2,551,661,494
Deductions if any	-	-
Total Eligible Tier-II Capital	3,202,640,347	2,551,661,494
Capital eligible for market risk (Tier-III)	-	-
Short-term subordinated debt	-	-
A. Total Eligible Capital	18,772,259,345	17,181,413,003
Total assets including off-Balance Sheet items	291,222,086,795	233,432,880,431
Total risk-weighted assets (RWA)	173,871,198,712	146,492,197,160
B. Total required capital (10% of Total RWA)	17,387,119,871	14,649,219,716
Capital Surplus / (Shortfall) [A-B]	1,385,139,474	2,532,193,287
Capital adequacy ratio	10.80%	11.73%
Detailed Disclosure under Pillar III of Basel II is presented in (Annex- E) .		
15. Statutory reserve		
In Bangladesh		
Opening balance	4,824,544,671	4,230,234,501
Add: Addition during the year	559,586,175	594,310,170
	5,384,130,846	4,824,544,671
Outside Bangladesh - ABBL, Mumbai Branch		
Opening balance	180,770,130	159,962,774
Add: Transferred from retained earnings	14,891,830	29,756,322
Add: Transferred from Investment fluctuation reserve	10,175,540	-
Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation	(25,168,955)	(8,948,966)
	180,668,545	180,770,130
	5,564,799,391	5,005,314,801
16. Other reserve		
General reserve (Note 16.1)	42,199,200	42,199,200
Assets revaluation reserve (Note 16.2)	1,326,815,807	1,326,815,807
Investment revaluation reserve (Note 16.3)	43,614,260	16,846,523
Foreign exchange revaluation for investment in foreign operation	-	60,392,031
	1,412,629,267	1,446,253,561
16.1 General reserve	42,199,200	42,199,200
16.2 Assets revaluation reserve		
Opening balance	1,326,815,807	1,335,395,306
Less: Adjustment during the period	-	8,579,499
	1,326,815,807	1,326,815,807

AB Bank Limited
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16.3 Investment revaluation reserve (Treasury Bills & Treasury Bonds)

In Bangladesh

Revaluation Reserve for:

Held to Maturity (HTM)

Held for Trading (HFT)

Outside Bangladesh

ABBL, Mumbai Branch

16.3.1 Revaluation Reserve for Held to Maturity (HTM)

Opening balance

Add: Addition during the year

16.3.2 Revaluation Reserve for Held for Trading (HFT)

Opening balance

Add: Addition during the year

31.12.2013 Taka	31.12.2012 Taka
2,589,612	1,235,476
41,024,648	3,789,583
43,614,260	5,025,059
-	11,821,464
43,614,260	16,846,523
1,235,476	-
1,354,136	1,235,476
2,589,612	1,235,476
3,789,583	2,813,207
37,235,065	976,376
41,024,648	3,789,583

Revaluation reserve of HTM and HFT securities transferred to Revaluation Reserve Account as per Bangladesh Bank DOS Circular No. 05 dated 26 May 2008 of which 50% of revaluation reserve is treated as Supplementary Capital.

16 (a) Consolidated other reserve

AB Bank Limited

AB Investment Limited

AB International Finance Limited

AB Securities Limited

Cashlink Bangladesh Limited (CBL)

AB Exchange (UK) Ltd.

17. Retained earnings

Opening balance

Add: Post-tax profit for the year

Less: Transfer to statutory reserve

Cash dividend

Bonus shares issued

Add/(Less): Retained earnings adjustment of Mumbai Br.

Add: Foreign Exchange Translation gain/(loss)

1,412,629,267	1,446,253,561
-	-
81,854,834	85,862,514
102,024,360	-
-	-
1,596,508,461	1,532,116,076
5,158,900,828	5,291,115,537
1,010,997,314	1,438,537,814
574,478,006	624,066,492
-	184,305,695
552,917,080	737,222,780
5,042,503,057	5,184,058,384
-	(1,384,954)
(56,136,410)	(23,772,601)
4,986,366,647	5,158,900,828

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	31.12.2013 Taka	31.12.2012 Taka
17(a) Consolidated Retained earnings		
AB Bank Limited	4,986,366,647	5,158,900,828
AB Investment Limited	449,414,907	656,771,295
AB International Finance Limited	120,802,557	100,646,480
AB Securities Limited	161,935,908	208,980,372
Cashlink Bangladesh Limited (CBL)	(442,254,774)	(489,608,852)
AB Exchange (UK) Ltd.	(35,353,595)	(29,221,119)
	5,240,911,650	5,606,469,004
Less: Inter group transaction/Share discounting	113,529,860	393,069,411
Minority Interest	(43,744,425)	(48,334,938)
	5,171,126,214	5,261,734,530
17(b) Minority Interest		
AB Investment Limited	5,499	11,948
AB Securities Limited	579,554	717,999
Cashlink Bangladesh Limited (CBL)	(16,225,477)	(20,960,885)
	(15,640,425)	(20,230,938)
18. Contingent liabilities	83,216,543,057	59,590,452,646
18.1 Letters of guarantee		
Money for which the Bank is in contingently liable in respect of guarantees issued favoring:		
Directors	-	-
Government	-	-
Banks and other financial institutions	319,439,000	290,900,000
Others	16,073,637,675	12,591,432,805
	16,393,076,675	12,882,332,805

AB Bank Limited
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19. Profit and loss account

Income:

Interest, discount and similar income
Dividend income
Fee, commission and brokerage
Gains less losses arising from investment securities
Gains less losses arising from dealing in foreign currencies
Other operating income
Gains less losses arising from dealing securities
Income from non-banking assets
Profit less losses on interest rate changes

Expenses:

Interest, fee and commission
Administrative expenses
Other operating expenses
Depreciation and amortization on banking assets
Losses on loans and advances

20. Interest income/profit on investments

Interest on loans and advances:
Loans and advances
Bills purchased and discounted

Interest on:

Calls and placements
Balance with foreign banks
Reverse Repo
Balance with Bangladesh Bank

20(a). Consolidated Interest income/profit on investments

AB Bank Limited
AB International Finance Limited
AB Investment Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

Less: Intercompany Transactions

21. Interest/profit paid on deposits, borrowings, etc.

Interest on deposits:

Fixed deposits
Savings deposits
Special notice deposits
Other deposits

Interest on borrowings:

Local banks, financial institutions including Bangladesh Bank

2013 Taka	2012 Taka
20,421,030,959	17,881,807,975
203,264,167	428,296,844
2,157,327,618	1,679,196,940
90,570,362	118,271,311
863,190,356	782,073,910
113,557,511	137,035,990
79,721,345	(237,907)
-	-
23,928,662,318	21,026,445,063
14,173,526,482	12,591,500,175
3,139,460,036	2,927,801,205
1,006,285,515	828,307,326
319,731,935	315,808,246
-	-
18,639,003,968	16,663,416,952
5,289,658,349	4,363,028,111
16,788,672,367	14,491,001,642
459,424,260	380,580,541
17,248,096,627	14,871,582,183
688,687,073	827,465,454
15,581,213	12,374,158
-	1,554,267
683,760	1,030,547
704,952,046	842,424,426
17,953,048,673	15,714,006,609
17,953,048,673	15,714,006,609
106,723,450	90,780,158
496,099,614	804,780,550
95,771,014	181,740,823
-	20,522,424
-	-
18,651,642,751	16,811,830,564
286,641,116	314,265,965
18,365,001,635	16,497,564,598
10,057,873,407	9,023,336,233
671,280,022	549,053,469
1,580,605,285	1,095,574,906
1,239,321,458	843,812,854
13,549,080,173	11,511,777,463
624,446,310	1,079,722,712
14,173,526,482	12,591,500,175

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

21(a). Consolidated Interest/profit paid on deposits, borrowings, etc.

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

Less: Intercompany Transactions

22. Investment income

Capital gain on sale of shares
Interest on treasury bills
Dividend on shares
Interest on debentures
Interest on treasury bonds
Gain/(Loss) on treasury bills and treasury bonds
Interest on other bonds & others

22(a). Consolidated Investment income

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

Less: Intercompany Transactions (*)

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

23. Commission, exchange and brokerage

Other fees, commission and service charges
Commission on letters of credit
Commission on letters of guarantee
Exchange gains less losses arising from dealings in foreign currencies

23(a). Consolidated Commission, exchange and brokerage

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

Less: Intercompany Transactions

2013 Taka	2012 Taka
14,173,526,482	12,591,500,175
309,363,880	322,200,049
14,641,669	11,254,830
73,113,588	76,242,314
-	294,907
-	-
14,570,645,619	13,001,492,276
289,568,769	314,560,873
14,281,076,850	12,686,931,403
90,570,362	118,271,311
554,376,344	211,761,040
203,264,167	428,296,844
2,887,500	2,887,500
1,881,378,565	1,933,183,660
79,721,345	(237,907)
29,339,877	19,969,166
2,841,538,159	2,714,131,615
2,841,538,159	2,714,131,615
(11,408,937)	9,723,524
-	-
76,744	357,906
-	(3,341,969)
-	-
2,830,205,966	2,720,871,075
115,148,632	394,688,183
2,715,057,334	2,326,182,892
1,080,561,751	885,205,326
807,454,980	627,048,434
269,310,888	166,943,180
863,190,356	782,073,910
3,020,517,974	2,461,270,850
3,020,517,974	2,461,270,850
37,385,863	127,732,776
43,523,416	29,603,255
51,560,311	63,805,577
105,208,938	17,300,450
5,775,138	2,988,433
3,263,971,640	2,702,701,341
104,368,410	12,746,308
3,159,603,231	2,689,955,033

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

24. Other income

Locker rent, insurance claim and others
Recoveries on loans previously written off
Recoveries on telex, telephone, fax, etc.
Recoveries on courier, postage, stamp, etc.
Gain on sale of Bank property
Non-operating income (*)

2013 Taka	2012 Taka
6,708,965	6,219,049
4,151,397	35,168,196
79,557,329	63,522,869
22,603,379	20,032,872
-	10,803,848
536,441	1,289,155
113,557,511	137,035,990

(*) Non-operating income includes sale of old fixed assets and scrap items etc.

24(a). Consolidated other income

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

113,557,511	137,035,990
8,310,421	7,609,863
45,946,982	49,681,915
2,431,472	1,946,917
1,187,352	25,969,514
-	-
171,433,738	222,244,200
8,227,723	30,568,792
163,206,015	191,675,408

Less: Inter company transactions

25. Salary and allowances

Basic salary, provident fund contribution and all other allowances
Festival and incentive bonus

1,883,846,706	1,665,459,857
197,748,055	202,684,694
2,081,594,761	1,868,144,551

25(a). Consolidated salary and allowances

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

2,081,594,761	1,868,144,551
14,054,087	15,773,047
24,196,617	23,725,543
22,499,392	22,480,470
98,930	14,508,748
4,312,640	6,554,757
2,146,756,426	1,951,187,116

26. Rent, taxes, insurance, electricity, etc.

Rent, rates and taxes
Electricity, gas, water, etc.
Insurance

276,876,101	250,081,050
78,624,885	71,544,669
111,984,283	87,906,055
467,485,269	409,531,774

26(a). Consolidated Rent, taxes, insurance, electricity, etc.

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

467,485,269	409,531,774
1,637,363	3,054,881
6,283,396	6,196,402
7,688,089	7,275,468
1,530,844	5,352,716
2,279,097	3,183,925
486,904,058	434,595,166
5,300,070	4,735,134
481,603,988	429,860,032

Less: Inter company transactions

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

	2013 Taka	2012 Taka
27. Legal expenses		
Legal expenses	13,260,716	10,107,729
27(a). Consolidated Legal expenses		
AB Bank Limited	13,260,716	10,107,729
AB Investment Limited	164,900	160,200
AB International Finance Limited	414,074	343,743
AB Securities Limited	5,000	-
Cashlink Bangladesh Limited (CBL)	155,250	475,157
AB Exchange (UK) Ltd.	43,929	-
	14,043,869	11,086,830
28. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	97,630,806	108,971,673
Telephone	12,247,740	12,222,858
Postage, stamp and shipping	29,590,195	25,134,913
	139,468,741	146,329,444
28(a). Consolidated Postage, stamp, telecommunication, etc.		
AB Bank Limited	139,468,741	146,329,444
AB Investment Limited	955,371	957,475
AB International Finance Limited	7,150,061	7,046,147
AB Securities Limited	1,563,350	1,482,487
Cashlink Bangladesh Limited (CBL)	343,413	749,143
AB Exchange (UK) Ltd.	364,463	348,191
	149,845,399	156,912,887
Less: Inter company transactions	17,382,476	12,746,308
	132,462,923	144,166,579
29. Stationery, printing, advertisements, etc.		
Printing and stationery	133,387,162	135,426,648
Publicity, advertisement, etc.	31,293,458	39,987,100
	164,680,619	175,413,748
29(a). Consolidated Stationery, printing, advertisements, etc.		
AB Bank Limited	164,680,619	175,413,748
AB Investment Limited	609,350	497,387
AB International Finance Limited	422,694	396,905
AB Securities Limited	564,215	665,217
Cashlink Bangladesh Limited (CBL)	13,210	120,410
AB Exchange (UK) Ltd.	24,564	15,382
	166,314,652	177,109,048
30. Directors' fees		
Directors' fees	1,741,100	1,950,400
Meeting expenses	772,643	889,807
	2,513,743	2,840,207

Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee and Shariah Council. Each director was remunerated @ Tk.5,000 per meeting.

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

30(a). Consolidated Directors' fees

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

2013 Taka	2012 Taka
2,513,743	2,840,207
126,500	92,000
-	-
373,000	218,500
45,000	38,500
-	-
3,058,243	3,189,207

31. Auditors' fees

Statutory
Others

1,098,535	1,493,095
1,356,793	3,424,403
2,455,328	4,917,497

31(a). Consolidated Auditors' fees

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

2,455,328	4,917,497
159,850	103,500
301,712	316,231
108,000	62,500
160,000	80,000
219,646	551,487
3,404,536	6,031,215

32. Depreciation and repairs of Bank's assets

Depreciation :

Electrical appliances
Furniture and fixtures
Office appliances
Building
Motor vehicles

177,828,306	173,365,503
13,660,189	13,076,153
2,724,234	3,460,627
15,154,566	15,037,701
52,237,746	68,033,213
261,605,041	272,973,197

Repairs:

Motor vehicles
Electrical appliances
Office premises and others
Furniture and fixtures
Office appliances

19,890,227	17,396,654
112,947,467	139,034,079
116,839,751	140,660,695
1,874,633	1,109,569
5,014,279	3,631,523
256,566,358	301,832,520

Amortization of Intangible Assets

518,171,400	574,805,717
58,126,893	42,835,049
576,298,293	617,640,766

32(a). Consolidated Depreciation and repairs of Bank's assets

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

576,298,293	617,640,766
16,443,221	16,264,120
533,515	519,675
6,004,616	6,053,015
48,196,260	54,958,719
3,226,546	3,448,511
650,702,451	698,884,807

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

	2013 Taka	2012 Taka
33. Other expenses		
Contractual service	370,967,057	242,611,022
Petrol, oil and lubricant	68,457,953	64,945,348
Software expenses	143,650,199	72,787,297
Entertainment	64,075,098	63,786,226
Travelling	48,957,476	38,774,334
Subscription, membership and sponsorship	22,476,543	26,235,643
Training, seminar and workshop	11,191,287	8,773,550
Local conveyance	10,585,643	8,217,635
Professional charges	47,355,803	50,975,339
Books, newspapers and periodicals	1,290,580	1,272,834
Branch opening expenses	77,529	336,036
Bank Charges	30,123,775	7,507,679
Sundry expenses (*)	187,076,572	242,084,382
	1,006,285,515	828,307,326
(*) Sundry expenses includes business promotion, donation, annual general meeting, rebate to foreign correspondents, etc.		
33(a). Consolidated other expenses		
AB Bank Limited	1,006,285,515	828,307,326
AB Investment Limited	13,166,926	12,200,791
AB International Finance Limited	3,847,582	3,974,970
AB Securities Limited	21,376,481	11,951,068
Cashlink Bangladesh Limited (CBL)	7,967,322	36,854,257
AB Exchange (UK) Ltd.	1,369,677	1,419,558
	1,054,013,503	894,707,970
Less: Inter company transactions	86,985,934	25,833,658
	967,027,569	868,874,312
34. Provision against loans and advances		
On un-classified loans	438,400,000	382,142
On classified loans	1,228,725,000	711,800,000
	1,667,125,000	712,182,142
34(a). Consolidated provision against loans and advances		
AB Bank Limited	1,667,125,000	712,182,142
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	1,667,125,000	712,182,142
35. Provisions for diminution in value of investments		
In quoted shares	397,900,000	376,400,000
35(a). Consolidated provisions for diminution in value of investments		
AB Bank Limited	397,900,000	376,400,000
AB Investment Limited	65,922,332	38,161,624
AB International Finance Limited	-	-
AB Securities Limited	623,795	12,003,786
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	464,446,127	426,565,410

AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

36. Other provision

Provision for off balance sheet items
Provision for Other assets

2013 Taka	2012 Taka
230,000,000	70,000,000
10,000,000	14,160,000
240,000,000	84,160,000

Provision for prepaid legal expenses and protested bills has been made as per Bangladesh Bank BRPD Circular # 14 dated 25 June 2001.

36(a). Consolidated other provisions

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)
AB Exchange (UK) Ltd.

240,000,000	84,160,000
-	-
149,814	196,875
-	-
-	-
-	-
240,149,814	84,356,875

37. Appropriations

Retained earnings - brought forward
Less: Adjustment for prior year
Add: Post-tax profit for the year

5,158,900,829	5,291,115,538
-	-
1,010,997,314	1,438,537,813
6,169,898,143	6,729,653,351
-	-
-	184,305,695
552,917,080	737,222,780
5,616,981,063	5,808,124,876

Transferred to:

Statutory reserve
General reserve
Proposed dividend

574,478,006	624,066,492
-	-
-	-
574,478,006	624,066,492

Retained earnings

5,042,503,057	5,184,058,384
-	(1,384,954)
(56,136,410)	(23,772,601)
4,986,366,648	5,158,900,829

38. Earnings Per Share (EPS)

Profit after taxation
Number of ordinary shares outstanding
Earnings Per Share

1,010,997,314	1,438,537,813
497,625,376	497,625,376
2.03	2.89

38. (a) Consolidated Earnings Per Share

Net Profit attributable to the shareholders of parent company
Number of ordinary shares outstanding
Earnings Per Share

1,093,697,177	1,466,950,436
497,625,376	497,625,376
2.20	2.95

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2013 in terms of Bangladesh Accounting Standard (BAS)-33. According to BAS-33, EPS for the year ended 31 December 2012 was restated for the issues of bonus share in 2012.

AB Bank Limited

Notes to financial statements

For the year ended 31 December 2013

39. Receipts from other operating activities

Interest on treasury bills, bonds, debenture and others
Exchange earnings
Recoveries on telex, telephone, fax, etc.
Recoveries on courier, postage, stamp, etc.
Gain on sale of Bank properties
Non-operating income
Others

2013 Taka	2012 Taka
2,638,273,992	2,285,834,771
863,190,356	782,073,910
79,557,329	63,522,869
22,603,379	20,032,872
-	10,803,848
536,441	1,289,155
6,708,965	6,219,049
3,610,870,462	3,169,776,474

39(a). Consolidated Receipts from other operating activities

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)

3,610,870,462	3,169,776,474
(3,098,516)	-
45,946,982	32,766,651
2,508,216	-
1,187,352	-
3,657,414,496	3,202,543,124

40. Payments for other operating activities

Rent, taxes, insurance, electricity, etc.
Postage, stamps, telecommunication, etc.
Repairs of Bank's assets
Legal expenses
Auditor's fees
Directors' fees
Other Expenses

467,485,269	409,531,774
139,468,741	139,037,732
256,566,358	62,710,969
13,260,716	10,107,729
2,455,328	4,917,497
2,513,743	2,840,207
1,029,766,244	1,092,645,976
1,911,516,399	1,721,791,885

41. Decrease in other assets

Investment in Subsidiaries
Advance rent and advertisement
Stationery, stamps, printing materials, etc.
Security deposits
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables
Accounts receivable
Preliminary, formation, organizational, renovation, development and prepaid expenses
Exchange for clearing
Arab Bangladesh Bank Foundation
Inter-branch adjustment

5,456,107,792	5,449,962,172
143,568,488	156,275,414
29,375,102	34,546,476
219,257,237	267,435,160
708,821,651	686,226,038
626,469,027	1,232,257,570
828,594,917	1,033,615,467
351,479,645	703,078,129
19,920,000	19,920,000
1,839,710	4,191,700
8,385,433,570	9,587,508,127

Net Decrease

1,202,074,557	565,680,945
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AB Bank Limited
Notes to financial statements
For the year ended 31 December 2013

42. Increase/(decrease) in other liabilities

	2013 Taka	2012 Taka
Accumulated provision against loans and advances	3,980,331,722	2,318,340,874
Provision for current tax	9,650,912,245	7,772,599,103
Deferred tax liabilities	109,050,939	112,104,055
Interest suspense account	1,774,784,880	879,992,653
Accounts payable - Bangladesh Bank	47,656,432	66,308,878
Provision against other assets	292,234,553	282,197,228
Accrued expenses	38,724,384	62,205,113
Provision against investments	1,995,053,000	1,597,153,000
Provision against off balance sheet items	810,000,000	580,000,000
Accrued profit on investment - Islami banking branch	-	-
Provision for outstanding debit entries in NOSTRO accounts	200,000	200,000
Others	532,779,169	462,305,337
	19,231,727,325	14,133,406,241
Less: Adjustment for provision & Others	17,119,762,295	12,866,763,943
	2,111,965,030	1,266,642,298
Net Increase/(Decrease)	845,322,731	(364,695,728)

43. Conversion Rates

Assets and liabilities as at 31 December 2013 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:

Currency	Abbreviation	Unit	Equivalent to BDT
British Pound Sterling	GBP	1.00	128.0854
European Currency	EURO	1.00	106.8285
Indian Rupee	INR	1.00	1.2550
Japanese Yen	JPY	1.00	0.7393
US Dollar	USD	1.00	77.7500
Hongkong Dollar	HKD	1.00	10.0264
U.A.E Dirham	DIRHAM	1.00	21.1680

AB Bank Limited

Notes to financial statements

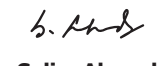
For the year ended 31 December 2013

44 Highlights of the overall activities of the Bank

SI #	Particulars	2013 Taka	2012 Taka
1	Paid-up capital	4,976,253,760	4,423,336,680
2	Total capital	18,772,259,345	17,181,413,003
3	Capital surplus	1,385,139,474	2,532,193,287
4	Total assets	208,005,543,738	173,842,427,785
5	Total deposits	161,846,275,315	140,025,953,891
6	Total loans and advances	140,121,297,505	106,065,758,923
7	Total contingent liabilities and commitments	83,216,543,057	59,590,452,646
8	Credit-deposit ratio	86.58	75.75
9	Ratio of classified loans against total loans and advances	3.37%	3.32%
10	Profit after tax and provision	1,010,997,314	1,438,537,813
11	Loans Classified during the Year	1,199,114,300	1,757,452,927
12	Provision kept against classified loans	2,272,906,409	1,048,706,560
13	Provision surplus/ (deficit)	359,364,850	222,120,428
14	Cost of fund	11.82%	12.07%
15	Interest earning assets	175,977,549,246	144,166,850,868
16	Non-interest earning assets	32,027,994,492	29,675,576,917
17	Return on investments (ROI)	10.37%	11.39%
18	Return on assets (ROA)	0.53%	0.88%
19	Income from investments	2,841,538,159	2,714,131,615
20	Earnings per share	2.03	2.89
21	Net Income per share	2.03	2.89
22	Price-earnings ratio (Times)	12.90	11.66


Shamim Ahmed Chaudhury
 Managing Director


Shishir Ranjan Bose, FCA
 Director


Salim Ahmed
 Vice Chairman


M. Wahidul Haque
 Chairman

Dated,
 12 March 2014

AB Bank Limited
Currency wise Balances
As at 31 December 2013

Annex-A

Name of the bank	Location	Name of currency	As at 31 December 2013		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka
The Bank of Tokyo Mitsubishi Ltd.	Japan	JPY	1,209,434.00	0.7393	894,134.56
HSBC Plc	UK,London	GBP	131,400.51	128.0854	16,830,486.88
HSBC AUST	Australia	AUD	45,711.00	68.9332	3,151,005.51
JP Morgan Chase Bank	USA	USD	1,820,531.12	77.7500	141,546,294.58
Sonali Bank (Kolkata)	India	ACU	42,582.34	77.7500	3,310,776.94
Sonali Bank (UK)	UK,London	USD	1,962,608.03	77.7500	152,592,774.33
Sonali Bank (UK)	UK,London	GBP	115,042.97	128.0854	14,735,324.83
Myanmar Economic Bank	Myanmer	ACU	410.00	77.7500	31,877.50
Citibank NA	USA	USD	968,902.58	77.7500	75,332,175.60
Hatton National Bank Ltd.	Srilanka	ACU	2,475.44	77.7500	192,465.46
Commerz Bank AG	Germany	USD	275,199.32	77.7500	21,396,747.13
AB International Finance Ltd.	Hong Kong	USD	16,206,000.00	77.7500	1,260,016,500
NIB Bank Ltd.	Pakistan	ACU	15,778.77	77.7500	1,226,799.37
Mashreq Bank Psc	USA	USD	370,682.48	77.7500	28,820,562.82
Nepal Bangladesh Bank Ltd.	Nepal	ACU	37,607.25	77.7500	2,923,963.69
Bank of Bhutan	Bhutan	ACU	101,058.36	77.7500	7,857,287.49
Habib UK	UK,London	GBP	10,000.00	128.0854	1,280,854.00
Habib UK	UK,London	USD	123,003.45	77.7500	9,563,518.24
Wachovia Bank/Wells Fargo N.A	USA	USD	502,656.51	77.7500	39,081,543.65
Habib America Bank	USA	USD	409,190.07	77.7500	31,814,527.94
Commerz Bank AG	Germany	EURO	253,770.66	106.8285	27,109,938.95
Hypovereins Bank	Germany	EUR	47,566.19	106.8285	5,081,424.73
National Commercial Bank Ltd	KSA	USD	366,710.60	77.7500	28,511,749.15
Habib Metro Bank	Pakistan	ACU	373,458.97	77.7500	29,036,434.92
Habib Bank AG	Dubai	AED	37,122.00	21.1685	785,815.85
COMMERZ BK CAD	Germany	CAD	87,402.16	72.5822	6,343,841.06
COMMERZ BK CHF	Germany	CHF	151,644.04	87.1930	13,222,298.78
JPMC NY-OBV	USA	USD	12,070.34	77.7500	938,468.94
HSBC, New York	USA	USD	387,995.64	77.7500	30,166,661.01
Reserve Bank of India	Mumbai	INR	13,242,387	1.2550	16,619,195.15
HDFC BANK CSG	Mumbai	INR	419,121	1.2550	525,996.40
HDFC Bank Ltd.	Mumbai	INR	18,143,779	1.2550	22,770,442.70
Commerz Bank AG (Euro)	Frankfurt	EURO	57,821	106.8006	6,175,319.19
HSBC (Euro)	London	EURO	426.00	106.9038	45,541.00
HSBC ACU (Euro)	London	EURO	34,379.00	106.7998	3,671,672.00
HSBC (GBP)	London	STG PND	9,029.00	128.1900	1,157,427.14
HSBC (USD)	Newyork	USD	163,083.00	77.5717	12,650,630.57
HSBC (ACUD)	Newyork	USD	5,170,053.00	77.5715	401,048,986.78
Habib American Bank Ltd	Newyork	USD	95,434.00	77.5713	7,402,943.13
Standard Chartered Bank	Singapore	SGD	8,469.72	61.2639	518,888.08
JP Morgan Chase Bank	Newyork	USD	882,373.00	77.5716	68,447,076.97
Total					2,494,830,373

AB Bank Limited

Investment in Shares

As at 31 December 2013

Annex-B

Particulars	Number of shares	Market price per share/ Taka	Total market price/ Taka	Cost per Share	Total cost/ Taka
Shares (quoted)					
NBL	1,000,000	11.80	11,800,000	46.51	46,512,849
Social Inv. Bank Ltd.	1,651,500	13.30	21,964,950	17.34	28,629,530
Heidelberg Cement	125,000	380.70	47,587,500	398.43	49,803,390
Lafarge Surma Cement	200,000	33.50	6,700,000	33.87	6,774,150
AB Bank 1st MF	32,523,128	6.90	224,409,583	9.22	300,000,000
LR Global Mutual Fund	10,000,000	7.30	73,000,000	10.00	100,000,000
Popular Life 1st MF	1,000,000	6.00	6,000,000	8.25	8,250,000
National Life Ins.	174,200	326.00	56,789,200	300.36	52,322,606
Pragati Insurance	1,004,206	53.80	54,026,283	125.05	125,579,297
Desco	5,268,725	58.40	307,693,540	105.00	553,190,800
Khulna Power	4,928,461	49.10	241,987,435	102.21	503,738,803
Navana CNG Ltd.	415,420	64.00	26,586,880	74.10	30,782,724
Padma Oil	693,000	252.30	174,843,900	306.31	212,275,550
Powergrid Com.	3,366,500	52.80	177,751,200	81.61	274,723,472
Titas Gas	100,125	73.80	7,389,225	78.36	7,846,066
Beacon Pharma	6,642,500	13.20	87,681,000	73.96	491,289,694
Beximco Pharma	5,892,306	47.20	278,116,843	69.85	411,596,941
Orion Pharma	1,200,000	58.70	70,440,000	83.33	100,000,001
Fuwang Foods Ltd.	572,300	23.60	13,506,280	34.65	19,831,288
BSRM Steel	3,886,000	68.70	266,968,200	108.63	422,154,594
GPH Ispat	971,500	51.20	49,740,800	60.89	59,150,228
Lanka Bangla Finance	1,175,500	66.50	78,170,750	72.84	85,618,051
Union Capital Ltd.	1,554,000	34.60	53,768,400	95.91	149,037,203
Beximco	2,659,087	32.20	85,622,601	126.77	337,094,014
GP	544,800	200.90	109,450,320	190.99	104,052,756
SP Ceramics	1,143,962	18.30	20,934,505	58.13	66,501,146
			2,552,929,395		4,546,755,153

Shares/Bond (unquoted)

Particulars	Number of shares	Cost per Share	Book Value/ Cost/Taka
CDBL	5,000,000	2.00	10,000,000
CDBL (Placement)	711,804	8.00	5,694,430
Fiber home Ltd.	500,000	100.00	50,000,000
IIDFCL	105,765	100.00	10,576,501
Apex Hotels Ltd.	28,070,175	14.25	399,999,994
Amana Bank Limited, Srilanka	180,562,010	3.42	616,735,920
Bangladesh Fund	-	-	200,000,000
Stock Market Stabilization Fund	-	-	5,000,000
			1,298,006,845

AB Bank Limited

Schedule of Fixed Assets including premises, furniture & fixtures As of 31 December 2013

Annex- C

(Amount in Taka)							
Particulars	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Intangible Assets	Total
Cost							
Balance at 01 January 2013	3,111,940,206	202,789,081	61,663,735	1,353,846,742	479,583,052	218,879,331	5,428,702,146
Addition during the year	151,381,205	4,281,417	1,633,336	73,253,523	5,490,000	30,375,768	266,415,249
Less : Disposal/Adjustment during the year	-	1,353,517	582,984	7,781,059	-	-	9,717,560
Adjustment for INR Rate Fluctuation	-	451,245	1,458,636	7,331,862	584,734	-	9,826,477
At 31 December 2013	3,263,321,411	205,265,735	61,255,451	1,411,987,344	484,488,318	249,255,099	5,675,573,358
Accumulated Depreciation							
Balance at 01 January 2013	59,610,824	78,906,889	48,880,311	690,458,390	314,360,370	6,964,801	1,199,181,585
Addition during the year	15,154,566	13,660,189	2,724,235	177,828,308	52,237,746	58,126,893	319,731,937
Less : Disposal/Adjustment during the year	-	1,023,142	555,106	6,327,124	-	-	7,905,372
Adjustment for INR Rate Fluctuation	-	273,930	1,441,963	5,762,602	520,665	-	7,999,160
At 31 December 2013	74,765,390	91,270,006	49,607,477	856,196,972	366,077,451	65,091,694	1,503,008,991
Net Book Value:							
At 31 December 2013	3,188,556,020	113,995,729	11,647,974	555,790,372	118,410,867	184,163,404	4,172,564,367
At 31 December 2012	3,052,329,382	123,882,191	12,783,424	663,388,351	165,222,682	211,914,530	4,229,520,560



Name of the bank	Location	Currency	At 31 December 2013			At 31 December 2012		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka	Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka
Sonali Bank UK	UK	USD	12,983,500	77.75	1,009,467,125	4,840,500	79.85	386,513,441
HSBC BK NY	BK	USD	467,775	77.75	36,369,504	-	-	-
SCB,NY,USA	USA	USD	1,591,130	77.75	123,710,388	-	-	-
International Finance Corporation	USA	USD	35,000,000	77.75	2,721,250,000	-	-	-
National Bank Limited	Bangladesh	USD	9,000,000	77.75	699,750,000	-	-	-
United Commercial Bank Ltd.	Bangladesh	USD	10,000,000	77.75	777,500,000	-	-	-
Dutch Bangla Bank Ltd.	Bangladesh	USD	5,000,000	77.75	388,750,000	-	-	-
					5,756,797,017	386,513,441		

AB Bank Limited

Detailed of Risk Weighted Assets under Basel II

At 31 December 2013

Annex-E

Amount in Taka

Risk Weighted Assets (RWA) for	2013		2012	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit Risk				
On- Balance sheet (as shown below)	195,162,330,827	118,143,479,729	163,907,161,792	102,944,080,682
Off-Balance sheet (as shown below)	42,754,140,804	35,233,996,894	28,394,362,285	22,108,915,306
B. Market Risk	-	6,639,916,447	-	7,461,402,644
C. Operational Risk	-	13,853,805,642	-	13,977,798,528
Total: RWA (A+B+C)	237,916,471,631	173,871,198,712	192,301,524,077	146,492,197,160

Credit Risk - On Balance Sheet

Sl.	Exposure Type	2013		2012	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and Cash Equivalents	1,329,240,204	-	1,236,694,276	-
b)	Claims on Bangladesh Government and Bangladesh Bank	26,124,616,340	-	23,959,823,579	-
c)	Claims on other Sovereigns & Central Banks*	327,552,189	163,776,094	374,529,525	187,264,763
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	120,716,000	60,358,000	157,132,822	78,566,411
g)	Claims on Banks and Non-bank Financial Institution (NBFI):				
i)	Original maturity over 3 months	2,843,907,658	1,084,382,372	3,176,508,100	1,310,148,100
ii)	Maturity less than 3 months	14,371,371,297	2,874,274,259	11,054,879,567	2,210,975,913
h)	Claims on Corporate (excluding equity exposure)	79,169,534,046	60,833,524,906	58,457,025,950	49,405,944,909
i)	Claims under Credit Risk Mitigation	3,723,196,872	504,125,746	4,151,019,618	322,302,029
	Fixed Risk Weight Groups:				
j)	Claims categorized as retail portfolio & Small Enterprise (excluding consumer loan)	34,868,429,035	26,151,321,777	30,346,823,518	22,760,117,638
k)	Consumer Loan	998,380,541	998,380,541	952,192,951	952,192,951
l)	Claims fully secured by residential property	1,124,918,562	562,459,281	971,051,673	485,525,837
m)	Claims fully secured by commercial real estate	2,714,567,855	2,714,567,855	3,184,952,559	3,184,952,559
n)	Past Due Claims (Risk weights are to be assigned net of specific provision)	2,650,066,662	3,241,397,250	2,992,560,125	4,213,007,714
o)	Investments in venture capital	1,535,712,017	2,303,568,026	1,040,780,140	1,561,170,209
p)	Claim on Capital Market Exposure	7,480,263,363	9,350,329,204	7,558,680,398	9,448,350,498
q)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	173,222,620	216,528,275	167,077,000	208,846,250
r)	Investments in premises, plant and equipment and all other fixed assets	4,172,564,367	4,172,564,367	4,229,520,560	4,229,520,560
s)	Claims on all fixed assets under operating lease	-	-	-	-
t)	All other assets	11,434,071,196	2,911,921,776	9,895,909,432	2,385,194,342
Total		195,162,330,827	118,143,479,729	163,907,161,792	102,944,080,682

AB Bank Limited

Detailed of Risk Weighted Assets under Basel II

At 31 December 2013

Annex-E

Credit Risk - Off Balance Sheet

Sl.	Exposure Type	2013		2012	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
1	2			3	4
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	159,700,000	31,940,000	145,450,000	29,090,000
g)	Claims on Corporate (excluding equity exposure)	41,712,119,975	34,539,811,272	27,540,540,688	21,539,500,436
h)	Against retail portfolio & Small Enterprise (excluding consumer loan)	880,300,829	660,225,622	672,186,910	504,140,182
i)	Consumer Loan	2,020,000	2,020,000	36,184,688	36,184,688
j)	Claims fully secured by residential property	-	-	-	-
k)	Claims fully secured by commercial real estate	-	-	-	-
l)	Investments in venture capital	-	-	-	-
m)	Capital Market Exposure	-	-	-	-
n)	All other assets	-	-	-	-
Total		42,754,140,804	35,233,996,894	28,394,362,285	22,108,915,306

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex - E1

These disclosures have been made in accordance with the Bangladesh Bank BRPD Circular no.35 of 29 December 2010 as to Guidelines on 'Risk Based Capital Adequacy' for Banks' in line with Basel II.

1. Capital Adequacy under Basel-II

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 II) have been introduced from January 01, 2009. Throughout the year 2009, Basel II reporting was parallel to Basel I which was the statutory requirement upto that year. However, beginning year 2010, Basel II became mandatory. Bangladesh Bank further reviewed the RBCA Guidelines on several occasions prior to Basel II became fully in force. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirements as stated in these guidelines have to be followed by all scheduled banks for the purpose of statutory compliance.

Above guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of the Bank Company (Amendment) Act, 2013 and also in accordance with "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" of June, 2006 (popularly known as 'Basel II Capital Adequacy Framework') released by Basel Committee on Banking Supervision (BCBS).

Basel II 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 II 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 and 2 capital structure at the moment.

3. Capital base

Regulatory capital has been categorized into three tiers: Tier 1, Tier 2, and Tier 3 respectively.

a) Tier 1 capital

Tier 1 capital called 'Core Capital' comprises of highest quality of capital elements that consists of:

- i) Paid up capital
- ii) Non-repayable share premium account
- iii) Statutory reserve
- iv) General reserve
- v) Retained earnings
- vi) Minority interest in subsidiaries
- vii) Non-cumulative irredeemable preference shares
- viii) Dividend equalization account

Bank's Core Capital comprises of the above elements except for 'Non-repayable share premium account' 'Non-cumulative irredeemable preference shares' and 'Dividend Equalisation Account'.

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

b) Tier 2 capital

Tier 2 capital called 'Supplementary 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 and consists of:

- i) General provision
- ii) Revaluation reserves
 - > Revaluation reserve for fixed assets
 - > Revaluation reserve for securities
 - > Revaluation reserve for equity instrument
- iii) All other preference shares
- iv) Subordinated debt

Bank's Tier 2 capital comprises of above specified elements. However, Bank is yet to resort to preference shares or any kind of subordinate debts.

c) Tier 3 capital

Tier 3 capital called 'Additional Supplementary Capital', consists of short-term subordinated debt (original maturity less than or equal to five years but greater than or equal to two years) would be solely for the purpose of meeting a proportion of the capital requirements for market risk.

Bank has no Tier 3 capital as mentioned earlier.

4. Conditions for maintaining regulatory capital

The calculation of Tier 1 capital, Tier 2 capital, and Tier 3 capital is subject to the following conditions:

- a) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
- b) 50 percent of revaluation reserves for fixed assets and securities eligible for Tier 2 capital.
- c) 10 percent of revaluation reserves for equity instruments eligible for Tier 2 capital.
- d) Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.
- e) Limitation of Tier 3: A minimum of about 28.5 percent of market risk needs to be supported by Tier 1 capital. Supporting of Market Risk from Tier 3 capital shall be limited up to maximum of 250 percent of a bank's Tier 1 capital that is available after meeting credit risk capital requirement.

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

5. Eligible regulatory capital

In order to obtain the eligible regulatory capital for the purpose of calculating Capital Adequacy Ratio (CAR), banks are required to make following deductions from their Tier-1 capital:

- a) Intangible asset e.g., book value of goodwill and value of any contingent assets, etc. which are shown as assets
- b) Shortfall in provisions required against classified assets
- c) Shortfall in provisions required against investment in shares
- d) Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.
- e) Reciprocal/crossholdings of bank's capital/subordinated debt artificially intended to inflate the capital position of banks
- f) Holding of equity shares in any form exceeding the approved limit under section 26(2) of the Bank Company (Amendment) Act, 2013. The additional/unauthorized amount of holdings will be deducted at 50 percent from Tier 1 capital and 50% from Tier 2 capital.

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

- g) Investments in subsidiaries which are not consolidated. The normal practice is to consolidate subsidiaries for the purpose of assessing the capital adequacy of banking groups. Where this is not done, deduction is essential to prevent the multiple uses of the same capital resources in different parts of the group. The deduction for such investments will be 50% from Tier 1 capital and 50% from Tier 2 capital. The assets representing the investments in subsidiary companies whose capital had been deducted from that of the parent would not be included in total assets for the purposes of computing the Capital Adequacy Ratio (CAR).

Eligible Tier 2 capital will be derived after deducting components (if any) qualified for deduction. Total eligible regulatory capital will be calculated by summing up the eligible Tier 1, Tier 2 and Tier 3 capital.

6. Calculation of Capital Adequacy Ratio

In order to calculate CAR, banks are required to calculate their Risk Weighted Assets (RWA) on the basis of credit, market, and operational risks. Total RWA will be determined by multiplying the amount of capital charge for market risk and operational risk by the reciprocal of the minimum CAR and adding the resulting figures to the sum of risk weighted assets for credit risk. The CAR is then calculated by taking eligible regulatory capital as numerator and total RWA as denominator.

Bank followed the given guidelines in proper terms.

7. Minimum capital requirements

- All Scheduled Banks in Bangladesh carrying its business in Bangladesh have to maintain the minimum required capital fixed by BB from time to time as per section 13 of Bank Company (Amendment) Act, 2013.
- Banks have to maintain minimum CAR on 'Solo' basis as well as on 'Consolidated' basis as per instruction(s) given by BB from time to time.
- Banks have to maintain at least 50% of required capital as Tier I capital

Bank has been able to maintain required CAR on both 'Solo (10.80%)' as well as 'Consolidated (10.85%)' basis. Banks presents Tier I Capital ratio is 82.94% and 82.55% to total Capital on Solo and Consolidated basis respectively.

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 Standardized 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 collateralized by first priority claims, in whole as in part with cash or securities, a loan exposure may be guaranteed by a third party. Additionally, Bank may agree to net loans owed to them against deposits from the same counterparty.

Bank uses Comprehensive Approach as adopted by the Central Bank. In this approach when taking collateral, Bank will need to calculate adjusted exposure to a counterparty for capital adequacy purposes in order to take account of the effects of that collateral. Using haircut, Bank is required to adjust both the amount of the exposure to the counterparty and the value of any collateral received in support of that counterparty to take account of possible future fluctuations in the value of either, occasioned by market movements. This will produce volatility adjusted amounts for both exposure and collateral.

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

9. a) Market Risk

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

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

b) Methodology

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

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

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

10. a) Operational Risk

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

b) Measurement Methodology

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

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

11. Disclosure under Pillar III

Disclosure given below as specified by RBCA Guidelines dated 29 December 2010:

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)	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 (e) AB International Finance Limited and (f) AB Exchange (UK) Limited. A brief description of these are given below:

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

Qualitative Disclosure

(b)	<p>AB Bank Limited (ABBL)</p> <p>AB Bank Limited is one of the first generation private commercial banks (PCBs), incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and governed by the Bank Company (Amendment) Act 2013. 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 89 Branches including 1 Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has six (06) subsidiary companies, AB Investment Limited, AB Securities Limited, CashLink Bangladesh Limited, AB International Finance Limited, incorporated in Hong Kong, AB Exchange (UK) Limited and Arab Bangladesh Bank Foundation.</p> <p>AB Investment Limited</p> <p>AB Investment Limited (ABIL), a Subsidiary of AB Bank Limited was incorporated under the Companies Act, 1994 on 24 December 2009 with a view to run and manage the operations of Merchant Banking Wing of AB Bank Limited independently. AB Investment Limited started its operation on 10 March 2010. AB Investment Limited has achieved an unparalleled reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationship. ABIL's Registered Office is located at WW Tower (Level 7), 68 Motijheel C.A., Dhaka. ABIL has two branch offices at Agrabad, Chittagong and Chowhatta, Sylhet.</p> <p>AB Securities Limited</p> <p>Brokerage business of Arab Bangladesh Bank Foundation has been transferred to the newly formed AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009. Main objective of the company is to act as a stock broker to buy and sell Securities, Bond, and 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. Respectively. ABSL started its operations independently on 02 August 2010, before that it operated under the ABBF License.</p> <p>CashLink Bangladesh Limited</p> <p>CashLink Bangladesh Limited (CBL) was incorporated on 24 September 2008 in Bangladesh under the Companies Act 1994 as a private company limited. AB Bank Limited presently holds 90% shares in CBL. The principal activity of the company is to install and operate a switched Automated Teller Machines (ATM) and Point of Sales (POS) network on behalf of a number of local and foreign banks enabling these member bank customers who are active cardholders to withdraw cash, make utility bill payments (e.g. water, gas, electricity and telephone bills) and to purchase commodity goods from any of the ATM and POS terminals established under the network.</p> <p>AB International Finance Limited</p> <p>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 Unit 1201-B, 12/F, Admiralty Centre, Tower One, 18 Harcourt, Hong Kong.</p> <p>AB Exchange (UK) Limited</p> <p>AB Exchange (UK) Limited (ABEL) is a company incorporated and domiciled in United Kingdom (UK) and has its registered office 69 Whitechapel High Street, London, E1 7PL. Its registered number is 07272766 (England & Wales). ABEL is fully owned (100%) Subsidiary of AB Bank Limited.</p>
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AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

Qualitative Disclosure

(b)	Arab Bangladesh Bank Foundation 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.
(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not Applicable
(d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Aggregate amount of Capital: Tk. 20,000,000 Name of Subsidiary: Arab Bangladesh Bank Foundation (ABBF)

B) Capital Structure

Qualitative Disclosure

(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in 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. 35 dated 29 December 2010 and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows:</p> <p>Tier 1 capital instruments</p> <p>Paid-up share capital: Issued, subscribed and fully paid up share capital of the Bank. It represents Paid up Capital, Right Shares as well as Bonus Shares issued from time to time.</p> <p>Statutory Reserve: As per Section 24(1) of the Bank Company (Amendment) Act, 2013, an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund.</p> <p>General reserve: Any reserve created through Profit and Loss Appropriation Account for fulfilling any purpose.</p> <p>Retained Earnings: Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p>Bank is complied in this respect.</p> <p>Tier 2 capital instruments</p> <p>General provision maintained against unclassified loans and off-balance sheet exposures: As per BB directive, amount of provision maintained against unclassified loans and off-balance sheet exposures as of the reporting date has been considered.</p> <p>Asset revaluation reserve: 50% of Assets Revaluation Reserve is considered as Tier 2 Capital. The revaluation of assets was formally conducted by the Professionally Qualified valuation firm and duly certified by the external auditor of the Bank.</p> <p>Revaluation reserves of securities: As per Bangladesh Bank's instruction, up to 50% of revaluation reserves of Governments securities has been considered as Tier 2 Capital. This comprises of revaluation results of HFT and HTM securities.</p>
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AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

		Taka in Crore			
		2013		2012	
		Solo	Conso	Solo	Conso
(b)	The amount of Tier 1 Capital, with separate disclosure of: (as of 31.12.2013).				
	> Paid up Capital	498	498	442	442
	> Non- repayable share premium account	-	-	-	-
	> Statutory reserve	556	556	501	501
	> General reserve	4	12	4	12
	> Retained earnings	499	517	516	526
	> Minority Interest in Subsidiaries	-	(2)	-	(2.02)
	> Non- cumulative irredeemable preference shares	-	-	-	-
	> Dividend equalization account	-	-	-	-
		1,557	1,581	1,463	1,479
(c)	Total amount of Tier II & Tier III Capital	320	335	255	265
(d)	Other deduction from Capital	-	2	-	2
(e)	Total eligible capital	1,877	1,915	1,718	1,742

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. 35 dated 29 December, 2010, the Bank has adopted Standardized Approach for Credit Risk, Standardized (Rule Based) Approach for Market Risk and Basic Indicator Approach for Operational Risk for computing Capital Adequacy.
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		Taka in Crore			
		2013		2012	
		Solo	Conso	Solo	Conso
(b)	Capital requirement for Credit Risk	1,534	1,537	1,251	1,257
(C)	Capital requirement for Market Risk	66	79	75	88
(d)	Capital requirement for Operational Risk	139	148	140	153
(e)	Total and Tier I Capital Ratio:				
	> For the Bank alone	82.94%	-	85.15%	-
	> For the consolidated group	-	82.55%	-	84.85%

D) Credit Risk

Qualitative Disclosure

(a)	The general qualitative disclosure requirement with respect to credit risk, including: > Definitions of past due and impaired (for accounting purposes)	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. An NPA (impaired) is defined as a loan or an advance where interest and/or installment of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or a Term Loan etc.
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AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

(a) cont.	<p>Classified loan is categorized under following 03 (three) categories:</p> <ul style="list-style-type: none"> > Sub-standard > Doubtful > Bad & Loss <p>Any continuous loan will be classified as:</p> <ul style="list-style-type: none"> > 'Sub-standard' if it is past due/over due for 3 months or beyond but less than 6 months. > 'Doubtful' if it is past due/over due for 6 months or beyond but less than 9 months. > 'Bad/Loss' if it is past due/over due for 9 months or beyond. <p>Any Demand Loan will be classified as:</p> <ul style="list-style-type: none"> > 'Sub-standard' if it remains past due/overdue for 3 months or beyond but not over 6 months from the date of claim by the bank or from the date of creation of forced loan. > 'Doubtful' if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan. > 'Bad/Loss' if it remains past due/overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of forced loan. <p>In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'defaulted installment'.</p> <p>i. In case of Fixed Term Loans :</p> <ul style="list-style-type: none"> > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 3 (three) months, the entire loan will be classified as "Sub-standard". > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loan will be classified as "Doubtful". > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 9 (nine) months, the entire loan will be classified as "Bad/Loss". <p>If any Fixed Term Loan is repayable on monthly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 06 monthly installments. Similarly, if the loan is repayable on quarterly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 2 quarterly installments.</p>
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AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

> Description of approaches followed for specific and general allowances and statistical methods	Types of loans and advances		Provision				
			UC	SMA	SS	DF	BL
	Consumer	House building and professionals to setup business	2%	2%	20%	50%	100%
		Other than Housing Finance & Professionals to setup business	5%	5%	20%	50%	100%
	Provision for loan to Brokerage House, Merchant Banks, Stock dealers		2%	2%	20%	50%	100%
	Short-term agri-credit and micro credit		5%	-	5%	5%	100%
	Small & Medium Enterprise Finance		0.25%	0.25%	20%	50%	100%
	Others		1%	1%	20%	50%	100%
> Discussion of the Bank's credit risk management policy	<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 Monitoring and Recovery Division for monitoring and recovery of irregular loans. Internal control & 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 focused on monitoring of Top- 30 Loans, Top- 20 Defaulters, Sectoral exposures viz-a-viz among others limit.</p>						

Quantitative Disclosure

		2013		2012	
		In %	Taka (Cr)	In %	Taka (Cr)
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	14.52%	2,034.45	16.06%	1,702.94
	Cash Credit	0.01%	1.24	0.04%	4.75
	Time loan	29.59%	4,146.48	28.13%	2,984.09
	Term loan	38.49%	5,393.77	39.99%	4,241.52
	Blc	0.23%	31.55	0.26%	27.35
	TR	9.39%	1,315.36	10.28%	1,090.01
	Packing credit	0.29%	40.32	0.36%	38.53
	Loan-accp bills	5.25%	735.39	2.47%	261.61
	Consumer Loan	1.03%	143.90	1.24%	131.56
	Staff Loan	0.46%	64.32	0.52%	55.03
	Bills Purchased	0.75%	105.36	0.65%	69.20
	& Discounted				
	Total	100%	14,012	100%	10,607

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

		2013		2012	
		In %	Taka (Cr)	In %	Taka (Cr)
(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	Urban Branches				
	Dhaka	65%	8766	68%	6,993
	Chittagong	25%	3462	21%	2,134
	Khulna	4%	483	4%	418
	Sylhet	2%	209	2%	191
	Barisal	0%	38	0%	32
	Rajshahi	3%	359	3%	264
	Rangpur	2%	265	2%	221
		100%	13,582	100%	10,253
	Rural Branches				
	Dhaka	85%	307	85%	252
	Chittagong	12%	45	12%	36
	Khulna	0%	-	-	-
	Sylhet	2%	8	3%	7
	Barisal	0%	-	-	-
	Rajshahi	0%	-	-	-
		100%	359	100%	295
	Outside Bangladesh				
	ABBL, Mumbai Branch	0.50%	70	0.55%	58
		100%	14,012	100%	10,607
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Agriculture	2%	280	2%	261
	Large and medium scale industry	21%	3,011	21%	2,216
	Working capital	0%	28	18%	1,957
	Export	1%	133	1%	142
	Commercial lending	25%	3,503	33%	3,549
	Small and cottage industry	0%	63	0%	48
	Others	50%	6,994	23%	2,433
		100%	14,012	100%	10,607
(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand	2%	213	1%	78
	– upto 3 months	39%	5,499	41%	4,316
	– over 3 months but below 1 year	40%	5,668	24%	2,584
	– over 1 year but below 5 years	16%	2,286	27%	2,889
	– over 5 years	2%	346	7%	740
		100%	14,012	100%	10,607
(f) By major industry or counterparty type:					
i.	Amount of impaired loans and if available, past due loans, provided separately	0.03368	471.992	0.03796	402.727
ii.	Specific and general provisions		398.03		231.83
iii.	Charges for specific allowances and charge-offs during the period		166.71		71.21

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

(g) Gross Non Performing Assets (NPAs)		2013	2012
Non Performing Assets (NPAs) to Outstanding Loans & advances			
	Non Performing Assets (NPAs)	471.99	352.23
	Movement of Specific Provision for Non Performing Assets (NPAs)		
	Opening Balance	101.54	103.05
	Provision made during the period	122.87	71.18
	Write - off	-	80.01
	Transferred from other assets provisions	-	6.00
	Transfer from General Provisions	-	1.32
	Closing balance	224.41	101.54
	Provision held by Mumbai Branch	2.88	3.33
		227.29	104.87

E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to the equity risk, including: > differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and > 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 (2013).	Taka in Crore 9.06
(d) > Total unrealized gains (losses) > Total latent revaluation gains (losses) > Any amounts of the above included in Tier 2 capital	(199.38) Nil 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

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

F) Interest rate risk in the banking book (IRRBB)

Qualitative Disclosure

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

Taka in Crore

(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).		2013	2012
	Market Value of Assets	20,461	17,089
	Market Value of Liability	19,011	15,706
	Weighted Avg. Duration GAP	0.47	0.53
	CAR after different level of Shocks:		
	Minor Level	10.35%	11.24%
	Moderate Level	9.91%	10.74%
	Major Level	9.46%	10.24%

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.
(b) Methods used to measure Market risk	Standardized 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'.
(c) 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.
(d) 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.

AB Bank Limited

Disclosures on Risk Based Capital (Basel II)

Based on 31 December 2013

Annex-E1

Quantitative Disclosure

Taka in Crore

(b) The capital requirements for:		2013	2012
Interest rate risk		14.31	7.98
Equity position risk		51.06	61.99
Foreign exchange risk		1.03	4.64
Commodity risk		-	-
		66.40	74.61

H) Operational Risk

Qualitative Disclosure

(a)		
> Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & 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 & 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 & 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 & 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 report to Audit Committee of the Board. In addition there is a Vigilance Cell established in 2009 to reinforce operational risk management of the bank. Bank's Anti-Money laundering activities are headed by CAMELCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.	
> Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.	

Quantitative Disclosure

Taka in Crore

(b) The capital requirements for Operational Risk		2013	2012
		138.54	139.78

AB Bank Limited

Mumbai Branch

Profit and Loss Account for the year ended 31 December 2013

Annex-F-1

OPERATING INCOME

Interest income
Interest paid on deposits and borrowings, etc.
Net interest income

Investment income
Commission, exchange and brokerage
Other operating income

Total operating income (a)

OPERATING EXPENSES

Salary and allowances
Rent, taxes, insurance, electricity, etc.
Legal expenses
Postage, stamps, telecommunication, etc.
Stationery, printing, advertisement, etc.
Auditors' fees
Depreciation and repairs of Bank's assets
Other expenses

Total operating expenses (b)

Profit before provision (c = a-b)

Provision against loans and advances
Provision for investments Fluctuation reserve
Other provisions

Total provision (d)

Profit before taxation (c-d)

Provision for taxation
Current tax
Excess provision written back
Deferred tax

Net profit after taxation

2013 INR	2012 INR
49,015,158	51,922,711
(16,025,142)	(11,258,453)
32,990,016	40,664,258
20,755,575	14,818,710
204,951,262	179,607,316
2,516,023	2,737,663
228,222,860	197,163,689
261,212,876	237,827,947
12,635,526	12,352,499
11,014,164	4,302,717
136,326	95,900
5,210,650	5,411,767
1,753,713	2,445,210
782,082	1,048,195
8,427,821	8,219,811
79,517,397	61,189,916
119,477,679	95,066,015
141,735,197	142,761,932
91,700	262,100
-	-
1,200,000	-
1,291,700	262,100
140,443,497	142,499,832
59,074,929	48,930,729
60,338,200	52,382,316
-	(3,565,792)
(1,263,271)	114,205
81,368,568	93,569,103

AB Bank Limited

Islami Banking Branch

Balance Sheet as at 31 December 2013

Annex-G

PROPERTY AND ASSETS

Cash in hand

Cash in Hand (Including foreign currencies)
Balance with Bangladesh Bank and its Agent Banks

Balance with Other Banks and Financial Institutions

In Bangladesh
Outside Bangladesh

Placement with other Banks & Financial Institutions

Investment in shares & securities

Government
Others

Investments

General Investments etc.
Bills Purchased & Negotiated

Fixed Assets including Premises

Other Assets

Non-Banking Assets

Total Assets

LIABILITIES

Placement from Banks (BGIIB)& Other Financial Institutions

Deposits and Other Accounts

Mudaraba Savings Deposits
Mudaraba Term Deposits
Other Mudaraba Deposits
Al-Wadeeah Current and Other Deposit Accounts
Bills Payable

Other Liabilities

Total Liabilities

31.12.2013 Taka	31.12.2012 Taka
224,775,049	129,226,727
2,105,262	2,414,895
222,669,787	126,811,832
4,565,622,862	5,502,843,390
4,565,622,862	5,502,843,390
-	-
-	-
192,000,000	109,800,000
192,000,000	109,800,000
-	-
3,296,046,079	2,453,338,923
3,296,046,079	2,449,469,179
-	3,869,744
-	-
11,637,075	13,002,579
94,807,575	144,682,075
-	-
8,384,888,641	8,352,893,694
1,810,228,912	3,000,800,000
6,542,777,785	5,341,843,049
61,290,349	52,966,084
4,578,456,124	5,038,999,492
1,828,085,289	202,618,998
70,557,429	44,190,175
4,388,594	3,068,300
31,881,943	10,250,645
8,384,888,641	8,352,893,694

AB Bank Limited

Islami Banking Branch

Profit and Loss Account for the year ended 31 December 2013

Annex-G-1

	2013 Taka	2012 Taka
Investment Income	899,056,329	985,278,263
Profit paid on Deposits	725,424,547	724,872,628
Net Investment Income	173,631,782	260,405,635
Income from Investments in Shares/Securities	10,250,237	1,793,084
Commission, Exchange and Brokerage	19,403,895	52,957,655
Other Operating Income	2,547,183	1,316,342
Total Operating Income	205,833,097	316,472,716
Operating Expenses		
Salaries and Allowances	22,117,116	20,781,477
Rent, Taxes, Insurance, Electricity etc.	1,395,800	1,410,564
Legal Expenses	-	10,000
Postage, Stamps, Telecommunication etc.	338,871	328,740
Stationeries, Printing and Advertisement etc.	1,012,313	1,415,336
Shariah Supervisory Committee's Fees & Expenses	134,536	148,333
Depreciation and repair to Bank's Assets	2,726,100	2,772,124
Other Expenses	6,272,704	5,958,985
Total Operating Expenses	33,997,441	32,825,559
Profit before Provisions	171,835,656	283,647,157

AB Bank Limited

Islami Banking Branch

Profit Paid on Deposits

Annex-H

Profit and loss of Islami Banking Branch is calculated annually as at 31 December in every year. More than 60% of investment income is distributed among the different types of Mudaraba depositors following weightage system and the remaining portion is retained by the bank to meet administrative expenses and investment loss offsetting reserve. Provisional profit rates are applied to the different types of deposit A/Cs as decided by the Bank from time to time commensurate with weightage taking into consideration of the industry trend and that of the rates of other Islamic banks in the country.

In the year 2013 final profit has been paid to the depositors as per following weightage and rates:

Types of Deposit	Weightage	Final Rate of Profit (%)
1. Mudaraba Savings Deposits	0.46	5.51
2. Mudaraba Special Notice Deposits		
a. General	0.33	4.01
b. Inter - Bank	0.25 to 0.45	3.00 to 5.50
3. Mudaraba Term Deposits		
a. General		
· 36 Months	1.04	12.51
· 24 Months	1.043 to 1.25	12.51 to 15.02
· 12 Months	1.00 to 1.25	12.01 to 15.02
· 6 Months	0.92 to 1.04	11.01 to 12.51
· 3 Months	0.92 to 1.04	11.01 to 12.51
· 1 Month	0.78 to 1.04	9.31 to 12.51
b. Inter - Bank		
· 12 Months	0.42 to 1.00	5.00 to 12.00
· 6 Months	0.50 to 0.86	6.00 to 10.50
4. Mudaraba Probable Millionaire Scheme	1.00 to 1.04	12.01 to 12.51
5. Mudaraba Quarterly Profit Paying Scheme	1.00	12.01
6. Mudaraba Hajj Deposit Scheme	1.00 to 1.11	12.01 to 13.36
7. Mudaraba Pension Deposit Scheme	0.83 to 1.04	10.00 to 12.51
8. Mudaraba Monthly Profit Payment Scheme	1.00 to 1.11	12.01 to 13.36
9. Mudaraba Cash WAQF Deposit	1.00 to 1.04	12.01 to 12.51

A competent Shariah Supervisory Committee consisting of Islamic scholars, Ulema, Fuqaha and Islamic bankers headed by **Mr. Shah Abdul Hannan**, a prominent Islamic scholar and former Secretary, Government of Bangladesh guides the Islamic banking operations of the bank. During the year 2013, Shariah Supervisory Committee met in 4 (four) meetings (2 meetings of full Committee and 2 meetings of it's Standing Committee) and reviewed different operational issues. The Committee also audited the branch through it's Muraquib and reviewed the audit report in it's 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

Off-Shore Banking Unit (OBU)

Annex-J

Balance Sheet

At 31 December 2013

PROPERTY AND ASSETS

Cash

Cash in Hand (Including foreign Currencies)

Balance with Bangladesh Bank and its agent Bank(s)

Balance with Other Banks and Financial Institutions

In Bangladesh

Outside Bangladesh

Investment

Loans and Advances

Loans & Advances - Regular

Bills Purchased & Discounted

Premises and Fixed Assets (WDV)

Other Assets

Accrued Interest

Pre-paid Advances

Miscellaneous

Total Assets

LIABILITIES AND CAPITAL

Liabilities

Borrowing from Bank & Financial Institutions

In Bangladesh

Outside Bangladesh

Deposits and Other Accounts

Demand Deposits

Demand Deposits - Others

Other Term Deposit - NFCD

Total Liabilities

Capital and Shareholders' Equity

Retained Earnings

Total Shareholders' Equity

Total Liabilities and Shareholders' Equity

31.12.2013 Taka	31.12.2013 USD	31.12.2012 Taka	31.12.2012 USD
-	-	-	-
-	-	-	-
-	-	-	-
31,297,084	402,535	3,994,075	50,020
191,954	2,469	61,257	3,826
31,105,130	400,066	3,932,818	46,194
-	-	-	-
6,837,141,717	87,937,514	647,659,835	8,110,966
6,837,141,717	87,937,514	647,659,835	8,110,966
-	-	-	-
-	-	-	-
14,864,383	191,182	6,956,521	87,120
-	-	6,862,476	85,942
91,572	1,178	94,045	1,178
14,772,811	190,004	-	-
6,883,303,184	88,531,231	658,610,431	8,248,106
6,630,001,101	85,273,326	632,749,606	7,924,238
3,280,369,579	42,191,249	632,749,606	7,924,238
3,349,631,522	43,082,077	-	-
214,616,206	2,760,337	5,613,397	70,299
4,225,849	54,352	5,445,712	68,199
194,771,744	2,505,103	167,685	2,100
15,618,613	200,882	-	-
6,844,617,308	88,033,663	638,363,003	7,994,537
38,685,876	497,568	20,247,428	253,569
38,685,876	497,568	20,247,428	253,569
6,883,303,184	88,531,231	658,610,431	8,248,106

Profit and Loss Account

For the year ended 31 December 2013

Interest income

Interest paid on deposits and borrowing etc.

Net interest income

Commission, exchange and brokerage

Other operating income

Total operating income (A)

Salaries and allowances

Postage, stamps, telecommunication etc.

Other expenses

Total operating expenses (A)

Net Profit

2013 Taka	2013 USD	2012 Taka	2012 USD
125,777,076	1,617,095	22,518,940	282,016
94,041,883	1,208,702	14,804,327	185,402
31,735,193	408,393	7,714,613	96,614
10,874,968	138,892	14,306,086	179,162
1,297,409	16,610	393,660	4,930
43,907,570	563,895	22,414,359	280,706
2,906,186	37,261	1,985,758	24,869
301,023	3,860	180,181	2,257
1,959,799	25,206	992	12
5,167,009	66,327	2,166,931	27,138
38,740,561	497,568	20,247,428	253,569

Auditor's Report

To the Shareholders of AB Investment Limited

We have audited the accompanying financial statements of AB Investment Limited (the company), which comprise the statement of financial position (balance sheet) as at 31 December 2013, statement of comprehensive income (profit and loss statement), statement of cash flows and statement of changes in equity for the year ended 31 December 2013, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards/Bangladesh Financial Reporting Standards, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. 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 financial statements.

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 financial statements, prepared in accordance with Bangladesh Accounting Standards/Bangladesh Financial Reporting Standards, give a true and fair view of the state of the company's affairs as at 31 December 2013 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- (c) the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss statement) dealt with by the report are in agreement with the books of account and returns.

House # 51 (3rd Floor), Road # 9, Block # F
Banani, Dhaka 1213, Bangladesh
Dated, 27 January 2014


S. F. AHMED & CO
Chartered Accountants

AB Investment Limited
Statement of Financial Position
As at 31 December 2013

Annex-K

ASSETS

Non-Current Assets

Property, plant and equipment

Investment in shares

Deferred revenue expenditure

Total non-current assets

Current Assets

Loans to clients

Advances, deposits and prepayments

Receivable from brokers

Advance income tax

Cash and cash equivalents

Total current assets

Total assets

EQUITY AND LIABILITIES

Paid-up capital

Retained earnings

Share money deposit

Total equity

Non-current liabilities

Provident fund, gratuity fund and recreation club

Current Liabilities

Borrowing from banks

Liabilities for expenses

Payable against sales proceeds of shares

Provision for taxation

Provision for unclassified loans and investment

Credit balance with clients' accounts

Other liability

Total current liabilities

Total liabilities

Total shareholders' equity and liability

31.12.2013 Taka	31.12.2012 Taka
539,132,463	551,947,944
747,286,336	740,381,829
2,887,754	4,171,190
1,289,306,553	1,296,500,963
7,136,710,118	7,585,189,288
114,473,991	96,487,479
61,933,071	44,357,686
232,525,936	90,528,170
468,555	611,494
7,546,111,671	7,817,174,117
8,835,418,224	9,113,675,081
99,900,000	99,900,000
449,414,904	656,771,294
4,900,100,000	4,900,100,000
5,449,414,904	5,656,771,294
4,517,656	3,773,765
2,450,299,268	2,548,509,568
5,514,781	17,408,277
61,933,071	46,857,687
282,093,292	216,953,723
253,286,210	187,363,878
78,359,042	79,036,889
250,000,000	357,000,000
3,381,485,664	3,453,130,022
3,386,003,320	3,456,903,787
8,835,418,224	9,113,675,081

AB Investment Limited
Statement of Comprehensive Income
For the year ended 31 December 2013

Annex-K-1

	2013 Taka	2012 Taka
Operating income		
Interest income	496,099,614	807,716,223
Management fee	9,156,504	82,384,201
Transaction/Settlement fee	28,216,360	45,223,575
Other operating income	127,378	275,189
Total operating income (A)	533,599,855	935,599,188
Operating expenses		
Salary and allowances	13,984,291	15,676,535
Audit and consultancy	324,750	263,700
Administrative expenses	33,008,530	33,150,644
Financial expense	309,363,880	322,212,573
Total operating expenses (B)	356,681,451	371,303,452
Net operating income (C=A-B)	176,918,407	564,295,736
Non operating income (D)	2,927,653	-
Investment income (E)	(6,140,546)	14,247,525
Profit before provision for loans and investment (F=C+D+E)	173,705,514	578,543,261
Provision for investment	65,922,332	38,161,624
Total provision for loans and investment (G)	65,922,332	38,161,624
Net profit before taxation for the year (F-G)	107,783,182	540,381,637
Provision for taxation	65,139,569	216,953,723
Current tax	51,500,604	201,609,426
Deferred tax	13,638,965	15,344,297
Net profit after taxation for the year	42,643,613	323,427,914
Earnings Per Share (EPS)	4.27	32.38

Auditor's Report

To the Shareholders of AB Securities Limited

We have audited the accompanying financial statements of AB Securities Limited which comprise the Statement of Financial Position as at December 31, 2013, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. 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 financial statements.

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 financial statements referred to above give a true and fair view of the financial position of AB Securities Limited as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act 1994, the Securities and Exchange Rules 1987, conditions and regulations issued by the Bangladesh Securities and Exchange Commission and other applicable laws and regulations.

We also report that:

- 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;
- in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- the financial statements dealt with the report are in agreement with the books of account maintained by the company; and
- the expenditure incurred was for the purpose of business of AB Securities Limited.

Place: Dhaka
Date: February 23, 2014.



Ahmed Khan & Co.
Chartered Accountants

AB Securities Limited
Statement of Financial Position
As at 31 December 2013

Annex-L

Sources of Fund

Shareholders' Equity

Share Capital
Share Money Deposit
Investments Revaluation Reserve
Retained Earnings

Total Shareholders' Equity

Application of Fund

Non Current Assets

Property, Plant & Equipment
Preliminary Expenses

Investments

Current Assets

Cash and Cash Equivalents
Advances, Deposits & Prepayments
Advance Income Tax
Other Current Assets

Current Liabilities and Provisions

Accrued Expenses
Provision for Income Tax
Other Liabilities

Net Current Assets

Total Application of Fund

Statement of Comprehensive Income

For the year ended 31 December 2013

OPERATING INCOME

Brokerage Commission
Interest Income
Investment Income
Other Operating Income

OPERATING & OTHER EXPENSES

Operating Expenses
Other Financial Expenses
Depreciation on Property, Plant & Equipment

Profit Before Provision

PROVISION

For Diminution in Value of Investments

Profit Before Taxation

Provision for Taxation

Current Tax
Deferred Tax

Net Profit After Taxation

Earnings Per Share (EPS)

31.12.2013 Taka	31.12.2012 Taka
35,000,000	35,000,000
165,000,000	165,000,000
102,024,360	-
161,935,908	208,980,372
463,960,268	408,980,372
12,336,706	17,583,535
308,898	617,790
12,645,604	18,201,325
169,743,905	67,495,080
235,038,763	117,301,459
2,886,577	3,772,681
57,980,872	78,137,933
1,134,569,505	1,098,623,504
1,430,475,717	1,297,835,577
26,068,738	1,462,919
60,416,534	105,674,282
1,062,419,687	867,414,408
1,148,904,958	974,551,609
281,570,759	323,283,968
463,960,268	408,980,372
2013 Taka	2012 Taka
76,743,407	171,661,482
51,560,311	63,805,577
22,674,879	105,551,083
76,744	357,905
2,431,473	1,946,917
60,199,598	50,241,298
49,204,099	43,791,759
5,706,171	1,142,044
5,289,328	5,307,496
16,543,808	121,420,184
623,795	12,003,786
15,920,013	109,416,398
12,829,631	46,395,043
14,473,969	45,942,565
(1,644,338)	452,478
3,090,382	63,021,355
0.88	18.01

Auditor's Report

To the Shareholders of CashLink Bangladesh Limited

We have audited the accompanying consolidated financial statements of CashLink Bangladesh Limited and its subsidiary (the "Group") namely Electronic Transactions Network Limited which comprise the Consolidated Statement of Financial Position as of 31 December 2013, and the Consolidated Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. 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.

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 referred to above give a true and fair view of the financial position of Cashlink Bangladesh Limited and its subsidiary as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) proper books of account as required by law have been kept by the Group so far as it appeared from our examination of those books; and
- (c) the Group's consolidated statement of financial position and consolidated statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated,
12 March 2014


ACNABIN
Chartered Accountants

Cashlink Bangladesh Limited and its Subsidiary

Consolidated Statement of Financial Position

As at 31 December 2013

Annex-M

	31.12.2013 Taka	31.12.2012 Taka
ASSETS		
Non Current Assets		
Property, Plant and Equipment	5,144,637	27,396,101
Intangible Assets	5,219,071	31,126,688
Total Non Current Assets	10,363,708	58,522,788
Current Assets		
Cash & Bank Balances	8,057,832	5,670,009
Investment in Share	24,571,230	26,932,725
Advance, Deposit & Prepayment	3,452,502	2,399,441
Advance Tax	22,844,543	17,571,462
Accounts Receivable	10,569,916	3,316,751
Total Current Assets	69,496,023	55,890,388
Total Assets	79,859,731	114,413,174
EQUITY AND LIABILITIES		
Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Loss	(442,254,776)	(489,608,853)
Total Equity	(200,054,776)	(247,408,853)
Liabilities		
Non-Current Liabilities		
Long Term Loan	9,742,006	9,742,006
Current Liabilities		
Accrued Expenses	181,600	7,850,399
Accounts Payable	-	60,211
VAT Deducted at Source	448,731	159,230
Provision for Taxes	1,301,134	769,153
Short Term Loan from Bank	268,241,029	343,241,029
Total Current Liabilities	270,172,495	352,080,022
Total Liabilities	279,914,501	361,822,027
Total Equity and Liabilities	79,859,731	114,413,174

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 Taka	2012 Taka
Revenue	105,208,939	42,372,417
Less: Operating Expenses	53,547,740	85,677,585
General and Administration Expenses	4,961,567	26,240,677
Net Operating Profit / (Loss)	46,699,631	(69,545,844)
Add: Other Income	1,187,352	18,078,002
Net Profit / (Loss)	47,886,983	(51,467,843)
Less: Financial Expenses	-	328,748
Other Expenses	921	1,185,548
Net Profit/(Loss) before tax	47,886,062	(52,982,139)
Income Tax Expenses	531,981	318,963
Net Profit/(Loss) after Tax	47,354,081	(53,301,101)

Auditor's Report

To the Shareholders of AB International Finance Limited

We have audited the financial statements of AB International Finance Limited ("the Company") set out on pages 5 to 17, which comprise the statement of financial position as at 31 st December, 2013, and the statement of changes in equity, statement of income and retained earnings and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility toward or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 financial statements give a true and fair view of the state of the Company's affairs as at 31st December, 2013, and of its profit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



T. o. Yip & Co. Limited
Certified Public Accountants (Practising)
Hong Kong

Samuel Ming Sum Yip
Practising Certificate Number: P05704
Date: 18th February, 2014

AB International Finance Limited

Balance Sheet

As at 31 December 2013

Annex-N

NON-CURRENT ASSETS

Property, plant and equipment

CURRENT ASSETS

Discounted bills receivable

Deposits, prepayments and other receivable

Tax refundable

Cash and bank balances

CURRENT LIABILITIES

Accrued liabilities and other payables

Deferred interest income

Provision for long service payments

Due to ultimate holding company

Tax payable

NET CURRENT ASSETS

EQUITY

Share capital

Retained earnings

Proposed final dividend

Capital Reserve

Profit and Loss Account

For the year ended 31 December 2013

Interest income

Interest expenses

Net interest income

Other operating income

Total operating income

Staff costs

Depreciation

Provision for long service payments

Other operating expenses

Total operating expenses

Profit before taxation

Income tax

Profit for the year

Retained earnings at start of the year

Dividends

Retained earnings at the end of the year

	31.12.2013 HK\$	31.12.2012 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	29,850	48,854
CURRENT ASSETS		
Discounted bills receivable	152,565,102	161,083,199
Deposits, prepayments and other receivable	704,193	810,128
Tax refundable	-	87,805
Cash and bank balances	139,221	4,012,505
	153,408,516	165,993,637
CURRENT LIABILITIES		
Accrued liabilities and other payables	5,140,470	4,464,774
Deferred interest income	1,136,876	1,554,382
Provision for long service payments	500,573	485,631
Due to ultimate holding company	125,596,500	141,205,000
Tax payable	453,540	-
	132,827,959	147,709,787
NET CURRENT ASSETS	20,580,557	18,283,850
	20,610,407	18,332,704
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	11,484,544	9,206,841
Capital Reserve	7,561,959	7,561,959
	20,610,407	18,332,704
	2013 HK\$	2012 HK\$
Interest income	10,122,298	8,151,868
Interest expenses	(1,455,857)	(1,094,387)
Net interest income	8,666,441	7,057,481
Other operating income	9,385,744	7,981,768
Total operating income	18,052,185	15,039,249
Staff costs	(1,896,930)	(1,806,778)
Depreciation	(24,641)	(25,158)
Provision for long service payments	(14,942)	(18,677)
Other operating expenses	(2,368,906)	(2,175,113)
Total operating expenses	(4,305,419)	(4,025,726)
Profit before taxation	13,746,766	11,013,523
Income tax	(2,262,222)	(1,806,682)
Profit for the year	11,484,544	9,206,841
Retained earnings at start of the year	563,904	563,904
Dividends	(11,484,544)	(9,206,841)
Retained earnings at the end of the year	563,904	563,904

Auditor's Report

To the shareholders of AB EXCHANGE (UK) LIMITED

We have audited the financial statements of AB EXCHANGE (UK) LIMITED for the year ended 31 December 2013 set out on Page 6 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors Responsibilities.

Our responsibility is to audit the financial statement in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant financial reporting framework and whether the financial statements have been prepared in accordance with Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanation we require for our audit, or if disclosures of directors' benefits and remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Scope of the audit of the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant judgments made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate policies of the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at year ended 31 December 2013 and its Loss for the year then ended;
- the financial statements have been properly prepared in accordance with Companies Act 2006; and
- the information given in the Director's Report is consistent with the financial statements.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

1. adequate accounting records have not been kept, or returns adequate for our audit have not been received from the branches not visited by us; or
2. the financial statements are not in agreement with the accounting records and returns; or
3. certain disclosures of directors' remuneration specified by law are not made; or
4. we have not received all the information and explanations we require for our audit;
5. the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



Ekow Appiates (Senior Statutory Auditor)

For and on behalf of Appiatse & Associates

Chartered Certified Accounts and Registered Auditors
191 Waltham Way
London E4 8AG

Auditor's Report

To the Shareholders of Arab Bangladesh Bank Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Arab Bangladesh Bank Foundation, which comprise the Statement of Financial Position as of 31 December 2013 and the related Statement of Comprehensive Income, statement of Changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. 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 presentation of the financial statements.

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 financial statements presents fairly, in all materials respects, the financial position of Arab Bangladesh Bank Foundation as of 31 December 2013 and its financial performance and its cash flows for the year the ended in accordance with Bangladesh Financial Reporting Standards and comply with the applicable sections of the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the purposes of our audit and made due verification thereof;
- in our opinion, proper books of accounts as required by law have been kept by the Foundation so far as it appeared from our examination of those books;
- the Foundation's Balance Sheet and Income Statement dealt with by the report are agreement with the books of accounts.

Date: 25 February 2014
Dhaka, Bangladesh


Zahir Ahmed & Co.
Chartered Accountants

Arab Bangladesh Bank Foundation

Statement of Financial Position

As at 31 December 2013

Annex-P

	31.12.2013 Taka	31.12.2012 Taka
Sources of Funds		
Shareholders' Equity		
Share Capital	20,000,000	20,000,000
Retained Earnings	441,724,412	410,853,789
Total Shareholders' Equity	461,724,412	430,853,789
Application of Funds		
Fixed Assets less accumulated depreciation	13,543,492	13,543,492
Current Assets, Loans and Advances		
Balance with other Bank	52,474,447	94,147,738
Other current assets	350,000,000	350,000,000
Advances, deposit and prepayment	121,262,138	54,608,221
Accrued interest on FDR	943,726	1,026,754
Accrued interest on Investment in ABSL	24,500,000	-
	549,180,311	499,782,713
Less: Current Liabilities and Provisions		
Liabilities for expenses	142,100	137,500
Other Liabilities	559,533	559,533
Provision for Tax	100,297,758	81,775,383
	100,999,391	82,472,416
Net Current Assets	448,180,920	417,310,297
Total Application of Fund	461,724,412	430,853,789

Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 Taka	2012 Taka
Income	56,485,280	51,231,967
Interest Income	56,485,280	51,231,967
Other Operating Income	-	-
Less: Operating and Other Expenses	7,092,283	12,974,242
Operating Expenses	445,650	389,100
Financial Charge	11,157	12,167
Other Expenses	6,635,476	12,572,975
Depreciation on Fixed Assets	-	-
Profit before Tax	49,392,997	38,257,725
Provision for Taxation		
Current Tax	18,522,374	14,346,647
Profit after taxation	30,870,623	23,911,078

AB Bank Limited

Name of the Directors and entities in which they had interest

As at 31 December 2013

Annex-Q

Sl. No.	Name	Status	Name of Firms / Companies in which interested as pro-prioritor/partner/director/managing agent/guarantor/employees etc
1	Mr. M. Wahidul Haque	Chairman	Chairman: 1) AB Bank Limited 2) AB Investment Limited 3) AB Securities Limited 4) Cashlink Bangladesh Limited 5) AB Exchange (UK) Ltd., London, UK. Managing Director: 1) Deundi Tea Company (UK) Ltd. 2) Noyapara Tea Co. Limited.
2	Mr. Salim Ahmed	Vice-Chairman	1) Super Refinery (Pvt.) Ltd. 2) Elite Super Plastic Ind.(pvt.) Ltd 3) Super Sea Fish (Pvt.) Ltd. 4) Super Share & Securities Ltd. 5) Elite Properties Management Ltd. 6) Elite Paint & Chemical Industries Ltd. 7) Hexagon Chemical Complex Ltd. 8) Elite International Ltd. 9) Supertel Limited 10) AB Securities Ltd. 11) AB Investment Limited
3	Mr. Feroz Ahmed	Director	1) AB international Finance Ltd., Hongkong- as Chairman, Nominated by AB Bank Ltd. 2) Hexagon Chemical Complex Ltd. 3) Elite Chemical Ind. Ltd. 4) Elite International Ltd 5) Ahemd Securities Services Ltd. 6) Universal Shipping & Trawling Company 7) Bangladesh General Insurance Company Ltd. 8) Holy Crescent Hospital
4	Mr. M. A. Awal	Director	AB International Finance Ltd, Hongkong, - as Director Nominated by AB Bank Ltd.
5	Mr. Shishir Ranjan Bose, FCA	Independent Director	1) S .R. Bose & Co.-Chartered Accountants as Proprietor 2) AB Securities Ltd.-as Independent Director. 3) Cashlink Bangladesh Ltd.-as Independent Director 4) AB Exchange (UK)-as Independent Director 5) Therapeutics (Bangladesh) Ltd -As Independent Director (Nominated by AB Bank Ltd. for Sl. No. 2,3&4)
6	Mr. Faheemul Huq, Barrister-at-Law	Director	N/A
7	Mr. Syed Afzal Hasan Uddin, Barrister-at-Law	Director	1) AB Exchange (UK) Ltd.-As nominee Director 2) Millennium Aviation Ltd.-As nominee Director 3) Managewell Holdings Ltd. 4) Managewell Investment Ltd. 5) Managewell Communication Ltd. 6) Managewell Services Ltd. 7) Managewell Media Ltd.-As nominee Director 8) Hyundai Automobiles Bangladesh Ltd.-As nominee Director 9) Forwardair Aviation Ltd.-As nominee Director
8	Mr. Gholam Sarwar	Director	N/A
9	Mr. Md. Mesbahul Hoque	Director	Reptiles Firms Ltd.
10	Mr. Md. Anwar Jamil Siddiqui	Director	1) Pacific Motors Limited, Director. 2) Therapeutics Bangladesh Ltd, Director
11	Mr. B.B. Saha Roy	Director	1) Elite Paint & Chemical Industries Ltd 2) Hexagon Chemical Complex Ltd 3) Elite International Ltd.
12	Dr. M. Imtiaz Hossain	Depositor/Independent Director	AB Investment Ltd.-as Independent Director (Nominated by AB Bank Ltd.)
13	Mrs. Runa Zakia Sahrood Khan	Depositor/Independent Director	AB International Finance Ltd. Hongkong-as Independent Director (Nominated by AB Bank Ltd.) Friendship "NGO"- as Executive Director
14	Mr. M. Fazlur Rahman	President & Managing Director	N/A



CITIZEN CHARTER

AB Bank Limited

Corporate Social Responsibility

The role of business worldwide and specifically in the developed economies has evolved over the last few decades from classical 'profit maximizing' approach to a social responsibly approach, where businesses are not only responsible to its stockholders but also to all of its stakeholders in a broader inclusive sense. One can identify so many reasons for shifting the role of business from classical concept to a responsible business concept, but negative impression of stakeholders on the enterprise would get a higher priority among others. In one hand, enterprises create wealth and job opportunities for the society and on the other, they pollute and destroy environment and ecology with devastating impact on human health and bio-diversity worldwide. To address the social problems or the problems of the stakeholders, the business community evolved a new approach in their business strategies named CSR and through CSR enterprises intent to strike a balance between economic and social goals, where resources are used in a rational manner and social needs are be addressed responsibly. CSR can be viewed as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision making processes throughout the company and include responsibilities for current and past actions as well as adequate attention to future impacts.

CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. Social responsibility means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment and in rapport-building with stakeholders.

CSR has some internal dimensions such as: human resources management, health and safety at work, adaptation to change and management of environmental impact and natural resources. The external dimensions include local communities, business, partners, suppliers and consumers, human rights and global environmental concerns. Again, CSR may be as simple as sponsoring social service oriented entertainment events. In essence, 'CSR is positive rapport with the society'.

AB Bank is always committed to the cause of the society. AB is increasing depth and diversity of CSR engagements both in direct budgetary expenditure and financial inclusion drives, in greening internal practices & processes and in lending to environmentally benign projects.

CSR initiatives of AB in 2013 continued focus on i) Promotion of health, education and culture/recreational activities for advanced and wellbeing underprivileged population segments ii) emergency relief in humanitarian distress iii) Art & culture preservation iv) Sports Arena v) financing in and promotion of environment friendly projects vi) financial inclusion of less privileged population segments.

ABBL & Employees:

With the broader objective of the Bank, Human Resources have been playing a significant role in line with its strategy to support sustainable and consistent business emphasizing the core values of the Bank. AB Bank believes, in an environment where technology, business models create a level playing field and people factor and

the organization culture become the key differentiator in achieving business excellence. The Board of Directors and the Management of AB Bank always extend continuous support in conducting training programs which certainly facilitates excellence in Banking through development of attitude, knowledge and skill of the Bank's officials. **AB Bank's HR strategy is aimed at ensuring sustainable growth in business, steady and stable value creation for our Customers, Shareholders, Employees and the Society.**

AB Bank spread awareness towards health and safety begins right from its daily working environment. Ensuring employee & their immediate family health care services, Bank has already linked with two renowned hospitals. These agreements will benefit the employees with medical bill discounts, customized health checkups and health awareness program. AB contributed BDT 1.33 million in 2013 to its employees as health assistance in 2013.

Market Environment:

AB Bank has set credit extension policies for industries in various sectors with emphasis on environmental compliance requirements. Safety and waste disposal standard norm is one of the deducing factors for credit extension to Steel, Re-Rolling mills and other types of manufacturing concerns. In respect to trade finance for Fertilizers, Chemicals etc adherence to the respective regulatory certification and storing condition is mandatory prior to extension of credit or service support. Prior to approving financing for projects, Officers of the Bank visits the project sites in order to assess and evaluate their impact on environment. Also appraisals are carried out on the prospective project to ascertain the degree of pollution, if any, while evaluating and granting of industrial loans by the Bank. The Bank ensures that clients obtain the necessary environmental clearance (ETP clearance from DoE) as and when required. AB Bank encourages ETP models and prefers giving loan to environment friendly sector, such as - solar energy sector .AB Bank does not provide loan in such sectors which harms the environment such as - traditional Brick fields.

Contribution to National Exchequer

AB Bank has contributed significantly to the Government effort in collection of Revenue. As per law, Bank deducts at source Income Taxes & VAT and deposits the same to the Govt. Treasury. Besides, Bank also pays Income Tax on its earnings. Total Payment to Govt. Treasury during 2013 is given below:

Particulars	Amount in Crore BDT
Income Tax (Tax on Banks earnings & Source Deduction)	371.70
VAT(VAT on Banking Service & Source Deduction)	43.23
Excise Duty	12.50
Total	427.43

AB Bank Limited Corporate Social Responsibility

Standing beside the families affected by BDR Tragedy

The loss of lives in the BDR carnage shocked the entire nation. AB pledged to provide financial assistance of BDT 4.80 lakhs per year to one of the affected families for a period of 10 years starting from 2009.

AB Bank Provided donation on Prime Minister's Fund to help the victims of Rana Plaza



Honorable Prime Minister of Bangladesh Sheikh Hasina receiving the donation from the Directors of AB Bank Mr. B. B. Saha roy and Barrister Syed Afzal Hasan Uddin

AB Bank provided donation on Prime Minister's Fund to help the victims of Rana Plaza. Members of AB Bank Board of Directors Syed Afzal Hasan Uddin and B. B. Saha Roy handed over the cheque of BDT 2 Crore to the Honorable Prime Minister of Bangladesh Sheikh Hasina.

AB Bank distributes warm clothes among poor people



Warm Cloth distribution by AB Bank where Executive Director of Bangladesh Bank Mr. M. Mahfuzur Rahman was the Chief Guest



Head of GSSP Mr. Mahbub-E-Sobhani Sikder and Corporate Affairs In-Charge Ms. Tania Sattar of AB Bank handing over a symbol blanket to Mr. A.F.M Asaduzzaman, General Manager, Bangladesh Bank

AB Bank Limited has recently distributed blankets as warm clothes to help and stand beside the deprived population affected by the fierce winter. Under the Corporate Social Responsibility Program; AB Bank Ltd distributed 18,500 pieces of blankets throughout the country. AB Bank also donated blankets through Bangladesh Bank to the winter effected people.

Support to Educational Institutes

AB Bank is always committed to the development of the society. AB provide support for the education of the special children.

AB Bank joins hand with Autism Welfare Foundation for helping autistic children



Managing Director of AB Bank Limited Mr. Shamim Ahmed Chaudhury attended a workshop for Autistic children as Special Guest organized by Autism Welfare Foundation

AB Bank as part of Corporate Social Responsibility contributes for the disabled/autistic people of the society. As part of their contribution AB Bank is working with



AB Bank Limited Corporate Social Responsibility

Autism Welfare Foundation (AWF) for couple of years. AWF is dedicated for the development of autism, arranges training and education for autistic children to enable them to be self-supporting. AB contributed BDT 2.45 million to support continuous and smooth functioning of the organization. AB Bank joins hand with Autism Welfare Foundation (AWF) for the following initiatives:

- Free Saturday Training to Poor Autistic Children
- Employment of Psychologist & Occupational Therapist
- Weekly early stimulation programme for Autistic Children below the age of 3 years
- Subsidy on House Rent

AB Bank sponsored the AB Bank-1st DRMC National Language festival 2013



Managing Director of AB Bank Limited Mr. Shamim Ahmed Chaudhury distributed prizes and certificates among the participants of "AB Bank-1st DRMC National Language festival 2013" along with Dr. Kamal Abdul Naser Chowdhury, Secretary, Ministry of Education.

AB Bank-1st DRMC National Language festival 2013 was organized by Dhaka Residential Model College recently at their College Auditorium. Dr. Kamal Abdul Naser Chowdhury, Secretary, Ministry of Education attended the function as Chief Guest. Additional Managing Director of AB Bank Limited Mr. Shamim Ahmed Chaudhury attended the function as Special Guest and distributed prizes among the participants. The prime objective of the festival was to promote the students to be interested in language and literature. Around 4000 students of different schools participated in the language festival. Among others Principal of Residential Model College Colonel Md. Musleh Uddin Bhuiyan was also present at the prize giving ceremony. AB contributed BDT 2.49 lakh to support the event.

Joined Hands with "PROYASH"

PROYASH is an institute run under the patronization of Bangladesh Army for well-being of children with special needs and disability. The motto of the institute is "Special Child Special Right". The vision of the institute is to emerge as a centre of excellence with multi-dimensional activities with the objectives to explore and develop to the fullest, the potential of each individual with special needs and integrate them with the society. AB contributed BDT 0.50 million to PROYASH for fund raising events for autistic & disabled children.

Support in Sports Arena:

AB is always extending hand for support in sports arena. The Bank also arrange in-house cricket match and attend Corporate Cricket league to motivate its employees towards sport.

AB Bank sponsored President Cup Golf Tournament



Mr. Shamim Ahmed Chaudhury, Managing Director of AB Bank Ltd. along with other executives of the Bank inaugurated the "AB Bank 23rd President Cup Golf Tournament".

"AB Bank 23rd President Cup Golf Tournament", amid much enthusiasm and festivity, took place at the Bhatia Golf & Country Club. All most 150 golfers took part in the event which was sponsored by AB Bank Limited. On the prize distribution ceremony, Major General Sabbir Ahmed, ndc, psc General Officer Commanding 24 Infantry Division & Senior Vice President Bhatia Golf & Country Club, gave away prizes among the winners as Chief Guest. As special guest, Shamim Ahmed Chaudhury, Additional Managing Director of AB Bank Ltd. along with other executives of the Bank was also present on the occasion. AB contributed BDT 0.50 million for the celebration.

AB Bank Limited Corporate Social Responsibility

Art & Culture:

AB Bank believes art and culture are the essence of a nation. We are passionate about our art & culture. For long AB has been patron of arts, literature and culture.

Financial Support to Hay Festival Dhaka

AB Bank Limited contributed BDT 1.1 million to Hay Festival of Literature & Arts Limited for Literary Festival Hay Festival- Dhaka to promote our rich Bengali literacy heritage as well as our newer English writing in Bangladesh.

AB Bank sponsored the Golden Jubilee Celebration of Jhenidah Cadet College



Finance Minister of Bangladesh Mr. Abul Maal Abdul Muhith along with the Information Minister of Bangladesh Mr. Hasanul Haq Inu, the Chairman of AB Bank Limited Mr. M. Wahidul Haque and many others inaugurated the Golden Jubilee Celebration of Jhenidah Cadet College .

Jhenidah Ex-Cadets Association (JEXCA) an Alumni organization of Ex-cadets of Jhenidah Cadet College had under taken exclusive celebration programs on the Golden Jubilee Celebration of Jhenidah Cadet College. AB Bank joined hands with JEXCA to celebrate the Golden Jubilee of Jhenidah Cadet College. The Bank was the Platinum Sponsor of the event. Many Ex-Cadets from every batch attended the program to celebrate this occasion. The program was inaugurated by the Finance Minister of Bangladesh Mr. Abul Maal Abdul Muhith along with the Information Minister of Bangladesh Mr. Hasanul Haq Inu, the Chairman of AB Bank Limited Mr. M. Wahidul Haque and many others. The two day long program was filled with exciting events like – March past of current students, Cultural night etc. AB contributed BDT 2.95 million for the celebration.

AB Sponsored the "Borsho Biday O Hazaro konthe Borsho Boron 1420" by Channel-I

AB Bank Limited contributed BDT 1 million for "Borsho Biday O Hazaro konthe Borsho Boron 1420" – a program for celebrating the Bengali new year by Channel-I.

AB Sponsored the Publication of "Shishu Kishor Sonkolon" by Chandrabati Academy

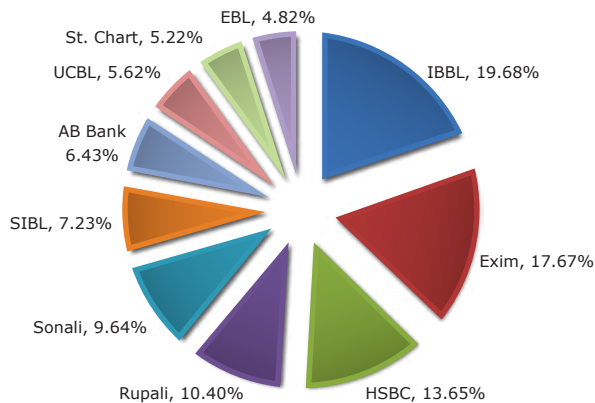
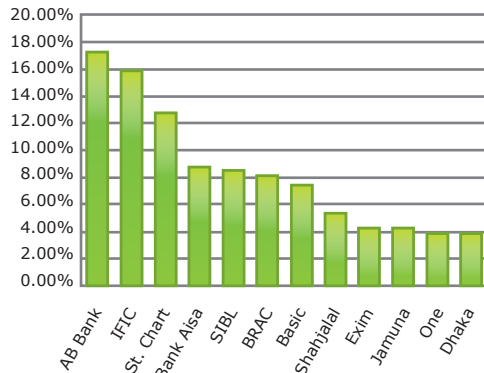
AB Bank Limited contributed BDT 1.65 million for the publication of "Shishu Kishor Sonkolon" by Chandrabati Academy – a story collection for the children.

AB Bank Limited Green Banking

Green Banking Activities

Banks have started Environmental Risk Rating (EnvRR) since July 2011. Banks have done environmental risk rating in 2986 projects in 2013. AB Bank has been amongst the top ten Banks in EnvRR during 2012. [Source: Annual Report on Green Banking 2012, Bangladesh Bank]

Top Ten Banks in EnvRR during 2012



Top Ten Banks in utilization of climate Risk Fund during 2012

Green Banking Activities

AB Bank has adopted comprehensive Green Banking Policy in line with global norms BRPD Circular no. 02 Dated February 27, 2011 on "Policy Guidelines for Green Banking" (as approved by Board of Director's 488th Meeting held on 19.12.2011).

Accordingly,

- Green Banking Committee (GBC) has been functioning
- A separate Green Banking Unit (GBU) having the responsibility of designing, evaluating and administering related Green Banking issues of the bank has already been formed comprising with 7 (Seven) Senior Officials from AB Head Office and Branches.

As per Bangladesh Bank Guidelines AB Bank has already implemented the 1st Phase of Green Banking practicing the same. Implementation of 2nd phase is under process.

Phase 1: Policy Formulation and Governance:

Incorporation of ERM in CRM

Eco friendly business activities and energy efficient industries are given preference in financing by the Bank. Environmental infrastructure such as wastewater treatment plant, bio-gas plant, bio-fertilizer plants are encouraged and financed by the Bank. Besides, projects having such installations are encouraged. Bank has incorporated Environmental and Climate Change Risk as part of the existing credit risk methodology and introduced Environment Due Diligence Checklist to assess existing as well as a prospective borrower (Credit Circular No.09/2011 in June, 2011).

In-House Environment Management

We have introduced Green Office Guide (Green Tips) to better manage In-House Environment. Brief Particulars of Green Office Guide is as under:

As per the above guide:

- Prepare & maintain inventory of the consumption of water, paper, electricity, energy etc. in its offices and branches in different places
- Measures are to be taken to save electricity, water and paper consumption
- In place of relying on printed documents, online communication is extensively used (where possible) for office management
- Install energy efficient electronic equipment's and automatic shutdown of computers, -fans, lights, air coolers etc.

Slogan of Green Banking in AB - "REDUCE, REUSE AND RECYCLE"

REDUCE & REUSE

Every ton of paper saves 17 trees.

- Purchase recycled paper.
- Print on reusable sheets.
- Print multiple pages on single sheets of paper.
- Set defaults to print double -sided and print on both sides
- Print only the pages required.
- Increase margin width of the documents.
- Lower the default font (preferably to 10 point) which would shrink the document by about 10%
- Use email statements. We save an enormous amount of paper.
- Fewer letters to open- we will call or email you for service reasons wherever possible rather than write to you
- Low use of cheque book or paying-in book (withdrawal & payment through Card)
- Installed solar ATM's (we already have 7 such ATMs).
- Switch off the ACs after 7 pm (or earlier specially when not required), and maintaining the temperature of the AC at 22 Degree Celsius;

AB Bank Limited Green Banking

- Switch off the lights of the common area after banking hour
- Switch off the computer/printer, when not in use

Green Monitor

To Ensure Optimum consumption of Electricity and Water, Head Office and all Branches of the Bank is set to reduce electricity consumption. To this effect,

To this effect, One Officer for each ABBL Floor (at HO as well as at each Branch) has been nominated as 'Green Monitor' who ensure that:

- Air Cooler Temperature is maintained at 24°C during office hours.
- Air Coolers are put off after 7:00 pm and unnecessary lights are put off when not required.
- There is no wastage of water (in kitchen, gardens, car wash and rest rooms especially due to faulty bib cock).
- Switch off Air Coolers inside ATM Booths every night from 12:00 Midnight to 6:00 am

Earth Hour

Introduction of Earth Hour in every Branch and at Head Office:

To save electricity and to promote the environmental cause effectively, every ABBL Branches switch off Air Coolers of the branches as well as the unnecessary lights for 1 (one) hour every Sunday from 3:00 p.m. to 4:00 pm

- To this effect, a placard inside prominent place of the branch is shown mentioning the time schedule and the very purpose of the same.

CREATION OF CLIMATE RISK FUND

Bank to allocate Climate Risk Fund for CSR activities for the people affected by climate change like severe winters which we have seen in last few years.

GREEN MARKETING

To promote Green marketing Bank is arranging Training & Capacity Building.

ONLINE BANKING

- ABBL is a fully real-time online Bank and encourage customers to use Online banking for transactions.
- It gives more emphasis to make the easiest way to help environment by eliminating paper waste, saving gas and carbon emission, reducing printing costs and postage expenses.

Supporting Employee Training, Consumer Awareness and Green Event

In June, 2013 workshops were arranged for officials as well as customers of our Chittagong region Branch to create awareness of Green Banking.



Earth Hour (Green Event) is practiced which also makes our customers aware.

Disclosure and reporting of Green banking

Such disclosure has been done in our Annual Report, Bank's periodicals while our websites speaks of our Green Products.

Implementation of PHASE – II of Green Banking is under process:

- Presently we are in the 2nd Phase of Green Banking and will completed by December 31, 2012. The plan shall include:
 - Sector Specific Environmental Policies (Mancom approved)
 - Green Strategic Planning
 - Setting up of Green Branches
 - Improved In-house Environment Management
 - Formulation of Bank Specific Environmental Risk Management Plan and guidelines
 - Rigorous program to educate clients
 - Disclosure and reporting of Green banking activities

AB Bank Limited
AB Events-2013



AB Bank Limited
AB Events-2013



LOCAL NETWORK



AB Bank Limited Branch Network

SL No	Branch Name	Address	SL No
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Corporate Branches (2 Branches)

1	Motijheel	BSB Building, 08 DIT Avenue, Dhaka	1
2	Principal	30-31, Dilkusha C/A, Dhaka	2

Dhaka Region-1 (17 Branches)

1	Banani	S.R.R. Commercial Tower, Plot#50, Road#11, Block#C, Ward#19, Police Station-Banani, Dhaka	3
2	Bandura	Bandura Govt. Super Market (1st floor) Hasnabad, Nawabgonj, Dhaka	4
3	Bhairab Bazar	248 (W) Tin Potty, Bhairab Bazar, Bhairab, kishoregonj	5
4	Board Bazar	Union: Gacha, PO: National University, PS: Gazipur Sadar, Gazipur	6
5	Comilla	Mogholtooly Super Market (1st Floor), Mogholtooly Road, Comilla	7
6	Kakrail	81, VIP Road, Dhaka-1000	8
7	Karwan Bazar	BSEC Bhaban, 102 Kazi Nazrul Islam Avenue, Dhaka-1215	9
8	Madhabdi	Parkashipur, Madhabdi Bazar, Narsingdi	10
9	Malibagh	Advanced Melinda (Level-1) 72, Malibagh, Dhaka-1219	11
10	Mirpur	5/A, 5/B, Darus Salam Main Road (1st floor), Section 1, Mirpur, Dhaka	12
11	Mohakhali	Pacific Centre (1st Floor), 14 Mohakhali C/A, Dhaka-1212	13
12	Mymensingh	52 Dr. Bipin Sen Road, Choto Bazar, Kotowali, Mymensingh	14
13	Jinjira	Hazi Karim Market, Purba Aganagar, Gudara Ghat Road, Keranigonj, Dhaka	15
14	Nawabpur	198-202, Nawabpur Road (Nawabpur Tower), Nawabpur, Dhaka-1100	16
15	Progoti Sharani	N.R. Tower, 72 Progoti Sharani, Block-J, Baridhara, Dhaka	17
16	Rokeya Sharani	923, Shewrapara Rokeya Sharani, Mirpur, Dhaka	18
17	Tangail	702 Sabur Khan Tower, Kalibari Road, Tangail Sadar, Tangail	19

Dhaka Region-2 (16 Branches)

1	Ashugonj	Kashem Plaza, Ashugonj Sadar, Brahmanbaria.	20
2	Brahmanbaria	1090/5321, Court Road, Brahmanbaria	21
3	Chandra	Alhaj Khabiruddin Super Market (1st floor), Kaliakori Bazar, Poura Shava, Kaliakair, Gazipur	22
4	Chandpur	Holding No.123/115 Kalibari Pouro New Market, Chandpur Sadar, Chandpur	23
5	Dhanmondi	Plot: 45 (new), 286/B (old), Road:16 (new), 27 (old), Dhanmondi R/A, Dhaka-1209	24
6	Gulshan	Ventura Avenue (1st & 2nd floor) Plot.#CWN (C)-8, Road#34, Gulshan-2, Dhaka-1212	25
7	Imamgonj	40, Imamganj, Dhaka	26
8	Islampur	38-39, Islampur, Dhaka	27
9	Joypara	Dohar, Dhaka	28
10	Narayanganj	109 B.B Road Narayanganj	29
11	New Elephant Road	Novera Square, House 05, Road 02, Dhanmondi, Dhaka - 1205	30
12	North South Road	9/1 North South Road (Bangshal), Dhaka - 1100	31
13	Pagla	Al-haj, Afsar Karim Bhaban, DN Road, Pagla, Narayanganj	32
14	Savar	Palash Bari, Baipal, Savar, Dhaka	33
15	Shyamoli	Shyamoli Square, (Level- 1 & 2) Holding#24/1 & 24/2, Plot#23/8-B & 23/8-C, Block-B, Khilji Road, Ward#45, Mohammadpur, Dhaka	34
16	Uttara	House: 11, Road: 14D, Sector: 4, Uttara, Dhaka	35

Chittagong Region-1 (12 Branches)

1	Agrabad	BCIC Sadan, 26, Agrabad C/A, Chittagong	36
2	Choumuhani	886, Feni Road, Chaumuhani, Begumganj, Noakhali	37
3	Dewanhat	315, Dewan Chamber, Dewanhat, Doublemuring, Chittagong.	38
4	EPZ	Bay Shopping Centre, P.O. EPZ, South Haliashahar, P.S., Bandar, Chittagong	39
5	Feni	Haque Plaza (1st Floor), 193, SSK Road, Feni	40
6	Hathazari	Hajee Siddique Market (1st floor), Hathazari Bus Stand, Hathazari, Chittagong	41
7	Jubilee Road	175, Jubilee Road, Enayet Bazar, Chittagong	42
8	Nazumeah Hat	Burishchar, Kaptai Road, Hathazari, Chittagong	43
9	Port Cont. Road	5, Port Connecting Road, Block G, Barapole, Haliashahar, Chittagong	44
10	Patherhat	Khayez Shopping Center (2nd floor), Patherhat, Noyapara, Chittagong	45
11	Sitakunda	Aziz Shopping Complex, Mohadevpur, Chittagong	46
12	Station Road	86 Station Road, Nupur Market, Chittagong	47

AB Bank Limited Branch Network

SL No	Branch Name	Address	SL No
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Chittagong Region-2 (14 Branches)

1	Khatunganj	395, Khatunganj, Chittagong	48
2	Anderkilla	K.M.C Tower (1st Floor), 133, Anderkilla, Chittagong	49
3	Chawk Bazar	Moti Tower, 67/68 College Road, Chawkbazar, Chittagong	50
4	Bahaddar Hat	4543, Bahaddarhat, Medina Hotel (1st Floor), Chandgaon, Chittagong	51
5	Boalkhali	TCCA Complex, Gomdandi (East), Boalkhali, Chittagong	52
6	CDA Avenue	BMA Bhaban (Gorund Floor), 1367 CDA Avenue, East Nasirabad, Chittagong	53
7	Cox's Bazar	Digonta Complex (New Market), Bazar Ghata, Cox's Bazar	54
8	Chakaria	M Rahman Complex (1st floor), Holding No. 625, Ward No. 4, Chakaria, Cox's Bazar	55
9	Khulshi	Khulshi House, Bungalow No. 2, B-2, Road No. 1, Khulshi, Chittagong	56
10	Lohagara	Mostafa City, Amirabad, Lohagara, Chittagong	57
11	Pahartali	Abdur Rahim Tower (1st Floor), 972/1043, D.T Road, A.K Khan Gate North Pahartoli, Chittagong	58
12	Teknaf	Teknaf Main Road, Teknaf, Cox's Bazar	59
13	Sandwip	Sandwip City Centre, Anam Nahar, Plot No. 22370-71, Union-HaraMia P.S. Sandwip, Chittagong.	60
14	Chaturi	Al Amin Super Market, Dag No.RS-1840/3474, Khatian No. 488 & 106 Mouza-Chaturi, Union-Chaturi, Police Station-Anowara, District-Chittagong.	61

Sylhet Region-10 Branches

1	Boroikandi	Rongdhonu Biponi Bitan (1st floor) Central Bus Terminal Road, Verthokhola, Sylhet	62
2	Chhatak	Madaris Mansion, Bagbari, Chhatak, Sunamganj	63
3	Dargah gate	Raj Manjil, Dargahgate, Sylhet	64
4	Garden Tower	Biswa Road, Shahjalal Uposhohor Point, Sylhet 3100	65
5	Madhabpur	Munshi Tower (1st Floor), Madhabpur, Habiganj	66
6	VIP Road	Surma Tower, Plot No. 6006 (old), 27640 (new) VIP Road, Taltala, Sylhet-3100	67
7	Moulvi Bazar	Shamsher Nagar Road, Choumuhani, Moulvibazar	68
8	Sreemongal	Aziz Super Market, Moulvibazar Road, Sreemongal, Moulvibazar	69
9	Tajpur	Haji Keramat Ali Super Market, Kadamtala, Tajpur, Sylhet	70
10	Habiganj	Shayestaganj Main Road, Holding#6286, Ward# 8, Habiganj	71

Khulna Region-7 Branches

1	Barisal	Monsur Mansion, 101, Sadar Road, Barisal	72
2	Benapole	607 Benapole, Local Bus Stand, Benapole, Jessore	73
3	Jessore	38 M.K. Road, Jessore	74
4	Jhikargacha	Hanef Super Market, Holding#567, Word#3, Jessore Benapole Road, Jhikargacha Pourashava, Jessore	75
5	Khulna	Mollick Shopping Complex Limited, 99 Khan A Sabur Road, Khulna	76
6	Kushtia	12-14 Nawab Serajuddowla Road, Boro Bazar, Kushtia	77
7	Satkhira	884/810, Abul Kashem Road, Satkhira	78

Rajshahi Region-9 Branches

1	Bogra	324, Kazi Nazrul Islam Sarak, Jhawtala, Bogra	79
2	Chapai Nawabganj	16 Godagari Road, Chapai Nawabganj	80
3	Dinajpur	189 Zaved Super market, Bahadur Bazar, Dinajpur	81
4	Naogaon	Mozaffer Hossain Marketing Complex, Main Road, Naogaon	82
5	Pabna	A.R. Plaza, Abdul Hamid Road, Pabna	83
6	Rajshahi	102-103, Shaheb Bazar, Rajshahi	84
7	Rangpur	91-92, Central Road, Kotowali, Rangpur	85
8	Saidpur	24, Nur Plaza (1st & 2nd Floor), Ward No. 12, Shaheed Dr. Zikrul Haque Road Saidpur, Nilphamari	86
9	Sirajgonj	Friend Plaza (1st floor), S. S Road, Ward 1, Sirajganj	87

Islami Banking - 1 Branch

1	Islamic Banking-Kakrail	82, Kakrail, Ramna, Dhaka	88
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Overseas Branch-1 Branch

1	Mumbai Branch	Liberty Building, 41-42, Sir Vithaldas Thackersey Marg, New Marine Lines Mumbai-400020, India	89
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Overseas Subsidiaries

1	AB International Finance Ltd.	Unit 1201-B, 12/F, Admiralty Centre, Tower One, 18 Harcourt, Hongkong	90
2	AB Exchange (UK) Ltd.	69 Whitechapel High Street, London, E1 7PL	91

AB Bank Limited ATM Network

ATM Name	ATM Branch Name	ATM Booth Address	Live Date
Board Bazar	Board Bazar	Union: Gacha, PO: National University, PS: Gazipur Sadar, Gazipur-1704	01-Jul-09
Joypara	Joypara	Joypara, Dohar, Dhaka-1300	06-Oct-09
Gulshan	Gulshan	Ventura Avenue, Plot No. CWN(C)-8, Road No. 34, Gulshan Model Town, Gulshan, Dhaka	06-May-10
Bogra	Bogra	324, Kazi Nazrul Islam Sarak, Jhawtala, Bogra-5800	10-May-10
Kakrail (Islami Branch)	Kakrail	82, V.I.P Road, Kakrail, Dhaka-1000	07-Jun-10
Dargahgate	Dargahgate	Raj Manjil, Dargahgate, Sylhet-3100	14-Jun-10
Garden Tower	Garden Tower	Bishwa Road, Shahjalal Uposhohor Point, Sylhet-3100	14-Jun-10
VIP Road	VIP Road	Surma Tower, Plot - 6006(old), 27640(new), Ward 13, V.I.P. Road, Taltala P.S.: Kotwali, Sylhet City Corporation, Sylhet-4112	14-Jun-10
Chattak	Chattak	Madaris Mansion, Bagbari, Chattak, Sunamganj-08723	15-Jun-10
Tangail	Tangail	702 Sabur Khan Tower, Kalibari Road, Tangail Sadar, Tangail-1900	16-Jun-10
Principal	Principal	BCIC Bhaban, 30-31, Dilkusha C/A, Dhaka-1000	20-Jun-10
Uttara	Uttara	House 11, Road 14D, Sector 4, Uttara, Dhaka-1230	23-Jun-10
Kakrail	Kakrail	81, VIP Road, Kakrail, Dhaka-1000	24-Jun-10
Elephant Road	New Elephant Road	Novera Square, House 05, Road 02, Dhanmondi, Dhaka-1205	24-Jun-10
Mohakhali	Mohakhali	Pacific Centre, 14 Mohakhali C/A, Dhaka-1212	28-Jun-10
Karwan Bazar	Karwan Bazar	BSEC Bhaban, 102 Kazi Nazrul Islam Avenue, Dhaka-1215	28-Jun-10
Progoti Sharani Br	Progoti Sharani	N.R. Tower, 72 Progoti Sharani, Block-J, Baridhara, Dhaka	29-Jun-10
Bahaddarhat	Bahaddarhat	Bismillah Complex, Arakan Road, Bahaddarhat, Chittagong-4323	29-Jun-10
CDA Avenue	CDA	BMA Bhaban, 1367 CDA Avenue, East Nasirabad, Chittagong-4000	29-Jun-10
Agrabad	Agrabad	BCIC Sadan, 26, Agrabad C/A, Chittagong-4100	30-Jun-10
Patherhat	Patherhat	Khayez Shopping Center, Patherhat, Noyapara, Chittagong	01-Jul-10
Khatunganj	Khatunganj	395, Khatunganj, Chittagong-4000	01-Jul-10
Kalatoli	Cox's Bazar	Kalatoli, Hotel Motel Zone, Main Road, Cox's Bazar-4700	04-Jul-10
Madhabdi	Madhabdi	Parkashipur, Madhabdi Bazar, Narsingdi-1604	12-Jul-10
Nazumeah Hat	Nazumeah Hat	Burischar, Kaptai Road, Hathazari, Chittagong-4330	12-Jul-10
Khulna	Khulna	Mollick Shopping Complex Limited, 99 Khan A Sabur Road, Khulna-9100	12-Jul-10
Bhairab Bazar	Bhairab Bazar	248(W) Tin Potty, Bhairab Bazar, Bhairab, Kishoregonj-2350	13-Jul-10
O.R. Nizam Road	CDA	862/A, O.R. Nizam Road, Goal Pahar Circle, Chittagong-4000	13-Jul-10
Brahmanbaria	Brahmanbaria	1090/5321, Court Road, Brahmanbaria-3400	13-Jul-10
Benapole	Benapole	607 Benapole, Local Bus Stand, Benapole, Jessore-7431	13-Jul-10
EPZ	EPZ	Bay Shopping Centre, P.O: EPZ, South Halishahar P.S. Bandar, Chittagong-4100	14-Jul-10
Chandpur	Chandpur	123/115 Kalibari Pouro New Market, Chandpur Sadar, Chandpur-3600	14-Jul-10
Satkhira	Satkhiria	884/810, Abul Kashem Road, Satkhira-7431	14-Jul-10
Naogaon	Naogaon	Mozaffer Hossain Marketing Complex, Main Road, Naogaon-6500	14-Jul-10
Jessore	Jessore	38 M. K. Road, Jessore-7400	15-Jul-10
Sirajganj	Sirajganj	Friends Plaza, S S Road, Ward 1, Sirajganj-6700	15-Jul-10
Midtown Shopping Mall	Mirpur	Plot 22, Main Road 03, Section-7, Pallabi, Mirpur, Dhaka-1216	17-Jul-10
Saidpur	Saidpur	24, Nur Plaza, Ward 12, Shaheed Dr. Zikrul Haque Road, Saidpur, Nilphamari-5310	18-Jul-10
Rajshahi	Rajshahi	102-103 Shaheb Bazar, Rajshahi-6000	21-Jul-10
Pahartoli	Pahartoli	825, Zakir Hossain Road, Amader Bari, Chittagong	26-Jul-10
Moulvi Bazar	Moulvi Bazar	Shamsher Nagar Road, Choumuhana, Moulvibazar-3200	26-Jul-10
Narayanganj	Narayanganj	109, B.B Road, Narayanganj	27-Jul-10
Mymensingh	Mymensingh	52 Dr. Bipin Sen Road, Choto Bazar, Kotowali, Mymensingh-2201	27-Jul-10
Comilla	Comilla	Mogholtooly Super Market, Mogholtooly Road, Comilla-3500	29-Jul-10
Lohagora	Lohagara	Sicho Shopping Complex, Padua, Lohagara, Chittagong-4397	03-Aug-10
Teknaf	Teknaf	Teknaf Main Road, Teknaf, Cox's Bazar-4760	15-Sep-10
Sremongal	Sremongal	Aziz Super Market, Moulvibazar Road, Sremongal, Moulvibazar-3210	15-Sep-10
Imamganj	Imamganj	40, Imamganj, Dhaka-1211	21-Sep-10
Dhanmondi	Dhanmondi	Plot: 45 (new) 286/B (old), Road: 16 (new) 27 (old), Dhanmondi R/A, Dhaka-1209	22-Sep-10
Bangshal	North South Road	9/1, North South Road, Bangshal, Dhaka	26-Sep-10
Khulshi	Khulshi	Khulshi House, Bungalow No. 2, B-2, Road 1, P.S.: Khulshi, Chittagong-4000	26-Sep-10
Boroikandi	Boroikandi	Rongdhonu Biponi Bitan, 1st Floor, Central Bus Terminal Road, Verthokhola, Sylhet-3100	26-Sep-10
Boalkhali	Boalkhali	TCCA Complex, Gomdandi (East), Boalkhali, Chittagong-4366	27-Sep-10
Momin Road	Andrekill	100, Momin Road, Chittagong	31-Oct-10
Fakirapool	Motijheel	1/A Fokirapool D.I.T Ext. Road, Dhaka	04-Nov-10
Shantinagar	Kakrail	Eastern Point, 8-9, Shantinagar, Dhaka	04-Nov-10
Tajmahal Road	Dhanmondi	3/4, Block-C, Taj Mahal Road, Mohammadpur Dhaka-1207	07-Nov-10
Malibagh	Kakrail	480, D.I.T Road, Malibagh, Dhaka	10-Nov-10
Arakan Road	Bahaddarhat	957/1553, Arakan Road, Bahadarhaat, Chittagong	11-Nov-10
Rangpur	Rangpur	91-92, Central Road, Kotowali, Rangpur (Opposite of Rangpur Bangladesh Bank)	11-Nov-10

AB Bank Limited ATM Network

ATM Name	ATM Branch Name	ATM Booth Address	Live Date
Kamlapur	Principal	14-15, North Kamlapur, Dhaka	28-Nov-10
Viyellatex	Board Bazar	Viyellatex-76/B Satair RS-Khototil, Gazipura Bus Stand, Gazipur	28-Nov-10
Dinajpur	Dinajpur	189 Zabeed Super Market, Bahadur Bazar, Dinajpur	29-Nov-10
Modern More	Dinajpur	Modern More, Ganeshtala, Dinajpur	29-Nov-10
Bonosree	Progoti Sharani	House-35, Road-2, Block-C, Bonosree, Rampura, Dhaka	1-Dec-10
Kushtia	Kushtia	Serajuddowla Road, Al Amin Super Market, Kushtia	2-Dec-10
Mirpur#1	Mirpur	House-2, Road-6, Block-F, Muktijoddah market, Mirpur, Dhaka	7-Dec-10
Proshika More	Mirpur	Plot-33, Lane-1, Block-B, Section-6, Mirpur, Dhaka	7-Dec-10
Keranigonj	Jinjira	Chowrasta, Bishwa Road, Keranigonj, Dhaka	8-Dec-10
Sabujbagh	Principal	78(O), 25(N), Sabujbagh, Biswa Road, Dhaka	12-Dec-10
Nawabpur	Nawabpur	Bakultala Complex, Folder Street, Nawabpur, Dhaka	13-Dec-10
Wari	Nawabpur	216, Nawab Street, Wari, Dhaka	13-Dec-10
Station Road	Sreemongal	Kutum Bari, Station Road, Sreemongal	21-Dec-10
Chowhatta	Dargahgate	Firoj Tower, Chawhatta, Sylhet	22-Dec-10
Mira Bazar	Garden Tower	Tamabil Road, East Mira Bazaar, Sylhet	22-Dec-10
Amtola	Satkhira	Amtola, In front of Zilla School, Satkhira Sador, Satkhira	22-Dec-10
Naya Bazar	Islampur	Nawab Yousuf Super Market, Naya Bazar, Old Town, Dhaka	23-Dec-10
Patrail	Tangail	Patrail, Delduar, Tangail	23-Dec-10
Dream Plaza	Jessore	Dream Plaza, 37, Hadi Md Mohsin Road, Jessore	23-Dec-10
Malibag	Malibag	Advanced Melinda (Level-1), 72 Malibag, Dhaka-1219	27-Dec-10
Shyamoli	Shyamoli	Shymoli Square, 23/8-B & C, Block-B Khilji Road, Dhaka-1207	27-Dec-10
New Eskaton	Karwan Bazar	94, New Eskaton Road, Romna, Dhaka-1000	28-Dec-10
Panthapath	Karwan Bazar	89/2, West Panthapath, Dhaka-1215	28-Dec-10
Feni	Feni	Haque Plaza(1st Floor), 193 SSK Road, Feni	28-Dec-10
Royal More	Khulna	Royal More, Khulna	28-Dec-10
Rajshahi Medical College	Rajshahi	Rajshahi Medical College, Rajshahi	28-Dec-10
Chakaria	Chakaria	M. Rahman Complex (1st Floor), Ward 4, Chakaria, Cox's Bazar	29-Dec-10
Old Satkhira	Satkhira	Puratan Satkhira Bazar, Asha Suni Road, Satkhira Sador, Satkhira	29-Dec-10
Chapai Nawabganj	Chapai Nawabganj	16 Godagari Road, Chapai, Nawabganj	29-Dec-10
Puradah	Kushtia	Khan Super Market, Puradah, Kushtia	30-Dec-10
Islampur (Gandaria)	Islampur	56 Haricharan Roy Road, Faridabad, Dhaka	2-Jan-11
Madhabpur	Madhabpur	Munshi Tower (1st Floor), Ward 7, Madhabpur, Habiganj	3-Jan-11
Thanar More	Kushtia	N.S Road Thanar More, Kushtia	4-Jan-11
Dewanbazar	Chawk Bazar	82, Nawab Sirajuddowla Road, Chawkbazar, Chittagong	13-Jan-11
Uttara-3	Uttara	House-37, Road-7, Sector-3, Uttara, Dhaka-1230	16-Jan-11
Farmgate	Karwan Bazar	71-75, Kazi Nazrul Islam Avenue, Farmgate, Dhaka 1215	16-Jan-11
Shewrapara	Rokeya Sharani	820, West Shewrapara, Rokeya Sharani Road, Dhaka	17-Jan-11
Shi'ah Mosque	Shyamoli	Shi'ah Mosque, House-16, Road-1, Mohammadpur, Dhaka-1207	18-Jan-11
Patuatoli	Islampur	28, Patuatuli, Hazi Nur Mohammad Road, Dhaka	19-Jan-11
Zinda Bazar	VIP Road	Blue Water Shopping Complex, Zinda Bazaar, Sylhet	19-Jan-11
Saidabad	Principal	17/A, North Saidabad Jatrabari, Dhaka	20-Jan-11
Jhinaidah	Kushtia	Jhinaidah Road, M. A Razzaq, Kushtia	25-Jan-11
Prince Plaza	Dhanmondi	4/2, Prince Plaza, Sobhanbag, Mirpur Road, Dhaka	5-Feb-11
Monipuripara	Rokeya Sharani	20/1, Monipuripara (Sangshad Avenue) Dhaka	5-Feb-11
Bijoy Sharani	Karwan Bazar	242/1/B, Bijoy Sharani Link Road, Tejgaon, Dhaka	6-Feb-11
Khilgaon	Malibagh	425/C, Khilgaon, Dhaka	8-Feb-11
AK Plaza	Uttara	A.K Plaza, Plot-1, Road-1/B, Sector-9, Uttara, Dhaka-1230	23-Feb-11
Bandura	Bandura	Bandura Government Super Market, Nawabgonj, Dhaka	23-Feb-11
Concord Arcadia	New Elephant Road	Concord Arcadia, Plot#122, Road#4, Dhanmondi, Dhaka	3-Mar-11
Pagla	Pagla	DN Road Pagla, Fatullah, Narayanganj	5-Apr-11
Sitakunda	Sitakunda	Aziz Shopping Complex, Sitakunda, Chittagong	10-Apr-11
Foy's Lake	Khulshi	Concord Amusement World, Foy's Lake, Khulshi, Chittagong	11-Apr-11
Lama Bazar	VIP Road	VIP Road, Lama Bazar, Sylhet	11-Apr-11
Rina Monjil	Jessore	69, Central Jail Road, Jessore	11-Apr-11
Gowsul Azam	Uttara	Gowsul Azam Avenue, House#57, Sector#14, Uttara, Dhaka-1230	27-Apr-11
Jhikargacha	Jhikargacha	Hanif Super Market, Jhikargacha	27-Apr-11
Baridhara-1	Gulshan	Baridhara Parishad Office, Baridhara DOHS, Road#5, Opposite to CSD, Dhaka	8-May-11
Baridhara-2	Gulshan	Baridhara Parishad Office, Baridhara DOHS, Road#5, Opposite to CSD, Dhaka	8-May-11
Subid Bazar	Dargahgate	Indiana Height, Subid Bazar, Sylhet	8-May-11
Pall Bari	Jessore	Pallbari Circle, Beside Royal Community Center, Jessore	9-May-11
Pilkhana	New Elephant Road	57 Azimpur Pilkhana Road, Opp-Thana Education Office, Dhaka	12-May-11

AB Bank Limited ATM Network

ATM Name	ATM Branch Name	ATM Booth Address	Live Date
Mohakhali Amtola	Mohakhali	Mohakhali, H-39, Under Mohakhali Fly Over, Zia International Airport Road, Mohakhali, Dhaka	16-May-11
Zigatola	New Elephant Road	House-43/3/2, Zigatola, Dhanmondi, Dhaka	16-May-11
Bokshi Bazar	North South Road	Bokshi Bazar, City Corporation Market, Dhaka Medical College, Dhaka	17-May-11
Pabna	Pabna	AR Plaza, Ground Floor, Abdul Hamid Road, Pabna	23-May-11
Tanbazar	Narayanganj	56, SM Maleh Road, Al Jaynal plaza, Tanbazar, Narayanganj	29-May-11
Khanpur Puro Market	Narayanganj	8 No, Khanpur Puro Market, Hospital Market, Narayanganj	1-Jun-11
Monipuripara-2	Karwan Bazar	Lion's Shopping, Old Airport Road, Monipuripara, Dhaka	2-Jun-11
Gabtolli	Shyamoli	86, 1st Colony, Mazar Road, Gabtolli, Mirpur, Dhaka	2-Jun-11
Mojumdar Merket	Feni	Mojumdar Merket, Sadar Hospital Road, Feni	2-Jun-11
Chalkbazar	Imamganj	18/1 Water Works Road, Dal Potti, Chalkbazar, Dhaka	6-Jun-11
Ashuganj	Ashuganj	SA Plot#10 & 12, Main Road, Ashuganj	14-Jun-11
Moghobazar	Malibag	63/Ka, Maghobazar More, Dhaka	18-Jun-11
Shib Bari	Khulna	B7, Mojib Sharani, Shib Bari, Khulna	27-Jun-11
Bar House	Jessore	District Judge Court Bar Association (Bhaban No-1), Near Jessore Municipal Eid Gah Moidan, Mudjib Sarak, Jessore	29-Jun-11
Nathullabad	Barisal	Nathullabad Bus Stand, Barisal	4-Jul-11
Launch Ghat	Barisal	Barishal Launch Ghat, Barisal	4-Jul-11
Grand Huq Tower	Feni	457-458, Grand Huq Tower, Mizan Road, Feni	21-Jul-11
VIP Tower	Jublee Road	VIP Tower, Kazir Dewri, Chittagong	24-Jul-11
Dostagir Center	Dewan Hat	Dostagir Center 31, D.T Road, Chittagong	24-Jul-11
Tajpur	Tajpur	Kazi Mansion, Dhaka-Sylhet High Way, Kadamtola, PO-Tajpur, PS-Osmaninagar, Sylhet	24-Jul-11
Al-Hasan Hotel	Khulna	144, Sir Iqbal Raod, Khulna	25-Jul-11
United Tower	Khulna	4 KDA, Khulna	25-Jul-11
Kaderabad Housing Society	Dhanmondi	41/A, Kaderabad Housing Society, Katasur, Mohammadpur, Dhaka	30-Jul-11
Lalbag	New Elephant Road	15, Lalbag Road, Lalbag Kella, Dhaka	30-Jul-11
Baipail	Savar	Other Side of Ashulia Thana (Baipail Police Station, Near Baipail Mosque), RS Plot No-181, Dhamsona, Ashulia, Savar, Dhaka	30-Jul-11
Boro Moghobazar	Malibagh	625 Boro-Moghobazar, Nayatola, (Opposite Red Cr. Society)	31-Jul-11
BRR	Board Bazar	Krishni Gobesona Institute, 58/1 58/2 Laksmipura, Chandra, Gazipur.	31-Jul-11
Kaliakair Super Market	Chandra	Kaliakair Super Market, Kaliakair Bazar Bus Stand, PO-Kaliakair Bazar, PS-Kaliakair, Gazipur	31-Jul-11
Konabari Bus Stand	Chandra	Konabari Bus Stand, Gazipur, Plot No A-146 & A-147(p) Block Chemical, BSCIC, Konabari, Gazipur	31-Jul-11
Chandra Chawrasta	Chandra	Ma-Amina Shopping Complex, Holding No-55, Dyekini, Kaliakair, Gazipur (Chandra Chawrasta, Gazipur)	31-Jul-11
Paltan Tower	Motijheel	Shop-11, Box Culvert Road, 87 Purna Paltan Road, Paltan Tower, Paltan, Dhaka	3-Aug-11
Vogra	Board Bazar	M.H Tower, Vogra, Gazipur	3-Aug-11
PCR Road	PCR	Shah Amanat Shopping Complex, Plot-12/A, Block-G, Road No-1, Len-2, Hali Shahar Housing Estate, Holding No-2113/A, Rampur, Chittagong	17-Aug-11
Uttara-14	Uttara	House - 20, Road -12, Sector -14,Uttara, Dhaka	23-Aug-11
Khilkhet	Progoti Sharani	Concord Lake city, Holding No. Kha - 94/3, Khilkhet, Dhaka	25-Aug-11
Ashkona	Uttara	Hazi Supper Market, Holding No. 2522, Ashkona, Uttara, Dhaka	25-Aug-11
Green Road	New Elephant Road	144, Green Road, Dhaka	25-Aug-11
Kochukhet	Rokeya Sharani	234/6, Kochukhet, Mirpur	25-Aug-11
Jublee Road	Jublee Road	175, Jublee Road, Enayet Bazar, Chittagong	7-Sep-11
Mukda Para	Malibagh	111/C, North Mukda Para, Sabujbagh, Dhaka	9-Sep-11
Indira Road	Karwan Bazar	26, Indira Road, Farmgate, Dhaka	19-Sep-11
Mirpur#12	Mirpur	Plot No-17, Road No-02, Block No-E, Section No-12, Rupnagar R/A, Mirpur Housing Estate, Mirpur, Dhaka	20-Sep-11
Uttara#7	Uttara	Plot-89, Road-28, Sector-07, Uttara, Dhaka	26-Sep-11
Navarone	Benapole	Navarone Bazar, Sharsha, Jessore.	2-Oct-11
Kadirganj	Rajshahi	97, Kadirganj, Dorikhorbona, Greater Road, Rajshahi	2-Oct-11
BRAC Shopping	Uttara	Shop No-111, BRAC Shopping Centre, Faidabad, Azampur, Uttara, Dhaka	11-Oct-11
Mirpur-10	Rokeya Sharani	1247, Rokeya Sarani, Near Mirpur-10, Mirpur, Dhaka	18-Oct-11
Uttara	Uttara	Plot No-05, Rana Bhola Road, Sector-10, Uttara, Dhaka	25-Oct-11
Notun Bazar	Mymensingh	25, Kali Sankar Guha Road, Notun Bazar, Mymensingh	26-Oct-11
Nawabgonj	Bandura	Kashimpur, Nawabgonj, Bandura, (Nearer to Upazila Parisad), Dhaka	20-Nov-11
Chaumuhani	Chaumuhani	Feni Road, Chaumuhani, Noakhali	22-Nov-11
Segunbagicha	Kakrail	42/1Kha, Segunbagicha, Ramna, Dhaka	23-Nov-11
Kalachandpur	Progoti Sharani	Ka/12, Kalachandpur, Baridhara, Gulshan, Dhaka	23-Nov-11
Amirabad	Lohagara	Best Chowdhury Plaza, Amirabad, Lohagara, Chittagong	23-Nov-11
Fantasy Kingdoom	Savar	SA Plot No-193, (Near to Fantasy Kingdoom) Diakhali, Jamgora, Ashulia, Dhaka	24-Nov-11
MDC Square	Chawk Bazar	MDC Square, Chawkbazar, Chittagong	30-Nov-11
Doymair Bazar	Tajpur	Osmani Shopping Center, Doyamir Bazar,Balaganj, Sylhet	30-Nov-11

AB Bank Limited ATM Network

ATM Name	ATM Branch Name	ATM Booth Address	Live Date
Sutrapur	Nawabpur	No-95/4, Distillery Road, Sutrapur, Dhaka	8-Dec-11
Bandar	EPZ	RSA Complex, South Halishahar, BS Plot No-8098, Bandar, Chittagong	13-Dec-11
Rampura	Kakrail	City Corporation Holding No-1, East Rampura, Dhaka	14-Dec-11
Tongi	Uttara	Sena Kalyan Commercial Complex, Plot No. 9/F, Tongi, Gazipur	14-Dec-11
Dhanmondi	Dhanmondi	Block-C, Plot-251/F, Road-22, Plot-60/A (New), Road-12/A (New), Dhanmondi R/A, Dhaka	15-Dec-11
Gulshan Link	Gulshan	TA-137/1, Gulshan Link Road, Dhaka	20-Dec-11
Dakkhin khan	Uttara	House-12, Ward-4, Dakkhin Khan, Dhaka	20-Dec-11
Sutrapur(RM Das)	Nawabpur	Holding No-108, R M Das Road, Sutrapur, Dhaka	22-Dec-11
Jatrabari	Principal	Holding No-102/1, Sahid Faruk Road, South Jatrabari, Dhaka	27-Dec-11
Lalmatia	Dhanmondi	House#B/20, Block-E, Zakir Hossain Road, Lalmatia, Dhaka	27-Dec-11
Rupnagar	Mirpur	House#57, Road#22, Rupnagar R/A, Mirpur, Dhaka	27-Dec-11
Sandwip	Sandwip	Sandwip City Centre, Haramiah, Sandwip, District-Chittagong	27-Dec-11
Sutrapur	Principal	29/5 K.M Das Lane, Sutrapur, Dhaka.	28-Dec-11
Comilla	Comilla	SA Plot No-634, Shashangacha, Badsha Miar Bazar, Kowtali, Comilla	28-Dec-11
Gulshan	Mohakhali	Block-B, House-50, Road-3 Avenue Road-1, Niketan, Gulshan-1	29-Dec-11
Banani	Gulshan	House-50, Road-11, Block-C, Banani, Dhaka	12-Feb-12
New Elephant Road	New Elephant Road	House-234/1, New Elephant Road, Dhaka	16-Feb-12
Ring Road	Shyamoli	KPBL Chayapath, House No.16/A/6, Ring Road, Mohammadpur, Dhaka	16-Feb-12
Adabar Bazar	Shyamoli	House-32/1/A North Adabar, Mohammadpur, Dhaka	19-Feb-12
Darus Salam Station	Shyamoli	59/D, Darus Salam, Mirpur Road, Dhaka	19-Feb-12
Nikunja-2	Progoti Sharani	Plot No-06, Road No-01, Nikunja-02, Dhaka	22-Feb-12
Simanta Square	New Elephant Road	Simanta Square Market Premises, Pilkhana, Dhaka	23-Feb-12
Gopibagh	Principal	1/A Gopibagh, 1st Lane, Dhaka-1203	26-Feb-12
Tejturi Bazar	Karwan Bazar	37 East Tejturi Bazar, Farmgate, Dhaka 1215	29-Feb-12
Nazim Uddin Road	Imamganj	1/2 Nazim Uddin Road, Dhaka	1-Mar-12
Bashundhara city	Karwan Bazar	Bashundhara city, Panthapath, Level-7, Dhaka	21-Mar-12
Sony Cinema	Mirpur	Crescent Homes, 150/1 Shah Ali bag Mirpur-1, Dhaka	26-Apr-12
South Basabo	Motijheel	445, Sabujbagh, South Basab---o, Sabujbagh, Dhaka	7-May-12
Shahjahanpur	Motijheel	714/1, Uttar Shahjahanpur, Dhaka	9-May-12
Lake Drive Road	Uttara	Plot No-19, Lake Drive Road, Sector-07 Uttara, Dhaka	16-May-12
Lucas More	Karwan Bazar	115 West Nakhalpara, Tejgaon, Dhaka	24-May-12
Sadar Road	Barisal	45, Sadar Road, Barisal	29-May-12
Medda Bazar	Brahmanbaria	Municipal Holding No-345/338, Medda Bazar, Brahmanbaria	30-May-12
Doylar More	Naogaon	Municipal Holding No-1952, Chawk Enayet, Naogaon	30-May-12
NICVD	Shyamoli	NICVD, Sher-e-Bangla Nagar, Dhaka	3-Jun-12
PC Culture Housing Society	Shyamoli	House-23, Road-10, Block-Kha, PC Culture Housing Society, Mohammadpur, Dhaka	14-Jun-12
Narinda	North South Road	98/1, Bhagabath Shah Sanka Nidhi Lane, Narinda Road, Gandaria, Dhaka	9-Jul-12
Naz Garden	Bogra	Plot No-1668, Hotel Naz Garden, Selimpur, Bogra	15-Jul-12
Comilla	Comilla	333, Jhawtala, Comilla	30-Jul-12
Training Academy	New Elephant Road	719 (old) Satmasjid Road, 85/A (New) M R Akhter Mukul Sarak, Dhanmondi R/A, Dhaka	31-Jul-12
Malibagh Chowdhury Para	Malibagh	577, Malibagh Chowdhury Para, Dhaka	10-Sep-12
Satmosjid Road	Dhanmondi	Block - E, Plot No - Gha/13, Mohammadpur Housing Estate, Mohammadpur, Dhaka	1-Oct-12
West Panthapath	Karwan Bazar	20/3, North Dhanmondi (old), Bir Uttam Kazi Nuruzzaman Sarak (New), West Panthapath, Dhaka-1205	15-Nov-12
Asad Avenue	Shyamoli	Mohammadpur Housing Estate Plot-71/C, Block-D, Mohammadpur, Dhaka	20-Nov-12
Cox's Bazar	Cox's Bazar	Digonta Complex (New Market), Bazar Ghata, Cox's Bazar	6-Dec-12
Mirpur BRTA	Rokeya Sharani	Plot-30, Main Road-01, Section-10, Mirpur, Dhaka	13-Dec-12
Bonosree Main Road	Malibagh	B/4, Block#B, Main Road, Bonosree, Dhaka	23-Dec-12
Hobigonj	Hobigonj	Sayestagonj Main Road, Hobigonj	30-Dec-12
Middle Badda	Progoti Sharani	Gha-131/1, Middle Badda, Dhaka	27-Jan-13
Rayer Bazar	Dhanmondi	15, Sultangonj, Rayer Bazar, Dhaka	28-Jan-13
East Dargahgate	Dargahgate	5222, East Dargahgate, Sylhet	28-Jan-13
Comilla Road	Chandpur	56, Comilla Road, Chandpur	29-Jan-13
Mohakhali	Mohakhali	G-37, Wireless Gate, Dhaka	6-Mar-13
Rupgonj RFL	Madhubdi	Rangpur Metal Industries Ltd, Murapara, Rupgonj, Narayanganj	8-Oct-13
South Gulshan (Gulshan-1)	Gulshan	Shop-15, 50, Gulshan South, Dhaka	1-Dec-13
New Senpara Road	Rangpur	House - 5543, Road -1, New Senpara Road, Grand Hotel More, Rangpur	15-Jan-14
Siddheswari Road	Malibagh	Total Camelia Point, 49, Siddheswari Road, Dhaka	27-Jan-14

AB Bank Limited

SME Centers

SL No	Branch Name	Address	Date of Opening
Dhaka Region			
1	Principal Branch SME Center	30-31, Dilkusha C/A, Dhaka	29-Mar-09
2	Islampur SME Center	38-39, Islampur, Dhaka	30-Mar-09
3	Kakrail SME Center	81, VIP Road, Dhaka - 1000	30-Apr-09
4	New Elephant Road SME Center	Novera Square, House 05, Road 02, Dhanmondi, Dhaka 1205	
Chittagong Region			
1	Agrabad SME Center	BCIC Sadan, 26, Agrabad C/A, Chittagong	30-Dec-09
2	Anderkilla SME Center	K.M.C. Tower (1st Floor), 133, Anderkilla, Chittagong	30-Dec-09
3	CDA Avenue SME Center	BMA Bhaban (Ground Floor), 1367 CDA Avenue, East Nasirabad, Chittagong	30-Dec-09
4	Jubilee Road SME Center	175, Jubilee Road, Enayet Bazar, Chittagong	30-Dec-09
Sylhet Region			
1	Garden Tower SME Center	Biswa Road, Shahjalal Uposhohor Point, Sylhet 3100	05-Apr-09
Khulna Region			
1	Khulna SME Center	Mollick Shopping Complex Limited, 99 Khan A Sabur Road, Khulna	20-Dec-09
Rajshahi Region			
1	Bogra SME Center	324, Kazi Nazrul Islam Sarak, Jhawtala, Bogra	20-Jul-09

NOTES

Corporate Head Office, BCIC Bhaban, 30-31, Dilkusha C/A, Dhaka 1000

I/We of
 being a Member of AB Bank Limited do hereby
 appoint Mr./Mrs. of
 as my/our proxy to attend and vote on my/our behalf at the Extra-Ordinary General Meeting (EGM) and the
 32nd Annual General Meeting (AGM) of the Company to be held on 21st April, 2014 at 9:00 a.m. and 9:15 a.m.
 respectively and at any adjournment thereof.
 As witness my/our hand this day of 2014.

Signature of the Proxy

Folio No.

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BO ID No.

[illegible]

Revenue
Stamp
Tk. 20.00

Note : A Member entitled to attend and vote at the Extra-ordinary General Meeting / Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly stamped, must be deposited at the Corporate Head Office of the Bank at least 48 hours before the time fixed for meeting.

Signature Verified

Authorized Signatory

AB Bank Limited

Corporate Head Office, BCIC Bhaban, 30-31, Dilkusha C/A, Dhaka-1000

I/We hereby record my/our attendance at the Extra-Ordinary General Meeting (EGM) and the 32nd Annual General Meeting (AGM) being held today, the April 21, 2014 (Monday) at 9:00 am and 9:15 am respectively at Bashundhara Convention Centre-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka.

Name of the Shareholder(s) (in Block Letter)															
No. of Shares															
Folio No.															
BO ID No.															
Name of the Proxy (if any)															

Signature verified by

Note: Please present this slip at the Reception Desk. Children and Non-Shareholders will not be allowed at the meeting.

NOTICE OF THE EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given that an Extra-Ordinary General Meeting (EGM) of AB Bank Limited will be held **on April 21, 2014 (Monday) at 9:00 am** at Bashundhara Convention Centre-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka to transact the following:

The following Special Resolution to be placed for consideration and approval of the Members of the Company:

"Resolved that consent for issuance of 'AB Bank Subordinated Bond' up to BDT 250.00 crore for Tier-II Capital subject to approval of the concerned Regulatory Authorities."

Dated: March 14, 2014

By order of the Board
Sd/-
Company Secretary

NOTE:

1. **'Record Date' is 25th March, 2014 (Tuesday).**
Shareholders' names appearing in the Share Register of the Company or in the Depository on the 'Record Date' will be eligible to attend the meeting.
2. A Member entitled to attend and vote at the above EGM can appoint a proxy to attend and on a poll to vote on his/her behalf. Form of Proxy duly stamped must be deposited at the Company's Registered Office not later than **forty eight hours** before the time fixed for the meeting and in default, Form of Proxy will not be treated as valid.

AB Bank Limited

Corporate Profile

Name of the Company

AB Bank Limited (ABBL)

Legal Form

Public Limited Company

Date of Incorporation

31st December 1981

Commencement of Business

27th February 1982

Registered Office

BCIC Bhaban, 30-31, Dilkusha C/A
Dhaka 1000, Bangladesh

GPO Box: 3522

Telephone: (+8802) 956 0312

Telefax: (+8802) 956 4122-23

SWIFT Code: ABBLBDDH

E-mail: info@abbl.com

Web Page: www.abbl.com

Dhaka Regional Office-01

BSEC Bhaban
102 Kazi Nazrul Islam Avenue
Dhaka 1215
Tel: (+8802) 8117598-9, 8112253, 8112251
E-mail: kwrnmg@abbl.com

Dhaka Regional Office-02

House 11, Road 14D
Sector 4, Uttara, Dhaka
Tel: (+8802) 8918758, 8922253, 8919865
Fax: (+8802) 8921566
E-mail: uttrmg@abbl.com

Chittagong Regional Office-01

Spensers Building, 26 Agrabad C/A,
Chittagong
Tel: (+88031) 713381-83, 713385-86
Fax: (+88031) 713384
E-mail: agrmg@abbl.com

Chittagong Regional Office-02

395, Khatunganj, Chittagong
Tel: (+88031) 611035-6, 630423
Fax: (+88031) 611176
E-mail: ktgmg@abbl.com

Sylhet Regional Office

Garden Tower
Biswa Road, Shahjalal Uposhohor Point
Sylhet 3100
Tel: (+880821) 725042, 815085
Fax: (+8980821) 725042
E-mail: gdnt@abbl.com

Khulna Regional Office

Mollick Shopping Complex Limited
99 Khan A Sabur Road, Khulna
Tel: (+88041) 720311, 723062, 724090
Fax: (+88041) 720311
E-mail: khlnmg@abbl.com

Rajshahi Regional Office

102-103 Shaheb Bazar, Rajshahi
Tel: (+880721) 773261, 774283
Fax: (+880721) 773261
E-mail: rjshmg@abbl.com

AB Bank Limited, Islami Banking Branch

82, Kakrail, Ramna, Dhaka
Tel: (+8802) 833 2235, 37, 38
Fax: (+8802) 833 2236
E-mail: ibb@abbl.com.bd

Custodian Services

BCIC Bhaban (7th Floor)
30-31, Dilkusha C/A
Dhaka 1000, Bangladesh
Tel: (+8802) 9569732, 9571265,
7177047
Fax: (+8802) 7160592
SWIFT: ABBLBDDH005
E-mail: custodian@abbl.com

Off-shore Banking Unit (OBU)

Bay Shopping Centre, P.O. EPZ
South Halishahar, P.S. Bandar, Chittagong
Tel: (+88031) 740604
Fax: (+88031) 741150

OVERSEAS BRANCH

Mumbai Branch

Liberty Building
41-42, Sir Vithaldas Thackersey Marg,
New Marine Lines, Mumbai 400020, India
Tel: (+91) (22) 22005392-3
Fax: (+91) (22) 22005391
SWIFT: ABFLINBB
E-mail: mumbai@abbl.com

SUBSIDIARY COMPANIES

AB International Finance Ltd.

Hong Kong
Unit 1201-B, 12/F, Admiralty Centre
Tower One, 18 Harcourt Road, Hong Kong
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E-mail: abifl@abbl.com
abhk@abbl.com

AB Exchange (UK) Ltd.

69 Whitechapel High Street
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Fax: +44 (0) 20 7655 4900
Email: info@abexchangeuk.com
www.abexchangeuk.com

AB Investment Limited (ABIL)

WW Tower (7th Floor)
68 Motijheel C/A
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AB Securities Limited (ABSL)

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Dhaka 1000, Bangladesh
Tel: (+8802) 9566266, 9566238,
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Fax: (+8802) 9568937
E-mail: absli@abbl.com

CashLink Bangladesh Limited (CBL)

BCIC Bhaban (9th Floor)
30-31, Dilkusha C/A, Dhaka 1000
Tel: (+8802) 9560312
Fax: (+8802) 9570635

Arab Bangladesh Bank Foundation (ABBF)

BCIC Bhaban (9th Floor)
30-31, Dilkusha C/A
Dhaka 1000, Bangladesh
Tel: (+8802) 9553939
Fax: (+8802) 9553773
E-mail: abbf@abbl.com

Authorized Capital: Tk. 600 crore
Paid-up Capital: Tk. 498 crore
Number of Shareholders: 107,044
(Record Date: 25.03.2014)

Total Manpower: 2,179
Number of Branches: 89
Number of SME Centers: 11

Total Asset: Tk. 20,801 crore
Earnings per Share (EPS): Tk. 2.03
Net Asset Value Per Share: Tk. 34.04
Market Capitalization: Tk. 1,304 crore

For any Clarification on this Report
Please Write to:
The Company Secretary
Head Office
AB Bank Ltd.
30-31 Dilkusha C/A, Dhaka-1000

Auditors
ACNABIN
Chartered Accountants

Rating Agency
Credit Rating Agency
of Bangladesh (CRAB)

AB Bank Limited

Corporate Office: BCIC Bhaban, 30-31 Dilkusha C/A
Dhaka 1000, Bangladesh, www.abbl.com