

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

**AB Bank Limited and Its Subsidiaries**

Auditors' report and consolidated and separate financial statements  
for the year ended 31 December 2012

**S. F. AHMED & CO**  
Chartered Accountants  
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## **Auditors' Report to the Shareholders of AB Bank Limited**

We have audited the accompanying consolidated financial statements of AB Bank Limited and its subsidiaries ("the Group") as well as the financial statements of AB Bank Limited (the Bank) which comprise the consolidated and separate balance sheets as at 31 December 2012 and consolidated and separate profit and loss statements, cash flow statements, statements of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes and annexures thereto. The financial statements of five subsidiaries, namely, AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, AB International Finance Limited and AB Exchange Company (UK) Limited as of 31 December 2012 were audited by other auditors which were relied upon by us.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the group and the Bank in accordance with Bangladesh Financial Reporting Standards (BFRSs)/Bangladesh Accounting Standards (BAS), the Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank 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 misstatement, whether due to fraud and 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 (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatements.

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 and error. In making those risk assessments, the auditors 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 referred to above which have been prepared in the format prescribed by Bangladesh Bank vide circular no. 14 dated 25 June 2003 and in accordance with relevant Bangladesh Financial Reporting Standards/ Bangladesh Accounting Standards give a true and fair view of the state of affairs of the Bank as at 31 December 2012 and results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Banking Companies Act 1991, Bangladesh Securities and Exchange Rules 1987, rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

**We also report that :**

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof and found them satisfactory;
- (ii) in our opinion, proper books of account as required by law were kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
- (iii) the Bank's balance sheet and profit and loss statement dealt with by this report are in agreement with the books of account and returns;
- (iv) the expenditures incurred during the year were for the purposes of the business of the Bank;
- (v) the financial statements of the Bank have been drawn up in conformity with the Banking Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank and the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (vi) adequate provisions have been made for loans and advances and other assets following the guidelines of Bangladesh Bank and in compliance with the letter issued by Bangladesh Bank vide letter no. DBI-1(Private)/101/2013-354 dated 25 March 2013;
- (vii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (viii) the information and explanations required by us have been received and found to be satisfactory;
- (ix) the cash reserve requirement and statutory liquidity reserve with Bangladesh Bank have been maintained as per rules;
- (x) the existing rules and regulations for loan sanctioning and disbursements have been followed properly as it revealed from our test checks;
- (xi) the internal control system was found satisfactory and adequate to prevent probable frauds and forgeries as it appeared from our test checks;
- (xii) adequate capital of Bank as required by law has been maintained during the year under audit;
- (xiii) 80% of risk-weighted assets of the Bank have been audited;
- (xiv) we have spent approximately 3,200 man hours for the audit of books and account of the Bank; and
- (xv) we are not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank.

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 28 March 2013

  
**S. F. AHMED & CO**  
Chartered Accountants

**AB Bank Limited & Its Subsidiaries**  
**Consolidated Balance Sheet at 31 December 2012**

		Amounts in Taka	
		At	At
Notes		31 Dec 2012	31 Dec 2011
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3(a)	<b>9,622,886,412</b>	<b>9,361,503,594</b>
In hand (including foreign currencies)	3.1(a)	1,231,720,758	997,917,256
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	8,391,165,655	8,363,586,338
<b>Balance with other banks and financial institutions</b>	4(a)	<b>7,473,564,867</b>	<b>6,695,213,100</b>
In Bangladesh	4.1(a)	5,621,794,561	5,664,958,585
Outside Bangladesh	4.2(a)	1,851,770,306	1,030,254,515
<b>Money at call and on short notice</b>	5(a)	<b>3,671,790,000</b>	<b>665,830,000</b>
<b>Investments</b>	6(a)	<b>26,949,597,279</b>	<b>22,484,125,659</b>
Government	6.1(a)	19,743,454,873	16,113,627,582
Others	6.2(a)	7,206,142,406	6,370,498,077
<b>Loans, advances and lease/investments</b>		<b>113,662,985,699</b>	<b>102,470,139,418</b>
Loans, cash credits, overdrafts, etc/Investments	7(a)	111,311,725,962	99,586,187,093
Bills purchased and discounted	8(a)	2,351,259,736	2,883,952,325
<b>Fixed assets including premises, furniture and fixtures</b>	9(a)	<b>4,868,649,902</b>	<b>4,765,983,039</b>
<b>Other assets</b>	10(a)	<b>9,267,837,853</b>	<b>7,961,956,432</b>
<b>Non-banking assets</b>		-	-
<b>Total Assets</b>		<b>175,517,312,012</b>	<b>154,404,751,242</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	11(a)	<b>4,116,982,161</b>	<b>10,698,189,571</b>
<b>Deposits and other accounts</b>	12(a)	<b>139,908,043,708</b>	<b>115,825,485,296</b>
Current account and other accounts		13,487,221,464	12,635,670,551
Bills payable		1,467,147,011	1,251,812,196
Savings bank deposits		14,860,539,427	13,949,303,799
Fixed deposits		80,452,713,916	67,763,226,169
Other deposits		29,640,421,890	20,225,472,581
<b>Other liabilities</b>	13(a)	<b>15,290,014,994</b>	<b>12,884,286,108</b>
<b>Total Liabilities</b>		<b>159,315,040,863</b>	<b>139,407,960,975</b>
<b>Capital/Shareholders' Equity</b>			
<b>Equity attributable to equity holders of the parent company</b>		<b>16,222,502,086</b>	<b>15,011,653,185</b>
Paid-up capital	14	4,423,336,680	3,686,113,900
Statutory reserve	15	5,005,314,801	4,390,197,275
Other reserve	16(a)	1,532,116,076	1,565,712,112
Retained earnings	17(a)	5,261,734,530	5,369,629,897
Minority interest	17(b)	(20,230,938)	(14,862,916)
<b>Total Equity</b>		<b>16,202,271,149</b>	<b>14,996,790,269</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>175,517,312,012</b>	<b>154,404,751,242</b>

**AB Bank Limited & Its Subsidiaries**  
**Consolidated Balance Sheet at 31 December 2012**

		Amounts in Taka	
		At	At
	Notes	31 Dec 2012	31 Dec 2011
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>	18	<b>59,590,452,646</b>	<b>52,595,442,736</b>
Acceptances and endorsements		19,642,751,282	16,470,438,248
Letters of guarantee		12,882,332,805	10,810,514,210
Irrevocable letters of credit		17,863,397,969	14,554,983,345
Bills for collection		9,201,970,590	10,759,506,933
Other contingent liabilities		-	-
<b>Other commitments</b>			
		-	-
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		-	-
<b>Total</b>		<b>59,590,452,646</b>	<b>52,595,442,736</b>
<b>Other memorandum items</b>			
		<b>3,841,272,433</b>	<b>3,326,106,451</b>
Value of traveller's cheques		-	-
Value of savings certificates (Sanchaya Patra)		3,841,272,433	3,326,106,451

See annexed notes

for AB Bank Limited

-Sd-	-Sd-	-Sd-	-Sd-
M. Fazlur Rahman	Runa Zakia Shahrood Khan	B. B. Saha Roy	M. Wahidul Haque
Managing Director	Director	Director	Chairman

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 28 March 2013

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

**AB Bank Limited and Its Subsidiaries**  
**Consolidated Profit and Loss Statement for the year ended 31 December 2012**

		Amounts in Taka	
		Year ended	Year ended
Notes		31 Dec 2012	31 Dec 2011
<b>OPERATING INCOME</b>			
	Interest income/profit on investments	20(a) 16,497,564,598	13,795,334,719
	Interest/profit paid on deposits and borrowings, etc	21(a) (12,686,931,403)	(10,472,018,461)
	<b>Net interest income</b>	<b>3,810,633,196</b>	<b>3,323,316,259</b>
	Investment income	22(a) 2,326,182,892	2,085,683,464
	Commission, exchange and brokerage	23(a) 2,689,955,033	2,680,385,312
	Other operating income	24(a) 191,675,408	576,612,391
		<b>5,207,813,333</b>	<b>5,342,681,168</b>
	<b>Total operating income (a)</b>	<b>9,018,446,529</b>	<b>8,665,997,427</b>
<b>OPERATING EXPENSES</b>			
	Salary and allowances	25(a) 1,951,187,116	1,761,429,031
	Rent, taxes, insurance, electricity, etc	26(a) 429,860,032	358,174,436
	Legal expenses	27(a) 11,086,830	6,767,716
	Postage, stamps, telecommunication, etc	28(a) 136,874,867	113,682,711
	Stationery, printing, advertisement, etc	29(a) 159,183,662	141,840,504
	Chief executive's salary and fees	8,683,734	9,786,518
	Directors' fees	30(a) 3,189,207	2,265,896
	Auditors' fees	31(a) 6,031,215	3,106,993
	Charges on loan losses	-	-
	Depreciation and repairs of Bank's assets	32(a) 459,763,255	416,696,843
	Other expenses	33(a) 1,133,212,962	908,138,017
		<b>4,299,072,880</b>	<b>3,721,888,664</b>
	<b>Total operating expenses (b)</b>	<b>4,719,373,649</b>	<b>4,944,108,762</b>
	<b>Profit before provision (c = a-b)</b>		
	Provision against loans and advances	34(a) 712,182,142	412,372,572
	Provision for diminution in value of investments	35(a) 426,565,410	1,028,949,109
	Other provisions	36(a) 84,356,875	30,229,954
		<b>1,223,104,427</b>	<b>1,471,551,635</b>
	<b>Total provision (d)</b>		
	<b>Profit before tax (c-d)</b>	<b>3,496,269,222</b>	<b>3,472,557,128</b>
	Provision for taxation	2,034,460,196	2,082,172,078
	Current tax	1,975,206,567	2,101,964,078
	Deferred tax	59,253,629	(19,792,000)
		<b>1,461,809,025</b>	<b>1,390,385,050</b>
	<b>Net profit after tax</b>		
	<b>Appropriations</b>		
	Statutory reserve	624,066,492	-
	General reserve	-	-
	Dividends, etc	-	-
		<b>624,066,492</b>	<b>-</b>
	<b>Retained surplus</b>	<b>837,742,534</b>	<b>1,390,385,050</b>
	<b>Minority interest</b>	<b>(5,141,410)</b>	<b>(4,357,548)</b>
	<b>Net Profit attributable to the shareholders of parent company</b>	<b>842,883,943</b>	<b>1,394,742,598</b>
	<b>Consolidated Earnings Per Share (EPS)</b>	<b>3.32</b>	<b>3.15</b>

See annexed notes

for AB Bank Limited

-Sd-	-Sd-	-Sd-	-Sd-
M. Fazlur Rahman	Runa Zakia Shahrood Khan	B. B. Saha Roy	M. Wahidul Haque
Managing Director	Director	Director	Chairman

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 28 March 2013

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

**AB Bank Limited and Its Subsidiaries**
**Consolidated Cash Flow Statement for the year ended 31 December 2012**

		Amounts in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>Cash Flows from Operating Activities</b>			
Interest receipts		16,110,252,914	13,991,787,091
Interest payments		(12,084,816,416)	(10,668,156,527)
Dividend receipts		428,296,844	41,940,483
Fee and commission receipts		1,917,638,998	1,911,850,426
Recoveries on loans previously written off		35,168,196	80,646,113
Payments to employees		(1,959,870,850)	(1,770,817,504)
Payments to suppliers		(165,214,877)	(144,710,282)
Income taxes paid		(1,255,457,669)	(2,234,663,832)
Receipts from other operating activities		2,826,709,294	2,726,562,832
Payments for other operating activities		(1,780,622,074)	(1,505,956,656)
<b>Operating profit before changes in operating assets &amp; liabilities</b>		<b>4,072,084,362</b>	<b>2,428,482,143</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans and advances to customers		(10,805,534,597)	(5,957,690,403)
Other assets		(50,423,752)	525,619,687
Deposits from other banks		(1,518,308,927)	385,431,000
Deposits from customers		24,998,752,352	20,659,853,690
Trading liabilities (short-term borrowings)		(6,611,565,014)	(3,302,797,470)
Other liabilities		(964,278,126)	(1,433,628,025)
		<b>5,048,641,936</b>	<b>10,876,788,480</b>
<b>Net cash flow from operating activities (a)</b>		<b>9,120,726,298</b>	<b>13,305,270,623</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of government securities		(3,630,127,191)	(5,185,261,479)
Purchase of trading securities, shares, bonds, etc.		(835,644,329)	(2,247,552,513)
Purchase of property, plant and equipment		(461,907,563)	(480,225,476)
<b>Net cash used in investing activities (b)</b>		<b>(4,927,679,083)</b>	<b>(7,913,039,468)</b>
<b>Cash Flows from Financing Activities</b>			
Increase/(decrease) of long-term borrowings		30,357,603	(200,966,829)
Dividend paid		(178,010,131)	(317,188,484)
<b>Net cash (used in)/flow from financing activities (c)</b>		<b>(147,652,528)</b>	<b>(518,155,313)</b>
Net increase in cash (a+b+c)		4,045,394,687	4,874,075,842
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		16,727,865,994	11,853,790,152
<b>Cash and cash equivalents at end of the year (*)</b>		<b>20,773,260,681</b>	<b>16,727,865,994</b>
(*) Cash and cash equivalents:			
Cash		1,231,720,759	997,917,256
Prize bonds		5,019,400	5,319,300
Money at call and on short notice		3,671,790,000	665,830,000
Balance with Bangladesh Bank and its agent bank(s)		8,391,165,655	8,363,586,338
Balance with other banks and financial institutions		7,473,564,867	6,695,213,100
		<b>20,773,260,681</b>	<b>16,727,865,994</b>
Net operating cash flow per share		20.62	30.08

See annexed notes

for AB Bank Limited

-Sd-	-Sd-	-Sd-	-Sd-
M. Fazlur Rahman	Runa Zakia Shahrood Khan	B. B. Saha Roy	M. Wahidul Haque
Managing Director	Director	Director	Chairman

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
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Dated, 28 March 2013

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

**AB Bank Limited and Its Subsidiaries**  
**Consolidated Statement of Changes in Equity for the year ended 31 December 2012**

									Amount in Taka
Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Minority interest	Retained earnings	Total
Balance at 01 January 2012	3,686,113,900	4,390,197,275	121,667,832	1,335,395,306	93,314,389	15,334,585	(14,862,916)	5,369,629,897	14,996,790,269
Adjustment	-	-	-	-	-	-	-	-	-
<b>Dividend for 2011:</b>									
5 % cash dividend	-	-	-	-	-	-	-	(184,305,695)	(184,305,695)
20% stock dividend (bonus shares)	737,222,780	-	-	-	-	-	-	(737,222,780)	-
Minority interest	-	-	-	-	-	-	(226,612)	-	(226,612)
<b>Restated opening balance</b>	<b>4,423,336,680</b>	<b>4,390,197,275</b>	<b>121,667,832</b>	<b>1,335,395,306</b>	<b>93,314,389</b>	<b>15,334,585</b>	<b>(15,089,528)</b>	<b>4,448,101,422</b>	<b>14,812,257,962</b>
Net profit after tax for the year	-	-	-	-	-	-	(5,141,410)	1,466,950,435	1,461,809,025
Addition/ (Adjustment) made during the year	-	624,066,492	-	(8,579,499)	-	2,212,435	-	(626,771,151)	(9,071,722)
Foreign exchange fluctuation	-	(8,948,966)	(1,574,400)	-	(24,954,077)	(700,497)	-	(26,546,176)	(62,724,116)
<b>Balance at 31 December 2012</b>	<b>4,423,336,680</b>	<b>5,005,314,801</b>	<b>120,093,432</b>	<b>1,326,815,807</b>	<b>68,360,312</b>	<b>16,846,523</b>	<b>(20,230,938)</b>	<b>5,261,734,530</b>	<b>16,202,271,149</b>
<b>Balance at 31 December 2011</b>	<b>3,686,113,900</b>	<b>4,390,197,276</b>	<b>121,667,832</b>	<b>1,335,395,305</b>	<b>93,314,389</b>	<b>15,334,585</b>	<b>(14,862,916)</b>	<b>5,369,629,897</b>	<b>14,996,790,269</b>

for AB Bank Limited

-Sd-  
M. Fazlur Rahman  
Managing Director

-Sd-  
Runa Zakia Shahrood Khan  
Director

-Sd-  
B. B. Saha Roy  
Director

-Sd-  
M. Wahidul Haque  
Chairman

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 28 March 2013

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



**AB Bank Limited**
**Balance Sheet at 31 December 2012**

		Amounts in Taka	
		At	At
	Notes	31 Dec 2012	31 Dec 2011
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	<b>9,622,840,530</b>	<b>9,361,445,769</b>
In hand (including foreign currencies)	3.1	1,231,674,876	997,859,431
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	8,391,165,655	8,363,586,338
<b>Balance with other banks and financial institutions</b>	4	<b>8,877,073,955</b>	<b>8,162,327,476</b>
In Bangladesh		5,616,079,788	5,660,375,607
Outside Bangladesh		3,260,994,166	2,501,951,869
<b>Money at call and on short notice</b>	5	<b>3,671,790,000</b>	<b>665,830,000</b>
<b>Investments</b>	6	<b>26,114,787,647</b>	<b>21,556,049,158</b>
Government	6.1	19,743,454,873	16,113,627,582
Others	6.2	6,371,332,773	5,442,421,576
<b>Loans, advances and lease/investments</b>	7	<b>106,065,758,923</b>	<b>94,638,218,363</b>
Loans, cash credits, overdrafts, etc/Investments	7.2	105,373,785,000	93,492,627,872
Bills purchased and discounted	8	691,973,923	1,145,590,491
<b>Fixed assets including premises, furniture and fixtures</b>	9	<b>4,229,520,560</b>	<b>4,052,064,920</b>
<b>Other assets</b>	10	<b>15,260,656,170</b>	<b>14,526,900,984</b>
<b>Non-banking assets</b>		-	-
<b>Total Assets</b>		<b>173,842,427,785</b>	<b>152,962,836,670</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	11	<b>3,649,261,782</b>	<b>10,248,189,572</b>
<b>Deposits and other accounts</b>	12	<b>140,025,953,891</b>	<b>116,151,864,140</b>
Current accounts and other accounts		13,487,687,930	12,637,906,473
Bills payable		1,467,147,010	1,251,812,196
Savings bank deposits		14,860,539,427	13,949,303,799
Fixed deposits		80,452,713,916	68,077,049,143
Other deposits		29,757,865,608	20,235,792,529
<b>Other liabilities</b>	13	<b>14,133,406,241</b>	<b>11,710,082,451</b>
<b>Total Liabilities</b>		<b>157,808,621,915</b>	<b>138,110,136,163</b>
<b>Capital/Shareholders' Equity</b>			
<b>Total Shareholders' Equity</b>		<b>16,033,805,870</b>	<b>14,852,700,507</b>
Paid-up capital	14	4,423,336,680	3,686,113,900
Statutory reserve	15	5,005,314,801	4,390,197,275
Other reserve	16	1,446,253,561	1,485,273,794
Retained earnings	17	5,158,900,828	5,291,115,537
<b>Total Liabilities and Shareholders' Equity</b>		<b>173,842,427,785</b>	<b>152,962,836,670</b>

**AB Bank Limited**  
**Balance Sheet at 31 December 2012**

		Amounts in Taka	
		At	At
		31 Dec 2012	31 Dec 2011
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>	18	<b>59,590,452,646</b>	<b>52,595,442,736</b>
Acceptances and endorsements		19,642,751,282	16,470,438,248
Letters of guarantee	18.1	12,882,332,805	10,810,514,210
Irrevocable letters of credit		17,863,397,969	14,554,983,345
Bills for collection		9,201,970,590	10,759,506,933
Other contingent liabilities		-	-
<b>Other commitments</b>		-	-
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		-	-
<b>Total</b>		<b>59,590,452,646</b>	<b>52,595,442,736</b>
<b>Other memorandum items</b>		<b>3,841,272,433</b>	<b>3,326,106,451</b>
Value of traveller's cheques		-	-
Value of savings certificates (sanchaya patra)		3,841,272,433	3,326,106,451

See annexed notes

for AB Bank Limited

-Sd-	-Sd-	-Sd-	-Sd-
M. Fazlur Rahman	Runa Zakia Shahrood Khan	B. B. Saha Roy	M. Wahidul Haque
Managing Director	Director	Director	Chairman

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 28 March 2013

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

**AB Bank Limited**
**Profit and Loss Statement for the year ended 31 December 2012**

		Amounts in Taka	
	Notes	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>OPERATING INCOME</b>			
Interest income/profit on investments	20	15,714,006,609	12,830,837,754
Interest paid/profit on deposits and borrowings, etc.	21	(12,591,500,175)	(10,436,688,668)
<b>Net interest income</b>		<b>3,122,506,434</b>	<b>2,394,149,086</b>
Investment income	22	2,714,131,615	2,640,700,142
Commission, exchange and brokerage	23	2,461,270,850	2,213,022,264
Other operating income	24	137,035,990	494,874,188
		<b>5,312,438,455</b>	<b>5,348,596,594</b>
<b>Total operating income (a)</b>		<b>8,434,944,888</b>	<b>7,742,745,680</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	25	1,868,144,551	1,669,447,030
Rent, taxes, insurance, electricity, etc.	26	409,531,774	338,631,469
Legal expenses	27	10,107,729	5,071,404
Postage, stamps, telecommunication, etc.	28	139,037,732	104,803,234
Stationery, printing, advertisement, etc.	29	157,488,361	138,246,619
Chief executive's salary and fees		8,683,734	9,786,518
Directors' fees	30	2,840,207	2,028,896
Auditors' fees	31	4,917,497	1,822,393
Charges on loan losses		-	-
Depreciation and repairs of Bank's assets	32	378,519,215	348,624,906
Other expenses	33	1,092,645,976	812,078,775
<b>Total operating expenses (b)</b>		<b>4,071,916,777</b>	<b>3,430,541,244</b>
<b>Profit before provision (c = a-b)</b>		<b>4,363,028,111</b>	<b>4,312,204,437</b>
Provision against loans and advances	34	712,182,142	384,672,572
Provision for diminution in value of investments	35	376,400,000	940,140,693
Other provisions	36	84,160,000	30,000,000
<b>Total provision (d)</b>		<b>1,172,742,142</b>	<b>1,354,813,265</b>
<b>Profit before taxation (c-d)</b>		<b>3,190,285,969</b>	<b>2,957,391,171</b>
Provision for taxation		1,751,748,156	1,629,407,467
Current tax		1,708,291,302	1,649,283,593
Deferred tax		43,456,854	(19,876,126)
<b>Net profit after taxation</b>		<b>1,438,537,814</b>	<b>1,327,983,704</b>
<b>Appropriations</b>			
Statutory reserve		624,066,492	-
General reserve		-	-
Dividends, etc		-	-
		<b>624,066,492</b>	<b>-</b>
<b>Retained surplus</b>		<b>814,471,322</b>	<b>1,327,983,704</b>
<b>Earnings Per Share (EPS)</b>	38	<b>3.25</b>	<b>3.00</b>

See annexed notes	
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for AB Bank Limited

-Sd-	-Sd-	-Sd-	-Sd-
M. Fazlur Rahman	Runa Zakia Shahrood Khan	B. B. Saha Roy	M. Wahidul Haque
Managing Director	Director	Director	Chairman

Signed in terms of our report of even date annexed

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Dated, 28 March 2013

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

**AB Bank Limited**  
**Cash Flow Statement for the year ended 31 December 2012**

		Amounts in Taka	
	Notes	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>Cash Flows from Operating Activities</b>			
Interest receipts		15,326,694,925	12,830,837,754
Interest payments		(11,989,385,188)	(10,436,688,668)
Dividend receipts		428,296,844	552,926,524
Fee and commission receipts		1,679,196,940	1,436,211,995
Recoveries on loans previously written off		35,168,196	80,646,113
Payments to employees		(1,876,828,285)	(1,679,233,548)
Payments to suppliers		(157,488,361)	(138,246,621)
Income taxes paid		(1,548,936,383)	(1,596,080,231)
Receipts from other operating activities	39	3,169,776,473	3,168,894,352
Payments for other operating activities	40	(1,721,791,884)	(1,359,533,377)
<b>Operating profit before changes in operating assets &amp; liabilities</b>		<b>3,344,703,276</b>	<b>2,859,734,292</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans and advances to customers		(11,040,228,876)	(6,636,448,746)
Other assets	41	565,680,945	(112,710,282)
Deposits from other banks		(1,518,308,927)	385,431,000
Deposits from customers		24,790,283,691	20,064,538,616
Trading liabilities (short-term borrowings)		(6,629,285,393)	(3,754,244,416)
Other liabilities	42	(364,695,728)	(217,879,038)
		<b>5,803,445,713</b>	<b>9,728,687,134</b>
<b>Net cash flow from operating activities (a)</b>		<b>9,148,148,989</b>	<b>12,588,421,426</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of government securities		(3,630,127,191)	(5,185,261,479)
Purchase of trading securities, shares, bonds, etc.		(928,911,197)	(1,805,343,966)
Purchase of property, plant and equipment		(459,656,732)	(181,723,162)
<b>Net cash used in investing activities (b)</b>		<b>(5,018,695,120)</b>	<b>(7,172,328,606)</b>
<b>Cash Flows from Financing Activities</b>			
Increase/(decrease) of long-term borrowings		30,357,603	(200,966,829)
Dividend paid		(178,010,131)	(317,188,484)
<b>Net cash flow from financing activities (c)</b>		<b>(147,652,528)</b>	<b>(518,155,313)</b>
Net increase in cash (a+b+c)		3,981,801,341	4,897,937,507
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		18,194,922,545	13,296,985,038
<b>Cash and cash equivalents at end of the year (*)</b>		<b>22,176,723,886</b>	<b>18,194,922,545</b>
(*) Cash and cash equivalents:			
Cash		1,231,674,876	997,859,431
Prize bonds		5,019,400	5,319,300
Money at call and on short notice		3,671,790,000	665,830,000
Balance with Bangladesh Bank and its agent bank(s)		8,391,165,655	8,363,586,338
Balance with other banks and financial institutions		8,877,073,955	8,162,327,476
		<b>22,176,723,886</b>	<b>18,194,922,545</b>
Net operating cash flow per share		20.68	28.46

See annexed notes

for AB Bank Limited

-Sd-	-Sd-	-Sd-	-Sd-
M. Fazlur Rahman	Runa Zakia Shahrood Khan	B. B. Saha Roy	M. Wahidul Haque
Managing Director	Director	Director	Chairman

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
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Dated, 28 March 2013

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

**AB Bank Limited**

**Statement of Changes in Equity for the year ended 31 December 2012**

**Amount in Taka**

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign Exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Retained earnings	Total
Balance at 01 January 2012	3,686,113,900	4,390,197,275	42,199,200	1,335,395,306	92,344,704	15,334,585	5,291,115,537	14,852,700,507
Adjustment	-	-	-	-	-	-	-	-
<b>Bonus for 2011:</b>								
5 % Cash Dividend	-	-	-	-	-	-	(184,305,695)	(184,305,695)
20% Stock Dividend	737,222,780	-	-	-	-	-	(737,222,780)	-
<b>Restated Opening Balance</b>	<b>4,423,336,680</b>	<b>4,390,197,275</b>	<b>42,199,200</b>	<b>1,335,395,306</b>	<b>92,344,704</b>	<b>15,334,585</b>	<b>4,369,587,062</b>	<b>14,668,394,812</b>
Net profit after taxation for the year ended	-	-	-	-	-	-	1,438,537,814	1,438,537,814
Addition/Adjustment made during the year	-	624,066,492	-	(8,579,499)	-	2,212,435	(625,451,446)	(7,752,018)
Foreign Exchange Fluctuation	-	(8,948,966)	-	-	(31,952,673)	(700,497)	(23,772,601)	(65,374,737)
<b>Balance at 31 December 2012</b>	<b>4,423,336,680</b>	<b>5,005,314,801</b>	<b>42,199,200</b>	<b>1,326,815,807</b>	<b>60,392,031</b>	<b>16,846,523</b>	<b>5,158,900,828</b>	<b>16,033,805,870</b>
<b>Balance at 31 December 2011</b>	<b>3,686,113,900</b>	<b>4,390,197,275</b>	<b>42,199,200</b>	<b>1,335,395,306</b>	<b>92,344,704</b>	<b>15,334,585</b>	<b>5,291,115,537</b>	<b>14,852,700,507</b>

for AB Bank Limited

-Sd-  
M. Fazlur Rahman  
Managing Director

-Sd-  
Runa Zakia Shahrood Khan  
Director

-Sd-  
B. B. Saha Roy  
Director

-Sd-  
M. Wahidul Haque  
Chairman

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

**AB Bank Limited****Liquidity Statement (Analysis of Maturity of Assets and Liabilities) at 31 December 2012**

Amounts in Taka

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
<b>Assets</b>						
Cash in hand & with Bangladesh Bank and its agent bank(s)	2,152,140,530	-	-	-	7,470,700,000	9,622,840,530
Balance with other banks and financial institutions	3,443,145,577	2,374,216,779	3,059,711,599	-	-	8,877,073,955
Money at call and on short notice	3,471,790,000	200,000,000	-	-	-	3,671,790,000
Investments	1,636,249,245	5,029,646,577	778,522,750	4,049,530,324	14,620,838,750	26,114,787,646
Loans and advances	17,379,135,636	26,554,833,751	25,841,675,479	28,885,806,271	7,404,307,785	106,065,758,923
Fixed assets including premises, furniture and fixtures	-	-	-	-	4,229,520,559	4,229,520,560
Other assets	1,923,680,848	2,640,595,098	4,306,324,283	-	6,390,055,941	15,260,656,171
Non-banking assets	-	-	-	-	-	-
<b>Total Assets (A)</b>	<b>30,006,141,836</b>	<b>36,799,292,205</b>	<b>33,986,234,112</b>	<b>32,935,336,595</b>	<b>40,115,423,036</b>	<b>173,842,427,785</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	509,800,996	14,814,507	3,074,878,962	49,767,317	-	3,649,261,783
Deposit and other accounts	25,768,203,734	45,789,821,160	46,613,760,756	19,749,343,339	2,104,824,902	140,025,953,891
Provision and other liabilities	417,136,763	2,696,101,829	5,930,694,409	5,089,473,240	-	14,133,406,241
<b>Total Liabilities (B)</b>	<b>26,695,141,493</b>	<b>48,500,737,496</b>	<b>55,619,334,128</b>	<b>24,888,583,896</b>	<b>2,104,824,902</b>	<b>157,808,621,915</b>
<b>Net Liquidity Excess/(Shortage) (A-B)</b>	<b>3,311,000,343</b>	<b>(11,701,445,291)</b>	<b>(21,633,100,016)</b>	<b>8,046,752,699</b>	<b>38,010,598,134</b>	<b>16,033,805,870</b>

for AB Bank Limited

-Sd-  
M. Fazlur Rahman  
Managing Director

-Sd-  
Runa Zakia Shahrood Khan  
Director

-Sd-  
B. B. Saha Roy  
Director

-Sd-  
M. Wahidul Haque  
Chairman

Signed in terms of our report of even date annexed

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Dated, 28 March 2013

-Sd-  
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Chartered Accountants

## **AB Bank Limited**

### **Notes to financial statements for the year ended 31 December 2012**

#### **General**

#### **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 Banking Companies Act 1991. 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 87 Branches including one (1) Islami Banking Branch, 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. Bangladesh Bank has given approval for the mentioned new subsidiary.

#### **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 Statement, Cash Flow Statements, Statement of Changes in Equity, Liquidity Statement and relevant notes and disclosures.

## **AB Bank Limited**

### **Notes to financial statements for the year ended 31 December 2012**

#### **Presentation of the financial statements (Cont.)**

Consolidated financial statements and financial statements of the Bank were made as at 31 December 2012 and were prepared under the historical cost convention except investments categorised under held for trading and in accordance with Banking Companies Act 1991, 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.

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 (CBL), AB International Finance Limited (ABIFL), 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 BAS 27 "Consolidated and Separate Financial Statements". The Consolidated Financial Statements have been prepared to a common reporting period ending on 31 December 2012.

#### **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 Statement 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 Statement 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 2012 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 Statement. Profit and Loss Statement 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 Statement. The Balance Sheet and Profit and Loss Statement of the Off- Shore 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 BAS 27 "Consolidated and Separate 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 Statement of the ABIL have been shown separately in [Annex K](#).



## **AB Bank Limited**

### **Notes to financial statements for the year ended 31 December 2012**

#### **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 Statement 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. AB Bank Limited acquired 30% shares of CBL during this year. The Bank at present holds 90% shares in CBL.

The Balance Sheet and Profit and Loss Statement 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 business is situated at Unit 1201-B, 12/F, Admiralty Centre, Tower One, 18 Harcourt, Hong Kong.

The Balance Sheet and Profit and Loss Statement 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 Statement 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 Statement 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.

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****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 2012 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 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 Statement, except those arising on the translation of net investment in foreign branch and subsidiaries.

**Foreign operations**

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

- assets and liabilities for each statement of Balance Sheet have been translated at the closing rate on the date of Balance sheet.
- income and expenses for Profit and Loss Statement have been translated at an monthly average rate of the year; and
- all resulting exchange differences have been recognized as a separate components of equity.

**Cash flow statement**

Cash Flow Statement is prepared principally in accordance with BAS 7 “Cash Flow Statement” under direct method as per the guidelines of BRPD circular no.14 dated 25 June 2003. The Cash Flow Statement shows 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 25th June 2003.

**Liquidity statement**

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

<b>Particulars</b>	<b>Basis</b>
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

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****1.3 Assets and basis of their valuation****Cash and cashequivalents**

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

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

**Loans and advances**

- i. Loans and advances/investments in Islamic Banking Branch are stated at gross amounts at 31 December 2012.
- ii. 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.
- iii. Commission and discounts on bills purchased and discounted are recognised at the time of realisation.
- iv. Provision for loans and advances is made on the basis of quarter-end review by the management and as per instructions contained in BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 19 dated 27 December 2012 . 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%	5%	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%	5%	20%	50%	100%
Short-term agri-credit and micro credit		5%	5%	5%	5%	100%
Small and medium enterprise finance		0.25%	5%	20%	50%	100%
Other advances		1%	5%	20%	50%	100%
Off balance sheet items		1%	-	-	-	-

## **AB Bank Limited**

### **Notes to financial statements for the year ended 31 December 2012**

#### **Investment**

Investments have been initially recognised at cost, including acquisition charges associated with the investment. Premiums 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 Statement 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 Statement and any increase is transferred to revaluation reserve account.

Value of investments has been enumerated as follows:

<b>Investment class</b>	<b>Initial recognition</b>	<b>Measurement after initial recognition</b>	<b>Recording of changes</b>
Treasury Bill / Bond (HFT)	Cost	Market value	Loss to profit and loss statement (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

#### **Investment in listed securities**

These securities are brought and held primarily for the purpose of selling them in future or held for dividend income. These are reported at cost. Unrealised gains are not recognised in the Profit and Loss Statement 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 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.

#### **Investments in subsidiary**

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the BAS 27 "Consolidated and Separate Financial Statements" and BFRS 3 "Business Combination".

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****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 recognised in accordance with the specific requirements of the BFRS.
- ii. The cost of an item of property, plant and equipment is recognised as an asset if-  
it is probable that future economic benefits associated with the item will flow to the entity; and  
the cost of the item can be measured reliably.
- iii. Depreciation on fixed assets is charged using reducing balance method except motor vehicles, computers and photocopiers for which straight-line method is used. The rates of depreciation are as follows:

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

- 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 statement.
- vi. Useful lives and method of depreciation of fixed assets are reviewed periodically. If useful lives of assets do not differ significantly as these were previously estimated, revaluation of assets does not consider to be done.
- vii. Bank capitalised items value of which is over Taka 50,000 and the items below Taka 50,000 were booked as non-capitalised items under the broader head of other expenses with effect from 01 March 2009 in accordance with the relevant policy of the Bank.
- viii. Bank also follows a policy for amortisation of expenditure considering the durability and useful lives of items. These are treated as intangible assets and are booked under the head "Fixed Assets" and amortised over their estimated useful lives by charging under the broad head "Depreciation".

**Intangible assets**

An intangible asset is recognised if-

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

**Other assets**

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

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****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 Banking Companies Act 1991, 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 heading revaluation surplus/ reserve as per BAS 16 "Property, Plant and Equipment".

**Deposits and other accounts**

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

**Borrowing**

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

**Provision for taxation**

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

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****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 @ 42.5% on the accounting profit made by the Bank after considering taxable allowances and disallowances as per income tax laws applicable for the Bank.

**Deferred Tax**

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

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

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

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

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

The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the Profit and Loss Statement 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 Benefit". Bases of enumerating the retirement benefits schemes operated by the bank are outlined below:

## **AB Bank Limited**

### **Notes to financial statements for the year ended 31 December 2012**

#### **Provident fund**

There is a provident fund scheme under the defined contribution plan. The fund is operated by a separate board of trustees approved by the National Board of Revenue as per Income Tax Ordinance, 1984. All eligible employees contribute 10% of their basic pay to the fund. The Bank also contributes equal of employee's contribution to the fund. These contributions are invested separately. Benefits from the fund are given to eligible employees at the time of retirement/resignation as per approved rules of the fund.

#### **Staff gratuity**

The Bank has a separate Board of Trustees for operating the staff gratuity fund approved by the National Board of Revenue. Employees of the Bank, who served the Bank for ten years or above are entitled to get gratuity benefit at rates determined by the Service Rules of the Bank.

#### **Superannuation fund**

The Bank operates a Superannuation Fund as death-cum-retirement benefit for its employees. The fund is operated by a separate Board of Trustees.

#### **Provision for liabilities**

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with BAS 37 "Provision, Contingent Liabilities and Contingent Assets".

No provision is recognised for any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank, or any present obligation that arises from past events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimates of the amount of obligation cannot be made.

However, certain provisions on assets and liabilities are maintained in accordance with relevant Bangladesh Bank Circulars issued from time to time.

#### **Provision for nostro accounts**

Provision for nostro accounts is 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 BAS 27 'Consolidated and Separate 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 SMA as per BRPD circular no. 05 dated 05 June 2006 and is kept in interest suspense account. Interest on classified advances is accounted for as income when realised.



## **AB Bank Limited**

### **Notes to financial statements for the year ended 31 December 2012**

#### **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 recognised when:

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

#### **Interest paid on deposits and borrowings**

Interest paid on deposits, borrowings, etc is accounted for on accrual basis according to the 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 2012.

### **1.7 Earnings per share**

#### **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 Statement. This has been calculated by dividing the basic earnings by the total ordinary outstanding shares. EPS of previous was restated giving effect of issue of bonus shares for 2011.

**AB Bank Limited****Notes to financial statements for the year ended 31 December 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 @ 1% has been made on the outstanding balances of Off-Balance Sheet exposure of the Bank as at 31 December 2012. 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. Stock of traveller's cheques, value of savings certificates (sanchaya patra), etc fall under the memorandum items.

**1.10 Reporting period**

These financial statements cover calendar year ended 31 December 2012. Segmental reporting period shown in below:

Sl no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2012 to 31 December 2012
2	Off Shore Banking Unit	01 January 2012 to 31 December 2012
3	Mumbai Branch, India	01 January 2012 to 31 December 2012
4	AB Investment Limited	01 January 2012 to 31 December 2012
5	AB Securities Limited	01 January 2012 to 31 December 2012
6	Cashlink Bangladesh Limited	01 January 2012 to 31 December 2012
7	AB International Finance Limited	01 January 2012 to 31 December 2012
8	AB Exchange (UK) Limited	01 January 2012 to 31 December 2012
9	Arab Bangladesh Bank Foundation	01 January 2012 to 31 December 2012

### L11 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					Adjustment	AB Bank & it's subsidiaries
	Inside Bangladesh				India (Mumbai Branch)	Adjustment	Total	Inside Bangladesh			AB Exchange (UK) Ltd.	AB Int. Finance Ltd. (Hong Kong)		
	Conventional Banking	Islamic Banking	Investment Banking	Off- Shore Banking Unit				AB Investment Limited	AB Securities Ltd.	Cash Link Bangladesh Ltd. (CBL)				
Income Statements														
Interest income	15,241,187,812	985,278,263	-	22,518,940	79,554,275	(614,532,681)	15,714,006,609	804,780,550	181,740,823	20,522,424	-	90,780,158	(314,265,965)	16,497,564,598
Interest paid on deposits and borrowings,	11,837,386,829	724,872,628	611,719,240	14,804,327	17,249,832	(614,532,681)	12,591,500,175	322,200,049	76,242,314	294,907	-	11,254,830	(314,560,873)	12,686,931,403
Net interest income	3,403,800,983	260,405,635	(611,719,240)	7,714,613	62,304,443	-	3,122,506,434	482,580,501	105,498,509	20,227,517		79,525,327	294,907	3,810,633,195
Investment income	2,565,026,082	1,793,084	124,607,711	-	22,704,738		2,714,131,614	9,723,524	357,906	(3,341,969)		-	(394,688,183)	2,326,182,892
Commission, exchange and brokerage	2,118,392,588	53,215,258	180,000	14,306,086	275,176,917		2,461,270,850	127,732,776	63,805,577	17,300,450	2,988,433	29,603,255	(12,746,308)	2,689,955,033
Other operating income	131,627,528	1,058,739	-	393,660	4,206,063	(250,000)	137,035,989	7,609,863	1,946,917	25,969,514		49,681,915	(30,568,792)	191,675,407
Total operating income	8,218,847,180	316,472,716	(486,931,529)	22,414,359	364,392,161	(250,000)	8,434,944,887	627,646,664	171,608,909	60,155,512	2,988,433	158,810,498	(437,708,376)	9,018,446,528
OPERATING EXPENSES														
Salary and allowances	1,834,711,187	20,781,477	-	1,985,758	19,349,864		1,876,828,285	15,773,047	22,480,470	14,508,748	6,554,757	23,725,543		1,959,870,850
Rent, taxes, insurance, electricity, etc.	401,528,228	1,410,564	500	-	6,592,482		409,531,774	3,054,881	7,275,468	5,352,716	3,183,925	6,196,402	(4,735,134)	429,860,032
Legal expenses	9,950,795	10,000	-		146,935		10,107,729	160,200	-	475,157	-	343,743		11,086,830
Postage, stamps, telecommunication, etc.	130,237,080	328,740	-	180,181	8,291,730		139,037,732	957,475	1,482,487	749,143	348,191	7,046,147	(12,746,308)	136,874,867
Stationery, printing, advertisement, etc.	152,326,555	1,415,336	-		3,746,470		157,488,361	497,387	665,217	120,410	15,382	396,905		159,183,662
Directors' fees	2,691,874	148,333	-		-		2,840,207	92,000	218,500	38,500	-	-		3,189,207
Auditors' fees	3,311,488	-	-		1,606,010		4,917,497	103,500	62,500	80,000	551,487	316,231		6,031,215
Charges on loan losses	-	-	-		-		-	-	-	-	-	-		-
Depreciation and repairs	362,635,344	2,772,124	517,623		12,594,124		378,519,215	16,264,120	6,053,015	54,958,719	3,448,511	519,675		459,763,255
Other expenses	977,523,980	5,958,985	16,082,593	992	93,329,426	(250,000)	1,092,645,976	12,200,791	11,951,068	36,854,257	1,419,558	3,974,970	(25,833,658)	1,133,212,962
Total operating expenses	3,874,916,531	32,825,559	16,600,716	2,166,931	145,657,041	(250,000)	4,071,916,777	49,103,401	50,188,724	113,137,651	15,521,810	42,519,617	(43,315,100)	4,299,072,880
Profit before provision	4,343,930,650	283,647,157	(503,532,244)	20,247,428	218,735,120	-	4,363,028,111	578,543,263	121,420,185	(52,982,139)	(12,533,376)	116,290,881	(394,393,276)	4,719,373,648
Provision against loans and advances							712,182,142							712,182,142
Provision for diminution in value of inv.							376,400,000							426,565,410
Other provisions							84,160,000							84,356,875
Total provision							1,172,742,142							1,223,104,427
Profit before taxation							3,190,285,969							3,496,269,221
Provision for taxation							1,751,748,156							2,034,460,196
Net profit after taxation							1,438,537,813							1,461,809,025

**Balance Sheet**

Particulars	AB Bank Limited							Subsidiaries					Adjustment	AB Bank & it's subsidiaries
	Inside Bangladesh				India (Mumbai Branch)	Adjustment	Total	Inside Bangladesh			AB Exchange (UK) Ltd.	AB Int. Finance Ltd. (Hong Kong)		
	Conventional Banking	Islamic Banking	Investment Banking	OBU				AB Investment Limited	AB Securities Ltd.	Cash Link Bangladesh Ltd. (CBL)				

**PROPERTY AND ASSETS**

Cash	9,488,141,906	129,226,727		-	5,471,897	-	9,622,840,530	25,000	13,727	7,155	-	-	-	9,622,886,412
Balance with other banks and financial institutions	3,036,878,398	5,502,843,390		3,994,075	631,949,249	(298,591,157)	8,877,073,955	586,494	117,287,732	5,662,854	4,397,182	41,332,012	(1,572,775,362)	7,473,564,867
Money at call and on short notice	3,300,000,000				371,790,000	-	3,671,790,000	-		-				3,671,790,000
Investments	20,515,378,910	109,800,000	5,080,191,111	-	439,337,625	(29,920,000)	26,114,787,647	740,381,828	67,495,079	26,932,725		-		26,949,597,279
Loans and advances	102,383,925,705	2,453,338,923	-	647,659,835	580,834,460		106,065,758,923	7,585,189,288	1,073,788,194	-		1,659,285,813	(2,721,036,520)	113,662,985,698
Fixed assets	4,195,322,317	13,002,579	4,390,856	-	16,804,807		4,229,520,560	551,947,945	17,583,535	58,522,794	10,571,829	503,238		4,868,649,902
Other assets	20,323,378,777	144,682,075	29,218,806	6,956,521	458,037,106	(5,701,617,116)	15,260,656,170	235,544,527	107,900,318	23,287,654	1,350,208	9,249,425	(6,370,150,448)	9,267,837,854
Non-banking assets							-							-
<b>Total Assets</b>	<b>163,243,026,013</b>	<b>8,352,893,694</b>	<b>5,113,800,774</b>	<b>658,610,431</b>	<b>2,504,225,145</b>	<b>(6,030,128,273)</b>	<b>173,842,427,785</b>	<b>9,113,675,082</b>	<b>1,384,068,585</b>	<b>114,413,183</b>	<b>16,319,219</b>	<b>1,710,370,488</b>	<b>(10,663,962,330)</b>	<b>175,517,312,012</b>

**LIABILITIES AND CAPITAL**

**Liabilities**

Borrowings from other banks, financial institutions and agents	259,539,587	3,000,800,000		632,749,606	-	(243,827,411)	3,649,261,782	2,565,203,769	247,970,830	343,241,028		1,455,596,450	(4,144,291,698)	4,116,982,162
Deposits and other accounts	133,573,323,797	5,341,843,049	432	5,613,397	1,236,242,701	(131,069,484)	140,025,953,891	-					(117,910,184)	139,908,043,707
Other liabilities	13,957,109,162	10,250,645	5,113,800,342	20,247,428	208,420,718	(5,176,422,055)	14,133,406,241	891,700,018	727,117,383	18,581,007	13,260,338	65,932,526	(559,982,519)	15,290,014,994
<b>Total Liabilities</b>	<b>147,789,972,546</b>	<b>8,352,893,694</b>	<b>5,113,800,774</b>	<b>658,610,431</b>	<b>1,444,663,419</b>	<b>(5,551,318,950)</b>	<b>157,808,621,915</b>	<b>3,456,903,787</b>	<b>975,088,213</b>	<b>361,822,035</b>	<b>13,260,338</b>	<b>1,521,528,976</b>	<b>(4,822,184,401)</b>	<b>159,315,040,863</b>
Total Shareholders' Equity	15,453,053,467	-	-	-	1,059,561,726	(478,809,323)	16,033,805,870	5,656,771,295	408,980,372	(247,408,852)	3,058,881	188,841,512	(5,821,546,992)	16,222,502,087
Minority Interest													(20,230,938)	(20,230,938)
<b>Total Liabilities and Shareholders' Equity</b>	<b>163,243,026,013</b>	<b>8,352,893,694</b>	<b>5,113,800,774</b>	<b>658,610,431</b>	<b>2,504,225,145</b>	<b>(6,030,128,273)</b>	<b>173,842,427,785</b>	<b>9,113,675,082</b>	<b>1,384,068,585</b>	<b>114,413,183</b>	<b>16,319,219</b>	<b>1,710,370,488</b>	<b>(10,663,962,330)</b>	<b>175,517,312,011</b>

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****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:

Sl 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	Consolidated and Separate Financial Statements	27	Complied
18	Investments in Associates	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

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

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012**

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

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

**1.13 Regulatory and legal compliance**

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

- i. The Banking Companies Act 1991
- 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.

**1.14 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 form 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.

## **AB Bank Limited**

### **Notes to financial statements for the year ended 31 December 2012**

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.

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 position 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 Investment.

#### **Liquidity risk**

The object 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 policy 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.

## AB Bank Limited

### Notes to financial statements for the year ended 31 December 2012

#### 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 separate 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.

#### 1.15 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.

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.

#### 1.16 Credit Rating of the Bank

Credit rating of the Bank in last four years are:

Year	Date of Rating	Long term	Short term
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

#### 1.17 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.

#### 1.18 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;



**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012**

- (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	Common Director

b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in Taka
Hyundai Motors Bangladesh Ltd	Common Director	Repair & Maintenance	2,536,738
Elite International Ltd	Common Director	Rent of warehouse	817,500
Deundi Tea Co. (UK) Ltd	Chairman of the Bank and MD of Deundi Tea Co. (UK) Ltd.	Rent of warehouse	60,000
Pacific Motors Limited	Common Director	Repair & Maintenance	4,305,327

**1.19 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. 08 dated 19 June 2011 issued by Bangladesh Bank. The Committee was formed comprising 5 (five) members of the Board.

Sl 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	Mr. Salim Ahmed	Vice-Chairman	Member	With effect from 16 July 2008	B.A. (Hons.), M.A. (History)
4	Mr. M.A. Awal	Director	Member	With effect from 12 July 2011	B.Com.
5	Mr. Syed Afzal Hasan Uddin	Director	Member	With effect from 12 July 2011	Barrister-at-Law

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

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****ii) Meeting held with Audit Committee**

During the year 2012, the Audit Committee conducted ten (10) 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 2012; and
- 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.

**1.20 Shariah Council**

**Members of AB Bank Shariah Supervisory Committee are as under:**

Sl no.	Name	Status with the Committee	Educational/ Professional Qualification
1	Mr. Shah Abdul Hannan	Chairman	Masters in Political Science from Dhaka University & Scholar of Islamic Studies
2	Mr. M. Azizul Huq	Vice-Chairman	M.A (Economics) Dhaka University & Scholar of Islamic Banking.
3	Dr. 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	Mr. Muhammad Musa	Member	Kamil: Madrasah Education Board, Dhaka. B.Com. (Hons.) & M.Com Dhaka University. Prominent author and research scholar in Quran & Hadith.
5	Mr. M. Wahidul Haque Chairman, BOD, ABBL	Member	BA, LLB
6	Mr. M. Fazlur Rahman President & MD, ABBL	Member	B.COM, MBA & FCA
7	Mr. 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 2012**

During the year 2012, the AB Bank Shariah Supervisory Committee met in 3 (three) meetings. Its Standing Committee also met in 1(one) meeting. 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'2011 of Islami Banking Branch and its observations.
- Reviewing the Shariah Audit 1st January to 30th June'2012 of Islami Banking Branch and its observations.
- Advising transfer of profit of Islamic Banking Branch to HO on yearly basis in lieu of monthly basis.
- Approving the Final Account, 2011 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.

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**
**Balance Sheet**
**3. Cash**

Cash in hand (Note: 3.1)

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

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
1,231,674,876	997,859,431
8,391,165,655	8,363,586,338
<b>9,622,840,530</b>	<b>9,361,445,769</b>

**3(a) Consolidated Cash**

AB Bank Limited

AB Investments Limited

AB International Finance Limited

AB Securities Limited

Cash Link Bangladesh Limited (CBL)

AB Exchange (UK) Ltd.

9,622,840,530	9,361,445,769
25,000	25,000
-	-
13,727	17,066
7,155	15,759
-	-
<b>9,622,886,412</b>	<b>9,361,503,594</b>

**3.1 Cash in hand**

In local currency

In foreign currency

1,209,413,399	980,407,006
22,261,477	17,452,425
<b>1,231,674,876</b>	<b>997,859,431</b>

**3.1(a) Consolidated Cash in hand**

AB Bank Limited

AB Investments Limited

AB International Finance Limited

AB Securities Limited

Cash Link Bangladesh Limited (CBL)

AB Exchange (UK) Ltd.

1,231,674,876	997,859,431
25,000	25,000
-	-
13,727	17,066
7,155	15,759
-	-
<b>1,231,720,758</b>	<b>997,917,256</b>

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

Balance with Bangladesh Bank

In local currency

In foreign currency

7,688,919,749	6,846,122,693
324,610,156	1,037,168,511
8,013,529,905	7,883,291,204

Sonali Bank Limited

(as an agent bank of Bangladesh Bank) - local currency

377,635,750	480,295,134
<b>8,391,165,655</b>	<b>8,363,586,338</b>

**3.2.1 Balance with Bangladesh Bank- local currency**

Balance as per Bank Ledger

Unresponded debit entries:

Bangladesh Bank statement

AB Bank's ledger

7,688,919,749	6,846,122,693
58,110,442	115,994,086
15,610,442	2,994,086
42,500,000	113,000,000

Unresponded credit entries:

Bangladesh Bank statement

AB Bank's ledger

129,379,251	798,225
24,559,079	258,225
104,820,172	540,000
<b>7,760,188,558</b>	<b>6,730,926,832</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

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 31.12.2012 is given below:

Period of Unreconciliation	Number of unresponded entry		Unresponded amount	
	Dr.	Cr.	Dr.	Cr.
Less than 3 months	16	14	57,520,926	129,189,251
3 months to less than 6 months				
6 months to less than 12 months				
12 months and more	2	1	589,516	190,000
<b>Total</b>	<b>18</b>	<b>15</b>	<b>58,110,442</b>	<b>129,379,251</b>

	31.12.2012 Taka	31.12.2011 Taka
<b>3.2.2 Balance with Bangladesh Bank-Foreign currency :</b>		
<b>Balance as per Bank Ledger</b>	324,610,156	1,037,168,511
<u>Unresponded debit entries:</u>	1,164,508	-
Bangladesh Bank statement	399,250	-
AB Bank's ledger	765,258	-
<u>Unresponded credit entries:</u>	187,825,274	84,025,290
Bangladesh Bank statement	38,284,888	11,979,471
AB Bank's ledger	149,540,386	72,045,819
<b>Balance as per Bangladesh Bank Statement</b>	<b>511,270,922</b>	<b>1,121,193,801</b>

**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 31.12.2012 is given below:**

Period of Unreconciliation	Number of unresponded entry		Unresponded amount	
	Dr.	Cr.	Dr.	Cr.
Less than 3 months	3	164	1,164,508	187,150,486
3 months to less than 6 months	-	2	-	168,479
6 months to less than 12 months	-	16	-	497,472
12 months and more	-	1	-	8,838
<b>Total</b>	<b>3</b>	<b>183</b>	<b>1,164,508</b>	<b>187,825,274</b>

	Amounts in Taka	
	At 31 Dec 2012	At 31 Dec 2011
<b>3.2(a) Consolidated Balance with Bangladesh Bank and its agent bank(s)</b>		
AB Bank Limited	8,391,165,655	8,363,586,338
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cash Link Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	<b>8,391,165,655</b>	<b>8,363,586,338</b>

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****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 Banking Companies Act 1991 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 December 01, 2010, Bank has to maintain CRR @ 6 % on fortnightly cumulative average basis and minimum CRR @ 5.5 % on daily basis.

	Amounts in Taka	
	At 31 Dec 2012	At 31 Dec 2011
<b>i. Daily Position as on the reporting date</b>		
Required reserve	7,470,664,500	6,275,015,890
Actual reserve maintained	7,667,490,512	6,740,366,828
<b>Surplus</b>	<b>196,826,012</b>	<b>465,350,938</b>

As per Bank ledger, balance with Bangladesh Bank (local currency) is Tk. 7,562,107,917.17 while as per Bangladesh Bank Statements balance is Tk.7,623,376,726.32 and TT in Transit is Tk.42,500,000.00. 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 December 01, 2010, Bank has to maintain 6% CRR on fortnightly cumulative average basis.

Required reserve (6% of total time & demand liabilities)	127,001,296,500	116,373,021,960
Actual reserve maintained	128,617,519,795	120,511,373,157
<b>Surplus</b>	<b>1,616,223,295</b>	<b>4,138,351,197</b>

**(b) Statutory Liquidity Ratio (SLR)**

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

Actual reserve maintained

**Total surplus**

23,657,104,250	21,677,327,620
28,550,377,784	24,233,275,107
<b>4,893,273,534</b>	<b>2,555,947,487</b>

As per MPD Circular # 04 & 05 dated 01 December 2010 all scheduled Banks have to maintain CRR and SLR (including CRR) @ 6.00 % and 19.00% daily of their total time and demand liabilities on bi-weekly average basis respectively, where the Bank maintained at the year ended 6.16% and 22.93% respectively.

**(c) Components of Statutory Liquidity Ratio (SLR):**

Cash in hand	1,223,800,000	991,400,000
Balance with Bangladesh Bank	7,624,990,512	6,627,366,826
Balance with Sonali Bank	377,600,000	480,300,000
TT in Transit	42,500,000	113,000,000
HTM Securities	15,489,345,473	10,413,530,336
HFT Securities	3,777,141,799	5,587,677,945
Other Eligible Security	15,000,000	20,000,000
	<b>28,550,377,784</b>	<b>24,233,275,107</b>

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012**

Amounts in Taka	
At	At
31 Dec 2012	31 Dec 2011

**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 Banking Companies Act 1991 and Bangladesh Bank MPD's subsequent circular nos. 04 and 05 dated 01 December 2010.

The statutory cash reserve requirement 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 current account while statutory liquidity ratio of 11.50% 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 these are maintained by the Bank in excess of the statutory requirements, as shown below :

**(a) Cash Reserve Requirement (CRR)**

Required reserve	119,914,610	92,129,910
Actual reserve maintained	126,811,832	93,560,004
Surplus	6,897,222	1,430,094

**(b) Statutory Liquidity Ratio (SLR)**

Total required reserve	229,836,330	268,712,240
Total actual reserve held	236,611,832	274,220,008
<b>Total surplus</b>	<b>6,775,502</b>	<b>5,507,768</b>

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

Cash reserve ratio and statutory liquidity ratio have been calculated and maintained in accordance with Section 24 of the Banking Companies Act 1949, Section 42 (2) of the RBI Act 1934 and RBI circular nos. DBOD. No.Ret. BC.22/12.01.001/2012 13

The cash reserve ratio is required on the Bank's time and demand liabilities at the rate of 4.25 % for 31.12.2012 & 6.00 % for 31.12.2011 and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 23.00 % for 31.12.2012 & 24.00 % for 31.12.2011 is required, on the same liabilities is also maintained in the form of treasury bills, and bonds including foreign currency balance with RBI. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below :

**(a) Cash Reserve Ratio (CRR)**

Required reserve	25,389,338	10,904,757
Actual reserve maintained	26,538,311	25,398,765
Surplus	1,148,974	14,494,008

**(b) Statutory Liquidity Ratio (SLR)**

Required reserve	296,595,683	136,677,155
Actual reserve maintained	374,529,525	202,550,824
Surplus	77,933,843	65,873,669
Total required reserve	321,985,020	147,581,912
Total actual reserve held	401,067,836	227,949,589
<b>Total surplus</b>	<b>79,082,816</b>	<b>80,367,677</b>

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012****4. Balance with other banks and financial institutions**

In Bangladesh (Note: 4.1)  
Outside Bangladesh (Note: 4.2)

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
5,616,079,788	5,660,375,607
3,260,994,166	2,501,951,869
<b>8,877,073,955</b>	<b>8,162,327,476</b>

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

In Bangladesh (note: 4.1(a))  
Outside Bangladesh (Nostro Accounts) (note 4.2(a))

5,621,794,561	5,664,958,585
1,851,770,306	1,030,254,515
<b>7,473,564,867</b>	<b>6,695,213,100</b>

**4.1 In Bangladesh****Current Deposits**

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

149,880	905,043
35,845	10,000
-	55
24,885	24,885
11,277	2,727
534	10,000,534
34,764	15,078
115	-
6,892	-
-	26,466,165
20,005,912	-
20,185,074	68,662,323
5,000	-
840	840
1,850	-
4,655	9,875
31,766,275	5,149,557
9,493	11,548,582
24,271	1,847
-	87,239
-	5,000,000
1,323	1,000
-	10,000
<b>72,268,885</b>	<b>127,895,750</b>

**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  
Islami Bank Bangladesh Ltd., Local Office  
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

173,732	6,647,779
6,896,328	48,181,079
32,956	32,721
7,530	20,012,562
3,003,011	3,011
97,804	69,910
2,638,195	36,189,694
65,519	62,932
5,047,900	35,292,417
3,013,881	2,101,349
13,468	9,827
2,034	2,499
2,593,733	1,716,737
48,120	48,120
17,510,806	20,086



**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**
**Special Notice Deposits (Cont.)**

Bank Asia Ltd., Islami Banking Window, Shantinagar Branch
First Security Islami Bank Ltd, Dilkusha Br.
The Trust Bank Ltd., Corporate Branch, Dilkusha, Dhaka
Bangladesh Krishi Bank, Barishal
Janata Bank Ltd., Barisal Branch
Standard Chartered Bank, Dhaka City Centre Branch
Al-Arafah Islami Bank Ltd, Dilkisha Branch
Shahjalal Islami Bank Ltd, Dhaka Main Branch
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka
Bank Alfalah Ltd, Main Branch, Dhaka
Agrani Bank Ltd., Islami Banking Window, Amin Court Corp. Br.

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
1,222,860	1,161,708
9,882,119	6,798,458
-	784,109
7,977,102	34,347
5,477	6,403
1,044,033	1,045,033
97,488,415	29,986,550
6,737,868	212,409,936
10,295,096	-
102,356,250	-
342,518,170	-
<b>620,672,406</b>	<b>402,617,265</b>

**Savings Deposits**

Social Islamic Bank Ltd. Principal Branch
Southeast Bank Ltd., Motijheel Branch
EXIM Bank Ltd, Motijheel Branch

7,446,687	5,120,389
54,528,107	598,354
1,163,704	4,143,850
<b>63,138,498</b>	<b>9,862,593</b>

**Fixed Deposits**

The Premier Bank Ltd.
Hajj Finance Company Ltd.
Southeast Bank Ltd.
First Security Islami Bank Ltd.
Shahjalal Islalmi Bank Ltd
Social Islami Bank Ltd.
Phoenix Finance and Investment Ltd.
Al-Arafah Islami Bank Limited
EXIM Bank Ltd.
The City Bank Ltd.
Agrani Bank Ltd.
ICB Islamic Bank Ltd.

200,000,000	1,400,000,000
150,000,000	270,000,000
400,000,000	500,000,000
450,000,000	800,000,000
700,000,000	400,000,000
400,000,000	400,000,000
250,000,000	550,000,000
900,000,000	100,000,000
750,000,000	500,000,000
400,000,000	-
100,000,000	-
160,000,000	200,000,000
<b>4,860,000,000</b>	<b>5,120,000,000</b>
<b>5,616,079,788</b>	<b>5,660,375,607</b>

**4.1(a) Consolidated In Bangladesh**

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

5,616,079,788	5,660,375,607
586,494	189,412
-	-
117,287,732	8,578,128
5,662,854	320,469,489
-	-
<b>5,739,616,868</b>	<b>5,989,612,636</b>
117,822,307	324,654,051
<b>5,621,794,561</b>	<b>5,664,958,585</b>

**Less: Inter company transaction**

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**
**4.2 Outside Bangladesh**
**Current Deposits**

The Bank of Tokyo Mitsubishi Ltd.
HSBC Plc
HSBC (Mumbai)
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
BCCI
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
HSBC, New York
UBAF (Hong Kong) Limited
Reserve Bank of India
HDFC Bank
Central Bank of India
Commerz Bank AG (Euro)
HSBC (Euro)
HSBC (GBP)
HSBC (USD)
HSBC (ACUD)
Citi Bank OBU
HSBC NY (OBU)
Standard Chartered Bank
JP Morgan Chase Bank

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
2,062,777	2,841,608
13,338,434	11,138,000
-	1,740,309
406,093,091	155,483,979
3,400,196	6,585,164
11,184,877	6,033,216
32,738	33,491
96,298,024	49,650,321
263,725	1,719,073
32,101,352	9,654,917
1,454,865,178	1,667,529,020
1,255,665	1,284,518
855,545	2,972,857
53,599,443	36,477,538
3,450,095	1,520,091
7,542,776	16,115,978
-	138,509
138,084,119	34,484,701
52,652,805	47,649,175
17,507,255	13,521,223
2,810,857	3,894,185
87,508	40,627,540
36,003,642	50,267,587
5,669,160	2,894,000
1,581,827	1,618,174
808,126	811,753
120,653,557	67,206,488
61,257	62,664
26,538,311	25,398,765
15,023,467	14,614,256
-	286,782
14,842,050	963,014
2,219,242	5,776,708
2,824,090	2,654,187
125,809,870	2,874,266
440,729,185	147,870,555
159,699,800	-
3,627,317	-
3,587,797	-
3,829,006	67,557,257
<b>3,260,994,166</b>	<b>2,501,951,869</b>

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

**4.2(a) Consolidated Outside Bangladesh (Nostro Accounts)**

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

Less: Inter company transactions

3,260,994,166	2,501,951,869
-	-
41,332,012	4,379,437
-	-
-	-
4,397,182	3,407,035
3,306,723,360	2,509,738,340
1,454,953,055	1,479,483,826
<b>1,851,770,306</b>	<b>1,030,254,515</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**
**4.3 Account-wise/grouping of balance with other banks and financial institutions**

Current deposits  
Savings deposits  
Short-Notice Deposits  
Fixed deposits

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
3,333,263,051	2,629,847,618
63,138,498	217,530,325
620,672,406	194,949,533
4,860,000,000	5,120,000,000
<b>8,877,073,954</b>	<b>8,162,327,476</b>

**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

3,443,145,577	2,834,208,607
2,374,216,779	1,858,697,470
3,059,711,599	3,469,421,399
-	-
-	-
<b>8,877,073,955</b>	<b>8,162,327,476</b>

**5. Money at call and on short notice**

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

3,300,000,000	550,000,000
371,790,000	115,830,000
<b>3,671,790,000</b>	<b>665,830,000</b>

**5.1 In Bangladesh**
With banking companies

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

-	100,000,000
650,000,000	450,000,000
450,000,000	-
200,000,000	-
400,000,000	-
500,000,000	-
500,000,000	-
150,000,000	-
250,000,000	-
<b>3,100,000,000</b>	<b>550,000,000</b>

With non-banking financial institutions

Phoenix Finance Ltd

200,000,000	-
<b>3,300,000,000</b>	<b>550,000,000</b>

At short notice

-	-
---	---

On calls and placements

United Commercial Bank Ltd.  
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

-	100,000,000.00
650,000,000	450,000,000
450,000,000	-
200,000,000	-
400,000,000	-
500,000,000	-
500,000,000	-
150,000,000	-
250,000,000	-
200,000,000	-
<b>3,300,000,000</b>	<b>550,000,000</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**
**5.2 Outside Bangladesh**

HDFC Bank Ltd.  
Abu Dhabi Commercial Bank

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
284,310,000	115,830,000
87,480,000	-
<b>371,790,000</b>	<b>115,830,000</b>
-	-

**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.

3,671,790,000	665,830,000
-	-
-	-
-	-
-	-
-	-
<b>3,671,790,000</b>	<b>665,830,000</b>

**6. Investments**
**Nature wise:**

Held for Trading  
Held to Maturity  
Others

3,777,141,799	5,838,105,169
15,928,683,098	10,663,957,560
6,408,962,750	5,053,986,428
<b>26,114,787,647</b>	<b>21,556,049,158</b>

**Claim wise:**

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

19,743,454,873	16,113,627,582
6,371,332,773	5,442,421,576
<b>26,114,787,647</b>	<b>21,556,049,158</b>

**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.

26,114,787,647	21,556,049,158
-	-
740,381,828	740,822,855
67,495,079	154,403,988
26,932,725	32,849,658
-	-
26,949,597,279	22,484,125,659
-	-
<b>26,949,597,279</b>	<b>22,484,125,659</b>

Less: Inter-group transaction

**6.1 Government securities**

Treasury bills  
30 days Bangladesh Bank bills  
Treasury bonds (note: 6.1.1)  
Debentures - Bangladesh House Building Finance Corporation  
(Maturity date: 14 March 2015, interest rate: 5.50%)  
Bangladesh Bank Islami Investment bonds  
Prize bonds

758,517,571	187,966,596
1,217,326,894	-
17,637,791,008	15,813,241,686
15,000,000	20,000,000
109,800,000	87,100,000
5,019,400	5,319,300
<b>19,743,454,873</b>	<b>16,113,627,582</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

			Amounts in Taka	
			At	At
			31 Dec 2012	31 Dec 2011
<b>6.1.1 Treasury bonds</b>				
	<b>Rate</b>	<b>Maturity Date</b>		
05 Years BD Govt. Treasury Bond	10.74%	19-Sep-2012	-	102,174,365
05 Years BD Govt. Treasury Bond	10.69%	17-Oct-2012	-	30,690,588
05 Years BD Govt. Treasury Bond	10.65%	21-Nov-2012	-	152,529,425
05 Years BD Govt. Treasury Bond	10.65%	19-Dec-2012	-	102,736,811
05 Years BD Govt. Treasury Bond	10.14%	20-May-2014	100,065,608	100,090,115
05 Years BD Govt. Treasury Bond	7.85%	18-Mar-2015	156,412,102	156,166,888
05 Years BD Govt. Treasury Bond	7.86%	21-Apr-2015	6,156,558	6,148,626
05 Years BD Govt. Treasury Bond	7.88%	21-Jul-2015	279,500,000	279,500,000
05 Years BD Govt. Treasury Bond	7.88%	18-Aug-2015	270,700,000	270,700,000
05 Years BD Govt. Treasury Bond	7.96%	20-Oct-2015	42,709,023	42,790,978
05 Years BD Govt. Treasury Bond	8.25%	17-Feb-2016	400,000,000	400,000,000
05 Years BD Govt. Treasury Bond	8.26%	20-Apr-2016	300,000,000	300,000,000
05 Years BD Govt. Treasury Bond	8.26%	22-Jun-2016	400,000,000	400,000,000
05 Years BD Govt. Treasury Bond	8.26%	6-Jul-2016	243,300,000	243,300,000
05 Years BD Govt. Treasury Bond	8.30%	3-Aug-2016	42,976,849	43,407,103
05 Years BD Govt. Treasury Bond	9.00%	4-Jan-2017	390,900,000	-
05 Years BD Govt. Treasury Bond	7.81%	20-Oct-2015	159,187,712	-
05 Years BD Govt. Treasury Bond	8.30%	20-Jan-2015	80,284,294	-
10 Years BD Govt. Treasury Bond	12.19%	17-Feb-2015	394,746,068	405,666,620
10 Years BD Govt. Treasury Bond	12.15%	4-Jul-2017	124,749,880	140,774,453
10 Years BD Govt. Treasury Bond	11.74%	8-Aug-2017	20,000,000	20,000,000
10 Years BD Govt. Treasury Bond	11.74%	5-Dec-2017	-	450,000,000
10 Years BD Govt. Treasury Bond	11.72%	2-Jan-2018	-	282,000,000
10 Years BD Govt. Treasury Bond	11.72%	6-Feb-2018	-	207,500,000
10 Years BD Govt. Treasury Bond	11.72%	2-Apr-2018	575,410,052	578,108,000
10 Years BD Govt. Treasury Bond	11.72%	7-May-2018	-	150,000,000
10 Years BD Govt. Treasury Bond	11.72%	4-Jun-2018	145,500,000	497,500,000
10 Years BD Govt. Treasury Bond	11.72%	2-Jul-2018	617,170,834	614,165,710
10 Years BD Govt. Treasury Bond	11.72%	6-Aug-2018	513,658,817	514,970,186
10 Years BD Govt. Treasury Bond	11.72%	3-Sep-2018	-	174,537,939
10 Years BD Govt. Treasury Bond	11.72%	8-Oct-2018	874,603,125	873,816,032
10 Years BD Govt. Treasury Bond	11.72%	4-Feb-2019	150,000,000	150,000,000
10 Years BD Govt. Treasury Bond	8.75%	4-Mar-2019	87,900,000	87,900,000
10 Years BD Govt. Treasury Bond	8.77%	3-Feb-2020	71,076,954	70,949,226
10 Years BD Govt. Treasury Bond	8.77%	3-Mar-2020	63,400,000	63,400,000
10 Years BD Govt. Treasury Bond	8.79%	7-Apr-2020	236,500,000	236,500,000
10 Years BD Govt. Treasury Bond	8.85%	7-Jul-2020	7,803,698	7,789,009
10 Years BD Govt. Treasury Bond	8.90%	6-Oct-2020	221,900,000	221,900,000
10 Years BD Govt. Treasury Bond	9.50%	3-Nov-2020	230,637,215	230,795,283
10 Years BD Govt. Treasury Bond	9.53%	8-Dec-2020	404,097,448	404,395,200
10 Years BD Govt. Treasury Bond	9.45%	5-Jan-2021	401,898,674	402,046,400
10 Years BD Govt. Treasury Bond	9.45%	2-Feb-2021	388,669,052	388,782,874
10 Years BD Govt. Treasury Bond	9.45%	2-Mar-2021	395,891,969	395,970,021
10 Years BD Govt. Treasury Bond	9.45%	6-Apr-2021	100,189,940	100,202,962
10 Years BD Govt. Treasury Bond	9.45%	4-May-2021	392,833,012	392,859,189
10 Years BD Govt. Treasury Bond	9.45%	8-Jun-2021	227,500,000	227,500,000

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

			Amounts in Taka	
			At	At
			31 Dec 2012	31 Dec 2011
<b>6.1.1 Treasury bonds (Cont.)</b>				
	<u>Rate</u>	<u>Maturity Date</u>		
10 Years BD Govt. Treasury Bond	9.50%	13-Jul-2021	217,700,000	217,700,000
10 Years BD Govt. Treasury Bond	9.53%	10-Aug-2021	220,966,320	220,998,198
10 Years BD Govt. Treasury Bond	9.55%	14-Sep-2021	391,918,379	391,980,907
10 Years BD Govt. Treasury Bond	11.65%	12-Oct-2021	215,961,188	-
10 Years BD Govt. Treasury Bond	11.75%	11-Jul-2022	95,103,682	-
10 Years BD Govt. Treasury Bond	11.75%	22-Aug-2022	47,590,195	-
10 Years BD Govt. Treasury Bond	9.55%	12-Sep-2022	408,657,238	-
10 Years BD Govt. Treasury Bond	9.55%	10-Nov-2021	310,100,289	-
15 Years BD Govt. Treasury Bond	12.22%	14-Dec-2021	141,699,105	142,863,733
15 Years BD Govt. Treasury Bond	8.74%	13-Feb-2023	63,100,000	63,100,000
15 Years BD Govt. Treasury Bond	8.75%	10-Feb-2025	74,300,000	74,300,000
15 Years BD Govt. Treasury Bond	8.77%	10-Mar-2025	20,200,000	20,200,000
15 Years BD Govt. Treasury Bond	8.80%	15-Apr-2025	58,500,000	58,500,000
15 Years BD Govt. Treasury Bond	8.80%	12-May-2025	60,000,000	60,000,000
15 Years BD Govt. Treasury Bond	8.85%	9-Jun-2025	108,600,000	108,600,000
15 Years BD Govt. Treasury Bond	8.86%	14-Jul-2025	112,000,000	112,000,000
15 Years BD Govt. Treasury Bond	8.92%	11-Aug-2025	112,000,000	112,000,000
15 Years BD Govt. Treasury Bond	8.95%	15-Sep-2025	85,200,000	85,200,000
15 Years BD Govt. Treasury Bond	9.05%	13-Oct-2025	120,000,000	120,000,000
15 Years BD Govt. Treasury Bond	9.12%	10-Nov-2025	120,000,000	120,000,000
15 Years BD Govt. Treasury Bond	9.12%	15-Dec-2025	160,000,000	160,000,000
15 Years BD Govt. Treasury Bond	9.20%	9-Feb-2026	160,000,000	160,000,000
15 Years BD Govt. Treasury Bond	9.30%	9-Mar-2026	200,000,000	200,000,000
15 Years BD Govt. Treasury Bond	8.85%	13-Apr-2026	200,000,000	200,000,000
15 Years BD Govt. Treasury Bond	9.35%	11-May-2026	204,000,000	204,000,000
15 Years BD Govt. Treasury Bond	9.65%	15-Jun-2026	122,400,000	122,400,000
15 Years BD Govt. Treasury Bond	10.30%	17-Aug-2026	117,001,055	116,857,765
15 Years BD Govt. Treasury Bond	10.99%	21-Sep-2026	163,760,192	163,773,326
15 Years BD Govt. Treasury Bond	11.00%	19-Oct-2026	163,514,814	-
15 Years BD Govt. Treasury Bond	11.00%	16-Nov-2026	153,123,764	-
15 Years BD Govt. Treasury Bond	11.50%	21-Dec-2026	216,198,180	-
15 Years BD Govt. Treasury Bond	11.60%	18-Jan-2027	185,464,394	-
15 Years BD Govt. Treasury Bond	11.65%	22-Feb-2027	214,324,454	-
15 Years BD Govt. Treasury Bond	11.70%	21-Mar-2027	51,698,956	-
15 Years BD Govt. Treasury Bond	11.75%	18-Apr-2027	192,668,422	-
15 Years BD Govt. Treasury Bond	11.80%	23-May-2027	198,113,114	-
15 Years BD Govt. Treasury Bond	11.80%	20-Jun-2027	103,125,560	-
15 Years BD Govt. Treasury Bond	11.93%	19-Sep-2027	35,992,138	-
20 Years BD Govt. Treasury Bond	9.11%	17-Oct-2027	37,000,000	37,000,000
20 Years BD Govt. Treasury Bond	9.15%	24-Feb-2030	80,000,000	80,000,000
20 Years BD Govt. Treasury Bond	9.17%	24-Mar-2030	20,500,000	20,500,000
20 Years BD Govt. Treasury Bond	9.20%	28-Apr-2030	100,000,000	100,000,000
20 Years BD Govt. Treasury Bond	9.23%	29-Jul-2030	56,000,000	56,000,000
20 Years BD Govt. Treasury Bond	9.25%	25-Aug-2030	70,000,000	70,000,000
20 Years BD Govt. Treasury Bond	9.25%	29-Sep-2030	84,000,000	84,000,000
20 Years BD Govt. Treasury Bond	9.45%	27-Oct-2030	69,600,000	69,600,000
20 Years BD Govt. Treasury Bond	9.57%	24-Nov-2030	100,000,000	100,000,000

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

			Amounts in Taka	
			At	At
			31 Dec 2012	31 Dec 2011
<b>6.1.1 Treasury bonds (Cont.)</b>				
	<b>Rate</b>	<b>Maturity Date</b>		
20 Years BD Govt. Treasury Bond	9.60%	29-Dec-2030	120,000,000	120,000,000
20 Years BD Govt. Treasury Bond	9.60%	26-Jan-2031	120,000,000	120,000,000
20 Years BD Govt. Treasury Bond	9.63%	23-Feb-2031	128,000,000	128,000,000
20 Years BD Govt. Treasury Bond	9.65%	23-Mar-2031	140,000,000	140,000,000
20 Years BD Govt. Treasury Bond	9.65%	27-Apr-2031	140,000,000	140,000,000
20 Years BD Govt. Treasury Bond	9.65%	25-May-2031	95,600,000	95,600,000
20 Years BD Govt. Treasury Bond	10.00%	29-Jun-2031	40,600,000	40,600,000
20 Years BD Govt. Treasury Bond	10.25%	27-Jul-2031	107,200,000	107,200,000
20 Years BD Govt. Treasury Bond	10.85%	24-Aug-2031	37,123,102	37,099,232
20 Years BD Govt. Treasury Bond	11.50%	28-Sep-2031	112,902,912	112,904,522
20 Years BD Govt. Treasury Bond	12.03%	26-Oct-2031	4,031,489	-
20 Years BD Govt. Treasury Bond	12.12%	28-Mar-2032	51,335,847	-
20 Years BD Govt. Treasury Bond	12.16%	25-Jul-2032	20,526,638	-
20 Years BD Govt. Treasury Bond	12.16%	29-Aug-2032	44,413,197	-
20 Years BD Govt. Treasury Bond	11.50%	26-Sep-2032	33,913,286	-
20 Years BD Govt. Treasury Bond	11.50%	23-Nov-2031	134,586,013	-
Treasury Bond PD REPO Adjustment			347,148,202	-
			<b>17,637,791,008</b>	<b>15,813,241,686</b>
<b>6.1(a) Consolidated Government securities</b>				
AB Bank Limited			19,743,454,873	16,113,627,582
AB Investment Limited			-	-
AB International Finance Limited			-	-
AB Securities Limited			-	-
Cashlink Bangladesh Limited (CBL)			-	-
AB Exchange (UK) Ltd.			-	-
			<b>19,743,454,873</b>	<b>16,113,627,582</b>
<b>6.2 Other investments</b>				
Shares (Note: 6.2.1)			5,791,995,148	5,051,994,352
Bond (Note: 6.2.2)			140,000,000	140,000,000
			<b>5,931,995,148</b>	<b>5,191,994,352</b>
<b>Investments -ABBL, Mumbai branch</b>				
Treasury bills			374,529,525	202,550,824
Debentures and bonds			64,808,100	47,876,400
			<b>439,337,625</b>	<b>250,427,224</b>
<b>Total Other investments</b>			<b>6,371,332,773</b>	<b>5,442,421,576</b>
<b>6.2 (a) Consolidated other investments</b>				
AB Bank Limited			6,371,332,773	5,442,421,576
AB Investment Limited			740,381,828	740,822,855
AB International Finance Limited			-	-
AB Securities Limited			67,495,079	154,403,988
Cashlink Bangladesh Limited (CBL)			26,932,725	32,849,658
AB Exchange (UK) Ltd.			-	-
			7,206,142,406	6,370,498,077
Less: Inter- group transactions			-	-
			<b>7,206,142,406</b>	<b>6,370,498,077</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		At 31 Dec 2012	At 31 Dec 2011
<b>6.2.1 Investments in shares</b>			
Quoted (Publicly Traded)		4,988,920,181	3,939,150,185
Unquoted		803,074,967	1,112,844,167
		<b>5,791,995,148</b>	<b>5,051,994,352</b>

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
	<b>140,000,000</b>	<b>140,000,000</b>

**6.3 Maturity grouping**

Repayable – on demand	347,148,201	1,591,091,117
– upto 3 months	6,318,747,621	2,313,294,692
– over 3 months but below 1 year	778,522,750	805,832,286
– over 1 year but below 5 years	4,049,530,324	2,309,980,110
– over 5 years	14,620,838,750	14,535,850,954
	<b>26,114,787,646</b>	<b>21,556,049,158</b>

**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)	29-Dec-2012	1/1/2013	3,441,595,000
Total			<b>3,441,595,000</b>

**(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
Total			<b>N/A</b>

**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
<b>Securities sold under repo:</b>			
i) with Bangladesh Bank	226,582,893	2,930,655,289	526,374,753
ii) with other banks & Fis	104,224,314	1,247,065,338	164,527,184
<b>Securities purchased under reverse repo:</b>			
i) from Bangladesh Bank	NIL	NIL	NIL
ii) from other banks & Fis	428,035,974	766,157,359	8,377,485



**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		At 31 Dec 2012	At 31 Dec 2011
<b>7. Loans, advances and lease/investments</b>		<b>106,065,758,923</b>	<b>94,638,218,363</b>
<b>7.1 Maturity grouping</b>			
Repayable – on demand	17,379,135,636	25,737,169,606	
– upto 3 months	26,554,833,751	26,831,701,326	
– over 3 months but below 1 year	25,841,675,479	13,585,273,286	
– over 1 year but below 5 years	28,885,806,271	24,671,862,828	
– over 5 years	7,404,307,785	3,812,211,318	
	<b>106,065,758,923</b>	<b>94,638,218,363</b>	
<b>7.2 Broad category-wise breakup</b>			
<b>In Bangladesh</b>			
Loans	88,019,786,261	75,667,510,086	
Overdrafts	17,025,203,384	17,539,131,615	
Cash credits	-	-	
	<b>105,044,989,644</b>	<b>93,206,641,700</b>	
<b>Outside Bangladesh: ABBL, Mumbai Branch</b>			
Loans	277,279,676	232,085,451	
Overdrafts	4,057,448	6,442,489	
Cash credits	47,458,232	47,458,232	
	<b>328,795,356</b>	<b>285,986,172</b>	
	<b>105,373,785,000</b>	<b>93,492,627,872</b>	
<b>7.3 Product wise Loans and Advances:</b>			
Overdraft	17,029,369,806	17,554,153,526	
Cash Credit	47,458,232	47,458,232	
Time loan	29,767,374,069	23,879,502,148	
Term loan	41,900,778,815	32,236,685,101	
Bills under LC	273,489,781	285,955,811	
Trust Receipt	10,900,089,435	14,664,891,168	
Packing credit	385,262,490	383,181,388	
Loan against accepted bills	2,616,131,651	2,453,486,221	
Consumer Loan	1,315,619,721	1,319,168,070	
Staff Loan	550,274,965	492,496,843	
Others	1,279,909,959	1,321,239,856	
	<b>106,065,758,923</b>	<b>94,638,218,364</b>	
<b>7.4 Net loans, advances and lease/investments</b>			
Gross loans and advances	106,065,758,923	94,638,218,363	
Less:			
Interest suspense	879,992,653	504,511,041	
Provision for loans and advances	2,318,340,874	2,347,039,126	
	<b>3,198,333,527</b>	<b>2,851,550,167</b>	
	<b>102,867,425,396</b>	<b>91,786,668,196</b>	
<b>7.5 Significant concentration</b>			
Advances to industries	42,209,112,384	38,553,344,110	
Advances to customer groups	63,856,646,539	56,080,392,735	
Advances to allied concerns of Directors	-	-	
Advances to Chief Executive	-	4,481,518	
	<b>106,065,758,923</b>	<b>94,638,218,363</b>	

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**
**7.6 Advances to customers for more than 10% of Bank's total capital**

Total capital of the Bank

Number of clients

Amount of outstanding advances

Amount of classified advances

Measures taken for recovery

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
<b>17,181,413,003</b>	<b>15,943,324,967</b>
30	27
32,671,931,246	27,521,400,000
-	-
Not applicable	Not applicable

**7.7 Industry-wise loans, advances and lease/investments**

Agriculture

Large and medium scale industry

Working capital

Export

Commercial lending

Small and cottage industry

Others

2,614,202,720	2,416,513,588
22,162,114,632	17,568,319,300
19,566,085,368	19,486,401,737
1,415,926,793	2,287,422,354
35,492,934,966	43,097,507,033
480,913,125	159,911,252
24,333,581,319	9,622,143,099
<b>106,065,758,923</b>	<b>94,638,218,363</b>

**7.8 Geographical location-wise (division) distribution**
**In Bangladesh**
**Urban Branches**

Dhaka

Chittagong

Khulna

Sylhet

Barisal

Rajshahi

Rangpur

69,932,442,327	61,967,132,190
21,340,455,537	18,235,801,055
4,176,544,481	4,006,190,202
1,909,055,866	1,255,502,337
319,361,172	304,398,670
2,643,457,653	2,480,609,953
2,209,016,998	1,765,589,040
<b>102,530,334,034</b>	<b>90,015,223,447</b>

**Rural Branches**

Dhaka

Chittagong

Khulna

Sylhet

Barisal

Rajshahi

2,518,022,539	2,674,500,001
361,998,917	966,815,537
-	-
74,568,972	695,693,206
-	-
-	-
2,954,590,428	4,337,008,744

**Outside Bangladesh**

ABBL, Mumbai Branch

580,834,460	285,986,172
<b>106,065,758,922</b>	<b>94,638,218,363</b>

**7.9 Classification of loans, advances and lease/investments**
**In Bangladesh**
Unclassified

Standard

Special Mention Account

101,794,205,867	91,465,551,892
505,004,000	217,201,705
102,299,209,866	91,682,753,597

Classified

Substandard

Doubtful

Bad/Loss

437,063,154	151,800,336
524,890,000	71,901,527
2,475,800,546	2,448,098,910
3,437,753,700	2,671,800,773
<b>105,736,963,567</b>	<b>94,354,554,370</b>

**Outside Bangladesh-Mumbai Branch**

Unclassified Loan

Classified Loan

244,282,510	283,663,994
84,512,846	-
<b>328,795,356</b>	<b>283,663,994</b>
<b>106,065,758,923</b>	<b>94,638,218,363</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

	Amounts in Taka	
	At 31 Dec 2012	At 31 Dec 2011
<b>7.10 Particulars of Loans, advances and lease/investments</b>		
(i) Loans considered good in respect of which the Bank is fully secured	104,004,645,135	92,838,819,800
(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	2,061,113,788	1,799,398,563
(iv) Loans adversely classified but provision not maintained thereagainst	-	-
	<b>106,065,758,923</b>	<b>94,638,218,363</b>
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons [note 7.8 (a)]	550,274,964	492,496,843
(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 7.8 (a)]	550,274,964	492,496,843
(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)	868,327,401	130,000,000
(b) Amount of loan written off	991,500,000	-
(c) Amount realised against loan previously written off	35,168,196	80,646,113
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	1,098,706,561	1,030,514,450
(e) Interest charged to interest suspense account	646,576,267	237,021,342
(xi) Written off loan		
During the year	991,500,000	-
Cumulative to-date (as per Bangladesh Bank guidelines)	5,464,993,000	4,473,493,000
Cumulative to-date (in amicable settlement)	2,703,300,000	2,694,067,000
The amount of written off loans for which lawsuits have been filed for its recovery	2,703,300,000	1,779,426,000

7.8 (a) The amount represents loans Tk 550,274,964 due by the employees of the Bank .

**7.11 Securities wise Loans, advances and lease/investments**
Nature of security

Collateral of movable/immovable assets	80,184,533,296	77,067,919,624
Cash collateral	5,576,928,815	2,513,508,568
Banks and financial institutions guarantee	658,117,246	1,125,558,355
Personal guarantee	5,873,289,218	7,677,828,585
Corporate guarantee	9,875,872,087	4,082,804,187
Other securities	3,897,018,261	2,170,599,044
	<b>106,065,758,923</b>	<b>94,638,218,363</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		At 31 Dec 2012	At 31 Dec 2011
<b>7(a) Consolidated Loans, advances and lease/investments</b>			
AB Bank Limited	105,373,785,000	93,492,627,872	
AB Investment Limited	7,585,189,288	7,259,150,528	
AB International Finance Limited	-	-	
AB Securities Limited	1,073,788,194	1,033,108,643	
Cashlink Bangladesh Limited (CBL)	-	-	
AB Exchange (UK) Ltd.	-	-	
	<b>114,032,762,482</b>	<b>101,784,887,043</b>	
Less: Inter company transaction	2,721,036,520	2,198,699,950	
	<b>111,311,725,962</b>	<b>99,586,187,093</b>	
<b>8. Bills purchased and discounted</b>			
In Bangladesh	439,934,818	637,592,059	
Outside Bangladesh - ABBL, Mumbai Branch	252,039,105	507,998,432	
	<b>691,973,923</b>	<b>1,145,590,491</b>	
<b>8.1 Maturity grouping</b>			
Repayable – within 1 month	138,394,785	229,118,098	
– over 1 month but within 3 months	553,579,139	916,472,392	
– over 3 months but within 6 months	-	-	
– over 6 months	-	-	
	<b>691,973,923</b>	<b>1,145,590,491</b>	
<b>8 (a) Consolidated Bills purchased and discounted</b>			
AB Bank Limited	691,973,923	1,145,590,491	
AB Investment Limited	-	-	
AB International Finance Limited	1,659,285,813	1,738,361,834	
AB Securities Limited	-	-	
Cashlink Bangladesh Limited (CBL)	-	-	
AB Exchange (UK) Ltd.	-	-	
	<b>2,351,259,736</b>	<b>2,883,952,325</b>	
<b>9. Fixed assets including premises, furniture and fixtures</b>			
<b>Cost:</b>			
Land and Building	3,111,940,206	3,124,992,006	
Furniture and fixtures	202,789,081	190,467,310	
Office appliances	61,663,735	61,283,755	
Electrical appliances	1,353,846,742	1,052,984,051	
Motor vehicles	479,583,052	354,969,273	
Intangible Assets	218,879,331	197,792,133	
	5,428,702,146	4,982,488,527	
Less: Accumulated depreciation and amortization	1,199,181,586	930,423,607	
	<b>4,229,520,560</b>	<b>4,052,064,920</b>	
A schedule of fixed assets is given in <u>Annex C</u> .			
<b>9(a) Consolidated Fixed assets including premises, furniture and fixtures</b>			
<b>Cost:</b>			
AB Bank Limited	5,428,702,146	4,982,488,527	
AB Investments Limited	571,076,609	571,076,609	
AB International Finance Limited	9,273,255	9,170,358	
AB Securities Limited	28,777,170	26,629,235	
Cashlink Bangladesh Limited (CBL)	268,419,630	268,419,629	
AB Exchange (UK) Ltd.	15,837,740	15,498,478	
	<b>6,322,086,549</b>	<b>5,873,282,837</b>	

**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		At 31 Dec 2012	At 31 Dec 2011
<b>Accumulated depreciation:</b>			
AB Bank Limited		1,199,181,586	930,423,607
AB Investments Limited		19,128,664	3,055,970
AB International Finance Limited		8,770,016	8,682,786
AB Securities Limited		11,193,635	5,886,139
Cashlink Bangladesh Limited (CBL)		209,896,835	157,424,502
AB Exchange (UK) Ltd.		5,265,911	1,826,793
		<u>1,453,436,647</u>	<u>1,107,299,797</u>
		<b>4,868,649,902</b>	<b>4,765,983,039</b>
<b>10. Other assets</b>			
<b>Income generating-Equity Investment</b>			
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)		32,280,000	252
		<u>384,862,172</u>	<u>352,582,425</u>
<b>Non-income generating</b>			
Inter-branch adjustment		4,191,700	43,591,061
Advance corporate income tax (note: 10.1)		5,673,148,042	4,373,711,910
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		1,232,257,570	831,971,409
Preliminary, formation, organisational, renovation, development, prepaid expenses and others		1,033,615,467	1,889,291,424
Exchange for clearing		703,078,129	973,715,632
Interest accrued on investment but not collected, and debentures, and other income receivables		686,226,038	631,698,881
Security deposits		267,435,160	156,779,788
Local drafts paid without advice		-	-
Advance rent and advertisement		156,275,414	145,251,391
Stationery, stamps, printing materials, etc		34,546,476	43,287,063
		<u>14,875,793,996</u>	<u>14,174,318,559</u>
		<b>15,260,656,170</b>	<b>14,526,900,984</b>
<b>10(a) Consolidated Other assets</b>			
AB Bank Limited		15,260,656,170	14,526,900,984
AB Investment Limited		235,544,527	308,584,808
AB International Finance Limited		9,249,425	6,495,911
AB Securities Limited		107,900,318	59,680,487
Cashlink Bangladesh Limited (CBL)		23,287,654	27,904,626
AB Exchange (UK) Ltd.		1,350,208	1,128,526
		<b>15,637,988,302</b>	<b>14,930,695,341</b>
Less: Inter-group transaction		6,370,150,449	6,968,738,910
		<u><b>9,267,837,853</b></u>	<u><b>7,961,956,432</b></u>

**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

**10.1 Advance corporate income tax**

In Bangladesh:

Balance at 01 January  
Add: Paid during the year  
Add: Tax withheld during the year  
  
Less: Settlement during the year  
Balance at 31 December  
Advance tax paid by ABBL, Mumbai Branch

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
4,066,825,904	2,548,624,404
1,325,524,111	1,470,386,008
122,143,930	47,815,492
1,447,668,041	1,518,201,500
-	-
5,514,493,945	4,066,825,904
158,654,097	306,886,007
<b>5,673,148,041</b>	<b>4,373,711,911</b>

**11. Borrowings from other banks, financial institutions and agents**

In Bangladesh (Note: 11.1)  
Outside Bangladesh (Note: 11.2)

3,262,748,341	10,124,576,923
386,513,441	123,612,648
<b>3,649,261,782</b>	<b>10,248,189,572</b>

**11.1 In Bangladesh**

Bangladesh Bank refinance

ADB loan  
Islamic Investment Bonds  
Bangladesh Bank Refinance  
Off- Shore Banking Business

28,799,000	13,349,000
3,000,800,000	3,050,792,894
180,541,281	115,640,784
-	327,409,245
3,210,140,281	3,507,191,923

Call & Term Borrowing from

Delta Brac Housing Ltd  
Habib Bank Ltd  
IDLC finance Ltd  
State Bank of India  
Bay Leasing Ltd  
Pubali Bank Ltd  
United Commercial Bank Ltd  
Trust Bank Ltd  
Dutch Bangla Bank Ltd  
Standard Bank Ltd  
Commercial Bank of Ceylon  
Citi Bank NA  
National Bank Ltd  
ICB Islami Bank Ltd  
Bangladesh Commerce Bank Ltd  
Sonali Bank Ltd  
HSBC  
Janata Bank Ltd  
Bangladesh Development Bank Ltd  
IPDC  
ICB Islamic Bank Ltd  
MIDAS Financing Ltd  
National Housing Finance and Investments Ltd  
Uttara Finance and Investments Ltd  
Accrued interest

-	50,000,000
-	50,000,000
-	410,000,000
-	140,000,000
-	100,000,000
-	300,000,000
-	900,000,000
-	950,000,000
-	100,000,000
-	50,000,000
-	50,000,000
-	350,000,000
-	300,000,000
50,000,000	-
-	380,000,000
-	500,000,000
-	140,000,000
-	950,000,000
-	130,000,000
-	120,000,000
-	450,000,000
-	40,000,000
-	20,000,000
-	100,000,000
2,608,060	37,385,000
<b>52,608,060</b>	<b>6,617,385,000</b>
<b>3,262,748,341</b>	<b>10,124,576,923</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

Amounts in Taka	
At	At
31 Dec 2012	31 Dec 2011

**11.2 Outside Bangladesh**

Sonali Bank UK

<b>386,513,441</b>	<b>123,612,648</b>
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 (A Schedule of Borrowings from other banks, financial institutions and agents outside Bangladesh is given in **Annexure - D**)

**11.3 Analysis by security**

Secured (assets pledge as security for liabilities)

Unsecured

-	-
3,649,261,782	10,248,189,572
<b>3,649,261,782</b>	<b>10,248,189,572</b>

**11.4 Repayment pattern**

Repayable on demand

Repayable on maturity (Note: 11.4.1)

386,513,441	6,740,997,648
3,262,748,341	3,507,191,923
<b>3,649,261,782</b>	<b>10,248,189,572</b>

**11.4.1 Repayable on maturity**
Bangladesh Bank refinance:

ADB loan

SME &amp; Women Entrepreneur

Off - Shore Banking Business

28,799,000	13,349,000
233,149,341	115,640,784
-	327,409,245
261,948,341	456,399,029

Term borrowings:

Islamic Investment Bonds

3,000,800,000	3,050,792,894
<b>3,262,748,341</b>	<b>3,507,191,923</b>

**11(a) Consolidated Borrowings from other banks, financial institutions and agents**

AB Bank Limited

AB Investment Limited

AB International Finance Limited

AB Securities Limited

Cashlink Bangladesh Limited (CBL)

AB Exchange (UK) Ltd.

3,649,261,782	10,248,189,572
2,565,203,769	2,370,888,983
1,455,596,448	1,473,335,528
247,970,830	277,810,967
343,241,029	-
-	-
8,261,273,858	14,370,225,048
4,144,291,698	3,672,035,477
<b>4,116,982,161</b>	<b>10,698,189,571</b>

Less: Intercompany transactions

**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		At	At
		31 Dec 2012	31 Dec 2011
<b>12. Deposit and other accounts</b>			
Inter-bank deposits		2,449,359,073	3,967,668,000
Other deposits		137,576,594,818	112,184,196,140
		<b>140,025,953,891</b>	<b>116,151,864,140</b>
<b>12(a) Consolidated Deposit and other accounts</b>			
AB Bank Limited		140,025,953,891	116,151,864,140
AB Investment Limited		-	-
AB International Finance Limited		-	-
AB Securities Limited		-	-
Cashlink Bangladesh Limited (CBL)		-	-
AB Exchange (UK) Ltd.		-	-
		140,025,953,891	116,151,864,140
Less: Inter-group transaction		117,910,184	326,378,844
		<b>139,908,043,708</b>	<b>115,825,485,296</b>
<b>12.1 Maturity analysis of inter-bank deposits</b>			
Repayable – on demand		244,935,907	396,766,800
– within 1 month		1,224,679,537	1,983,834,000
– over 1 month but within 3 months		734,807,722	1,190,300,400
– over 3 months but within 1 year		244,935,907	396,766,800
– over 1 year but within 5 years		-	-
– over 5 years but within 10 years		-	-
– over 10 years		-	-
		<b>2,449,359,073</b>	<b>3,967,668,000</b>
<b>12.2 Maturity analysis of other deposits</b>			
Repayable – on demand		-	-
– within 1 month		24,298,588,290	21,633,266,030
– over 1 month but within 3 months		45,055,013,438	30,350,788,907
– over 3 months but within 1 year		46,368,824,849	37,750,251,614
– over 1 year but within 5 years		19,749,343,339	21,974,758,582
– over 5 years but within 10 years		2,104,824,902	475,131,008
– over 10 years		-	-
		<b>137,576,594,818</b>	<b>112,184,196,141</b>
<b>12.3 Demand and time deposits</b>			
<b>a) Demand Deposits</b>		16,292,283,489	15,284,649,049
Current accounts and other accounts		13,487,687,930	12,637,906,473
Savings Deposits (9%)		1,337,448,548	1,394,930,380
Bills Payable		1,467,147,010	1,251,812,196
<b>b) Time Deposits</b>		123,733,670,403	100,867,215,091
Savings Deposits (91%)		13,523,090,879	12,554,373,419
Short Notice Deposits		21,160,436,286	12,752,426,708
Fixed Deposits		80,452,713,916	68,077,049,143
Non Resident Foreign Currency Deposits A/C		287,062,440	450,053,540
Other Deposits		8,310,366,882	7,033,312,281
<b>Total Demand and Time Deposits</b>		<b>140,025,953,891</b>	<b>116,151,864,140</b>
<b>12.4 Sector-wise break up of deposits and other accounts</b>			
Government		436,114,413	487,597,000
Deposit money Banks		2,449,359,073	3,967,668,000
Autonomous & Semi-Autonomous Bodies		1,806,458,373	1,403,425,000
Public Non-Financial Organisation		18,865,880,199	12,630,234,000
Other Public		1,097,727,074	1,204,933,000
Foreign Currency		3,221,036,565	2,427,312,640
Private		110,913,135,494	93,460,753,673
Mumbai Branch		1,236,242,701	569,940,827
		<b>140,025,953,892</b>	<b>116,151,864,140</b>



**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

**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 (*)

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
2,318,340,874	2,347,039,126
7,772,599,103	6,301,379,868
112,104,055	68,532,913
879,992,653	504,511,041
282,197,228	328,923,966
200,000	200,000
66,308,878	7,250,356
62,205,113	62,361,469
580,000,000	510,000,000
1,597,153,000	1,220,753,000
462,305,337	359,130,713
<b>14,133,406,241</b>	<b>11,710,082,451</b>

(\*) 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.

**13.1 Accumulated provision against loans and advances**

The movement in specific provision for bad and doubtful debts

Balance at 01 January	
Fully provided debts written off during the year	(-)
Recovery of amounts previously written off	(+)
Specific provision made for the year	(+)
Transferred from other assets provisions	(+)
Transfer from general provision	(+)
Recoveries and provision no longer required	(-)
Net charge to Profit and Loss Statement	(+)

1,030,514,450	900,514,450
800,135,291	-
-	-
711,800,000	130,000,000
60,000,000	-
13,200,000	-
-	-
50,000,000	-
34,864,709	130,000,000
1,065,379,159	1,030,514,450
33,327,401	-
<b>1,098,706,561</b>	<b>1,030,514,450</b>

On unclassified loans

Balance at 01 January	
Recoveries and provision no longer required	(-)
Transfer to specific provision during the year	(-)
General provision made for the year	(+)

1,278,460,313	1,038,460,313
-	-
13,200,000	-
-	240,000,000
(13,200,000)	240,000,000
1,265,260,313	1,278,460,313
4,374,000	38,064,363
<b>1,269,634,313</b>	<b>1,316,524,676</b>
<b>2,368,340,874</b>	<b>2,347,039,126</b>

Provision for

Required

Un-classified loans and advances	1,050,037,044
Classified loans and advances	1,046,183,401
	2,096,220,445

Maintained	Excess
1,269,634,313	219,597,269
1,048,706,561	2,523,159
<b>2,318,340,874</b>	<b>222,120,428</b>

**13.1.1 Details of provision for loans and advances**

**General Provision :**

Standard
Special Mention Account

**Specific Provision:**

Substandard
Doubtful
Bad/Loss

**Excess provision maintained at December 31, 2012**

Provision	
Required	Maintained
<b>1,050,037,044</b>	<b>1,269,634,313</b>
1,024,786,844	1,244,384,113
25,250,200	25,250,200
<b>1,046,183,401</b>	<b>1,098,706,561</b>
98,253,601	98,253,601
76,000,500	76,000,500
871,929,300	924,452,459
	<b>272,120,428</b>

**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		At	At
		31 Dec 2012	31 Dec 2011
<b>13.2 Provision for current tax</b>			
Balance at 01 January		5,981,196,923	4,416,602,048
Add: Provision made during the year		1,637,116,810	1,564,594,875
Less: Adjustment during the year		-	-
Balance at 31 December		7,618,313,733	5,981,196,923
Provision held by ABL, Mumbai Branch		152,356,750	320,182,945
		<b>7,770,670,483</b>	<b>6,301,379,868</b>

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 and 2011 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.

<b>13.3 Deferred tax liabilities</b>			
Balance at 01 January		68,532,913	88,446,565
Add: Provision made during the year		43,456,854	-
Add/(Less): Adjustment during the year		114,289	(19,913,652)
Balance at 31 December		<b>112,104,055</b>	<b>68,532,913</b>

<b>13.4 Interest suspense account</b>			
Balance at 01 January		495,216,132	319,588,790
Transfer during the year	(+)	646,576,267	237,021,342
Recovery during the year	(-)	82,095,760	61,394,000
Write off during the year	(-)	191,410,000	-
Balance at 31 December		<b>868,286,638</b>	<b>495,216,132</b>
Mumbai Branch		11,706,015	9,294,910
		<b>879,992,654</b>	<b>504,511,041</b>

<b>13.5 Provision against other assets</b>			
<u>Provision for</u>			
Prepaid legal expenses		54,500,000	49,700,000
Protested bills		22,413,201	19,091,187
Balance with BCCI, London		-	120,000
London Representative Office		1,708,494	1,708,494
Myanmar Representative Office		1,112,430	1,112,430
Others		202,463,103	257,191,854
		<b>282,197,228</b>	<b>328,923,965</b>

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	54,439,755	54,439,755	50% & 100%	34,401,656	54,500,000
Protested bills	22,152,692	22,152,692	100%	22,152,692	22,413,201
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	202,463,103
<b>Required provision for other assets</b>				<b>240,073,672</b>	<b>282,197,228</b>
Total provision requirement					240,073,672
Total provision maintained					282,197,228
<b>Excess provision maintained at 31 December 2012</b>					<b>42,123,556</b>

<b>13.6 Provision for off balance sheet items</b>			
Balance at 01 January		510,000,000	480,000,000
Add: Provision made during the year		70,000,000	30,000,000
Less: Adjustment during the year		-	-
		<b>580,000,000</b>	<b>510,000,000</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**
**13.7 Particulars of required provision for Off-Balance Sheet Items**

	<b>Base for Provision</b>	<b>Rate (%)</b>	<b>2012 (Taka)</b>	<b>2011 (Taka)</b>
Acceptances and endorsements	19,495,095,913	1%	194,950,959	162,920,889
Letters of guarantee	12,882,332,805	1%	128,823,328	108,084,756
Irrevocable letters of credit	17,863,397,969	1%	178,633,980	145,549,833
Bills for collection	7,314,503,963	1%	73,145,040	81,554,666
<b>Total Off Balance Sheet Items &amp; required provision</b>	<b>57,555,330,651</b>		<b>575,553,307</b>	<b>498,110,144</b>
Total provision maintained			580,000,000	510,000,000
<b>Excess/(short) provision at 31 December 2012</b>			<b>4,446,693</b>	<b>11,889,856</b>

No provision has been maintained against Off Balance Sheet items of Mumbai Branch amounting Tk. 2,035,121,995 as per Reserve Bank of India (RBI) guidelines.

Amounts in Taka

**13.8 Provision against investments**

Balance at 01 January  
Add: Provision made during the year  
Less: Adjustment during the year  
Balance at 31 December  
Provision for Mumbai Branch  
Balance at 31 December

At 31 Dec 2012	At 31 Dec 2011
1,220,753,000	282,553,000
376,400,000	938,200,000
-	-
<b>1,597,153,000</b>	<b>1,220,753,000</b>
-	-
<b>1,597,153,000</b>	<b>1,220,753,000</b>

**13(a) Consolidated Other liabilities**

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

14,133,406,241	11,710,082,463
891,700,012	734,241,163
65,932,526	83,823,692
727,117,384	575,761,423
18,581,007	686,342,416
13,260,337	34,640,607
15,849,997,507	13,824,891,763
559,982,513	940,605,656
<b>15,290,014,994</b>	<b>12,884,286,108</b>

**14. Share Capital**

**4,423,336,680** **3,686,113,900**

**14.1 Authorised Capital**

600,000,000 ordinary shares of Taka 10 each

**6,000,000,000** **6,000,000,000**

**14.2 Issued, Subscribed and Paid-up Capital**

15,000,000 ordinary shares of Taka 10 each issued for cash  
427,333,668 ordinary shares of Taka 10 each issued as bonus shares

150,000,000	150,000,000
4,273,336,680	3,536,113,900
<b>4,423,336,680</b>	<b>3,686,113,900</b>

**14.3 Percentage of shareholding**

<b>Particulars</b>	<b>As at 31 December 2012</b>	
	No. of shares	%
Sponsors and public	439,798,164	99.43
Government	2,535,504	0.57
	<b>442,333,668</b>	<b>100.00</b>

	<b>As at 31 December 2011</b>	
	No. of shares	%
	366,498,470	99.43
	2,112,920	0.57
	<b>368,611,390</b>	<b>100.00</b>

**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

**14.4 Classification of shareholders by holding**

Holding	No. of holders		% of total holding	
	2012	2011	2012	2011
Upto 500	63,751	65,078	62.93	65.17
501 to 5,000	33,187	31,411	32.76	31.46
5,001 to 10,000	2,420	1,803	2.39	1.81
10,001 to 20,000	1,044	806	1.03	0.81
20,001 to 30,000	293	236	0.29	0.24
30,001 to 40,000	109	101	0.11	0.10
40,001 to 50,000	98	85	0.10	0.09
50,001 to 100,000	181	151	0.18	0.15
100,001 to 1,000,000	180	152	0.18	0.15
Over 1,000,000	44	34	0.04	0.03
	<b>101,307</b>	<b>99,857</b>	<b>100.00</b>	<b>100.00</b>

**14.5 Names of the Directors and their shareholding as at 31 December 2012**

Name of the Director	Status	No of Shareholding	
		As at 31 Dec 2012	As at 31 Dec 2011
Mr. M. Wahidul Haque	Chairman	95,700	79,750
Mr. Salim Ahmed	Vice-Chairman	10,448,076	8,706,730
Mr. Feroz Ahmed	Director	9,177,840	7,648,200
Mr. M. A. Awal	Director	2,772	2,310
Mr. Shishir Ranjan Bose FCA	Independent Director	1,968	1,640
Mr. Faheemul Huq, Barrister - at -Law	Director	379,524	316,270
Mr. Syed Afzal Hasan Uddin, Barrister - at -Law	Director	1,968	1,640
Mr. Gholam Sarwar	Director	10,608	8,840
Mr. Md. Mesbahul Hoque	Director	1,968	1,640
Mr. Md. Anwar Jamil Siddiqui	Director	1,968	1,640
Mr. B. B. Saha Roy	Director	1,716	1,430
Dr. M. Imtiaz Hossain	Depositor Director	-	-
Mrs. Runa Zakia Shahrood Khan	Depositor Director	-	-
Mr. M. Fazlur Rahman	President & Managing Director	-	-

**14.7 Capital Adequacy Ratio - As per BASEL II**

**Consolidated - Capital Adequacy Ratio**

In terms of section 13(2) of Banking Companies Act, 1991 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 2012 is Taka 14,974,486,241 as against available core capital of Taka 14,780,288,506 and supplementary capital of Taka 2,639,426,682 that is, a total of Taka 17,419,715,188 thereby showing surplus capital/equity of Taka 2,445,228,947 at that date. Details are shown below:

	Amounts in Taka	
	At 31 Dec 2012	At 31 Dec 2011
<b>Core capital (Tier I)</b>		
Fully Paid-up Capital/Capital Deposited with BB	4,423,336,680	3,686,113,900
Statutory Reserve	5,005,314,801	4,390,197,276
Non-repayable share premium account	-	-
General Reserve	120,093,432	121,667,832
Retained earnings	5,261,734,530	5,373,409,897
Minority interest in Subsidiaries	(20,230,938)	(18,642,915)
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	<b>14,790,248,506</b>	<b>13,552,745,990</b>
<b>Deductions from Tier-I (Core Capital) :</b>		
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 Act, 1991.	-	-
Investments in subsidiaries which are not consolidated	9,960,000	9,960,000
Other if any	-	-
	<b>9,960,000</b>	<b>9,960,000</b>
<b>Total Eligible Tier-I Capital</b>	<b>14,780,288,506</b>	<b>13,542,785,990</b>

**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

	Amounts in Taka	
	At 31 Dec 2012	At 31 Dec 2011
<b>Supplementary capital (Tier II)</b>		
General Provision for Unclassified loans Limited to 1.25% of RWA	1,363,375,361	1,368,202,803
General Provision for off Balance Sheet exposure (A & B are limited to 1.25% of RWA)	580,000,000	510,000,000
Assets Revaluation Reserves up to 50%	697,588,060	714,354,848
Revaluation Reserves of Securities ( Up to 50% )	8,423,262	7,667,292
Revaluation Reserve for equity instruments up to 10%	-	-
All other preference shares	-	-
Balance of Exchange Equalisation Fund	-	-
Perpetual Subordinated debt	-	-
Sub-Total	2,649,386,682	2,600,224,943
Deductions if any	9,960,000	9,960,000
<b>Total Eligible Tier-II Capital</b>	<b>2,639,426,682</b>	<b>2,590,264,943</b>
<b>Capital eligible for market risk (Tier-III)</b>	-	-
Short-term subordinated debt	-	-
<b>A. Total Eligible Capital</b>	<b>17,419,715,188</b>	<b>16,133,050,933</b>
Total assets including off-Balance Sheet items	235,107,764,658	207,000,193,980
Total risk-weighted assets (RWA)	149,744,862,415	149,391,922,996
<b>B. Total required capital (10% of Total RWA)</b>	14,974,486,241	13,445,273,070
<b>Capital Surplus / (Shortfall) [A-B]</b>	2,445,228,947	2,687,777,864
<b>Capital adequacy ratio</b>	11.63%	10.80%
<b><u>Solo - Capital Adequacy Ratio</u></b>		
In terms of section 13(2) of Banking Companies Act 1991 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 2012 is Taka 14,649,219,716 as against available core capital of Taka 14,629,751,509 and supplementary capital of Taka 2,551,661,494 that is, a total of Taka 17,181,413,003 thereby showing surplus capital/equity of Taka 2,532,193,287 at that date. Details are shown below:		
<b>Core capital (Tier I)</b>		
Fully Paid-up Capital/Capital Deposited with BB	4,423,336,680	3,686,113,900
Statutory Reserve	5,005,314,801	4,390,197,276
Non-repayable share premium account	-	-
General Reserve	42,199,200	42,199,200
Retained earnings	5,158,900,828	5,291,115,537
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	14,629,751,509	13,409,625,913
<b>Deductions from Tier-1 (Core Capital) :</b>		
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 Act, 1991.	-	-
Investments in subsidiaries which are not consolidated	-	-
Other if any	-	-
	-	-
<b>Total Eligible Tier-I Capital</b>	<b>14,629,751,509</b>	<b>13,409,625,913</b>

**AB Bank Limited**  
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		At 31 Dec 2012	At 31 Dec 2011
<b>Supplementary capital (Tier II)</b>			
General Provision for Unclassified loans Limited to 1.25% of RWA		1,269,634,313	1,302,161,756
General Provision for off Balance Sheet exposure (A & B are limited to 1.25% of RWA)		580,000,000	510,000,000
Assets Revaluation Reserves up to 50%		693,603,919	713,870,005
Revaluation Reserves of Securities ( Up to 50% )		8,423,262	7,667,292
Revaluation Reserve for equity instruments up to 10%		-	-
All other preference shares		-	-
Balance of Exchange Equalisation Fund		-	-
Perpetual Subordinated debt		-	-
Sub-Total		2,551,661,494	2,533,699,054
Deductions if any		-	-
Total Eligible Tier-II Capital		2,551,661,494	2,533,699,054
<b>Capital eligible for market risk (Tier-III)</b>			
Short-term subordinated debt		-	-
<b>A. Total Eligible Capital</b>		<b>17,181,413,003</b>	<b>15,943,324,967</b>
Total assets including off-Balance Sheet items		235,107,764,658	205,558,279,407
Total risk-weighted assets (RWA)		146,492,197,160	140,235,887,391
<b>B. Total required capital (10% of Total RWA)</b>		14,649,219,716	14,023,588,739
<b>Capital Surplus / (Shortfall) [A-B]</b>		2,532,193,287	1,919,736,228
<b>Capital adequacy ratio</b>		11.73%	11.37%
Detailed Disclosure under Pillar III of Basel II is presented in <b>Annexure E</b> .			
<b>15. Statutory reserve</b>			
<b>In Bangladesh</b>			
Opening balance		4,230,234,501	4,230,234,501
Add: Addition during the year		594,310,170	-
Add./less Adjustment for Foreign Exchange Rate Fluctuation		-	-
		4,824,544,671	4,230,234,501
<b>Outside Bangladesh - ABBL, Mumbai Branch</b>			
Opening balance		159,962,774	165,369,367
Add: Addition during the year		29,756,322	-
Add./ (Less) Adjustment		(8,948,966)	(5,406,593)
		180,770,130	159,962,774
		<b>5,005,314,801</b>	<b>4,390,197,275</b>
<b>16. Other reserve</b>			
General reserve (Note 16.1)		42,199,200	42,199,200
Assets revaluation reserve (Note 16.2)		1,326,815,807	1,335,395,306
Investment revaluation reserve (Note 16.3)		16,846,523	15,334,585
Foreign exchange revaluation for investment in foreign operation		60,392,031	92,344,704
		<b>1,446,253,561</b>	<b>1,485,273,794</b>
<b>16.1 General reserve</b>			
Opening balance		42,199,200	42,199,200
Add : Addition during the year		-	-
		<b>42,199,200</b>	<b>42,199,200</b>
<b>16.2 Assets revaluation reserve</b>			
Opening balance		1,335,395,306	1,338,065,823
Add : Addition during the year		-	-
Less : Adjustment during the year		8,579,499	2,670,517
		<b>1,326,815,807</b>	<b>1,335,395,306</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		At 31 Dec 2012	At 31 Dec 2011
<b>16.3 Investment revaluation reserve ( Treasury Bills &amp; Treasury Bonds)</b>			
<b><u>In Bangladesh</u></b>			
Revaluation Reserve for:			
Held to Maturity (HTM)	(Note: 16.3.1)	1,235,476	-
Held for Trading (HFT)	(Note: 16.3.2)	3,789,583	2,813,207
		5,025,059	2,813,207
<b><u>Outside Bangladesh</u></b>			
ABBL, Mumbai branch		11,821,464	12,521,377
		<b>16,846,523</b>	<b>15,334,585</b>
<b>16.3.1 Revaluation Reserve for Held to Maturity (HTM)</b>			
Opening balance		-	-
Add: Addition during the year		1,235,476	-
		1,235,476	-
Less: Adjustment during the year		-	-
		<b>1,235,476</b>	<b>-</b>
<b>16.3.2 Revaluation Reserve for Held for Trading (HFT)</b>			
Opening balance		2,813,207	3,050,034
Add: Addition during the year		976,376	-
		3,789,583	3,050,034
Less: Adjustment during the year		-	236,827
		<b>3,789,583</b>	<b>2,813,207</b>
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.			
<b>16(a) Consolidated Other reserve</b>			
AB Bank Limited		1,446,253,561	1,485,273,794
AB Investment Limited		-	-
AB International Finance Limited		85,862,514	80,438,318
AB Securities Limited		-	-
Cashlink Bangladesh Limited (CBL)		-	-
AB Exchange (UK) Ltd.		-	-
		<b>1,532,116,076</b>	<b>1,565,712,112</b>
<b>17. Retained earnings</b>			
Opening balance		5,291,115,537	4,768,197,863
Add: Post-tax profit for the year		1,438,537,814	1,327,983,705
Less: Transfer to statutory reserve		624,066,492	-
Cash dividend		184,305,695	320,531,650
Bonus shares issued		737,222,780	480,797,400
		<b>5,184,058,384</b>	<b>5,294,852,518</b>
Add/(Less): Retained earnings adjustment of Mumbai Br.		(1,384,954)	(205,681)
Add/(Less): Foreign Exchange Translation loss		(23,772,601)	(3,531,300)
		<b>5,158,900,828</b>	<b>5,291,115,537</b>
<b>17(a) Consolidated Retained earnings</b>			
AB Bank Limited		5,158,900,828	5,291,115,537
AB Investment Limited		656,771,295	771,663,085
AB International Finance Limited		100,646,480	102,587,902
AB Securities Limited		208,980,372	222,959,017
Cashlink Bangladesh Limited (CBL)		(489,608,852)	(436,307,755)
AB Exchange (UK) Ltd.		(29,221,119)	(16,433,614)
		5,606,469,004	5,935,584,172
Less: Inter group transaction		393,069,411	608,921,189
Minority Interest		(48,334,938)	(42,966,914)
		<b>5,261,734,530</b>	<b>5,369,629,897</b>

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012**

Amounts in Taka

At	At
31 Dec 2012	31 Dec 2011

**17(b) Mionirity Interest**

AB Investment Limited  
AB Securities Limited  
Cashlink Bangladesh Limited

11,948	8,724
717,999	759,137
(20,960,885)	(15,630,776)
<b>(20,230,938)</b>	<b>(14,862,916)</b>

**18. Contingent liabilities****59,590,452,646****52,595,442,736****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  
Others

-	-
-	-
290,900,000	282,599,985
12,591,432,805	10,527,914,225
<b>12,882,332,805</b>	<b>10,810,514,210</b>



**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**
**Profit and Loss Statement**
**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

Amounts in Taka	
Year ended 31 Dec 2012	Year ended 31 Dec 2011
17,881,807,975	14,595,839,122
428,296,844	662,844,135
1,679,196,940	1,436,211,995
118,271,311	140,925,608
782,073,910	776,810,269
137,035,990	494,874,188
(237,907)	71,929,031
-	-
-	-
21,026,445,063	18,179,434,349
12,591,500,175	10,436,688,668
2,663,462,555	2,319,158,101
1,092,645,976	812,078,775
315,808,246	299,304,368
-	-
16,663,416,952	13,867,229,912
<b>4,363,028,111</b>	<b>4,312,204,437</b>

**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

## Profit/(Loss) due to change in interest rate

14,491,001,642	12,052,226,551
380,580,541	349,503,689
14,871,582,183	12,401,730,239
827,465,454	411,452,027
12,374,158	16,949,092
1,554,267	-
1,030,547	706,396
842,424,426	429,107,515
-	-
<b>15,714,006,609</b>	<b>12,830,837,754</b>

**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

15,714,006,609	12,830,837,754
90,780,158	98,428,016
804,780,550	855,419,891
181,740,823	169,651,695
20,522,424	35,304,098
-	-
<b>16,811,830,564</b>	<b>13,989,641,453</b>
314,265,965	194,306,734
<b>16,497,564,598</b>	<b>13,795,334,719</b>

**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
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9,023,336,233	6,984,998,923
549,053,469	502,675,488
1,095,574,906	941,553,635
843,812,854	677,029,794
11,511,777,463	9,106,257,840
1,079,722,712	1,330,430,828
<b>12,591,500,175</b>	<b>10,436,688,668</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>21(a). Consolidated Interest/profit paid on deposits, borrowings, etc</b>			
AB Bank Limited	12,591,500,175	10,436,688,668	
AB Investment Limited	322,200,049	148,396,065	
AB International Finance Limited	11,254,830	15,924,230	
AB Securities Limited	76,242,314	64,576,880	
Cashlink Bangladesh Limited (CBL)	294,907	3,667,005	
AB Exchange (UK) Ltd.	-	-	
	<b>13,001,492,276</b>	<b>10,669,252,847</b>	
Less Intercompany Transactions	314,560,873	197,234,387	
	<b>12,686,931,403</b>	<b>10,472,018,461</b>	
<b>22. Investment income</b>			
Capital gain on sale of shares	118,271,311	140,925,608	
Interest on treasury bills	211,761,040	87,275,093	
Dividend on shares	428,296,844	662,844,135	
Interest on debentures	2,887,500	2,887,500	
Interest on treasury bonds	1,933,183,660	1,658,729,438	
Gain on treasury bills and treasury bonds	(237,907)	71,929,031	
Interest on other bonds & others	19,969,166	16,109,337	
	<b>2,714,131,615</b>	<b>2,640,700,142</b>	
<b>22(a). Consolidated Investment income</b>			
AB Bank Limited	2,714,131,615	2,640,700,142	
AB Investment Limited	9,723,524	2,804,284	
AB International Finance Limited	-	-	
AB Securities Limited	357,906	49,942,963	
Cashlink Bangladesh Limited (CBL)	(3,341,969)	2,687,901	
AB Exchange (UK) Ltd.	-	-	
	2,720,871,075	2,696,135,290	
Less Intercompany Transactions (*)	394,688,183	610,451,826	
	<b>2,326,182,892</b>	<b>2,085,683,464</b>	
(*) Inter-company transactions includes dividend income from AB Investment Limited, AB Securities Limited and AB International Finance Limited.			
<b>23. Commission, exchange and brokerage</b>			
Other fees, commission and service charges	885,205,326	735,480,419	
Commission on letters of credit	627,048,434	535,264,543	
Commission on letters of guarantee	166,943,180	165,467,034	
Exchange gains less losses arising from dealings in foreign currencies	782,073,910	776,810,269	
	<b>2,461,270,850</b>	<b>2,213,022,264</b>	
<b>23(a). Consolidated Commission, exchange and brokerage</b>			
AB Bank Limited	2,461,270,850	2,213,022,264	
AB Investment Limited	127,732,776	334,125,356	
AB International Finance Limited	29,603,255	28,744,481	
AB Securities Limited	63,805,577	99,298,421	
Cashlink Bangladesh Limited (CBL)	17,300,450	12,502,314	
AB Exchange (UK) Ltd.	2,988,433	704,462	
	<b>2,702,701,341</b>	<b>2,688,397,297</b>	
Less Intercompany Transactions	12,746,308	8,011,985	
	<b>2,689,955,033</b>	<b>2,680,385,312</b>	

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

	Amounts in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>24. Other income</b>		
Locker rent, insurance claim and others	6,219,049	13,497,154
Recoveries on loans previously written off	35,168,196	80,646,113
Recoveries on telex, telephone, fax, etc	63,522,869	61,024,588
Recoveries on courier, postage, stamp, etc	20,032,872	21,602,285
Gain on sale of Bank property	10,803,848	317,659,753
Non-operating income (*)	1,289,155	444,295
	<b>137,035,990</b>	<b>494,874,188</b>

(\*) Non-operating income includes sale of vehicles, old tyres, tubes, newspapers, furniture, fixtures, etc.

**24(a). Consolidated other income**

AB Bank Limited	137,035,990	494,874,188
AB Investment Limited	7,609,863	14,107,745
AB International Finance Limited	49,681,915	42,741,498
AB Securities Limited	1,946,917	2,802,123
Cashlink Bangladesh Limited (CBL)	25,969,514	34,273,690
AB Exchange (UK) Ltd.	-	-
	<b>222,244,200</b>	<b>588,799,244</b>
Less: Inter company transactions	30,568,792	12,186,853
	<b>191,675,408</b>	<b>576,612,391</b>

**25. Salary and allowances**

Basic salary, provident fund contribution and all other allowances	1,665,459,857	1,553,450,316
Festival and incentive bonus	202,684,694	115,996,714
	<b>1,868,144,551</b>	<b>1,669,447,030</b>

**25(a). Consolidated salary and allowances**

AB Bank Limited	1,868,144,551	1,669,447,030
AB Investment Limited	15,773,047	19,799,282
AB International Finance Limited	23,725,543	28,703,609
AB Securities Limited	22,480,470	23,544,602
Cashlink Bangladesh Limited (CBL)	14,508,748	15,435,463
AB Exchange (UK) Ltd.	6,554,757	4,499,046
	<b>1,951,187,116</b>	<b>1,761,429,031</b>

**26. Rent, taxes, insurance, electricity, etc**

Rent, rates and taxes	250,081,050	221,963,803
Electricity, gas, water, etc	71,544,669	47,824,822
Insurance	87,906,055	68,842,844
	<b>409,531,774</b>	<b>338,631,469</b>

**26(a). Consolidated Rent, taxes, insurance, electricity, etc**

AB Bank Limited	409,531,774	338,631,469
AB Investment Limited	3,054,881	6,936,509
AB International Finance Limited	6,196,402	5,357,748
AB Securities Limited	7,275,468	7,253,299
Cashlink Bangladesh Limited (CBL)	5,352,716	5,414,195
AB Exchange (UK) Ltd.	3,183,925	3,840,415
	<b>434,595,166</b>	<b>367,433,636</b>
Less: Inter company transactions	4,735,134	9,259,200
	<b>429,860,032</b>	<b>358,174,436</b>

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>27. Legal expenses</b>			
Legal expenses		<b>10,107,729</b>	<b>5,071,404</b>
<b>27(a). Consolidated Legal expenses</b>			
AB Bank Limited	10,107,729	5,071,404	
AB Investment Limited	160,200	596,500	
AB International Finance Limited	343,743	721,937	
AB Securities Limited	-	221,125	
Cashlink Bangladesh Limited (CBL)	475,157	156,750	
AB Exchange (UK) Ltd.	-	-	
	<b>11,086,830</b>	<b>6,767,716</b>	
<b>28. Postage, stamp, telecommunication, etc</b>			
Telex, fax, internet, wireless link, SWIFT, etc	101,679,961	66,642,909	
Telephone	12,222,858	11,669,627	
Postage, stamp and shipping	25,134,913	26,490,698	
	<b>139,037,732</b>	<b>104,803,234</b>	
<b>28(a). Consolidated Postage, stamp, telecommunication, etc</b>			
AB Bank Limited	139,037,732	104,803,234	
AB Investment Limited	957,475	936,024	
AB International Finance Limited	7,046,147	5,114,432	
AB Securities Limited	1,482,487	1,859,960	
Cashlink Bangladesh Limited (CBL)	749,143	800,147	
AB Exchange (UK) Ltd.	348,191	168,913	
	<b>149,621,175</b>	<b>113,682,711</b>	
Less: Inter company transactions	12,746,308	-	
	<b>136,874,867</b>	<b>113,682,711</b>	
<b>29. Stationery, printing, advertisements, etc</b>			
Printing and stationery	117,501,261	96,041,453	
Publicity, advertisement, etc	39,987,100	42,205,166	
	<b>157,488,361</b>	<b>138,246,619</b>	
<b>29(a). Consolidated Stationery, printing, advertisements, etc</b>			
AB Bank Limited	157,488,361	138,246,619	
AB Investment Limited	497,387	802,111	
AB International Finance Limited	396,905	488,431	
AB Securities Limited	665,217	717,896	
Cashlink Bangladesh Limited (CBL)	120,410	116,559	
AB Exchange (UK) Ltd.	15,382	1,468,888	
	<b>159,183,662</b>	<b>141,840,504</b>	
<b>30. Directors' fees</b>			
Directors' fees	1,950,400	1,527,950	
Meeting expenses	889,807	500,946	
	<b>2,840,207</b>	<b>2,028,896</b>	

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 2012**

		Amounts in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>30(a). Consolidated Directors' fees</b>			
AB Bank Limited	2,840,207	2,028,896	
AB Investment Limited	92,000	103,500	
AB International Finance Limited	-	-	
AB Securities Limited	218,500	103,500	
Cashlink Bangladesh Limited (CBL)	38,500	30,000	
AB Exchange (UK) Ltd.	-	-	
	<b>3,189,207</b>	<b>2,265,896</b>	

**31. Auditors' fees**

Statutory (*)	1,493,095	631,082
Others	3,424,403	1,191,311
	<b>4,917,497</b>	<b>1,822,393</b>

\* Statutory audit fees for the year 2012 include Taka 829,150 in Bangladesh and Taka 663,945 in Mumbai Branch.

**31(a). Consolidated Auditors' fees**

AB Bank Limited	4,917,497	1,822,393
AB Investment Limited	103,500	83,600
AB International Finance Limited	316,231	287,167
AB Securities Limited	62,500	57,250
Cashlink Bangladesh Limited (CBL)	80,000	150,000
AB Exchange (UK) Ltd.	551,487	706,583
	<b>6,031,215</b>	<b>3,106,993</b>

**32. Depreciation and repairs of Bank's assets**Depreciation :

Electrical appliances	173,365,503	151,256,419
Furniture and fixtures	13,076,153	12,134,663
Office appliances	3,460,627	3,900,374
Building	15,037,701	19,450,028
Motor vehicles	68,033,213	66,786,215
	<b>272,973,197</b>	<b>253,527,699</b>

Repairs:

Motor vehicles	17,396,654	14,523,544
Electrical appliances	19,289,072	16,710,796
Office premises and others	21,284,150	13,809,525
Furniture and fixtures	1,109,569	1,222,953
Office appliances	3,631,523	3,053,719
	<b>62,710,969</b>	<b>49,320,538</b>

**Amortization of Intangible Assets**

	<b>42,835,049</b>	<b>45,776,669</b>
	<b>378,519,215</b>	<b>348,624,906</b>

**32(a). Consolidated Depreciation and repairs of Bank's assets**

AB Bank Limited	378,519,215	348,624,906
AB Investment Limited	16,264,120	3,495,996
AB International Finance Limited	519,675	386,949
AB Securities Limited	6,053,015	5,517,917
Cashlink Bangladesh Limited (CBL)	54,958,719	56,620,922
AB Exchange (UK) Ltd.	3,448,511	2,050,154
	<b>459,763,255</b>	<b>416,696,843</b>

**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012**

	Amounts in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>33. Other expenses</b>		
Contractual service	242,611,022	186,363,933
Amortization of deferred revenue expenses	286,305,106	163,377,243
Petrol, oil and lubricant	64,945,348	47,840,014
Software expenses	68,346,287	54,829,027
Entertainment	63,786,226	39,355,631
Travelling	38,774,334	47,308,260
Subscription, membership and sponsorship	26,235,643	27,059,849
Training, seminar and workshop	8,773,550	7,079,757
Local conveyance	8,217,635	7,677,176
Professional charges	50,975,339	18,775,363
Books, newspapers and periodicals	1,272,834	1,734,259
Branch opening expenses	336,036	802,901
Bank Charges	7,507,679	8,415,555
Sundry expenses (*)	224,558,936	201,459,807
	<b>1,092,645,976</b>	<b>812,078,775</b>

(\*) Sundry expenses includes corporate expenses, business promotion, expenses on managers' conferences and annual general meeting, loss on sale of assets, non-operating expenses and other miscellaneous expenses.

**33(a). Consolidated other expenses**

AB Bank Limited	1,092,645,976	812,078,775
AB Investment Limited	12,200,791	27,299,544
AB International Finance Limited	3,974,970	2,298,305
AB Securities Limited	11,951,068	22,266,970
Cashlink Bangladesh Limited (CBL)	36,854,257	48,401,789
AB Exchange (UK) Ltd.	1,419,558	3,804,619
	<b>1,159,046,620</b>	<b>916,150,002</b>
Less: Inter company transactions	25,833,658	8,011,985
	<b>1,133,212,962</b>	<b>908,138,017</b>

**34. Provision against loans and advances**

On un-classified loans	382,142	254,672,572
On classified loans	711,800,000	130,000,000
	<b>712,182,142</b>	<b>384,672,572</b>

**34(a). Consolidated provision against loans and advances**

AB Bank Limited	712,182,142	384,672,572
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	27,700,000
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	<b>712,182,142</b>	<b>412,372,572</b>

**35. Provisions for diminution in value of investments**

In quoted shares	<b>376,400,000</b>	<b>940,140,693</b>
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Provisions for diminution in value of investments has been maintained in accordance with Bangladesh Bank DOS Circular No. 04 dated November 24, 2011 and as per the letter # DOS(SR) 1153/161/2012-427 dated December 30, 2012.

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

	Amounts in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>35(a). Consolidated provisions for diminution in value of investments</b>		
AB Bank Limited	376,400,000	940,140,693
AB Investment Limited	38,161,624	77,418,152
AB International Finance Limited	-	-
AB Securities Limited	12,003,786	11,390,264
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	<b>426,565,410</b>	<b>1,028,949,109</b>

**36. Other provision**

Provision for off balance sheet items	70,000,000	30,000,000
Provision for Other assets	14,160,000	-
	<b>84,160,000</b>	<b>30,000,000</b>

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	84,160,000	30,000,000
AB Investment Limited	-	-
AB International Finance Limited	196,875	229,954
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	<b>84,356,875</b>	<b>30,229,954</b>

**37. Appropriations**

Retained earnings - brought forward	5,291,115,538	4,768,197,864
Less: Adjustment for prior year	-	-
Add: Post-tax profit for the year	1,438,537,814	1,327,983,705
	6,729,653,351	6,096,181,569
Less: Dividend		
Cash dividend	184,305,695	320,531,650
Bonus shares issued	737,222,780	480,797,400
	5,808,124,876	5,294,852,519

**Transferred to:**

Statutory reserve	624,066,492	-
General reserve	-	-
Proposed dividend	-	-
	624,066,492	-

<b>Retained earnings</b>	<b>5,184,058,384</b>	<b>5,294,852,519</b>
Less. Adjustment during the year	(1,384,954)	(205,681)
Add/(Less.) Foreign Exchange translation gain	(23,772,601)	3,531,300
	<b>5,161,670,737</b>	<b>5,291,115,538</b>

**AB Bank Limited**
**Notes to financial statements for the year ended 31 December 2012**

		Amounts in Taka	
		Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>38. Earnings per share</b>			
Profit after taxation		1,438,537,814	1,327,983,704
Number of ordinary shares outstanding		442,333,668	442,333,668
Earnings per share		<b>3.25</b>	<b>3.00</b>
<b>38. (a) Consolidated Earnings per share</b>			
Net Profit attributable to the shareholders of parent company		1,466,950,435	1,394,742,598
Number of ordinary shares outstanding		442,333,668	442,333,668
Earnings per share		<b>3.32</b>	<b>3.15</b>
Earnings per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2012 in terms of Bangladesh Accounting Standard (BAS)-33. Accordingly to BAS-33, EPS for the year ended 31 December 2011 was restated for the issues of bonus share in 2011.			
<b>39. Receipts from other operating activities</b>			
Interest on treasury bills, bonds, debenture and others		2,285,834,771	1,977,856,008
Exchange earnings		782,073,910	776,810,269
Recoveries on telex, telephone, fax, etc.		63,522,869	61,024,588
Recoveries on courier, postage, stamp, etc.		20,032,872	21,602,285
Gain on sale of Bank properties		10,803,848	317,659,753
Non-operating income		1,289,155	444,295
Others		6,219,049	13,497,154
		<b>3,169,776,473</b>	<b>3,168,894,352</b>
<b>40. Payments for other operating activities</b>			
Other expenses		1,092,645,976	857,855,444
Rent, taxes, insurance, electricity, etc.		409,531,774	338,631,469
Postage, stamps, telecommunication, etc.		139,037,732	104,803,234
Repairs of Bank's assets		62,710,969	49,320,537
Legal expenses		10,107,729	5,071,404
Auditor's fees		4,917,497	1,822,393
Directors' fees		2,840,207	2,028,896
		<b>1,721,791,884</b>	<b>1,359,533,378</b>
<b>41. Increase/(decrease) in other assets</b>			
Inter-branch adjustment		4,191,700	43,591,061
Arab Bangladesh Bank Foundation		19,920,000	19,920,000
Preliminary, formation, organizational, renovation, development and prepaid expenses		1,033,615,467	1,889,291,424
Exchange for clearing		703,078,129	973,715,632
Accounts receivable		1,232,257,570	831,971,409
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables		686,226,038	631,698,881
Security deposits		267,435,160	156,779,788
Advance rent and advertisement		156,275,414	145,251,391
Stationery, stamps, printing materials, etc.		34,546,476	43,288,063
Investment in Subsidiaries		5,449,962,172	5,417,681,425
		<b>9,587,508,127</b>	<b>10,153,189,074</b>
Net Decrease/(Increase)		<b>565,680,945</b>	<b>(112,710,282)</b>



**AB Bank Limited****Notes to financial statements for the year ended 31 December 2012**

	Amounts in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>42. Increase/(decrease) in other liabilities</b>		
Accumulated provision against loans and advances	2,318,340,874	2,347,039,126
Provision for current tax	7,772,599,103	6,301,379,868
Deferred tax liabilities	112,104,055	68,532,913
Interest suspense account	879,992,653	504,511,041
Accounts payable - Bangladesh Bank	66,308,878	7,250,356
Provision against other assets	282,197,228	328,923,966
Accrued expenses	62,205,113	62,361,469
Provision against investments	1,597,153,000	1,220,753,000
Provision against off balance sheet items	580,000,000	510,000,000
Provision for outstanding debit entries in NOSTRO accounts	200,000	200,000
Others	462,305,337	359,130,713
	14,133,406,241	11,710,082,451
Less: Adjustment for provision & Others	12,866,763,943	10,078,744,425
	1,266,642,298	1,631,338,026
Net Decrease	<b>(364,695,728)</b>	<b>(217,879,038)</b>

**43. Conversion Rates**

Assets and liabilities as at 31 December 2012 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:

<u>Currency</u>	<u>Abbreviation and unit</u>		<u>Equivalent BDT</u>
British Pound Sterling	GBP	1.00	129.1173
European Currency	EURO	1.00	105.5775
Indian Rupee	INR	1.00	1.4580
Japanese Yen	JPY	1.00	0.9279
US Dollar	USD	1.00	79.8499
Honkong Dollar	HKD	1.00	10.3008
U.A.E Dirham	DIRHAM	1.00	21.7397

#### 44 Highlights of the overall activities of the Bank

Sl #	Particulars	2012 Taka	2011 Taka
1	Paid-up capital	4,423,336,680	3,686,113,900
2	Total capital	17,181,413,003	15,943,324,967
3	Capital surplus	2,532,193,287	1,919,736,228
4	Total assets	173,842,427,785	152,962,836,670
5	Total deposits	140,025,953,891	116,151,864,140
6	Total loans and advances	106,065,758,923	94,638,218,363
7	Total contingent liabilities and commitments	59,590,452,646	52,595,442,736
8	Credit-deposit ratio	75.75	81.48
9	Ratio of classified loans against total loans and advances	3.32	2.82
10	Profit after tax and provision	1,438,537,814	1,327,983,704
11	Loans Classified during the Year	1,757,452,927	819,320,002
12	Provision kept against classified loans	1,048,706,561	1,030,514,450
13	Provision surplus/ (deficit)	222,120,428	208,217,763
14	Cost of fund	12.07%	11.19%
15	Interest earning assets	144,166,850,868	125,049,153,075
16	Non-interest earning assets	29,675,576,917	27,913,683,595
17	Return on investments (ROI)	11.39%	14.62%
18	Return on assets (ROA)	0.88%	0.93%
19	Income from investments	2,714,131,615	2,640,700,142
20	Earnings per share	3.25	3.00
21	Net Income per share	3.25	3.00
22	Price-earnings ratio (Times)	10.36	22.75

for AB Bank Limited

-Sd-	-Sd-	-Sd-	-Sd-
M. Fazlur Rahman	Runa Zakia Shahrood Khan	B. B. Saha Roy	M. Wahidul Haque
Managing Director	Director	Director	Chairman

Dhaka, Bangladesh  
Dated, 28 March 2013

**AB Bank Limited**  
**Currency wise Balances**

Name of the bank	Location	Name of currency	As at 31 December 2012		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka
The Bank of Tokyo Mitsubishi Ltd.	Tokyo	YEN	2,223,060.00	0.9279	2,062,777.37
HSBC Plc	London	UKP	103,304.78	129.1173	13,338,434.27
Sonali Bank, UK	London	UKP	17,500.00	129.1173	2,259,552.75
JP Morgan Chase Bank	New York	USD	5,085,705.69	79.8499	406,093,090.78
Sonali Bank Ltd	Kolkata	ACUD	42,582.34	79.8499	3,400,195.59
Sonali Bank, UK	London	USD	111,776.27	79.8499	8,925,323.98
Myanmar Economic Bank	Yangon	USD	410.00	79.8499	32,738.46
Citibank NA	New York	USD	1,205,988.04	79.8499	96,298,024.40
Hatton National Bank Ltd.	Colombo	ACUD	3,302.76	79.8499	263,725.06
Commerz Bank AG	Frankfurt	USD	402,021.19	79.8499	32,101,351.82
State Bank of India	Kolkata	ACUD	15,725.32	79.8499	1,255,665.23
NIB Bank Ltd.	Karachi	ACUD	10,714.41	79.8499	855,544.57
Mashreq Bank Psc	New York	USD	671,252.48	79.8499	53,599,443.40
Nepal Bangladesh Bank Ltd.	Katmandu	ACUD	43,207.25	79.8499	3,450,094.59
Bank of Bhutan	Phuentsholing	ACUD	94,461.94	79.8499	7,542,776.46
SCB	Singapur	SGD	54,987.50	65.2475	3,587,796.91
Wells Fargo N.A	New York	USD	1,729,296.08	79.8499	138,084,119.06
Habib American Bank	New York	USD	657,718.77	79.8499	52,518,778.01
Commerz Bank AG	Frankfurt	EURO	165,823.73	105.5775	17,507,254.85
Hypovereins Bank	Humburgh	EURO	26,623.64	105.5775	2,810,857.35
HSBC	Karachi	ACUD	1,095.91	79.8499	87,508.30
National Commercial Bank Ltd.	Jeddah	USD	450,891.51	79.8499	36,003,641.98
Habib Metro Bank	Karachi	ACUD	70,997.71	79.8499	5,669,160.04
U.B.A.F	Banques	ACUD	19,810.00	79.8499	1,581,826.52
Habib Bank AG	Abudhabi	AED	37,172.82	21.7397	808,125.95
HSBC	New York	USD	1,511,004.49	79.8499	120,653,557.43
HSBC NY (OBU)	New York	USD	45,426.70	79.8499	3,627,317.45
UBAF (Hong Kong) Limited	Hong Kong	USD	767.15	79.8499	61,256.85
AB International Finance Ltd.	Hong Kong	USD	18,220,000	79.850	1,454,865,178
Reserve Bank of India	Mumbai	INR	18,201,860	1.458	26,538,311
HDFC BANK CSGL	Mumbai	INR	413,400	1.458	602,738
HDFC Bank Ltd.	Mumbai	INR	9,890,761	1.458	14,420,730
JP Morgan Chase - USD	Newyork	USD	47,749.17	80.190	3,829,006
HSBC - EURO	London	EURO	15,254.41	105.720	1,612,690
Commerz Bank - EURO	Frankfurt	EURO	140,390.74	105.720	14,842,050
HSBC - STG POUND	London	STG PND	21,783.19	129.645	2,824,090
HSBC - USD	Newyork	USD	1,568,897.25	80.190	125,809,870
HSBC ACU EURO	London	EURO	5,737.37	105.720	606,552
HABIB AMERICAN BANK LTD.	Newyork	USD	1,671.37	80.190	134,027
HSBC - ACU - USD	Newyork	USD	5,496,061.66	80.190	440,729,185
CITY BANK OBU	EPZ	USD	2,000,000.00	79.850	159,699,800
<b>Total</b>					<b>3,260,994,166</b>

## Investment in Shares as at 31 December 2012

Particulars	Number of shares	Market price per share/ Taka	Total market price/ Taka	Cost per Share	Total cost/ Taka
<b>Shares (quoted)</b>					
National Bank Limited	1,000,000	22.10	22,100,000	46.51	46,512,849
Social Investment Bank Limited	941,750	19.40	18,269,950	19.88	18,723,165
BSRM Steels Limited	2,406,000	67.90	163,367,400	133.38	320,922,943
GPH Ispat Limited	929,000	50.10	46,542,900	66.97	62,218,855
Olympic Industries	1,523,000	98.40	149,863,200	105.08	160,041,301
LankaBangla Finance Limited	400,000	59.00	23,600,000	94.57	37,826,900
Union Capital Limited	1,480,000	27.80	41,144,000	100.70	149,037,202
Fu Wang Food	2,240,000	26.00	58,240,000	38.72	86,728,685
Dhaka Electric Supply Company Limited	4,581,500	72.10	330,326,150	120.74	553,190,265
Jamuna Oil Company Limited	668,600	178.50	119,345,100	195.68	130,831,831
Khulna Power Company Limited	4,380,855	49.80	218,166,579	114.99	503,738,802
Meghna Petroleum Limited	792,200	158.50	125,563,700	174.44	138,191,226
Navana CNG Limited	1,381,600	79.80	110,251,680	88.92	122,852,280
Power Grid Company of Bangladesh Ltd..	3,366,500	55.60	187,177,400	81.61	274,723,472
Titas Gas Transmission & Dis. Co. Ltd.	2,887,125	65.30	188,529,263	81.76	236,039,485
National Life Insurance	129,750	302.70	39,275,325	390.91	50,720,780
Pragati Insurance	934,146	62.40	58,290,710	134.43	125,579,296
AB Bank 1st Mutual Fund	30,000,000	10.40	312,000,000	10.00	300,000,000
LR Global Bangladesh Mutual Fund One	10,000,000	10.00	100,000,000	10.00	100,000,000
Popular Life First Mutual Fund	500,000	7.20	3,600,000	10.00	5,000,000
Beximco	2,312,250	64.40	148,908,900	145.79	337,094,013
GrameenPhone Limited	920,000	175.00	161,000,000	204.17	187,837,715
Keya Cosmetics	775,500	30.60	23,730,300	38.86	30,137,101
ShinePukur Ceramics Limited	994,750	27.20	27,057,200	66.85	66,501,145
Beacon Pharmaceuticals Limited	6,642,500	16.50	109,601,250	73.96	491,289,694
Beximco Pharma	5,609,180	55.90	313,553,162	80.79	453,181,176
<b>Total</b>			<b>3,099,504,169</b>	<b>2,583</b>	<b>4,988,920,181</b>

Shares/Bond (unquoted)

Particulars	Number of shares	Cost per Share	Book Value/Cost/Taka
CDBL	4,000,000	2.50	10,000,000
CDBL (Placement)	569,443	10.00	5,694,430
Fiber home Ltd.	500,000	100.00	50,000,000
IIDFCL	105,765	100.00	10,576,501
Orion Laboratories	1,000,000	100.00	100,000,000
Amana Bank Limited, Srilanka	135,421,508	3.11	421,804,037
Bangladesh Fund			200,000,000
Stock Market Stabilization Fund			5,000,000
<b>Total</b>			<b>803,074,968</b>

Provisions for diminution in value of investments has been maintained in accordance with Bangladesh Bank DOS Circular No. 04 dated November 24, 2011 and as per the letter # DOS(SR) 1153/161/2012-427 dated December 30, 2012.

**AB Bank Limited**  
**Schedule of Fixed Assets**  
**As of 31 December 2012**

Amount in Taka

Particulars	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Intangible Assets	Total
<b>Cost</b>							
Balance at 01 January 2012	3,124,992,006	190,467,309	61,283,755	1,052,984,051	354,969,273	233,880,471	5,018,576,865
Addition during the year	-	14,000,403	1,277,674	311,879,525	127,362,651	20,869,108	475,389,361
Less : Disposal/Adjustment during the year	13,051,800	1,488,519	261,631	6,459,046	2,500,000	35,870,248	59,631,244
Adjusted for INR Rate Fluctuation	-	190,112	636,063	4,557,788	248,872	-	5,632,835
<b>At 31 December 2012</b>	<b>3,111,940,206</b>	<b>202,789,081</b>	<b>61,663,735</b>	<b>1,353,846,742</b>	<b>479,583,052</b>	<b>218,879,331</b>	<b>5,428,702,146</b>
<b>Accumulated Depreciation</b>							
Balance at 01 January 2012	45,319,727	66,571,576	46,302,990	523,196,006	249,033,309	-	930,423,608
Addition during the year	15,037,701	13,076,154	3,460,627	173,365,502	68,033,212	42,835,049	315,808,245
Less : Disposal/Adjustment during the year	746,604	630,178	258,883	3,892,704	2,499,999	35,870,248	43,898,615
Adjusted for INR Rate Fluctuation	-	110,663	624,423	2,210,414	206,152	-	3,151,652
<b>At 31 December 2012</b>	<b>59,610,824</b>	<b>78,906,889</b>	<b>48,880,311</b>	<b>690,458,390</b>	<b>314,360,370</b>	<b>6,964,801</b>	<b>1,199,181,586</b>
<b>Net Book Value</b>							
<b>At 31 December 2012</b>	<b>3,052,329,382</b>	<b>123,882,191</b>	<b>12,783,424</b>	<b>663,388,351</b>	<b>165,222,682</b>	<b>211,914,530</b>	<b>4,229,520,560</b>
<b>At 31 December 2011</b>	<b>3,079,672,279</b>	<b>123,895,733</b>	<b>23,904,364</b>	<b>520,864,448</b>	<b>105,935,964</b>	<b>197,792,133</b>	<b>4,052,064,921</b>

<b>Annex D</b>
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**AB Bank Limited**

**Borrowings from other banks, financial institutions and agents-outside Bangladesh**

Name of the bank	Location	Currency	At 31 December 2012			At 31 December 2011		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka	Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka
Sonali Bank	UK	USD	4,840,500	79.85	386,513,441			
Sonali Bank	UK	UKP				979,343	126.22	123,612,648
Total					<u><u>386,513,441</u></u>			<u><u>123,612,648</u></u>

## Detailed of Risk Weighted Assets under Basel II at 31 December 2012

Amount in Taka

Risk Weighted Assets (RWA) for	2012		2011	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit Risk				
On- Balance sheet (as shown below)	163,907,161,792	102,944,080,682	141,277,098,359	93,999,693,557
Off-Balance sheet (as shown below)	28,394,362,285	22,108,915,306	24,711,941,192	23,896,378,840
B. Market Risk		7,461,402,644	-	8,752,339,039
C. Operational Risk		13,977,798,528	-	13,587,475,956
Total: RWA (A+B+C)	192,301,524,077	146,492,197,160	165,989,039,550	140,235,887,391

Credit Risk - On Balance Sheet

Sl.	Exposure Type	2012		2011	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and Cash Equivalents	1,236,694,276		1,003,178,731	
b)	Claims on Bangladesh Government and Bangladesh Bank	23,959,823,579		18,383,921,540	
c)	Claims on other Sovereigns & Central Banks*	374,529,525	187,264,763	509,436,831	254,718,416
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	157,132,822	78,566,411.00	20,000,000	10,000,000
g)	Claims on Banks and Non-bank Financial Institution (NBFI):				
i)	Original maturity over 3 months	3,176,508,100	1,310,148,100	3,604,258,576	1,668,818,576
ii)	Maturity less than 3 months	11,054,879,567	2,210,975,913	7,153,160,682	1,430,632,136
h)	Claims on Corporate (excluding equity exposure)	58,457,025,950	49,405,944,909	57,389,516,775	53,270,359,091
i)	Claims under Credit Risk Mitigation	4,151,019,618	322,302,029	3,384,490,882	179,131,161
	<u>Fixed Risk Weight Groups:</u>				
j)	Claims categorized as retail portfolio & Small Enterprise (excluding consumer loan )	30,346,823,518	22,760,117,638	29,464,916,441	22,098,687,331
k)	Consumer Loan	952,192,951	952,192,951	958,238,388	958,238,388
l)	Claims fully secured by residential property	971,051,673	485,525,837	687,300,000	343,650,000
m)	Claims fully secured by commercial real estate	3,184,952,559	3,184,952,559	2,398,048,000	2,398,048,000
n)	Past Due Claims (Risk weights are to be assigned net of specific provision):	2,992,560,125	4,213,007,714	1,868,625,520	2,371,343,965
o)	Investments in venture capital	1,040,780,140	1,561,170,209	1,185,245,340	1,777,868,009
p)	Claim on Capital Market Exposure	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	167,077,000	208,846,250		
r)	Investments in premises, plant and equipment and all other fixed assets	4,229,520,560	4,229,520,560	3,854,272,788	3,854,272,788
s)	Claims on all fixed assets under operating lease				
t)	All other assets	9,895,909,432	2,385,194,342	9,412,487,864	3,383,925,696
<b>Total</b>		<b>163,907,161,792</b>	<b>102,944,080,682</b>	<b>141,277,098,359</b>	<b>93,999,693,557</b>

## Detailed of Risk Weighted Assets under Basel II at 31 December 2010

## Credit Risk - Off Balance Sheet

Sl.	Exposure Type	2012		2011	
		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	145,450,000	29,090,000	141,300,000	28,260,000
g)	Claims on Corporate (excluding equity exposure)	27,540,540,688	21,539,500,436	23,139,363,539	22,752,195,170
h)	Against retail portfolio & Small Enterprise (excluding consumer loan)	672,186,910	504,140,182	1,261,415,934	946,061,950
i)	Consumer Loan	36,184,688	36,184,688	169,861,719	169,861,719
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			-	-
<b>Total</b>		<b>28,394,362,285</b>	<b>22,108,915,306</b>	<b>24,711,941,192</b>	<b>23,896,378,840</b>



**AB Bank Limited****Disclosures on Risk Based Capital (Basel II) based on 31 December 2012**

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 Bank Company Act, 1991 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)

***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 Equalization Account'.***

**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.***

## AB Bank Limited

**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% of revaluation reserves for fixed assets and securities eligible for Tier 2 capital.
- c) 10% 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% 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% 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 Bank Company Act, 1991. The additional/unauthorized amount of holdings will be deducted at 50% from Tier 1 capital and 50% from Tier 2 capital.
- 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**

- a) No Scheduled Bank in Bangladesh shall commence and carry on its business unless it has the minimum required capital fixed by BB from time to time as per section 13 of Bank Company Act, 1991.
- b) 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.
- c) 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 (11.73%)' as well as 'Consolidated (11.63%)' basis. Banks presents Tier I Capital ratio is 85.15% and 84.85% 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.

**AB Bank Limited****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.

**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.	<b>AB Bank Limited</b>
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk weighted)	<p>The consolidated financial statements of the Bank include the financial statements of (a) AB Bank Limited (b) AB Investment Limited (c) AB Securities Limited (d) Cash Link Bangladesh Limited (e) AB International Finance Limited and (f) AB Exchange(UK) Limited. A brief description of these are given below:</p> <p><b>AB Bank Limited (ABBL)</b></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 Banking Companies Act 1991. 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 82 Branches including 1 Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has four subsidiary companies, AB Investment Limited, AB Securities Limited, CashLink Bangladesh Limited and AB International Finance Limited, incorporated in Hong Kong.</p>

**AB Bank Limited**  
**Qualitative Disclosure**

	<p><b>AB Investment Limited</b></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 unparallel reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationship. ABIL's Registered Office is located at WW Tower (Level 7), 68 Motijheel C.A., Dhaka. ABIL has two branch offices at Agrabad, Chittagong and Chowhatta, Sylhet.</p> <p><b>AB Securities Limited</b></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><b>Cashlink Bangladesh Limited</b></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><b>AB International Finance Limited</b></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><b>AB Exchange (UK) Limited</b></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 &amp; Wales). ABEL is fully owned (100%) Subsidiary of AB Bank Limited.</p> <p><b>Arab Bangladesh Bank Foundation</b></p> <p>Bank also has a Subsidiary (100% owned) for philanthropic/ CSR activities known as Arab Bangladesh Bank Foundation (ABBF). This has not been included in the Consolidation because Board of Directors have resolved to transform ABBF into the Societies Registration Act No. XXI of 1860.</p>
(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	<b>Not Applicable</b>
(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.	<p>Aggregate amount of Capital: Tk. 20,000,000</p> <p>Name of Subsidiary: Arab Bangladesh Bank Foundation (ABBF)</p>

## AB Bank Limited

## 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><b>Tier 1 capital instruments</b></p> <p><b>Paid-up share capital:</b> 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><b>Statutory Reserve:</b> As per Section 24(1) of the Bank Companies Act, 1991, 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><i>Bank is complied in this respect.</i></p> <p><b>General reserve:</b> Any reserve created through Profit and Loss Appropriation Account for fulfilling any purpose.</p> <p><i>Bank is complied in this respect.</i></p> <p><b>Retained Earnings:</b> Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p><i>Bank is complied in this respect.</i></p> <p><b>Tier 2 capital instruments</b></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><b>Asset revaluation reserve:</b> 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><b>Revaluation reserves of securities:</b> 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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## Quantitative Disclosure

		Taka in Crore			
		2012		2011	
		Solo	Conso	Solo	Conso
(b) The amount of Tier 1 Capital, with separate disclosure of: (as of 31.12.2012).	> Paid up Capital > Non- repayable share premium account > Statutory reserve > General reserve > Retained earnings > Minority Interest in Subsidiaries > Non- cumulative irredeemable preference shares > Dividend equalization account	442 - 501 4 516 - - -	442 - 501 12 526 (2) - -	369 - 439 4 529 - - -	369 - 439 12 537 (1.86) - -
(c) Total amount of Tier II & Tier III Capital		1,463	1,479	1,341	1,355
(d) Other deduction from Capital		-	2	-	2
(e) Total eligible capital		1,718	1,742	1,594	1,613

## AB Bank Limited

## 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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## Quantitative Disclosure

		Taka (Crore)			
		2012		2011	
		Solo	Conso	Solo	Conso
(b) Capital requirement for Credit Risk:		1,251	1,257	1,179	1,244
(C) Capital requirement for Market Risk:		75	88	88	104
(d) Capital requirement for Operational Risk:		140	153	136	147
(e) Total and Tier I Capital Ratio:					
> For the Bank alone		85.15%	-	84.11%	-
> For the consolidated group		-	84.85%	-	83.94%

## D) Credit Risk

## Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to credit risk, including:	
> Definitions of past due and Bank impaired (for accounting purposes)	<p>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.</p> <p>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.</p> <p><b>Classified loan is categorized under following 03 (three) categories:</b></p> <ul style="list-style-type: none"> <li>&gt; Sub-standard</li> <li>&gt; Doubtful</li> <li>&gt; Bad &amp; Loss</li> </ul> <p><b>Any continuous loan will be classified as:</b></p> <ul style="list-style-type: none"> <li>&gt; Sub-standard' if it is past due/over due for 3 months or beyond but less than 6 months.</li> <li>&gt; 'Doubtful' if it is past due/over due for 6 months or beyond but less than 9 months.</li> <li>&gt; 'Bad/Loss' if it is past due/over due for 9 months or beyond.</li> </ul> <p><b>Any Demand Loan will be classified as:</b></p> <ul style="list-style-type: none"> <li>&gt; 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.</li> <li>&gt; 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.</li> <li>&gt; 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.</li> </ul> <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"> <li>&gt; 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".</li> <li>&gt; 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".</li> <li>&gt; 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".</li> </ul>

## AB Bank Limited

## Qualitative Disclosure

Quantitative Disclosure

> Description of approaches followed for specific and general allowances and statistical methods	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.						
	Types of loans and advances		Provision				
			UC	SMA	SS	DF	BL
	Consumer	House building and professional	2%	5%	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%	5%	20%	50%	100%
	Short-term agri-credit and micro credit		5%	5%	5%	5%	100%
	Small & Medium Enterprise Finance		0.25%	5%	20%	50%	100%
	Others		1%	5%	20%	50%	100%
> Discussion of the Bank's credit risk management policy	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.						

Qualitative Disclosure		2012			2011	
		In %	Taka (Cr)		In %	Taka (Cr)
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	16%	1,702.94		19%	1,755.42
	Cash Credit	0%	4.75		0%	4.75
	Time loan	28%	2,976.74		25%	2,387.95
	Term loan	40%	4,190.08		34%	3,223.67
	Blc	0%	27.35		0%	28.60
	TR	10%	1,090.01		15%	1,466.49
	Packing credit	0%	38.53		0%	38.32
	Loan-accp bills	2%	261.61		3%	245.35
	Consumer Loan	1%	131.56		1%	131.92
	Staff Loan	1%	55.03		1%	49.25
	Others including Bills Purchased	1%	127.99		1%	132.12
	<b>Total</b>	<b>100%</b>	<b>10,607</b>		<b>100%</b>	<b>9,464</b>
(C) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	<b>Urban Branches</b>					
	Dhaka	68%	6,993		69%	6,197
	Chittagong	21%	2,134		20%	1,824
	Khulna	4%	418		4%	401
	Sylhet	2%	191		1%	126
	Barisal	0%	32		0%	30
	Rajshahi	3%	264		5%	425
	Rangpur	2%	221			
		<b>100%</b>	<b>10,253</b>		<b>100%</b>	<b>9,002</b>
	<b>Rural Branches</b>					
	Dhaka	85%	252		62%	267
	Chittagong	12%	36		22%	97
	Khulna	0%	-		-	-
	Sylhet	3%	7		16%	70
	Barisal	0%	-		-	-
	Rajshahi	0%	-		-	-
		<b>100%</b>	<b>295</b>		<b>100%</b>	<b>434</b>
	<b>Outside Bangladesh</b>					
	ABBL, Mumbai Branch	0.55%	58		0.84%	79
		<b>100%</b>	<b>10,607</b>		<b>100%</b>	<b>9,464</b>

## AB Bank Limited

Qualitative Disclosure		2012		2011	
		In %	Taka (Cr)	In %	Taka (Cr)
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Agriculture Large and medium scale industry Working capital Export Commercial lending Small and cottage industry Others	2% 21% 18% 1% 33% 0% 23% <b>100%</b>	261 2,216 1,957 142 3,549 48 2,433 <b>10,607</b>	3% 20% 21% 2% 46% 0% 9% <b>100%</b>	242 1,880 1,949 229 4,310 16 839 <b>9,464</b>
(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand – upto 3 months – over 3 months but below 1 year – over 1 year but below 5 years – over 5 years	7% 20% 36% 29% 8% <b>100%</b>	719 2,140 3,826 3,069 852 <b>10,607</b>	20% 28% 21% 23% 7% <b>100%</b>	1,934 2,640 1,991 2,198 700 <b>9,464</b>
(f) By major industry or counterparty type:					
i. Amount of impaired loans and if available, past due loans,		3.80%	402.73	3.05%	288.90
ii. Specific and general provisions			231.83		234.70
iii. Charges for specific allowances and charge-offs during the period			71.21		13.00
(g) Gross Non Performing Assets (NPAs)					
Non Performing Assets ( NPAs) to Outstanding Loans & advances					
	<b>Non Performing Assets (NPAs)</b>		<b>352.23</b>		<b>267.18</b>
	<b>Movement of Specific Provision for Non Performing Assets (NPAs)</b>				
	Opening Balance		103.05		90.05
	Provision made during the period		71.18		13.00
	Write - off		80.01		-
	Transferred from other assets provisions		6.00		-
	Transfer from General Provisions		1.32		-
	Closing balance		101.54		103.05
	Provision held by Mumbai Branch		3.33		-
			<b>104.87</b>		<b>103.05</b>

## 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	Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.
> discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	Quoted shares are valued at cost. Necessary provision is maintained if market price fall below the cost price. Unquoted shares are valued at cost.



## AB Bank Limited

## Quantitative Disclosure

Taka (Crore)

(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 (2012).	11.83
(d) > Total unrealized gains (losses) > Total latent revaluation gains (losses)  > Any amounts of the above included in Tier 2 capital	(188.94) 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

## 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 behaviour 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 Cr.

(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).	2012	2011
Market Value of Assets	17,089	15,085
Market Value of Liability	15,706	13,776
Weighted Avg. Duration GAP	0.53	0.91
CAR after different level of Shocks:		
Minor Level	11.24%	10.58%
Moderate Level	10.74%	9.77%
Major Level	10.24%	8.95%

## AB Bank Limited

## 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.

## Quantitative Disclosure

Taka (Crore)

(b) The capital requirements for:	2012	2011
Interest rate risk	7.98	18.97
Equity position risk	61.99	54.37
Foreign exchange risk	4.64	14.18
Commodity risk	-	-
	<b>74.61</b>	<b>87.52</b>

## Operational Risk

## Qualitative Disclosure

(a)	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.
> Views of BOD on system to reduce 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 (Crore)

(b) The capital requirements for Operational Risk	2012	2011
	139.78	135.87

**Mumbai Branch**  
**Balance Sheet**  
**As at 31 December 2012**

**Annex - F**

	<b>31.12.2012 INR</b>	<b>31.12.2011 INR</b>
<b>PROPERTY AND ASSETS</b>		
<b>Cash</b>	<b>21,954,876</b>	<b>18,848,994</b>
In hand (including foreign currencies)	3,753,016	2,403,277
Balance with Reserve Bank India (including foreign currencies)	18,201,860	16,445,717
<b>Balance with other banks and financial institutions</b>	<b>415,233,839</b>	<b>157,081,731</b>
In India	10,304,161	9,648,432
Outside India	404,929,678	147,433,299
<b>Money at call and on short notice</b>	<b>255,000,000</b>	<b>75,000,000</b>
<b>Investments</b>	<b>301,328,961</b>	<b>162,151,790</b>
Government	256,878,961	131,151,790
Others	44,450,000	31,000,000
<b>Loans and advances</b>	<b>398,377,545</b>	<b>512,601,933</b>
Loans, cash credits, overdrafts, etc	225,511,218	183,672,620
Bills purchased and discounted	172,866,327	328,929,313
<b>Fixed assets including premises, furniture and fixtures</b>	<b>11,525,933</b>	<b>19,187,382</b>
<b>Other assets</b>	<b>314,154,394</b>	<b>309,452,346</b>
<b>Non-banking assets</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>1,717,575,547</b>	<b>1,254,324,173</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Borrowings from other banks, financial institutions and agents</b>	<b>-</b>	<b>-</b>
<b>Deposits and other accounts</b>	<b>847,609,976</b>	<b>368,743,943</b>
Current deposits	671,933,661	302,032,453
Demand deposits	6,739,082	2,106,853
Bills payable	781,693	248,093
Savings bank deposits	6,354,495	9,859,732
Special notice deposits	-	-
Fixed deposits	159,440,787	53,416,768
Other deposits	2,360,256	1,080,044
<b>Other liabilities</b>	<b>143,242,849</b>	<b>251,477,111</b>
<b>Total Liabilities</b>	<b>990,852,825</b>	<b>620,221,053</b>
<b>Capital/Shareholders' Equity</b>		
<b>Total Shareholders' Equity</b>	<b>726,722,722</b>	<b>634,103,119</b>
Paid-up capital	369,822,602	369,822,602
Statutory reserve	123,985,000	104,396,500
Other reserve	8,108,000	8,107,600
Retained earnings	224,807,121	151,776,418
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,717,575,547</b>	<b>1,254,324,173</b>

**Mumbai Branch**  
**Profit and Loss Account**  
**For the Year ended 31 December 2012**

**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**

<b>2012</b>	<b>2011</b>
<b>INR</b>	<b>INR</b>
51,922,711	36,634,345
(11,258,453)	(6,686,462)
<b>40,664,258</b>	<b>29,947,883</b>
14,818,710	9,920,896
179,607,316	178,288,087
2,737,663	2,227,728
<b>197,163,689</b>	<b>190,436,711</b>
<b>237,827,947</b>	<b>220,384,594</b>
12,352,499	11,961,615
4,302,717	18,143,781
95,900	105,000
5,411,767	5,002,151
2,445,210	2,497,412
1,048,195	207,541
8,219,811	9,127,506
61,189,916	49,579,701
<b>95,066,015</b>	<b>96,624,709</b>
<b>142,761,932</b>	<b>123,759,885</b>
262,100	9,500,500
400	1,256,600
-	-
<b>262,500</b>	<b>10,757,100</b>
<b>142,499,432</b>	<b>113,002,785</b>
48,930,729	52,245,457
52,382,316	54,836,000
(3,565,792)	-
114,205	(2,590,543)
<b>93,568,703</b>	<b>60,757,328</b>

**AB Bank Limited****Annex - G****Islami Banking Branch (IBB)****Balance Sheet at 31 December 2012****PROPERTY AND ASSETS****Cash in hand**

Cash in Hand (Including foreign currencies)  
 Balance with Bangladesh Bank and its Agent Banks  
 (Incl. Foreign Currencies)

**Balance with Other Banks and Financial Institutions**

In Bangladesh  
 Outside Bangladesh

**Placement with other Banks and Financial Institutions****Investment in shares and other financial institutions**

Government  
 Others

**Investments**

General Investments etc  
 Bills Purchased and Discounted

**Fixed Assets including Premises****Other Assets****Non-Banking Assets****Total Assets****LIABILITIES AND CAPITAL****Liabilities****Placement from banks and 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****Capital and Shareholders' Equity**

Paid up Capital  
 Statutory Reserve  
 Other Reserves  
 Retained Earnings

**Total Shareholders' Equity****Total Liabilities and Shareholders' Equity****Amounts in Taka**

At 31 Dec 2012	At 31 Dec 2011
<b>129,226,727</b>	<b>96,259,757</b>
2,414,895	2,699,753
126,811,832	93,560,004
<b>5,502,843,390</b>	<b>5,380,282,176</b>
5,502,843,390	5,380,282,176
-	-
-	-
<b>109,800,000</b>	<b>87,100,000</b>
109,800,000	87,100,000
-	-
<b>2,453,338,923</b>	<b>2,338,652,223</b>
2,449,469,179	2,214,141,441
3,869,744	124,510,782
<b>13,002,579</b>	<b>11,903,316</b>
<b>144,682,075</b>	<b>599,299,455</b>
-	-
<b>8,352,893,694</b>	<b>8,513,496,928</b>
<b>3,000,800,000</b>	<b>3,050,792,894</b>
<b>5,341,843,049</b>	<b>5,457,840,307</b>
52,966,084	34,408,209
5,038,999,492	4,878,506,880
202,618,998	491,846,343
44,190,175	47,813,295
3,068,300	5,265,580
<b>10,250,645</b>	<b>4,863,728</b>
<b>8,352,893,694</b>	<b>8,513,496,928</b>
-	-
-	-
-	-
-	-
<b>-</b>	<b>-</b>
<b>8,352,893,694</b>	<b>8,513,496,928</b>

**AB Bank Limited**  
**Islami Banking Branch (IBB)**

**Annex - G-1**

**Profit and Loss Statement for the year ended 31 December 2012**

	Amounts in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>OPERATING INCOME</b>		
Investment income	985,278,263	755,947,030
Profit paid on deposits	724,872,628	534,197,409
<b>Net Investment Income</b>	<b>260,405,635</b>	<b>221,749,621</b>
Income from Investments in shares/Securities	1,793,084	240,212
Commission, exchange and brokerage	53,215,258	48,988,295
Other operating income	1,058,739	353,766
<b>Total operating income</b>	<b>316,472,716</b>	<b>271,331,893</b>
<b>Operating Expenses</b>		
Salaries and allowances	20,781,477	18,831,296
Rent, Taxes, Insurance, Electricity, etc	1,410,564	1,007,988
Legal expenses	10,000	-
Postage, stamps, telecommunication, etc	328,740	313,663
Stationeries, printing and advertisement, etc	1,415,336	1,645,950
Directors' Fees and Expenses	-	-
Shariah Supervisory Committee's Fees and Expenses	148,333	107,037
Auditors Fees	-	-
Charges on Investment Losses	-	-
Depreciation and repair to bank's assets	2,772,124	2,744,062
Zakat Expenses	-	-
Other expenses	5,958,985	5,734,504
<b>Total operating expenses</b>	<b>32,825,559</b>	<b>30,384,498</b>
<b>Profit / (Loss) before provisions</b>	<b>283,647,157</b>	<b>240,947,395</b>

**Islami Banking Branch**  
**Profit paid on deposits**

Profit and loss of Islami Banking Branch is calculated annually as at 31 December in every year. More than 60% of investment income is distributed among the different types of Mudaraba depositors following weightage system and the remaining portion is retained by the bank to meet administrative expenses and investment loss offsetting reserve. Provisional profit rates are applied to the different types of deposit A/Cs as decided by the Bank from time to time commensurate with weightage taking into consideration of the industry trend and that of the rates of other Islamic banks in the country.

In the year 2012 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	0.43 to 0.52	5.20 to 6.20
2. Mudaraba Special Notice Deposits	0.26 to 0.52	3.10 to 6.20
3. <u>Mudaraba Term Deposits</u>		
· 36 Months	1.08 to 1.29	12.91 to 15.49
· 24 Months	0.95 to 1.29	11.36 to 15.49
· 12 Months	0.43 to 1.29	5.16 to 15.49
· 6 Months	0.52 to 1.26	6.20 to 15.12
· 3 Months	1.03 to 1.23	12.39 to 14.77
· 1 Month	1.03 to 1.21	12.39 to 14.50
4. Mudaraba Probable Millionaire Scheme	1.03	12.39
5. Mudaraba Quarterly Profit Paying Scheme	1.03	12.39
6. Mudaraba Hajj Deposit Scheme	1.03 to 1.08	12.39 to 12.91
7. Mudaraba Pension Deposit Scheme	0.86 to 1.08	10.28 to 12.91
8. Mudaraba Monthly Profit Payment Scheme	1.03	12.39
9. Mudaraba Cash WAQF Deposit	1.03 to 1.08	12.39 to 12.91

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 2012, Shariah Supervisory Committee met in 3 (three) meetings along with 1 (one) meetings of it's Standing Committee and reviewed different operational issues. The Committee also audited the branch through it's Muraqib 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 (Custodian Wing)**  
**Balance Sheet at 31 December 2012**

**Annex- I**

	Amounts in Taka	
	At 31 Dec 2012	At 31 Dec 2011
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total Non Current Assets	-	-
<b>Current Assets</b>		
Cash and Bank Balances	-	-
Advance, Deposit and Prepayments	-	-
Accounts Receivables	6,262,402	3,335,131
Total Current Assets	6,262,402	3,335,131
<b>Total Assets</b>	<b>6,262,402</b>	<b>3,335,131</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Total Equity	-	-
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
<b>Current Liabilities</b>		
Payable to AB Bank	2,551,668	2,903,115
Accounts Payable	3,653,194	427,376
Provision for Audit Fees	52,900	-
Others	4,640	4,640
Total Current Liabilities	6,262,402	3,335,131
Total Liabilities	6,262,402	3,335,131
<b>Total Equity and Liabilities</b>	<b>6,262,402</b>	<b>3,335,131</b>



**AB Bank Limited (Custodian Wing)**  
**Profit and Loss Statement for the year ended 31 December 2012**

**Annex- I-1**

	Amounts in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>Operating Income</b>		
Commission, exchange and brokerage	128,727	3,937,606
<b>Total Operating Income (a)</b>	<b>128,727</b>	<b>3,937,606</b>
<b>Operating Expenses</b>		
Rent, taxes and insurance	-	60,000
Auditor's fees	52,900	23,000
Other expenses	20,521	205,942
<b>Total operating expenses (b)</b>	<b>73,421</b>	<b>288,942</b>
<b>Profit before provision (c=a-b)</b>	<b>55,306</b>	<b>3,648,664</b>
Provision for taxation	-	-
<b>Net profit after taxation</b>	<b>55,306</b>	<b>3,648,664</b>

**AB Bank Limited**  
**Off-Shore Banking Unit (OBU)**

**Annex-J**

**Balance sheet at 31 December 2012**

	Amounts (Taka)	Amounts (USD)	Amounts (Taka)	Amounts (USD)
	At	At	At	At
	31 Dec 2012	31 Dec 2012	31 Dec 2011	31 Dec 2011
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>				
Cash in Hand (Including foreign currencies)	-	-	-	-
Balance with Bangladesh Bank and its agent Bank (s)	-	-	-	-
<b>Balance with Other Banks and Financial Institutions</b>	<b>3,994,075</b>	<b>50,020</b>	<b>2,910,244</b>	<b>35,628</b>
In Bangladesh	305,501	3,826	79,277	971
Outside Bangladesh	3,688,574	46,194	2,830,967	34,657
<b>Investment:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Government	-	-	-	-
Others	-	-	-	-
<b>Loans and Advances</b>	<b>647,659,835</b>	<b>8,110,966</b>	<b>519,823,302</b>	<b>6,363,786</b>
Loans cash credits, overdrafts, etc	647,659,835	8,110,966	519,823,302	6,363,786
Bills Purchased and Discounted	-	-	-	-
<b>Premises and Fixed Assets (WDV)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Premises and Fixed Assets (Cost)	-	-	-	-
Accumulated Depreciation	-	-	-	-
<b>Other Assets</b>	<b>6,956,521</b>	<b>87,120</b>	<b>96,206</b>	<b>1,178</b>
Accrued Interest	6,862,476	85,942	-	-
Pre-paid Advances	94,045	1,178	96,206	1,178
LD Paid without Advice	-	-	-	-
Miscellaneous	-	-	-	-
<b>Non-Banking Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>658,610,431</b>	<b>8,248,106</b>	<b>522,829,752</b>	<b>6,400,592</b>
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
<b>Borrowing from Bank, Financial Institutions and agents</b>	<b>632,749,606</b>	<b>7,924,238</b>	<b>475,647,021</b>	<b>5,822,971</b>
In Bangladesh - Call and Term Borrowings	632,749,606	7,924,238	148,237,776	1,814,758
Outside Bangladesh - NOSTRO Overdrawn	-	-	-	-
Bangladesh Bank	-	-	327,409,245	4,008,213
<b>Deposits and Other Accounts:</b>	<b>5,613,397</b>	<b>70,299</b>	<b>23,924,640</b>	<b>292,890</b>
Demand Deposits	216,502	2,711	21,659,118	265,155
Demand Deposits - Others	5,396,895	67,588	2,265,522	27,735
Savings Deposits	-	-	-	-
Bearer Certificate of Deposits (BCD)	-	-	-	-
Fixed Term Deposits - FDR	-	-	-	-
Short Term Deposit - STD	-	-	-	-
Other Term Deposit - NFCB	-	-	-	-
Other Deposits	-	-	-	-
<b>Other Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accrued Interest	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>638,363,003</b>	<b>7,994,537</b>	<b>499,571,661</b>	<b>6,115,861</b>
<b>Capital and Shareholders' Equity:</b>				
Paid up Capital	-	-	-	-
Statutory Reserve	-	-	-	-
General Reserve	-	-	-	-
Other Reserves	-	-	-	-
Deficit in profit and loss account / Retained earning	20,247,428	253,569	23,258,089	284,730
<b>Total Shareholders' Equity</b>	<b>20,247,428</b>	<b>253,569</b>	<b>23,258,089</b>	<b>284,730</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>658,610,431</b>	<b>8,248,106</b>	<b>522,829,751</b>	<b>6,400,591</b>

**AB Bank Limited**  
**Off-shore Banking units (OBU)**

**Annex-J-1**

**Profit and Loss Statement for the period ended 31 December 2012**

	Amounts (Taka)	Amounts (USD)	Amounts (Taka)	Amounts (USD)
	Period ended 31 Dec 2012	Period ended 31 Dec 2012	Period ended 31 Dec 2011	Period ended 31 Dec 2011
Interest income	22,518,940	282,016	28,636,416	384,328
Interest paid on deposits and borrowings	(14,804,327)	(185,402)	(16,693,511)	(224,043)
<b>Net interest income</b>	<b>7,714,613</b>	<b>96,614</b>	<b>11,942,905</b>	<b>160,285</b>
Investment income	-	-	-	-
Commission, exchange and brokerage	14,306,086	179,162	10,688,727	143,453
Other operating income	393,660	4,930	151,391	2,032
<b>Total operating income (A)</b>	<b>22,414,359</b>	<b>280,706</b>	<b>22,783,023</b>	<b>305,770</b>
Salaries and allowances	1,985,758	24,869	1,447,172	19,422
Rent, taxes, insurance, electricity, etc	-	-	-	-
Legal expenses	-	-	-	-
Postage, stamps, telecommunication, etc	180,181	2,257	24,244	325
Stationeries, printing, advertisement, etc	-	-	-	-
Directors' fees	-	-	-	-
Auditors' fees	-	-	-	-
Charges on loan losses	-	-	-	-
Depreciation and repair of bank's assets	-	-	-	-
Other expenses	992	12	96,264	1,292
<b>Total operating expenses (B)</b>	<b>2,166,931</b>	<b>27,138</b>	<b>1,567,680</b>	<b>21,039</b>
<b>Profit / (Loss) before provisions (C=A-B)</b>	<b>20,247,428</b>	<b>253,569</b>	<b>21,215,343</b>	<b>284,730</b>
<b>Provisions for loans and advances/Investment</b>	-	-	-	-
Specific provision	-	-	-	-
General provision	-	-	-	-
Investment	-	-	-	-
Provision for diminution in value of investment	-	-	-	-
Other provision	-	-	-	-
<b>Total provision (D)</b>	-	-	-	-
<b>Profit / (Loss) after provisions (C-D)</b>	<b>20,247,428</b>	<b>253,569</b>	<b>21,215,343</b>	<b>284,730</b>
Provision for Taxation	-	-	-	-
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
<b>Net Profit / (Loss) after taxation</b>	<b>20,247,428</b>	<b>253,569</b>	<b>21,215,343</b>	<b>284,730</b>

**AB Investment Limited****Annex-K****Statement of Financial Position  
As of 31 December 2012**

	<b>31.12.2012 Taka</b>	<b>31.12.2011 Taka</b>
<b>Assets</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	551,947,944	568,020,639
Investment in Shares	740,381,829	740,822,855
Intangible Asset	-	673,813
Deferred Revenue Expenditure	4,171,190	5,454,626
<b>Total Non Current Assets</b>	<b>1,296,500,963</b>	<b>1,314,971,933</b>
<b>Current Assets</b>		
Loans to Clients	7,585,189,288	7,259,150,528
Advance, Deposit and Prepayments	96,487,479	90,449,983
Receivable from Brokers	44,357,686	31,773,317
Advance Income Tax	90,528,170	180,233,063
Cash & Bank Balances	611,494	214,412
<b>Total Current Assets</b>	<b>7,817,174,117</b>	<b>7,561,821,303</b>
<b>Total Assets</b>	<b>9,113,675,081</b>	<b>8,876,793,236</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Paid-up Capital	99,900,000	99,900,000
Retained Earnings	656,771,294	771,663,085
Share Money Deposit	4,900,100,000	4,900,100,000
<b>Total Equity</b>	<b>5,656,771,294</b>	<b>5,771,663,085</b>
<b>Non-Current Liabilities</b>		
Provident Fund, Gratuity Fund and Recreation Club	3,773,765	2,356,416
<b>Current Liabilities</b>		
Borrowing from Banks	2,548,509,568	2,370,888,982
Liabilities for expenses	17,408,277	1,250,150
Payable against sales proceeds of Share	46,857,687	34,273,316
Provision for Taxation	216,953,723	374,253,055
Provision for unclassified loan & investments	187,363,878	149,202,254
Credit Balance with Clients' A/c	79,036,889	172,905,978
Other liability	357,000,000	-
<b>Total Current Liabilities</b>	<b>3,453,130,022</b>	<b>3,102,773,735</b>
<b>Total Liabilities</b>	<b>3,456,903,787</b>	<b>3,105,130,151</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>9,113,675,081</b>	<b>8,876,793,236</b>

**AB Investment Limited****Annex-K-1****Statement of Comprehensive Income  
For the year ended 31 December 2012**

	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>Operating Income</b>		
Interest Income	807,716,223	858,347,544
Management Fee	82,384,201	232,109,917
Transaction/Settlement Fee	45,223,575	101,193,439
Other Operating Income	275,189	12,002,092
<b>Total Operating Income (a)</b>	<b>935,599,188</b>	<b>1,203,652,992</b>
<b>Operating Expenses</b>		
Salary and Allowances	15,676,535	19,799,282
Audit and Consultancy	263,700	680,100
Administrative Expenses	33,150,644	39,552,606
Financial Expense	322,212,573	148,417,143
<b>Total Operating Expenses (b)</b>	<b>371,303,452</b>	<b>208,449,131</b>
<b>Net Operating Income (c=a-b)</b>	<b>564,295,736</b>	<b>995,203,861</b>
<b>Investment Income (d)</b>	<b>14,247,525</b>	<b>2,804,285</b>
<b>Profit before Provision for Loan &amp; Investment (e=c+d)</b>	<b>578,543,261</b>	<b>998,008,146</b>
Provision for Investment	38,161,624	77,418,152
<b>Total Provision for Loan &amp; Investment (f)</b>	<b>38,161,624</b>	<b>77,418,152</b>
<b>Net Profit before taxation for the year (e-f)</b>	<b>540,381,637</b>	<b>920,589,994</b>
Less: Provision for Taxation	<b>216,953,723</b>	<b>374,253,055</b>
Current Tax	201,609,426	374,253,055
Deferred Tax	15,344,297	-
<b>Net profit after taxation for the year</b>	<b>323,427,914</b>	<b>546,336,939</b>
<b>Earnings Per Share (EPS)</b>	<b>32.38</b>	<b>54.69</b>

**AB Securities Limited**  
Statement of Financial Position  
As at December 31, 2012

**Annex-L**

	Amounts in Taka	
	At Dec 31, 2012	At Dec 31, 2011
<b>Sources of Fund</b>		
<b><u>Shareholders' Equity:</u></b>		
Share Capital	35,000,000	35,000,000
Share Money Deposit	165,000,000	165,000,000
Retained Earnings	208,980,372	222,959,017
Total Shareholders' Equity	<b>408,980,372</b>	<b>422,959,017</b>
<b>Application of Fund</b>		
<b><u>Non Current Assets:</u></b>		
Property, Plant & Equipment	17,583,535	20,743,096
Preliminary Expenses	617,790	926,682
	18,201,325	21,669,778
<b>Investments</b>	67,495,080	154,403,988
	67,495,080	154,403,988
<b><u>Current Assets:</u></b>		
Cash and Cash Equivalents	117,301,459	8,595,194
Other Current Assets	1,099,160,108	1,052,973,318
Advances, Deposits & Prepayments	3,772,681	3,094,602
Advance Income Tax	78,137,933	35,794,526
	1,298,372,180	1,100,457,640
<b>Less: Current Liabilities and Provisions:</b>		
Other Liabilities	867,414,408	792,511,548
Accrued Expenses	1,462,919	1,244,999
Provision for Income Tax	106,210,886	59,815,843
	975,088,213	853,572,390
<b>Net Current Assets</b>	<b>323,283,967</b>	<b>246,885,251</b>
<b>Total Application of Fund</b>	<b>408,980,372</b>	<b>422,959,017</b>

**AB Securities Limited****Annex-L-1**Statement of Comprehensive Income  
For the year ended December 31, 2012

	Amounts in Taka	
	Year Ended Dec 31, 2012	Year Ended Dec 31, 2011
<b>OPERATING INCOME</b>		
Brokerage Commission	63,805,577	99,298,421
Interest Income	105,551,083	105,296,947
Investment Income	357,905	49,942,963
Other Operating Income	1,946,917	2,802,123
<b>Total Operating Income (a)</b>	<b>171,661,482</b>	<b>257,340,454</b>
<b>OPERATING &amp; OTHER EXPENSES</b>		
Operating Expenses	43,791,759	46,683,365
Other Financial Expenses	1,142,043	10,572,533
Depreciation on Property, Plant & Equipment	5,307,496	4,508,754
<b>Total Operating &amp; Other Expenses (b)</b>	<b>50,241,298</b>	<b>61,764,652</b>
<b>Profit Before Provision (c=a-b)</b>	<b>121,420,184</b>	<b>195,575,802</b>
<b>PROVISION:</b>		
Against Margin Loan	-	27,700,000
For Diminution in Value of Investments	12,003,786	11,390,264
<b>Total Provision (d)</b>	<b>12,003,786</b>	<b>39,090,264</b>
<b>Profit Before Taxation (c-d)</b>	<b>109,416,398</b>	<b>156,485,537</b>
Provision for Taxation	46,395,043	59,815,843
Current Tax	45,942,565	59,731,717
Deferred Tax	452,478	84,126
<b>Net Profit After Taxation</b>	<b>63,021,355</b>	<b>96,669,694</b>
<b>Earnings Per Share (EPS)</b>	<b>18.01</b>	<b>27.62</b>

**Cashlink Bangladesh Limited (CBL)****Annex - M****Balance Sheet at 31 December 2012**

	Amounts in Taka	
	At 31 Dec 2012	At 31 Dec 2011
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	27,396,101	53,463,088
Intangible Assets	31,126,688	57,532,034
<b>Total Non Current Assets</b>	<b>58,522,788</b>	<b>110,995,122</b>
<b>Current Assets</b>		
Cash and Bank Balances	5,670,009	6,662,274
Investment in Fixed Deposit	-	313,822,974
Investment in Share	26,932,725	32,849,658
Advance, Deposit and Prepayments	19,970,904	17,290,753
Accounts Receivables	3,316,751	10,613,873
<b>Total Current Assets</b>	<b>55,890,388</b>	<b>381,239,532</b>
<b>Total Assets</b>	<b>114,413,174</b>	<b>492,234,654</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	238,000,000	238,000,000
Calls in Arrear	-	-
Share Money Deposit	4,200,000	4,200,000
Retained Loss	(489,608,853)	(436,307,750)
<b>Total Equity</b>	<b>(247,408,853)</b>	<b>(194,107,750)</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>	<b>9,742,006</b>	<b>9,742,006</b>
<b>Current Liabilities</b>		
Accrued Expenses	7,850,399	14,931,180
Accounts Payable	60,211	656,420
Tax Deducted at Source	-	-
VAT Deducted at Source	159,229	168,728
Bank Overdraft	343,241,029	-
Provision for Tax	769,153	450,190
Payable to AB Bank Ltd	-	660,393,882
<b>Total Current Liabilities</b>	<b>352,080,021</b>	<b>676,600,398</b>
<b>Total Liabilities</b>	<b>361,822,027</b>	<b>686,342,404</b>
<b>Total Equity and Liabilities</b>	<b>114,413,174</b>	<b>492,234,654</b>



Cashlink Bangladesh Limited (CBL)

Annex - M-1

Profit and Loss Statement for the year ended 31 December 2012

	Amounts in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Revenue	17,300,450	12,502,313
<u>Less: Operating Expenses</u>	41,847,094	53,301,671
<b>Gross Loss</b>	<b>(24,546,644)</b>	<b>(40,799,358)</b>
<u>Less: General and Administration Expenses</u>	71,585,465	77,491,151
<b>Net Operating Loss</b>	<b>(96,132,109)</b>	<b>(118,290,509)</b>
<u>Add: Other Income</u>	43,149,969	72,265,690
<b>Net Loss before Tax</b>	<b>(52,982,140)</b>	<b>(46,024,819)</b>
Tax Expenses/ Provision for Tax	318,963	450,190
<b>Net Loss after Tax</b>	<b>(53,301,102)</b>	<b>(46,475,009)</b>
<u>Less: Prior year adjustment</u>	-	-
Retained Loss Brought Forward	(436,187,899)	(389,712,891)
<b>Retained Loss Brought Forward</b>	<b>(489,489,001)</b>	<b>(436,187,899)</b>

**AB International Finance Limited**  
**Balance Sheet at 31 December 2012**

**Annex - N**

		Amounts in HK\$	
		At	At
		31 Dec 2012	31 Dec 2011
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		48,854	46,385
<b>CURRENT ASSETS</b>			
Discounted bills receivable	161,083,199	165,416,484	
Deposits, prepayments and other receivable	810,128	618,129	
Tax refundable	87,805	-	
Cash and bank balances	4,012,505	416,732	
	165,993,637	166,451,345	
<b>CURRENT LIABILITIES</b>			
Accrued liabilities and other payables	4,464,774	5,383,378	
Deferred interest income	1,554,382	1,563,367	
Provision for long service payments	485,631	466,954	
Due to ultimate holding company	141,205,000	140,197,500	
Tax payable	-	560,668	
	147,709,787	148,171,867	
<b>NET CURRENT ASSETS</b>	18,283,850	18,279,478	
	18,332,704	18,325,863	
<b>EQUITY</b>			
Share capital	1,000,000	1,000,000	
Retained earnings	563,904	563,904	
Proposed final dividend	9,206,841	9,200,000	
Capital Reserve	7,561,959	7,561,959	
	18,332,704	18,325,863	

**AB International Finance Limited**
**Annex - N-1**
**Profit and Loss Statement for the year ended 31 December 2012**

	Amounts in HK\$	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Interest income	8,151,868	9,812,934
Interest expenses	(1,094,387)	(1,684,698)
<b>Net interest income</b>	<b>7,057,481</b>	<b>8,128,236</b>
Other operating income	7,981,768	7,937,797
<b>Total operating income</b>	<b>15,039,249</b>	<b>16,066,033</b>
Staff costs	(1,806,778)	(2,554,635)
Depreciation	(25,158)	(18,798)
Provision for long service payments	(18,677)	(24,023)
Other operating expenses	(2,175,113)	(1,932,688)
Total operating expenses	(4,025,726)	(4,530,144)
<b>Profit before taxation</b>	<b>11,013,523</b>	<b>11,535,889</b>
Income tax	(1,806,682)	(1,906,487)
<b>Profit for the year</b>	<b>9,206,841</b>	<b>9,629,402</b>
Retained earnings at start of the year	563,904	134,502
Dividends	(9,206,841)	(9,200,000)
<b>Retained earnings at the end of the year</b>	<b>563,904</b>	<b>563,904</b>

**AB Exchange (UK) Limited (ABEL)**  
**Balance sheet at 31 December 2012**

**FIXED ASSETS**

Tangible Assets

81,876	108,317
<b>81,876</b>	<b>108,317</b>

**Current Assets**

Debtors

10,457	9,280
--------	-------

Cash at Bank and in Hand

34,055	26,901
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<b>44,512</b>	<b>36,181</b>
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**Creditors**

Amounts falling due with one year

(52,698)	(24,448)
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**Net Current Liabilities**

<b>(8,186)</b>	<b>11,733</b>
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**Total Assets less Current Liabilities**

<b>73,690</b>	<b>120,050</b>
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**CREDITORS**

Amounts falling due after more than one year

(50,000)	(249,998)
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**Net (Liabilities)/Assets**

<b>23,690</b>	<b>(129,948)</b>
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**CAPITAL AND RESERVES**

<b>23,690</b>	<b>(129,948)</b>
---------------	------------------

Called up share capital

250,000	2
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Profit and loss account

(226,310)	(129,950)
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**SHAREHOLDERS' FUNDS**

<b>23,690</b>	<b>(129,948)</b>
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**AB Exchange (UK) Limited (ABEL)****Profit and Loss Statement for the period ended 31 December 2012**

	Amounts (GBP)	Amounts (GBP)
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>Turnover</b>	22,976	6,042
<b>Gross Profit</b>	<b>22,976</b>	<b>6,042</b>
<b>Administrative expenses</b>	(119,336)	(135,992)
<b>Operating Loss</b>	<b>(96,360)</b>	<b>(129,950)</b>
<b>Loss on ordinary activities before taxation</b>	<b>(96,360)</b>	<b>(129,950)</b>
Tax on loss on ordinary activities	-	-
<b>NET LOSS</b>	<b>(96,360)</b>	<b>(129,950)</b>

**Arab Bangladesh Bank Foundation (ABBF)**

**Annex - P**

**Balance Sheet at December 31, 2012**

**Sources of Funds**

Shareholders' Equity:

Share Capital

Retained Earning

**Total Shareholders' Equity**

**Application of Funds**

Fixed Assets less accumulated depreciation

Current Assets, Loans and Advances

Balance with other Bank

Other current assets

Advances, deposit and prepayment

Accrued interest on FDR

Less: Current Liabilities and Provisions:

Other Liabilities

Liabilities for expenses

Provision for Tax

**Net Current Assets**

**Total Application of Fund**

Amounts in Taka	
At 31 Dec 2012	At 31 Dec 2011
20,000,000	20,000,000
410,853,789	386,942,711
<b>430,853,789</b>	<b>406,942,711</b>
13,543,492	13,543,492
<b>13,543,492</b>	<b>13,543,492</b>
94,147,738	65,393,748
350,000,000	350,000,000
54,608,221	46,216,242
1,026,754	-
<b>499,782,713</b>	<b>461,609,990</b>
559,533	709,533
137,500	72,500
81,775,383	67,428,738
<b>82,472,416</b>	<b>68,210,771</b>
<b>417,310,297</b>	<b>393,399,219</b>
<b>430,853,789</b>	<b>406,942,711</b>

## Profit and Loss Statement for the year ended 31 December 2012

	Amounts in Taka	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
<b>Income</b>	<b>51,231,967</b>	<b>46,444,288</b>
Interest Income	51,231,967	46,444,288
Other Operating Income	-	-
 <b>Less: Operating and Other Expenses</b>	 <b>12,974,242</b>	 <b>13,581,730</b>
Operating Expenses	389,100	385,750
Financial Charge	12,167	12,300
Other Expenses	12,572,975	13,183,680
Depreciation on Fixed Assets	-	-
 <b>Profit before Tax</b>	 <b>38,257,725</b>	 <b>32,862,558</b>
 <b>Provision for Taxation</b>		
Current Tax	14,346,647	12,323,459
<b>Profit after tax</b>	<b>23,911,078</b>	<b>20,539,099</b>

**AB Bank Limited****Name of the Directors and entities in which had interest at 31 December 2012**

Sl. No.	Name	Status	Name of Firms / Companies in which interested as pro-prior/partner/director/managing agent/guarantor/employees etc
1	Mr. M. Wahidul Haque	Chairman	Chairman: <ul style="list-style-type: none"> <li>- AB Bank Limited</li> <li>- AB Investment Limited</li> <li>- AB Securities Limited</li> <li>- Cashlink Bangladesh Limited</li> <li>- AB Exchange (UK)Ltd., London, UK.</li> </ul> Managing Director: <ul style="list-style-type: none"> <li>- Deundi Tea Co. (UK)Ltd.</li> <li>- Noyapara Tea Co. Ltd.</li> </ul>
2	Mr. Salim Ahmed	Vice-Chairman	1) Elite Chemical Industries Ltd. 2) Elite International Ltd. 3) Hexagon Chemical Complex Ltd. 4) Super Petrochemical (Pvt.) Ltd. 5) Super Refinery (Pvt.) Ltd. 6) Elite Super Plastic Ind.(pvt.) Ltd 7) Super Share & Securities Ltd. 8) Elite Properties Management Ltd. 9) Super Sea Fish (Pvt.) Ltd. 10) Bangladesh General Insurance Ltd. 11) Super Tel Limited. 12) Elite Oil Refinery Ltd. 13) Centre point Hospital (pvt.) Ltd
3	Mr. Feroz Ahmed	Director	1) Elite Chemical Industries Ltd. 2) Elite International Ltd. 3) Hexagon Chemical Complex Ltd. 4) Ahmed Securities Ltd. 5) Universal Shipping and Trawling company 6) Bangladesh General Insurance Company Ltd. 7) Holy Crescent Hospital
4	Mr. M. A. Awal	Director	AB International Finance Ltd., Hongkong – As Nominee Director.
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
6	Mr. Faheemul Huq, Barrister-at-Law	Director	N/A
7	Mr. Syed Afzal Hasan Uddin, Barrister-at-Law	Director	1) Maar Ltd. 2) Millennium Aviation Ltd. 3) Managewell Holdings Ltd 4) Managewell Investment Ltd. 5) Managewell Communication Ltd. 6) Managewell Media Ltd 7) Hyundai Automobiles Bangladesh Ltd. 8) Syed Ishtiaq Ahmed & Associates.
8	Mr. Gholam Sarwar	Director	1) Pacific Motors Limited 2) Pacific Industries Limited 3) Therapeutics Bd. Limited
9	Mr. Md. Mesbahul Hoque	Director	1) Reptiles Firm Ltd., Chairman & Managing Director(Acting) 2) Therapeutics Bangladesh Ltd., Managing Director
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 Director	AB Investment Ltd. -as Inedepandant Director
13	Mrs. Runa Zakia Sahrood Khan	Depositor Director	AB International Finance Ltd., Hongkongh-as Inedepandant Director Friendship -as Ex Executive Director
14	Mr. M. Fazlur Rahman	President & Managing Director	1) AB Securies Ltd. - As Director 2) Cashlink Banglaesh Ltd. As Nominee Director