

AB Bank Limited & its Subsidiaries

Auditor's Report and Audited Consolidated & Separate Financial Statements For the year ended 31 December 2013



ACNABIN

Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AB BANK LIMITED****Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of AB Bank Limited and its subsidiaries ("the Group") as well as the separate financial statements of AB Bank Limited ("the Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2013 and the consolidated and separate Profit & Loss Accounts, consolidated and separate Statements of Changes in Equity and consolidated and separate Cash Flow Statements for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2013, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note # 1.13.

Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note # 1.15 to the financial statements appeared to be materially adequate;
 - ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (c) financial statements of the subsidiaries of the Bank have been audited by other auditors except Cashlink Bangladesh Limited which has been audited by us and have been properly reflected in the consolidated financial statements;
- (d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (f) the expenditure incurred was for the purposes of the Bank's business;
- (g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- (i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (j) the information and explanation required by us have been received and found satisfactory; and
- (k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,950 person hours for the audit of the books and accounts of the Bank.

Dhaka,
12 March 2014
ACNABIN
Chartered Accountants

AB Bank Limited & its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2013

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

Off-Balance Sheet Items

Contingent liabilities

Acceptances and endorsements
Letters of guarantee
Irrevocable letters of credit
Bills for collection
Other contingent liabilities

Notes	31.12.2013 Taka	31.12.2012 Taka
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18 **83,216,543,057** **59,590,452,646**

26,948,988,710	19,642,751,282
16,393,076,675	12,882,332,805
30,225,132,651	17,863,397,969
9,649,345,020	9,201,970,590
-	-

Other commitments

Documentary credits and short term trade-related transactions
Forward assets purchased and forward deposits placed
Undrawn note issuance and revolving underwriting facilities
Undrawn formal standby facilities, credit lines and other commitments

-	-
-	-
-	-
-	-

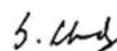
Total

83,216,543,057 **59,590,452,646**

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


Shamim Ahmed Chaudhury
Managing Director


Shishir Banjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

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

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants

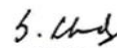
AB Bank Limited and its Subsidiaries
Consolidated Profit and Loss Account
For the year ended 31 December 2013

	Notes	2013 Taka	2012 Taka
OPERATING INCOME			
Interest income/profit on investments	20(a)	18,365,001,635	16,497,564,598
Interest/profit paid on deposits and borrowings, etc.	21(a)	(14,281,076,850)	(12,686,931,403)
Net interest income		4,083,924,785	3,810,633,196
Investment income	22(a)	2,715,057,334	2,326,182,892
Commission, exchange and brokerage	23(a)	3,159,603,231	2,689,955,033
Other operating income	24(a)	163,206,015	191,675,408
		6,037,866,580	5,207,813,333
Total operating income (a)		10,121,791,365	9,018,446,529
OPERATING EXPENSES			
Salary and allowances	25(a)	2,146,756,426	1,951,187,116
Rent, taxes, insurance, electricity, etc.	26(a)	481,603,988	429,860,032
Legal expenses	27(a)	14,043,869	11,086,830
Postage, stamps, telecommunication, etc.	28(a)	132,462,923	144,166,579
Stationery, printing, advertisement, etc.	29(a)	166,314,652	177,109,048
Chief executive's salary and fees		11,434,501	8,683,734
Directors' fees	30(a)	3,058,243	3,189,207
Auditors' fees	31(a)	3,404,536	6,031,215
Depreciation and repairs of Bank's assets	32(a)	650,702,451	698,884,807
Other expenses	33(a)	967,027,569	868,874,312
Total operating expenses (b)		4,576,809,158	4,299,072,880
Profit before provision (c = (a-b))		5,544,982,207	4,719,373,649
Provision against loans and advances	34(a)	1,667,125,000	712,182,142
Provision for diminution in value of investments	35(a)	464,446,127	426,565,410
Other provisions	36(a)	240,149,814	84,356,875
Total provision (d)		2,371,720,941	1,223,104,427
Profit before tax (c-d)		3,173,261,266	3,496,269,222
Provision for taxation		2,074,819,159	2,034,460,196
Current tax		2,065,632,307	1,975,206,567
Deferred tax		9,186,852	59,253,629
Net profit after tax		1,098,442,107	1,461,809,026
Appropriations			
Statutory reserve		574,478,006	624,066,492
General reserve		-	-
Dividends, etc.		-	-
		574,478,006	624,066,492
Retained surplus		523,964,101	837,742,534
Minority interest		4,744,929	(5,141,410)
Net Profit attributable to the shareholders of parent company		519,219,172	842,883,944
Consolidated Earnings Per Share (EPS)	38(a)	2.20	2.95

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


Shamim Ahmed Chaudhury
Managing Director


Shishir Banjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

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

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants

AB Bank Limited and its Subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2013

Cash Flows from Operating Activities

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

Operating profit before changes in operating assets & liabilities

Increase/decrease in operating assets and liabilities

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

Net cash flow from operating activities (a)

Cash Flows from Investing Activities

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

Net cash used in investing activities (b)

Cash Flows from Financing Activities

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

Net cash used in from financing activities (c)

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

Effects of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at beginning of the year

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

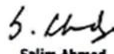
(*) Cash and cash equivalents:

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

Net Operating Cash Flow Per Share (NOCFPS)


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

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

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants

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

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

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


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

This is the Consolidated Statement of Changes in Equity referred to in our separate report of even date.

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants

AB Bank Limited
Balance Sheet
As at 31 December 2013

<u>PROPERTY AND ASSETS</u>	Notes	31.12.2013 Taka	31.12.2012 Taka
Cash	3	11,359,517,250	9,622,840,530
In hand (including foreign currencies)	3.1	1,325,369,404	1,231,674,876
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	10,034,147,846	8,391,165,655
Balance with other banks and financial institutions	4	7,238,990,059	8,877,073,955
In Bangladesh		4,744,159,686	5,616,079,788
Outside Bangladesh		2,494,830,373	3,260,994,166
Money at call and on short notice	5	991,387,500	3,671,790,000
Investments	6	28,675,696,033	26,114,787,647
Government	6.1	22,327,865,346	19,743,454,873
Others	6.2	6,347,830,687	6,371,332,773
Loans, advances and lease/investments	7	140,121,297,505	106,065,758,923
Loans, cash credits, overdrafts, etc./Investments	7.2	139,067,739,439	105,373,785,000
Bills purchased and discounted	8	1,053,558,066	691,973,923
Fixed assets including premises, furniture and fixtures	9	4,172,564,367	4,229,520,560
Other assets	10	15,446,091,023	15,260,656,171
Non-banking assets		-	-
Total Assets		<u>208,005,543,738</u>	<u>173,842,427,785</u>
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	9,987,492,033	3,649,261,782
Deposits and other accounts	12	161,846,275,315	140,025,953,891
Current accounts and other accounts		15,742,024,927	13,487,687,930
Bills payable		1,140,175,156	1,467,147,010
Savings bank deposits		17,093,460,022	14,860,539,427
Fixed deposits		91,742,137,914	80,452,713,916
Other deposits		36,128,477,296	29,757,865,608
Other liabilities	13	19,231,727,325	14,133,406,241
Total Liabilities		<u>191,065,494,672</u>	<u>157,808,621,915</u>
Capital/Shareholders' Equity			
Total Shareholders' Equity		16,940,049,066	16,033,805,870
Paid-up capital	14	4,976,253,760	4,423,336,680
Statutory reserve	15	5,564,799,391	5,005,314,801
Other reserve	16	1,412,629,267	1,446,253,561
Retained earnings	17	4,986,366,647	5,158,900,828
Total Liabilities and Shareholders' Equity		<u>208,005,543,738</u>	<u>173,842,427,785</u>

Off-Balance Sheet Items

Contingent liabilities

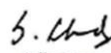
Acceptances and endorsements
Letters of guarantee
Irrevocable letters of credit
Bills for collection
Other contingent liabilities

Notes	31.12.2013 Taka	31.12.2012 Taka
18	83,216,543,057	59,590,452,646
18.1	26,948,988,710	19,642,751,282
	16,393,076,675	12,882,332,805
	30,225,132,651	17,863,397,969
	9,649,345,020	9,201,970,590
	-	-
	-	-
	-	-
	-	-
	-	-
Total	<u>83,216,543,057</u>	<u>59,590,452,646</u>

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


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

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

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants

AB Bank Limited
Profit and Loss Account
For the year ended 31 December 2013

	Notes	2013 Taka	2012 Taka
OPERATING INCOME			
Interest income/profit on investments	20	17,953,048,673	15,714,006,609
Interest paid/profit on deposits and borrowings, etc.	21	(14,173,526,482)	(12,591,500,175)
Net interest income		3,779,522,191	3,122,506,434
Investment income	22	2,841,538,159	2,714,131,615
Commission, exchange and brokerage	23	3,020,517,974	2,461,270,850
Other operating income	24	113,557,511	137,035,990
		5,975,613,644	5,312,438,455
Total operating income (a)		9,755,135,835	8,434,944,888
OPERATING EXPENSES			
Salary and allowances	25	2,081,594,761	1,868,144,551
Rent, taxes, insurance, electricity, etc.	26	467,485,269	409,531,774
Legal expenses	27	13,260,716	10,107,729
Postage, stamps, telecommunication, etc.	28	139,468,741	146,329,444
Stationery, printing, advertisement, etc.	29	164,680,619	175,413,748
Chief executive's salary and fees		11,434,501	8,683,734
Directors' fees	30	2,513,743	2,840,207
Auditors' fees	31	2,455,328	4,917,497
Depreciation and repairs of Bank's assets	32	576,298,293	617,640,766
Other expenses	33	1,006,285,515	828,307,326
Total operating expenses (b)		4,465,477,486	4,071,916,777
Profit before provision (c = (a-b))		5,289,658,349	4,363,028,111
Provision against loans and advances	34	1,667,125,000	712,182,142
Provision for diminution in value of investments	35	397,900,000	376,400,000
Other provisions	36	240,000,000	84,160,000
Total provision (d)		2,305,025,000	1,172,742,142
Profit before taxation (c-d)		2,984,633,350	3,190,285,969
Provision for taxation		1,973,636,035	1,751,748,156
Current tax		1,976,443,810	1,708,291,302
Deferred tax		(2,807,775)	43,456,854
Net profit after taxation		1,010,997,314	1,438,537,813
Appropriations			
Statutory reserve		574,478,006	624,066,492
General reserve		-	-
Dividends, etc.		-	-
		574,478,006	624,066,492
Retained surplus		436,519,309	814,471,321
Earnings Per Share (EPS)	38	2.03	2.89

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


Shamim Ahmed Chaudhury
Managing Director


Shishir Banjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

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

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants


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


	Notes	2013 Taka	2012 Taka
Cash Flows from Operating Activities			
Interest receipts		17,456,953,748	15,326,694,925
Interest payments		(13,552,610,471)	(11,989,385,188)
Dividend receipts		203,264,167	428,296,844
Fee and commission receipts		2,157,327,618	1,679,196,940
Recoveries on loans previously written off		4,151,397	35,168,196
Payments to employees		(2,093,029,262)	(1,876,828,285)
Payments to suppliers		(164,680,619)	(157,488,361)
Income taxes paid		(1,489,851,305)	(1,548,936,383)
Receipts from other operating activities	39	3,610,870,462	3,169,776,474
Payments for other operating activities	40	(1,911,516,399)	(1,721,791,885)
Operating profit before changes in operating assets & liabilities		4,220,879,335	3,344,703,276
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(33,559,443,656)	(11,040,228,876)
Other assets	41	1,202,074,557	565,680,945
Deposits from other banks		601,235,941	(1,518,308,927)
Deposits from customers		20,598,169,472	24,790,283,691
Trading liabilities (short-term borrowings)		6,342,372,154	(6,629,285,393)
Other liabilities	42	845,322,731	(364,695,728)
		(3,970,268,801)	5,803,445,713
Net cash flow from operating activities (a)		250,610,534	9,148,148,989
Cash Flows from Investing Activities			
Purchase of government securities		(2,585,559,073)	(3,630,127,191)
Purchase of trading securities, shares, bonds, etc.		23,502,086	(928,911,197)
Purchase of property, plant and equipment		(266,430,377)	(459,656,732)
Net cash used in investing activities (b)		(2,828,487,364)	(5,018,695,120)
Cash Flows from Financing Activities			
Increase/(decrease) of long-term borrowings		(4,141,904)	30,357,603
Dividend paid		(939,542)	(178,010,131)
Net cash used in financing activities (c)		(5,081,446)	(147,652,528)
Net (decrease)/increase in cash (a+b+c)		(2,582,958,276)	3,981,801,341
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		22,176,723,886	18,194,922,545
Cash and cash equivalents at end of the year (*)		19,593,765,610	22,176,723,886
(*) Cash and cash equivalents:			
Cash		1,325,369,405	1,231,674,876
Prize bonds		3,870,800	5,019,400
Money at call and on short notice		991,387,500	3,671,790,000
Balance with Bangladesh Bank and its agent bank(s)		10,034,147,846	8,391,165,655
Balance with other banks and financial institutions		7,238,990,059	8,877,073,955
		19,593,765,610	22,176,723,886
Net Operating Cash Flow Per Share (NOCFPS)		0.50	18.38

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


Shamim Ahmed Chaudhury
Managing Director

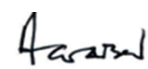

Shishir Banjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

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

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants

AB Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2013

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


Shamim Ahmed Chauchury
Managing Director


Shishir Banjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

This is the Statement of Changes in Equity referred to in our separate report of even date.

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants

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

(Amount in Taka)

Particulars	Up to 1 month's maturity	1-3 months' maturity	3-12 months' maturity	1-5 years' maturity	More than 5 years' maturity	Total
Assets						
Cash in hand & with banks	2,418,317,250	-	-	-	8,941,200,000	11,359,517,250
Balance with Other banks and financial institutions	3,119,318,559	1,119,450,250	3,000,221,250	-	-	7,238,990,059
Money at Call & Short Notice	516,287,500	450,000,000	25,100,000	-	-	991,387,500
Investments	730,956,791	992,809,554	6,004,105,500	6,582,170,904	14,365,653,285	28,675,696,033
Loans & advances	23,278,479,950	33,844,889,706	56,676,768,431	22,858,233,012	3,462,926,405	140,121,297,505
Fixed assets including premises, furniture and fixture	-	-	-	-	4,172,564,367	4,172,564,367
Other assets	3,610,143,936	3,146,999,760	2,702,005,953	-	5,986,941,374	15,446,091,023
Non-banking assets	-	-	-	-	-	-
Total Assets	33,673,503,987	39,554,149,270	68,408,201,133	29,440,403,916	36,929,285,431	208,005,543,738
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	3,903,120,310	4,147,870,040	1,878,041,325	58,460,358	-	9,987,492,033
Deposit and other accounts	24,054,649,297	34,788,853,563	67,362,500,417	34,252,352,458	1,387,919,580	161,846,275,314
Provision and other Liabilities	438,010,694	119,045,814	4,537,567,328	14,137,103,490	-	19,231,727,325
Total Liabilities	28,395,780,300	39,055,769,417	73,778,109,069	48,447,916,306	1,387,919,580	191,065,494,672
Net Liquidity Excess/(shortage)	5,277,723,687	498,379,853	(5,369,907,935)	(19,007,512,390)	35,541,365,851	16,940,049,066


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, FCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

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

Dhaka,
12 March 2014


ACNABIN
Chartered Accountants

AB Bank Limited
Notes to the Financial Statements
For the year ended 31 December 2013

1.1 The Bank and its activities

AB Bank Limited (the Bank) is one of the first generation Private Commercial Banks (PCBs) incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and is governed by the Bank Company (Amendment) Act 2013. The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. AB Bank Limited has 89 Branches including one (1) Islami Banking Branch and one (1) Overseas Branch in Mumbai, India. The Bank has six subsidiary companies namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, Arab Bangladesh Bank Foundation all incorporated in Bangladesh, AB International Finance Limited, incorporated in Hong Kong and AB Exchange (UK) Limited, incorporated in United Kingdom.

AB Investment Limited (ABIL) and AB Securities Limited (ABSL) were incorporated as subsidiary companies after obtaining the approvals from Bangladesh Bank following guidelines of the Bangladesh Securities and Exchange Commission (BSEC). These two subsidiaries are being put into operations to cater the merchant banking and brokerage business which were previously carried out by the Bank itself.

The Bank through its Branches and non-banking subsidiaries provides a diverse range of financial services and products in Bangladesh and in certain international markets. The Bank has expanded its capital market oriented service horizon to its customers through AB Investment Limited. The Bank obtained permission from BSEC to embark upon merchant banking vide its certificate no. MB-1.02/2001-30 dated 15 May 2001 under the Securities and Exchange Commission Act 1993. Subsequently, the Bank has formed a subsidiary company named AB Investment Limited in accordance with the approval of Bangladesh Bank vide letter no. BRPD(R-1)717/2009-538 dated 09 December 2009 and the Bangladesh Securities and Exchange Commission vide letter no. Sec/Reg/MB-79/2010/73 dated 10 March 2010 for dealing the Merchant Banking business.

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

AB Bank Limited started its Islami Banking operation through its Dilkusha Islami Banking Branch, Dhaka on 23 December 2004 following the permission of Bangladesh Bank vide letter no. BRPD (P) 745 (12)/2004-2702 dated 08 July 2004. Subsequently the Branch was shifted to Kakrail, Dhaka on 18 October 2006.

The Bank obtained permission to work as a security custodian from the Bangladesh Securities and Exchange Commission vide its certificate no. SC-05/2007 dated 22 January 2007 under the Securities and Exchange Commission (Securities Custodian Service) Rules 2003.

In the year 2009, the Bank obtained permission to operate Off Shore Banking Unit (OBU) vide letter # BRPD (P-3)744/(106)/2009-4486 dated 06 December 2009 of Bangladesh Bank. OBU operation has been carried out from 28 April 2010 through the Bank's EPZ Branch, Chittagong.

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

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

Presentation of the financial statements

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****Presentation of the financial statements (Cont.)**

Consolidated financial statements and financial statements of the Bank were made as at 31 December 2013 and were prepared under the historical cost convention except investments categorised under held for trading and in accordance with Bank Company (Amendment) Act 2013, BRPD circular no. 14 dated 25 June 2003, the Companies Act 1994, the Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987 and other laws and rules applicable for the Bank.

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

Basis of consolidation

Separate set of records for consolidating the financial statements of the Branches including Mumbai Branch, India, AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, AB International Finance Limited, Hong Kong and AB Exchange (UK) Limited are maintained at the Head Office of the Bank, based on which these financial statements have been prepared. The consolidated financial statements have been prepared in accordance with the BFRS 10 "Consolidated Financial Statements". The Consolidated Financial Statements have been prepared to a common reporting period ending on 31 December 2013.

Mumbai Branch, India

The assets and liabilities of Mumbai Branch, India have been incorporated in the accounts at year end exchange rate. Income and expenditures have been incorporated in the accounts by each line item. The Balance Sheet and Profit and Loss Account of the Mumbai Branch have been shown separately in Annex-F.

Islami Banking Branch

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

Custodian Wing

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

Off-Shore Banking Unit (OBU)

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

Subsidiaries Operation

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****AB Investment Limited (ABIL)**

AB Investment Limited (ABIL) started its operation from 10 March 2010 for Merchant Banking Operation. AB Bank Limited holds 99.99% shares in ABIL.

The Balance Sheet and Profit and Loss Account of the ABIL have been shown separately in [Annex-K](#).

AB Securities Limited (ABSL)

Brokerage business of Arab Bangladesh Bank Foundation has been transferred to AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009. AB Bank Limited at present holds 99.71% shares in ABSL.

The Balance Sheet and Profit and Loss Account of the ABSL have been shown separately in [Annex-L](#).

Cashlink Bangladesh Limited (CBL)

Cashlink Bangladesh Limited (CBL) was incorporated on 24 September 2008 with an authorised capital of Taka 1,000,000,000 divided into 100,000,000 ordinary shares of Taka 10 each. The Bank at present holds 90% shares in CBL.

The Balance Sheet and Profit and Loss Account of the CBL have been shown separately in [Annex-M](#).

AB International Finance Limited (ABIFL)

AB International Finance Limited (ABIFL) is a company incorporated in Hong Kong. Its registered office and principal place of business is situated at Unit 1201-B, 12/F, Admiralty Centre, Tower One, 18 Harcourt, Hong Kong. It is a fully owned (100%) Subsidiary of AB Bank Limited.

The Balance Sheet and Profit and Loss Account of the ABIFL have been shown separately in [Annex-N](#).

AB Exchange (UK) Limited

AB Exchange (UK) Limited (ABEL) is a company incorporated and domiciled in United Kingdom (UK) vide registration no. 07272766 (England & Wales). The registered office is situated at 69 Whitechapel High Street, London, E1 7PL. ABEL is a fully owned (100%) Subsidiary of AB Bank Limited.

The Balance Sheet and Profit and Loss Account of the ABEL have been shown separately in [Annex-O](#).

Arab Bangladesh Bank Foundation (ABBF)

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

Use of estimates and judgments

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

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

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****Materiality, aggregation and offsetting**

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

Foreign currency transactions**Functional and presentational currency**

Financial statements of the Bank have been presented in Taka, which is the Bank's functional and presentational currency.

Foreign currency translation

Foreign currency transactions have been converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transactions as per BAS 21 "The Effects of Changes in Foreign Exchange Rates".

Assets and liabilities in foreign currencies as at 31 December 2013 have been converted into Taka currency at the average of the prevailing buying and selling rates of the relevant foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no. BRPD (R) 717/2004-959 dated 21 November 2004.

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

Cash flow statement

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****Statement of changes in equity**

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

Liquidity statement

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

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

1.3 Assets and basis of their valuation**Cash and cash equivalents**

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

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

Loans and advances

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

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

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

Investment

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

The valuation methods of investment used are:

Government securities

Held to Maturity (HTM)

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

Held for Trading (HFT)

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

Value of investments has been enumerated as follows:

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Treasury Bill / Bond (HFT)	Cost	Market value	Loss to Profit and Loss Account (P&L), gain to revaluation reserve
Treasury Bill / Bond (HTM)	Cost	Amortised value	Increase in value to equity and decrease in value to P&L
Debenture	Face value	None	None
Prize bond	Cost	None	None
Shares	Cost	Lower of cost and market value	Any loss, charged in P&L Unrealized gain, not recognize in accounts

Investment in listed securities

These securities are brought and held primarily for the purpose of selling them in future or held for dividend income. These are reported at cost. Unrealised gains are not recognised in the Profit and Loss Account as per BAS 18 "Revenue".

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

Investment in unlisted securities

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

Investment in subsidiaries

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

Fixed assets

- 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.

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

Fixed assets (cont.)

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

Intangible assets

An intangible asset is recognised if-

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

Other assets

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

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.

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

Bank as lessor

The Bank did not grant any lease finance.

Stock of stationery

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

1.4 Capital, reserve, liabilities and provision and basis of their valuation

Share capital

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

Statutory reserve

As per Section 24 of the Bank Company (Amendment) Act 2013, 20% of current year's profit of the Bank is required to be transferred to Statutory Reserve until such reserve together with share premium account equals to its paid up capital.

Revaluation reserve

When an asset's carrying amount is increased as a result of revaluation, the increased amount should be credited directly to equity under the head revaluation surplus/ reserve as per BAS 16 "Property, Plant and Equipment".

Deposits and other accounts

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

Borrowing

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

Provision for taxation

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

Current Tax

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

Provision for current income tax has been made @ 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.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****Deferred Tax (cont.)**

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

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

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

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

The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the Profit and Loss Account as per BAS-12 "Income Taxes" (note 13.3).

Retirement benefits to the employees

The retirement benefits accrued for the employees of the Bank as on the reporting date have been accounted for in accordance with the provision of BAS 19 "Employee Benefits". Bases of enumerating the retirement benefits schemes operated by the Bank are outlined below:

Provident fund

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

Staff gratuity

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

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 "Provisions, Contingent Liabilities and Contingent Assets".

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

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****Provision for nostro accounts**

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

Minority Interest

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

As per BFRS 10 'Consolidated Financial Statements' Bank presents Minority Interest separately in financial statements.

Profit or loss and each component of other shareholders equity are attributed to the owners of the parent and to the Minority Interest. Total shareholders equity is attributed to the owners of the parent and to the Minority Interest even if this result in the Minority Interest having a deficit balance.

1.5 Revenue recognition**Interest income**

According to the BAS 18 "Revenue", the interest income is recognised on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified or treated as Sub Standard (SS) as per BRPD circular no. 14 dated 23 September 2012 and is kept in interest suspense account. Interest on classified advances is accounted for as income when realised.

Profit on investment (Islami Banking Branch)

Profit on investment is taken into income account from profit receivable account. Overdue charges/ compensation on classified investment is transferred to profit suspense/ compensation receivable account instead of income account.

Investment income

Interest income on investments is recognised on accrual basis except treasury bills. Capital gains on investments in shares are also included in investment income. Capital gains are recognized when these are realised.

Fees and commission income

Fees and commission income on services provided by the Bank are recognised as and when the services are rendered. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of affecting the transactions.

Dividend income on shares

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****1.6 Reconciliation of books of account**

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

1.7 Earnings Per Share (EPS)**Basic earnings per share**

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

Diluted earnings per share

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

1.8 Off-balance sheet items

Off-Balance Sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank's guidelines.

In accordance with BRPD circular no.14 dated 23 September 2012, general provision @ 1% has been made on the outstanding balances of Off-Balance Sheet exposure of the Bank as at 31 December 2013. Provision is made on the total exposure and amount of cash margin or value of eligible collateral is not deducted while computing Off-Balance sheet exposure.

1.9 Memorandum items

Memorandum items are maintained for those items for which the Bank has only a business responsibility and no legal commitment.

1.10 Reporting period

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

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

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

1.11 Segment Reporting

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

By Geographical Location & Segment Business

Particulars	AB Bank Limited							Subsidiaries					(Amount in Crore Taka)	
	Inside Bangladesh				India (Mumbai Branch)	Adjustment	Total	Inside Bangladesh			AB Exchange (UK) Ltd.	AB Int. Finance Ltd. (Hong Kong)	Adjustment	AB Bank & its subsidiaries
	Conventional Banking	Islamic Banking	Investment Banking	Off- Shore Banking Unit				AB Investment Limited	AB Securities Limited	Cash Link Bangladesh Ltd. (CBL)				
Income Statements														
Interest income	1,754.70	89.91	-	12.58	6.51	(68.39)	1,795.30	49.61	9.58	-	-	10.67	(28.66)	1,836.50
Interest paid on deposits and borrowings, etc.	1,335.04	72.54	66.49	9.40	2.27	(68.39)	1,417.35	30.94	7.31	-	-	1.46	(28.96)	1,428.11
Net interest income	419.67	17.36	(66.49)	3.17	4.24	-	377.95	18.67	2.27	-	-	9.21	0.29	408.39
Investment income	262.50	1.03	17.87	-	2.76	-	284.15	(1.14)	0.01	-	-	-	(11.51)	271.51
Commission, exchange and brokerage	273.23	1.97	-	1.09	27.23	(1.47)	302.05	3.74	5.16	10.52	0.58	4.35	(10.44)	315.96
Other operating income	10.66	0.23	-	0.13	0.33	-	11.36	0.83	0.24	0.12	-	4.59	(0.82)	16.32
Total operating income	966.07	20.58	(48.62)	4.39	34.56	(1.47)	975.51	22.10	7.67	10.64	0.58	18.16	(22.48)	1,012.18
OPERATING EXPENSES														
Salary and allowances	205.12	2.21	-	0.29	1.68	-	209.30	1.41	2.25	0.01	0.43	2.42	-	215.82
Rent, taxes, insurance, electricity, etc.	44.84	0.14	0.30	-	1.46	-	46.75	0.16	0.77	0.15	0.23	0.63	(0.53)	48.16
Legal expenses	1.31	-	-	-	0.02	-	1.33	0.02	0.00	0.02	0.00	0.04	-	1.40
Postage, stamps, telecommunication, etc.	13.19	0.03	-	0.03	0.69	-	13.95	0.10	0.16	0.03	0.04	0.72	(1.74)	13.25
Stationery, printing, advertisement, etc.	16.13	0.10	0.00	-	0.23	-	16.47	0.06	0.06	0.00	0.00	0.04	-	16.63
Directors' fees	0.24	0.01	-	-	-	-	0.25	0.01	0.04	0.00	-	-	-	0.31
Auditors' fees	0.14	-	-	-	0.10	-	0.25	0.02	0.01	0.02	0.02	0.03	-	0.34
Charges on loan losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and repairs of Bank's assets	56.19	0.27	0.05	-	1.12	-	57.63	1.64	0.60	4.82	0.32	0.05	-	65.07
Other expenses	88.72	0.63	0.67	0.20	10.42	-	100.63	1.32	2.14	0.80	0.14	0.38	(8.70)	96.70
Total operating expenses	425.88	3.40	1.02	0.52	15.73	-	446.55	4.73	6.02	5.85	1.18	4.31	(10.97)	457.68
Profit before provision	540.18	17.18	(49.64)	3.87	18.83	(1.47)	528.97	17.37	1.65	4.79	(0.61)	13.84	(11.51)	554.50
Provision against loans and advances							166.71							166.71
Provision for diminution in value of investments							39.79							46.44
Other provisions							24.00							24.01
Total provision							230.50							237.17
Profit before taxation							298.46							317.33
Provision for taxation							197.36							207.48
Net profit after taxation							101.10							109.84

AB Bank Limited
Notes to financial statements for the year ended 31 December 2013
Balance Sheet
(Amount in Crore Taka)

Particulars	AB Bank Limited							Subsidiaries					(Amount in Crore Taka)	
	Inside Bangladesh				India (Mumbai Branch)	Adjustment	Total	Inside Bangladesh			AB Exchange (UK) Ltd.	AB Int. Finance Ltd. (Hong Kong)	Adjustment	AB Bank & its subsidiaries
	Conventional Banking	Islamic Banking	Investment Banking	Off- Shore Banking Unit				AB Investment Limited	AB Securities Limited	Cash Link Bangladesh Ltd. (CLB)				

PROPERTY AND ASSETS

Cash	1,113.04	22.48	-	-	0.43	-	1,135.95	0.00	0.00	0.00	0.28	-	-	1,136.24
Balance with other banks and financial institutions	353.99	456.56	-	3.13	54.05	(143.84)	723.90	0.04	23.50	0.80	0.16	0.14	(150.15)	598.40
Money at call and on short notice	80.00	-	-	-	19.14	-	99.14	-	-	-	-	-	-	99.14
Investments	2,291.24	19.20	522.80	-	36.31	(1.98)	2,867.57	74.73	16.97	2.46	-	-	-	2,961.73
Loans and advances	12,925.15	329.60	-	683.71	70.45	3.21	14,012.13	713.67	104.25	-	-	152.97	(270.13)	14,712.89
Fixed assets	414.79	1.16	0.15	-	1.15	(0.00)	417.26	53.91	1.23	1.04	0.71	0.03	-	474.18
Other assets	2,052.41	9.48	5.63	1.49	39.03	(563.42)	1,544.61	41.18	15.20	3.69	0.13	0.71	(613.22)	992.31
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	19,230.62	838.49	528.59	688.33	220.56	(706.03)	20,800.55	883.54	161.17	7.99	1.28	153.84	(1,033.50)	20,974.88

LIABILITIES AND CAPITAL
Liabilities

Borrowings from other banks, FIs and agents	295.46	181.02	-	663.00	-	(140.73)	998.75	245.49	29.96	26.82	-	125.93	(387.82)	1,039.13
Deposits and other accounts	15,414.65	654.28	0.00	21.46	100.23	(5.99)	16,184.63	-	-	-	-	0.51	(24.15)	16,160.99
Other liabilities	1,894.77	3.19	528.59	3.87	18.92	(526.15)	1,923.17	93.11	84.81	1.17	0.97	6.74	(64.53)	2,045.45
Total Liabilities	17,604.87	838.49	528.59	688.33	119.14	(672.87)	19,106.55	338.60	114.77	27.99	0.97	133.18	(476.49)	19,245.57
Total Shareholders' Equity	1,625.75	-	-	-	101.42	(33.16)	1,694.00	544.94	46.40	(20.01)	0.31	20.66	(555.44)	1,730.87
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	(1.56)	(1.56)
Total Liabilities and Shareholders' Equity	19,230.62	838.49	528.59	688.33	220.56	(706.03)	20,800.55	883.54	161.17	7.99	1.28	153.84	(1,033.50)	20,974.88

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****1.12 Compliance of Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS)**

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

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

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

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****1.13 Compliance of Bangladesh Bank regulations over BAS/BFRS:**

SI No.	Issues	BAS/BFRS	Bangladesh Bank
1	Presentation	As per BAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a single Comprehensive income statement and there is no requirement to show appropriation of profit in the face of statement of comprehensive income. Again, Intangible assets must be identified, recognised, presented in the face of the balance sheet and the disclosures to be given as per BAS 38.	In accordance with BRPD Circular no. 14 dated 25 June 2003 financial statements do not require to include the statement of Other Comprehensive Income and appropriation of profit is provided in the face of Profit and Loss Account. Intangible assets are provided under the head Fixed Assets.
2	Cash and cash equivalent	As per BAS-7 cash comprises cash in hand & demand deposits and Cash equivalents recognises the short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Therefore, some items like- Balance with Bangladesh Bank on account of CRR/ SLR are not part of cash and cash equivalents as those are not readily available.	Balance with Bangladesh Bank is treated as cash and cash equivalents as per BRPD Circular no. 14 dated 25 June 2003.
3	Investment in shares and securities	As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.	As per BRPD Circular no. 14 dated 25 June 2003, provisions should be made for any loss arising from the diminution in value of investments. But, as per DOS Circular No.04 dated 24 November 2011, provisions can be made for any loss arising from the diminution in value of investments after netting of gain.
4	Revaluation gains/losses on Government securities	As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of Held For Trading (HFT) assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account.	As per Bangladesh Bank DOS circular letter no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January 2009. HTM measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Amortised amount of such premium are booked into Profit and Loss Account or discount is booked to reserve until maturity/disposal. In case of HFT after initial recognition, investments are revalued at mark to market on weekly basis. Decrease in the book value is recognised in the Profit and Loss Account and any increase is transferred to revaluation reserve account.
5	Repo and reverse repo transactions	When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar asset) at a fixed price on a future date (REPO), the arrangements is accounted for as a deposit as oppose to a sale, and the underlying asset continues to be recognized in the entity's financial statements. Such transaction do not satisfy derecognition criteria specified in BAS 39. Same rule applies to the opposite side of the transaction (reverse REPO).	As per Bangladesh bank Circulars / guidelines, when a Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on future date (REPO), the arrangement is accounted for as a normal sales transactions and the financial assets should be derecognized in the seller's book and recognized in the buyer's book.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****1.13 Compliance of Bangladesh Bank regulations over BAS/BFRS (cont.)**

SI No.	Issues	BAS/BFRS	Bangladesh Bank
6	Provision on loans and advances/ investments	As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis. Such provision shall be netted off against loans and advances.	As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012) and BRPD circular No. 05 (29 May 2013) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39. Also for disclosure such provision shall be shown as liability as opposed to netting of against loans and advances.
7	Recognition of interest in suspense	Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.	As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified; interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to interest suspense account, which is presented as liability in the balance sheet.
8	Non-banking asset	No indication of Non-banking asset is found in any BFRS.	As per BRPD circular No. 14, dated 25 June 2003 there must exist a face item named Non-banking asset.
9	Cash flow statement	The cash flow statement can be prepared using either the direct method or the indirect method as per BAS-7. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per BRPD circular No. 14, dated 25 June 2003 cash flow is the mixture of direct and indirect methods.
10	Financial Guarantee	Financial guarantee liabilities are recognised initially at their fair value (as measured in accordance with BFRS 13), and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included under other liabilities.	As per BRPD Circular no. 14 dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee, Acceptance and Endorsement, etc. will be treated as off balance sheet items.

1.14 Regulatory and legal compliance

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

- i. The Bank Company (Amendment) Act, 2013
- ii. The Companies Act, 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Securities and Exchange Rules, 1987
- v. The Securities and Exchange Ordinance, 1969
- vi. The Securities and Exchange Commission Act, 1993
- vii. The Securities and Exchange Commission (Public Issues) Rules, 2006
- viii. The Income Tax Ordinance, 1984 and Rules
- ix. The Value Added Tax (VAT) Act, 1991 and Rules
- x. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations.

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****1.15 Risk management**

Risk is defined as uncertainties resulting in adverse variation of profitability or in losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking viz, credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity risk, operational risk and reputation risk. The objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguarding the Bank's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices as under:

Credit risk

It arises mainly from lending, trade finance and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline in his/ her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

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

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

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

Operational risk

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

Market risk

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

Foreign exchange risk

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

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

Financial Institution and Treasury (FIT) Division independently conducted the foreign exchange transactions and the Mid office and the Back office of Treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Market rate as determined by Bangladesh Bank at the month end. All nostro accounts are reconciled on a monthly basis and outstanding entry is reviewed by the management for its settlement. The position maintained by the Bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

Interest rate risk may arise from trading portfolio and non- trading portfolio. The trading portfolio of the bank consists of government treasury bills, bond, etc. The short term movement in interest rate is negligible or nil. Interest rate risk of non trading business arises from mismatches between the future yield of an asset and its funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

Equity risk

Equity risk arises from movement in market value of equities held. The risks are monitored by the Investment Banking Division under a well designed policy framework. Adequate provision was maintained by the Bank for diminution of market value of Investments.

Liquidity risk

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Financial Institution and Treasury (FIT) Division under approved guidelines. FIT front office is supported by a very structured Mid Office and Back Office. The liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

Risk arising from money laundering

AB Bank Limited considers prevention of money laundering risk not only as a compliance requirement imposed by the law of the country but also as one of its core business values. The board of directors and senior management are firmly committed to combat money laundering. Every year, a message from the President and Managing Director's office goes to all employees' of the Bank reiterating the importance of the issue. There is a high profile Central Compliance Unit (CCU) in place to oversee the anti money laundering activities. The president and managing director himself supervise the function of CCU's. Operation has separated and dedicated headcount for surveillance of the anti money laundering functions across the bank. Training and awareness programs are regularly held to make all employees' aware of the issue. Bank has also undertaken campaign against money laundering in electronic media.

Internal Control and Compliance Risk

Internal Control and Compliance Division (ICCD) of the bank performs three core functions - Internal Audit, Monitoring and Compliance in order to mitigate the internal control and compliance risk. ICCD conducts Risk Based Audit and Annual Audit of the Branches. Audit of Head Office Divisions also come under ICCD. ICCD monitors compliance of Internal as well as Bangladesh Bank Audit Reports including Bangladesh Bank Special Audit Reports on Core Risks. Besides, Special Audit on some specific issues like year-end Cash Position, Security Stock verification etc. are also done by ICCD.

Information and Communication Technology (ICT) Security Risk

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****1.16 Environment Risk Management (ERM)**

Bangladesh Bank issued Guidelines on Environment Risk Management (ERM) to streamline solutions for managing the environmental risks in the financial sector – Ref: BRPD Circular No.01/2011 dated 30.01.2011 and BRPD Circular no.02 dated 27 February, 2011 respectively. Bank accordingly introduced the Guideline on Environment Risk Management on June 15, 2011. These ERM guidelines are an attempt to incorporate the environmental impact of a business into the lending process, so that the environment gets due consideration in the appraisal process.

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

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

1.17 Credit Rating of the Bank

Credit rating of the Bank in last five years are:

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

1.18 Events after the Reporting Period

As per BAS -10 "Events after the Reporting Period" events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

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

1.19 Related party disclosures

A party is related to the company if:

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****Related party disclosures (cont.)**

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 Limited	Elite International Ltd.	Salim Ahmed, Feroz Ahmed & B.B. Saha Roy	Common Director

b) Related party transactions:

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

1.20 Audit Committee of the Board of Directors**i) Particulars of Audit Committee**

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

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	Ms. Runa Zakia Shahrood Khan	Director	Member	With effect from 27 December 2013	B.A. (Hons.)
4	Mr. Syed Afzal Hasan Uddin	Director	Member	With effect from 12 July 2011	Barrister-at-Law
5	Mr. M.A. Awal	Director	Member	With effect from 12 July 2011	B.Com.

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

ii) Meeting held with Audit Committee

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

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

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

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****1.21 Shariah Council**

Members of AB Bank Shariah Supervisory Committee are as under:

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

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

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

2. General

- i. Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- ii. Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- iii. These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

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

		31.12.2013 Taka	31.12.2012 Taka
3. Cash			
Cash in hand	(Note: 3.1)	1,325,369,404	1,231,674,876
Balance with Bangladesh Bank and its agent bank(s)	(Note: 3.2)	10,034,147,846	8,391,165,655
		11,359,517,250	9,622,840,530
3(a) Consolidated Cash			
AB Bank Limited		11,359,517,250	9,622,840,530
AB Investments Limited		25,000	25,000
AB International Finance Limited		-	-
AB Securities Limited		16,319	13,727
Cashlink Bangladesh Limited (CBL)		26,941	7,155
AB Exchange (UK) Ltd.		2,794,402	-
		11,362,379,912	9,622,886,412
3.1 Cash in hand			
In local currency		1,306,186,571	1,209,413,399
In foreign currency		19,182,833	22,261,477
		1,325,369,404	1,231,674,876
3.1(a) Consolidated Cash in hand			
AB Bank Limited		1,325,369,404	1,231,674,876
AB Investments Limited		25,000	25,000
AB International Finance Limited		-	-
AB Securities Limited		16,319	13,727
Cashlink Bangladesh Limited (CBL)		26,941	7,155
AB Exchange (UK) Ltd.		2,794,402	-
		1,328,232,066	1,231,720,758
3.2 Balance with Bangladesh Bank and its agent bank(s)			
Balance with Bangladesh Bank			
In local currency		9,351,408,862	7,688,919,749
In foreign currency		254,257,224	324,610,156
		9,605,666,086	8,013,529,905
Sonali Bank Limited (as an agent bank of Bangladesh Bank) - local currency		428,481,760	377,635,750
		10,034,147,846	8,391,165,655
3.2.1 Balance with Bangladesh Bank- local currency			
Balance as per Bank Ledger		9,351,408,862	7,688,919,749
<u>Unresponded debit entries:</u>		89,675,190	58,110,442
Bangladesh Bank statement		89,675,190	15,610,442
AB Bank's ledger		-	42,500,000
<u>Unresponded credit entries:</u>		223,377,542	129,379,251
Bangladesh Bank statement		5,913,808	24,559,079
AB Bank's ledger		217,463,734	104,820,172
		9,485,111,214	7,760,188,558

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

Bangladesh Bank Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However the status of unresponded entries as of 31.12.2013 is given below:

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

3.2.2 Balance with Bangladesh Bank-Foreign currency**Balance as per Bank Ledger**

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

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

Balance as per Bangladesh Bank Statement

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

Bangladesh Bank Account represents outstanding transactions (net) originated but yet to be responded at the Balance sheet date. However the status of unresponded entries as of 31.12.2013 is given below:

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

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

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

10,034,147,846	8,391,165,655
-	-
-	-
-	-
-	-
-	-
10,034,147,846	8,391,165,655

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

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

The statutory cash reserve requirement is on the Bank's time and demand liabilities at the rate of 6% and has been calculated and maintained with Bangladesh Bank in current account while statutory liquidity ratio of 19% is required, including cash reserve requirement, on the same liabilities is also maintained in the form of treasury bills, bonds and debentures including foreign currency balance with Bangladesh Bank. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

(a) Cash Reserve Requirement (CRR)

As per Bangladesh Bank MPD Circular No. 04 dated 01 December 2010, Bank has to maintain CRR @ 6% on fortnightly cumulative average basis and minimum CRR @ 5.5% on daily basis.

i. Daily Position as on the reporting date

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

As per Bank ledger, balance with Bangladesh Bank (local currency) is Tk. 9,128,739,074.84 while as per Bangladesh Bank Statement balance is Tk.9,252,441,427. Difference between the balance as per Bank Ledger and as per the Bangladesh Bank Statement is properly reconciled and adjusted accordingly.

ii. Fortnightly cumulative Position

As per Bangladesh Bank MPD Circular No. 04 dated 01 December 2010, Bank has to maintain 6% CRR on fortnightly cumulative average basis.

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

(b) Statutory Liquidity Ratio (SLR)

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

As per MPD Circular # 04 & 05 dated 01 December 2010 all scheduled Banks have to maintain CRR and SLR (including CRR) @ 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 6.21% and 22.08% respectively.

(c) Components of Statutory Liquidity Ratio (SLR)

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

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****Islamic Banking****Cash Reserve Requirement and Statutory Liquidity Ratio**

Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 33 of the Bank Company (Amendment) Act, 2013 and subsequent circular of Bangladesh Bank MPD's (nos. 04 and 05 dated 01 December 2010).

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

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

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

Cash reserve ratio and statutory liquidity ratio have been calculated and maintained in accordance with Section 24 of the 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 statutory cash reserve ratio is required on the Bank's time and demand liabilities at the rate of 4.00 % for 31.12.2013 & 4.25 % for 31.12.2012 and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 23.00 % for 31.12.2013 & 23.00 % for 31.12.2012 is required, on the same liabilities is also maintained in the form of treasury bills, and bonds including foreign currency balance with RBI. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

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

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

	31.12.2013 Taka	31.12.2012 Taka
4. Balance with other banks and financial institutions		
In Bangladesh	4,744,159,686	5,616,079,788
Outside Bangladesh	2,494,830,373	3,260,994,166
	7,238,990,059	8,877,073,955

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

In Bangladesh	(Note: 4.1.a)	4,746,243,512	5,621,794,561
Outside Bangladesh (Nostro Accounts)	(Note: 4.2.a)	1,237,717,618	1,851,770,306
		5,983,961,130	7,473,564,867

4.1 In Bangladesh**Current Deposits**

Standard Chartered Bank, Dhaka City Centre Branch	978,435	149,880
Agrani Bank Ltd., VIP Road Branch, Sylhet	16,145	35,845
Agrani Bank Ltd., Local Office, Dhaka	24,885	24,885
Islami Bank Bangladesh Ltd., Local Office	17,277	11,277
Agrani Bank Ltd., Bhairab Bazar Branch	534	534
Janata Bank Ltd., Jessore Branch	5,800	34,764
Janata Bank Ltd., Corporate Branch, Bogra	2,497	6,892
Agrani Bank Ltd., Mymensingh Branch	10,054,087	-
Agrani Bank Ltd., Thana Road Branch, Bogra	5,012,016	20,005,912
RAKUB, Bogra Branch	4,075	1,850
Sonali Bank Limited, Corporate Br. Shilpa Bahaban	-	20,185,074
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi	5,000	115
Janata Bank Ltd., Rajshahi Branch	2,257	5,000
IFIC Bank Ltd., Rajshahi Branch	840	840
Rupali Bank Ltd., Rajshahi Branch	10,000	4,655
Janata Bank Ltd., Rangpur Branch	45,037,086	31,766,275
RAKUB, Rangpur Branch	35,223	9,493
Rupali Bank Ltd., Rangpur Branch	10,074,374	24,271
Janata Bank Ltd., Chapai Nawabganj Branch	1,323	1,323
	71,281,854	72,268,885

Special Notice Deposits

Agrani Bank Ltd., Rangpur Branch	32,606,372	173,732
Agrani Bank Ltd., Saidpur Branch	16,482,198	6,896,328
Agrani Bank Ltd., VIP Road Branch, Sylhet	32,798	32,956
Agrani Bank Ltd., Bogra Branch	7,530	7,530
Agrani Bank Ltd., Jhikargachha Branch	26,004,011	3,003,011
Agrani Bank Ltd., Sir Iqbal Road Branch, Khulna	95,974	97,804
Agrani Bank Ltd., Naogaon Branch	103,612	2,638,195
Agrani Bank Ltd., Jessore Branch	32,098,627	5,047,900
Agrani Bank Ltd., Moulvi Bazar Branch	5,617,075	3,013,881
Agrani Bank Ltd., Satkhira Branch	13,318	13,468
Agrani Bank Ltd., Court Road Branch, Narayanganj	963	2,034
Agrani Bank Ltd., Chawk Bazar, Barisal	26,153	2,593,733
Southeast Bank Ltd., Principal Branch	48,120	48,120
Agrani Bank Ltd., Principal Branch, Dhaka	9,500,215	17,510,806
Bangladesh Krishi Bank, Barishal	13,042	7,977,102
Janata Bank Ltd., Barisal Branch	4,536	5,477

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****Special Notice Deposits (cont.)**

	31.12.2013 Taka	31.12.2012 Taka
Standard Chartered Bank, Dhaka City Centre Branch	1,043,033	1,044,033
Islami Bank Bangladesh Ltd., Head Office Complex Corporate Br.	16,196,533	65,519
Bank Asia Ltd., Islami Banking Window, Shantinagar Branch	1,275,359	1,222,860
First Security Islami Bank Ltd, Dilkusha Br.	10,290,853	9,882,119
Al-Arafah Islami Bank Ltd, Dilkisha Branch	157,620,783	97,488,415
Shahjalal Islami Bank Ltd, Dhaka Main Branch	7,434,472	6,737,868
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka	630,732	10,295,096
Bank Alfalah Ltd, Main Branch, Dhaka	309,442,146	102,356,250
Agrani Bank Ltd., Islami Banking Window, Amin Court Corp. Br.	666,503,196	342,518,170
Jamuna Bank Ltd. Nayabazar Islami Banking Br.	10,906,565	-
	1,303,998,215	620,672,406

Savings Deposits

Social Islamic Bank Ltd. Principal Branch	594,072	7,446,687
Southeast Bank Ltd., Motijheel Branch	6,452,949	54,528,107
EXIM Bank Ltd, Motijheel Branch	192,595	1,163,704
	7,239,617	63,138,498

Fixed Deposits

The Premier Bank Ltd.	200,000,000	200,000,000
Hajj Finance Company Ltd.	200,000,000	150,000,000
Southeast Bank Ltd.	400,000,000	400,000,000
First Security Islami Bank Ltd.	200,000,000	450,000,000
Shahjalal Islami Bank Ltd.	400,000,000	700,000,000
Social Islami Bank Ltd.	-	400,000,000
Phoenix Finance and Investment Ltd.	-	250,000,000
Al-Arafah Islami Bank Limited	100,000,000	900,000,000
EXIM Bank Ltd.	-	750,000,000
The City Bank Ltd.	411,640,000	400,000,000
Agrani Bank Ltd.	400,000,000	100,000,000
ICB Islamic Bank Ltd.	-	160,000,000
Jamuna Bank Ltd.	500,000,000	-
Union Bank Ltd.	400,000,000	-
Islamic Finance & Investment Ltd.	150,000,000	-
	3,361,640,000	4,860,000,000
	4,744,159,686	5,616,079,788

4.1.a Consolidated In Bangladesh

AB Bank Limited	4,744,159,686	5,616,079,788
AB Investments Limited	443,555	586,494
AB International Finance Limited	-	-
AB Securities Limited	235,022,444	117,287,732
Cashlink Bangladesh Limited (CBL)	8,030,892	5,662,854
AB Exchange (UK) Ltd.	-	-
	4,987,656,577	5,739,616,868
Less: Inter company transaction	241,413,065	117,822,307
	4,746,243,512	5,621,794,561

AB Bank Limited
Notes to financial statements for the year ended 31 December 2013
4.2 Outside Bangladesh
Current Deposits

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

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

4.2.a Consolidated Outside Bangladesh (Nostro Accounts)

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

Less: Inter company transactions

	31.12.2013 Taka	31.12.2012 Taka
	894,135	2,062,777
	16,830,487	13,338,434
	3,151,006	-
	141,546,295	406,093,091
	3,310,777	3,400,196
	167,328,099	11,184,877
	31,878	32,738
	75,332,176	96,298,024
	192,465	263,725
	21,396,747	32,101,352
	1,260,016,500	1,454,865,178
	-	1,255,665
	1,226,799	855,545
	28,820,563	53,599,443
	2,923,964	3,450,095
	7,857,287	7,542,776
	10,844,372	-
	39,081,544	138,084,119
	31,814,528	52,518,778.01
	27,109,939	17,507,255
	5,081,425	2,810,857
	-	87,508
	28,511,749	36,003,642
	29,036,435	5,669,160
	-	1,581,827
	785,816	808,126
	6,343,841	-
	13,222,299	-
	938,469	-
	-	120,653,557
	-	61,257
	16,619,195	26,538,311
	525,996	602,738
	22,770,443	14,420,730
	6,175,319	14,842,050
	3,717,213	2,219,242
	1,157,427	2,824,090
	12,650,631	125,809,870
	401,048,987	440,729,185
	7,402,943	134,027
	-	159,699,800
	30,166,661	3,627,317
	518,888	3,587,797
	68,447,077	3,829,006
	2,494,830,373	3,260,994,166
	2,494,830,373	3,260,994,166
	-	-
	1,395,886	41,332,012
	-	-
	-	-
	1,563,984	4,397,182
	2,497,790,243	3,306,723,360
	1,260,072,624	1,454,953,055
	1,237,717,618	1,851,770,306

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

	31.12.2013 Taka	31.12.2012 Taka
4.3 Account-wise/grouping of balance with other banks and financial institutions		
Current deposits	2,566,112,226	3,333,263,051
Savings deposits	7,239,617	63,138,498
Short-Notice Deposits	1,303,998,215	620,672,406
Fixed deposits	3,361,640,000	4,860,000,000
	7,238,990,059	8,877,073,954
4.4 Maturity grouping of balance with other banks		
Repayable – on demand	3,119,318,559	3,443,145,577
– up to 3 months	1,119,450,250	2,374,216,779
– over 3 months but below 1 year	3,000,221,250	3,059,711,599
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	7,238,990,059	8,877,073,955
5. Money at call and on short notice		
In Bangladesh	(Note: 5.1) 800,000,000	3,300,000,000
Outside Bangladesh	(Note: 5.2) 191,387,500	371,790,000
	991,387,500	3,671,790,000
5.1 In Bangladesh		
<u>With banking companies</u>		
Prime Bank Ltd	-	650,000,000
Mercantile Bank Ltd.	-	450,000,000
Mutual Trust Bank Ltd.	-	200,000,000
Uttara Bank Ltd.	-	400,000,000
Eastern Bank Ltd.	-	500,000,000
Basic Bank Ltd.	-	500,000,000
Citibank NA	-	150,000,000
Southeast Bank Ltd.	-	250,000,000
	-	3,100,000,000
<u>With non-banking financial institutions</u>		
Phoenix Finance Ltd.	-	200,000,000
IDLC BD Ltd.	150,000,000	-
Lanka Bangla Finance Ltd.	50,000,000	-
Delta Brac Housing Ltd.	50,000,000	-
Peoples Leasing	100,000,000	-
International Leasing	450,000,000	-
	800,000,000	200,000,000
	800,000,000	3,300,000,000
<u>At short notice</u>	-	-

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

	31.12.2013 Taka	31.12.2012 Taka
<u>On calls and placements</u>		
Prime Bank Ltd.	-	650,000,000
Mercantile Bank Ltd.	-	450,000,000
Mutual Trust Bank Ltd.	-	200,000,000
Uttara Bank Ltd.	-	400,000,000
Eastern Bank Ltd.	-	500,000,000
Basic Bank Ltd.	-	500,000,000
Citibank NA	-	150,000,000
Southeast Bank Ltd.	-	250,000,000
Phoenix Finance Ltd.	-	200,000,000
IDLC BD Ltd.	150,000,000	-
Lanka Bangla Finance Ltd.	50,000,000	-
Delta Brac Housing Ltd.	50,000,000	-
Peoples Leasing	100,000,000	-
International Leasing	450,000,000	-
	800,000,000	3,300,000,000
	800,000,000	3,300,000,000
5.2 Outside Bangladesh		
HDFC Bank Ltd.	191,387,500	284,310,000
Abu Dhabi Commercial Bank	-	87,480,000
	191,387,500	371,790,000
5(a) Consolidated money at call and on short notice		
AB Bank Limited	991,387,500	3,671,790,000
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	991,387,500	3,671,790,000
6. Investments		
Nature wise:		
Held for Trading	5,795,044,292	3,777,141,799
Held to Maturity	16,462,398,836	15,928,683,098
Others	6,418,252,905	6,408,962,750
	28,675,696,033	26,114,787,647
Claim wise:		
Government securities	(Note: 6.1) 22,327,865,346	19,743,454,873
Other investments	(Note: 6.2) 6,347,830,687	6,371,332,773
	28,675,696,033	26,114,787,647
6 (a) Consolidated investments		
AB Bank Limited	28,675,696,033	26,114,787,647
AB International Finance Limited	-	-
AB Investment Limited	747,286,336	740,381,828
AB Securities Limited	169,743,904	67,495,079
Cashlink Bangladesh Limited (CBL)	24,571,230	26,932,725
AB Exchange (UK) Ltd.	-	-
	29,617,297,504	26,949,597,279
Less: Inter-group transaction	-	-
	29,617,297,504	26,949,597,279

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****6.1 Government securities**

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

31.12.2013 Taka	31.12.2012 Taka
2,011,667,653	758,517,571
499,364,774	1,217,326,894
19,610,962,119	17,637,791,008
10,000,000	15,000,000
192,000,000	109,800,000
3,870,800	5,019,400
22,327,865,346	19,743,454,873

6.1.1 Maturity wise Treasury Bills & Bonds

(a) 30 Days Bangladesh Bank Bill

499,364,774	1,217,326,894
--------------------	----------------------

(b) **Treasury Bill**

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

398408433	-
477346392	598,375,125
1135912828	160,142,446
2011667653	758,517,571

(c) **Treasury Bond**

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

3477187767	2,872,192,146
9579943175	8,554,134,029
4252816238	3,916,984,148
2073394832	1,947,332,484

Treasury Bond PD REPO Adjustment
Total (a)+(b)+(c)

19,383,342,012	17,290,642,807
227,620,107	347,148,202
22,121,994,546	19,266,487,272

6.1(a) Consolidated Government securities

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

22,327,865,346	19,743,454,873
-	-
-	-
-	-
-	-
-	-
22,327,865,346	19,743,454,873

6.2 Other investments

Shares
 Bond

5,844,761,998	5,791,995,148
140,000,000	140,000,000
5,984,761,998	5,931,995,148

Investments -ABBL, Mumbai Branch

Treasury bills
 Debentures and Bonds

327,552,189	374,529,525
35,516,500	64,808,100
363,068,689	439,337,625
6,347,830,687	6,371,332,773

Total Other investments

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

	31.12.2013 Taka	31.12.2012 Taka
6.2 (a) Consolidated other investments		
AB Bank Limited	6,347,830,687	6,371,332,773
AB Investment Limited	747,286,336	740,381,828
AB International Finance Limited	-	-
AB Securities Limited	169,743,904	67,495,079
Cashlink Bangladesh Limited (CBL)	24,571,230	26,932,725
AB Exchange (UK) Ltd.	-	-
	7,289,432,157	7,206,142,406

6.2.1 Investments in shares

Quoted (Publicly Traded)	4,546,755,153	4,988,920,181
Unquoted	1,298,006,845	803,074,967
	5,844,761,998	5,791,995,148

Detailed are given in **Annexure-B**

6.2.2 Investment in subordinated bonds

Prime Bank Limited	90,000,000	90,000,000
Trust Bank Limited	50,000,000	50,000,000
	140,000,000	140,000,000

6.3 Maturity grouping

Repayable – on demand	227,620,107	347,148,201
– upto 3 months	1,496,146,238	6,318,747,621
– over 3 months but below 1 year	6,004,105,500	778,522,750
– over 1 year but below 5 years	6,582,170,904	4,049,530,324
– over 5 years	14,365,653,285	14,620,838,750
	28,675,696,033	26,114,787,646

6.4 Disclosure of uniform accounting procedures for REPO transactions under DOS circular no 06 dated 15 July 2010 is given below :
a.(i) Disclosure regarding outstanding Repo as on 31 December:

Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
Bangladesh Bank (Liquidity Support)	30 Dec 2013	01 Jan 2014	1,650,615,000
The City Bank Ltd (Interbank REPO)	30 Dec 2013	01 Jan 2014	1,435,120,890
Total			1,650,615,000

(ii) Disclosure regarding outstanding Reverse Repo as on 31 December:

Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
None	N/A	N/A	N/A

b. Disclosure regarding overall transaction of Repo and Reverse repo:

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	-	4,959,685,000	2,220,138,329
ii) with other banks & FIS	-	3,294,942,816	596,192,247
Securities purchased under reverse repo:			
i) from Bangladesh Bank	NIL	NIL	NIL
ii) from other banks & FIS	NIL	NIL	NIL

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

	31.12.2013 Taka	31.12.2012 Taka
7. Loans, advances and lease/investments	140,121,297,505	106,065,758,923
7.1 Maturity grouping		
Repayable – on demand	2,133,556,712	775,758,643
– upto 3 months	54,989,812,944	43,158,153,209
– over 3 months but below 1 year	56,676,768,431	25,841,675,479
– over 1 year but below 5 years	22,858,233,012	28,885,806,271
– over 5 years	3,462,926,405	7,404,307,785
	140,121,297,505	106,065,701,388
7.2 Broad category-wise breakup		
In Bangladesh		
Loans	118,527,054,842	88,019,786,261
Overdrafts	20,328,225,615	17,025,203,384
Cash credits	-	-
	138,855,280,458	105,044,989,644
Outside Bangladesh: ABBL, Mumbai Branch		
Loans	186,434,730	277,279,676
Overdrafts	13,640,801	4,057,448
Cash credits	12,383,450	47,458,232
	212,458,981	328,795,356
	139,067,739,439	105,373,785,000
7.3 Product wise Loans and Advances		
Overdraft	20,344,462,888	17,029,369,806
Cash Credit	12,383,450	47,458,232
Time loan	41,464,803,500	29,840,866,073
Term loan	53,937,687,644	42,415,222,846
Bills under LC	315,517,044	273,489,781
Trust Receipt	13,153,607,322	10,900,089,435
Packing credit	403,227,357	385,262,490
Loan against accepted bills	7,353,921,361	2,616,131,651
Consumer Loan	1,438,967,224	1,315,619,721
Staff Loan	643,161,648	550,274,965
Bills Purchased & Discounted	1,053,558,066	691,973,923
	140,121,297,504	106,065,758,922
7.4 Net loans, advances and lease/investments		
Gross loans and advances	140,121,297,505	106,065,758,923
Less:		
Interest suspense	1,774,784,880	879,992,653
Provision for loans and advances	3,980,331,722	2,318,340,874
	5,755,116,603	3,198,333,527
	134,366,180,902	102,867,425,396

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****7.5 Significant concentration**

Advances to industries
Advances to customer groups
Advances to allied concerns of Directors
Advances to Chief Executive

31.12.2013 Taka	31.12.2012 Taka
58,383,212,206	42,209,112,384
81,738,085,299	63,856,646,539
-	-
-	-
140,121,297,505	106,065,758,923

7.6 Advances to customers for more than 10% of Bank's total capital

Total capital of the Bank

Number of clients
Amount of outstanding advances
Amount of classified advances
Measures taken for recovery

18,772,259,345	17,181,413,003
35	30
43,997,312,467	32,671,931,246
-	-
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

2,803,250,230	2,614,202,720
30,111,835,287	22,162,114,632
276,450,686	19,566,085,368
1,329,836,620	1,415,926,793
35,030,324,376	35,492,934,966
626,415,950	480,913,125
69,943,184,356	24,333,581,319
140,121,297,505	106,065,758,923

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

Urban Branches

Dhaka
Chittagong
Khulna
Sylhet
Barisal
Rajshahi
Rangpur

87,657,115,729	69,932,442,327
34,619,147,376	21,340,455,537
4,834,496,931	4,176,544,481
2,090,420,112	1,909,055,866
380,231,607	319,361,172
3,588,080,320	2,643,457,653
2,652,948,789	2,209,016,998
135,822,440,864	102,530,334,034

Rural Branches

Dhaka
Chittagong
Khulna
Sylhet
Barisal
Rajshahi
Rangpur

3,069,394,405	2,518,022,539
446,593,289	361,998,917
-	-
78,373,582	74,568,972
-	-
-	-
-	-
-	-
3,594,361,276	2,954,590,428

Outside Bangladesh

ABBL, Mumbai Branch

704,495,365	580,834,460
140,121,297,505	106,065,758,923

Notes to financial statements for the year ended 31 December 2013

7.10 Particulars of Loans, advances and lease/investments

(i) Loans considered good in respect of which the Bank is fully secured	136,108,015,393	104,004,645,135
(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	4,013,282,112	2,061,113,788
(iv) Loans adversely classified but provision not maintained there against	-	-
	140,121,297,505	106,065,758,923
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons [note 7.10 (a)]	642,414,253	550,274,964
(vi) Loans due from companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members	-	-
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other persons [note 7.10 (a)]	645,075,360	550,274,964
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	-	-
(ix) Due from other banking companies	-	-
(x) Amount of classified loans on which interest has not been charged	-	-
(a) Increase/(decrease) of provision (specific)	1,228,725,000	818,327,401
(b) Amount of loan written off	-	991,500,000
(c) Amount realised against loan previously written off	4,151,397	35,168,196

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

	31.12.2013 Taka	31.12.2012 Taka
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	2,272,906,409	1,048,706,561
(e) Interest charged to interest suspense account	964,080,962	646,576,267
(xi) Written off loan		
During the year	-	991,500,000
Cumulative to-date (as per Bangladesh Bank guidelines)	5,464,993,000	5,464,993,000
Cumulative to-date (in amicable settlement)	2,677,402,985	2,703,300,000
The amount of written off loans for which lawsuits have been filed for its recovery	2,677,402,985	2,703,300,000

7.10 (a) The amount represents loans Tk. 642,414,253 due by the employees of the Bank.

7.11 Securities wise Loans, advances and lease/investmentsNature of security

Collateral of movable/immovable assets	107,514,203,681	80,184,533,296
Cash collateral	2,978,767,369	5,576,928,815
Banks and financial institutions guarantee	736,912,409	658,117,246
Personal guarantee	7,209,910,563	5,873,289,218
Corporate guarantee	444,386,889	9,875,872,087
Other securities	21,237,116,594	3,897,018,261
	140,121,297,505	106,065,758,923

7(a) Consolidated Loans, advances and lease/investments

AB Bank Limited	139,067,739,439	105,373,785,000
AB Investment Limited	7,136,710,118	7,585,189,288
AB International Finance Limited	-	-
AB Securities Limited	1,042,520,416	1,073,788,194
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	147,246,969,973	114,032,762,482
Less: Inter company transaction	2,701,326,722	2,721,036,520
	144,545,643,251	111,311,725,962

8. Bills purchased and discounted

In Bangladesh	561,521,682	439,934,818
Outside Bangladesh - ABL, Mumbai Branch	492,036,384	252,039,105
	1,053,558,066	691,973,923

8.1 Maturity grouping

Repayable – within 1 month	422,367,371	138,394,785
– over 1 month but within 3 months	606,588,875	553,579,139
– over 3 months but within 6 months	24,601,820	-
– over 6 months	-	-
	1,053,558,066	691,973,923

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****8 (a) Consolidated Bills purchased and discounted**

	31.12.2013 Taka	31.12.2012 Taka
AB Bank Limited	1,053,558,066	691,973,923
AB Investment Limited	-	-
AB International Finance Limited	1,529,678,739	1,659,285,813
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
AB Exchange (UK) Ltd.	-	-
	2,583,236,805	2,351,259,736

9. Fixed assets including premises, furniture and fixtures**Cost:**

Land and Building	3,263,321,411	3,111,940,206
Furniture and fixtures	205,265,735	202,789,081
Office appliances	61,255,451	61,663,735
Electrical appliances	1,411,987,344	1,353,846,742
Motor vehicles	484,488,318	479,583,052
Intangible Assets	249,255,099	218,879,331
	5,675,573,357	5,428,702,146
Less: Accumulated depreciation and amortization	1,503,008,990	1,199,181,586
	4,172,564,367	4,229,520,560

A schedule of fixed assets is given in **Annexure-C**

9(a) Consolidated Fixed assets including premises, furniture and fixtures**Cost:**

AB Bank Limited	5,675,573,357	5,428,702,146
AB Investments Limited	574,374,720	571,076,609
AB International Finance Limited	9,082,746	9,273,255
AB Securities Limited	28,819,670	28,777,170
Cashlink Bangladesh Limited (CBL)	250,270,883	268,419,630
AB Exchange (UK) Ltd.	15,592,870	15,837,740
	6,553,714,247	6,322,086,549

Accumulated depreciation:

AB Bank Limited	1,503,008,990	1,199,181,586
AB Investments Limited	35,242,257	19,128,664
AB International Finance Limited	8,783,455	8,770,016
AB Securities Limited	16,482,964	11,193,635
Cashlink Bangladesh Limited (CBL)	239,907,170	209,896,835
AB Exchange (UK) Ltd.	8,492,456	5,265,911
	1,811,917,292	1,453,436,647
	4,741,796,955	4,868,649,902

AB Bank Limited
Notes to financial statements for the year ended 31 December 2013
10. Other assets
Income generating-Equity Investment
In Bangladesh:

AB Investment Limited
(99.99% owned subsidiary company of ABBL)

AB Securities Limited
(99.71% owned subsidiary company of ABBL)

Cashlink Bangladesh Limited (CBL)
(90% owned subsidiary company of ABBL)

Outside Bangladesh:

AB International Finance Ltd., Hong Kong
(wholly owned subsidiary company of ABBL)

AB Exchange (UK) Limited
(wholly owned subsidiary company of ABBL)

	31.12.2013 Taka	31.12.2012 Taka
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
AB International Finance Ltd., Hong Kong (wholly owned subsidiary company of ABBL)	5,203,944	5,203,944
AB Exchange (UK) Limited (wholly owned subsidiary company of ABBL)	38,425,620	32,280,000
	391,007,792	384,862,172

Non-income generating

Inter-branch adjustment
Advance corporate income tax (note: 10.1)
Arab Bangladesh Bank Foundation
(99.60% owned subsidiary company of ABBL)

Share Money Deposits - AB Investment Limited
Share Money Deposits - AB Securities Limited
Accounts receivable
Preliminary, formation, organisational, renovation,
development, prepaid expenses and others
Exchange for clearing
Interest accrued on investment but not collected,
and debentures, and other income receivables
Security deposits
Advance rent and advertisement
Stationery, stamps, printing materials, etc.

Inter-branch adjustment	1,839,710	4,191,700
Advance corporate income tax (note: 10.1)	7,060,657,451	5,673,148,042
Arab Bangladesh Bank Foundation (99.60% owned subsidiary company of ABBL)	19,920,000	19,920,000
Share Money Deposits - AB Investment Limited	4,900,100,000	4,900,100,000
Share Money Deposits - AB Securities Limited	165,000,000	165,000,000
Accounts receivable	626,469,027	1,232,257,570
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	828,594,917	1,033,615,467
Exchange for clearing	351,479,645	703,078,129
Interest accrued on investment but not collected, and debentures, and other income receivables	708,821,651	686,226,038
Security deposits	219,257,237	267,435,160
Advance rent and advertisement	143,568,488	156,275,414
Stationery, stamps, printing materials, etc.	29,375,102	34,546,476
	15,055,083,229	14,875,793,996
	15,446,091,023	15,260,656,171

10(a) Consolidated Other assets

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

Less: Inter-group transaction

AB Bank Limited	15,446,091,023	15,260,656,170
AB Investment Limited	411,820,752	235,544,527
AB International Finance Limited	7,060,521	9,249,425
AB Securities Limited	152,033,578	107,900,318
Cashlink Bangladesh Limited (CBL)	36,866,958	23,287,654
AB Exchange (UK) Ltd.	1,346,818	1,350,208
	16,055,219,650	15,637,988,302
Less: Inter-group transaction	6,132,152,038	6,370,150,451
	9,923,067,613	9,267,837,853

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****10.1 Advance corporate income tax**

In Bangladesh:

Balance at 01 January 2013

Add: Paid during the year

Tax withheld during the year

Less: Transfer/Adjustment during the year

Balance at 31 December 2013

Advance tax paid by ABBL, Mumbai Branch

	31.12.2013 Taka	31.12.2012 Taka
Balance at 01 January 2013	5,514,493,945	4,066,825,904
<u>Add:</u> Paid during the year	1,187,716,325	1,325,524,111
Tax withheld during the year	223,255,192	122,143,930
	1,410,971,517	1,447,668,041
<u>Less:</u> Transfer/Adjustment during the year	162,799	-
Balance at 31 December 2013	6,925,302,663	5,514,493,945.09
Advance tax paid by ABBL, Mumbai Branch	135,354,788	158,654,097
	7,060,657,451	5,673,148,042

11. Borrowings from other banks, financial institutions and agents

In Bangladesh

(Note: 11.1)

Outside Bangladesh

(Note: 11.2)

In Bangladesh	4,230,695,016	3,262,748,341
Outside Bangladesh	5,756,797,017	386,513,441
	9,987,492,033	3,649,261,782

11.1 In BangladeshBangladesh Bank refinance

ADB loan

Islamic Investment Bonds

Bangladesh Bank Refinance

ADB loan	42,893,375	28,799,000
Islamic Investment Bonds	1,810,228,912	3,000,800,000
Bangladesh Bank Refinance	162,305,002	180,541,281
	2,015,427,290	3,210,140,281

Call & Term Borrowing from

Basic Bank Ltd.

Rupali Bank Ltd.

Dutch Bangla Bank Ltd.

Dhaka Bank Ltd.

National Bank Ltd.

ICB Islami Bank Ltd.

Accrued interest

Basic Bank Ltd.	800,000,000	-
Rupali Bank Ltd.	700,000,000	-
Dutch Bangla Bank Ltd.	250,000,000	-
Dhaka Bank Ltd.	250,000,000	-
National Bank Ltd.	200,000,000	-
ICB Islami Bank Ltd.	-	50,000,000
Accrued interest	15,267,726	2,608,060
	2,215,267,726	52,608,060
	4,230,695,016	3,262,748,341

11.2 Outside Bangladesh

Sonali Bank UK

HSBC BK NY

SCB,NY,USA

International Finance Corporation

Sonali Bank Uk

National Bank Limited

United Commercial Bank Ltd

Dutch Bangla Bank Ltd

Sonali Bank UK	388,750,000	386,513,441
HSBC BK NY	36,369,504	-
SCB,NY,USA	123,710,388	-
International Finance Corporation	2,721,250,000	-
Sonali Bank Uk	620,717,125	-
National Bank Limited	699,750,000	-
United Commercial Bank Ltd	777,500,000	-
Dutch Bangla Bank Ltd	388,750,000	-
	5,756,797,017	386,513,441

A Schedule of Borrowings from other banks, financial institutions and agents outside Bangladesh is given in **Annex - D**.

AB Bank Limited
Notes to financial statements for the year ended 31 December 2013
11.3 Analysis by security

Secured (assets pledge as security for liabilities)
Unsecured

31.12.2013 Taka	31.12.2012 Taka
-	-
9,987,492,033	3,649,261,782
9,987,492,033	3,649,261,782

11.4 Repayment pattern

Repayable on demand
Repayable on maturity

(Note: 11.4.1)

5,035,547,017	386,513,441
4,951,945,016	3,262,748,341
9,987,492,032	3,649,261,782

11.4.1 Repayable on maturity
Bangladesh Bank refinance:

ADB loan
SME, Women Entrepreneur, Solar Energy, Bio-Gas & ETP

42,893,375	28,799,000
162,305,002	233,149,341
205,198,377	261,948,341

Term borrowings:

Islamic Investment Bonds
National Bank Limited
International Finance Corporation
Accrued interest

1,810,228,912	3,000,800,000
200,000,000	-
2,721,250,000	-
15,267,726	-
4,746,746,638	3,000,800,000
4,951,945,016	3,262,748,341

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

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

Less: Intercompany transactions

9,987,492,033	3,649,261,782
2,454,862,230	2,565,203,769
1,259,280,748	1,455,596,448
299,613,357	247,970,830
268,241,029	343,241,029
-	-
14,269,489,397	8,261,273,858
3,878,170,154	4,144,291,698
10,391,319,243	4,116,982,161

12. Deposit and other accounts

Inter-bank deposits
Other deposits

4,030,274,291	3,429,038,351
157,816,001,023	136,596,915,540
161,846,275,315	140,025,953,891

12(a) Consolidated Deposit and other accounts

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

Less: Inter-group transaction

161,846,275,315	140,025,953,891
-	-
5,086,140	-
-	-
-	-
-	-
161,851,361,454	140,025,953,891
241,469,222	117,910,183
161,609,892,233	139,908,043,708

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

12.1 Maturity analysis of inter-bank deposits

Repayable – on demand
– within 1 month
– over 1 month but within 3 months
– over 3 months but within 1 year
– over 1 year but within 5 years
– over 5 years but within 10 years
– over 10 years

31.12.2013	31.12.2012
Taka	Taka
337,310,488	244,935,907
2,343,721,850	2,204,358,814
1,011,931,465	734,807,722
337,310,488	244,935,907
-	-
-	-
-	-
4,030,274,291	3,429,038,351

12.2 Maturity analysis of other deposits

Repayable – on demand
– within 1 month
– over 1 month but within 3 months
– over 3 months but within 1 year
– over 1 year but within 5 years
– over 5 years

1,935,942,496	2,026,259,201
19,437,674,463	21,291,051,239
33,776,922,098	45,049,083,405
67,025,189,928	46,346,615,500
34,252,352,458	19,739,825,047
1,387,919,580	2,144,081,150
157,816,001,023	136,596,915,541

12.3 Demand and time deposits

a) Demand Deposits

Current accounts and other accounts
Savings Deposits (9%)
Bills Payable

18,420,611,485	16,292,283,489
15,742,024,927	13,487,687,930
1,538,411,402	1,337,448,548
1,140,175,156	1,467,147,010

b) Time Deposits

Savings Deposits (91%)
Short Notice Deposits
Fixed Deposits
Other Deposits

143,425,663,830	123,733,670,403
15,555,048,620	13,523,090,879
22,968,769,304	21,160,436,286
91,742,137,914	80,452,713,916
13,159,707,991	8,597,429,322

Total Demand and Time Deposits

161,846,275,315	140,025,953,891
------------------------	------------------------

12.4 Sector-wise break up of deposits and other accounts

Government
Deposit money Banks
Autonomous & Semi-Autonomous Bodies
Public Non-Financial Organisation
Other Public
Foreign Currency
Private

457,073,000	436,114,413
4,030,274,291	3,429,038,351
3,027,972,099	1,806,458,373
22,900,850,230	18,865,880,199
1,013,434,469	1,097,727,074
3,306,827,378	3,221,036,565
127,109,843,848	111,169,698,916
161,846,275,315	140,025,953,891

13. Other liabilities

Accumulated provision against loans and advances
Provision for current tax
Deferred tax liabilities
Interest suspense account
Provision against other assets
Provision for outstanding debit entries in NOSTRO accounts
Accounts payable - Bangladesh Bank
Accrued expenses
Provision for off balance sheet items
Provision against investments
Others (*)

(Note 13.1)	3,980,331,722	2,318,340,874
(Note 13.2)	9,650,912,245	7,772,599,103
(Note 13.3)	109,050,939	112,104,055
(Note 13.4)	1,774,784,880	879,992,653
(Note 13.5)	292,234,553	282,197,228
	200,000	200,000
	47,656,432	66,308,878
	38,724,384	62,205,113
(Note 13.6)	810,000,000	580,000,000
(Note 13.7)	1,995,053,000	1,597,153,000
	532,779,169	462,305,337
	19,231,727,325	14,133,406,241

(*) Others includes provision for audit fee, excise duty, income tax and VAT deducted at source, unclaimed dividend, accounts payable for safe keeping, earnest and security money, etc.

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

13.1 Accumulated provision against loans and advances

The movement in specific provision for bad and doubtful debts

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 Account	(+)

Balance at 31 December

Provision made by ABBL, Mumbai Branch

Total provision on classified loans and advances

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	(+)

Balance at 31 December

Provision made by ABBL, Mumbai Branch

Total provision on un-classified loans and advances

Total provision on loans and advances

Provision for

Required

Un-classified loans and advances	1,348,107,622
Classified loans and advances	2,272,859,250
	3,620,966,872

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 31 December 2013

13.2 Provision for current tax

Balance at 01 January	
Add: Provision made during the year	
Less: Adjustment during the year	
Balance at 31 December	
Provision held by ABBL, Mumbai Branch	

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2008 (assessment year 2009-2010). Corporate income tax assessment for income years 2009, 2010, 2011 and 2012 are under process. Tax assessments for income years 1995, 1996 and 1997 were completed but these were referred to the Hon'ble High Court on the application made by the Bank for some disputed points.

31.12.2013 Taka	31.12.2012 Taka
1,015,379,159	1,030,514,450
-	800,135,291
1,228,725,000	-
-	711,800,000
-	60,000,000
-	13,200,000
-	-
-	-
1,228,725,000	(15,135,291)
2,244,104,159	1,015,379,159
28,802,250	33,327,401
2,272,906,409	1,048,706,560

1,265,260,313	1,278,460,313
-	-
-	13,200,000
438,400,000	-
438,400,000	(13,200,000)
1,703,660,313	1,265,260,313
3,765,000	4,374,000
1,707,425,313	1,269,634,313
3,980,331,722	2,318,340,873

2013	
Maintained	Excess
1,707,425,313	359,317,691
2,272,906,409	47,159
3,980,331,722	359,364,850

Provision for 2013	
Required	Maintained
1,348,107,622	1,707,425,313
1,338,711,622	1,698,029,313
9,396,000	9,396,000
2,272,859,250	2,272,906,409
51,384,250	51,384,250
218,127,000	218,127,000
2,003,348,000	2,003,395,159

359,364,851

31.12.2013 Taka	31.12.2012 Taka
7,618,313,733	5,981,196,923
1,901,210,052	1,637,116,810
-	-
9,519,523,785	7,618,313,733
131,388,460	152,356,750
9,650,912,245	7,770,670,483

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

13.3 Deferred tax liabilities

Balance at 01 January	
Add/(less): Provision made during the year	
Add/(Less): Adjustment/Rate Fluctuation during the year	
Balance at 31 December	

31.12.2013 Taka	31.12.2012 Taka
112,104,056	68,532,913
(2,807,775)	43,456,854
(245,342)	114,289
109,050,939	112,104,056

13.4 Interest suspense account

Balance at 01 January	
Transfer during the year	(+)
Recovery during the year	(-)
Write off during the year	(-)
Balance at 31 December	
Mumbai Branch	

868,286,638	495,216,132
964,080,962	646,576,267
80,741,571	82,095,760
-	191,410,000
1,751,626,029	868,286,638
23,158,851	11,706,015
1,774,784,880	879,992,654

13.5 Provision against other assets

Provision for

Prepaid legal expenses
Protested bills
London Representative Office
Myanmar Representative Office
Others

60,030,000	54,500,000
22,565,610	22,413,201
1,708,494	1,708,494
1,112,430	1,112,430
206,818,019	202,463,103
292,234,553	282,197,228

Provision against other assets was made as per BRPD Circular # 14 dated 25 June 2001 issued by Bangladesh Bank.

13.5.1 Calculation of Provision against other assets

	Outstanding amount	Base for Provision	Rate	Provisions Requirement	Provisions Maintained
Prepaid legal expenses	60,022,909	60,022,909	50% & 100%	30,849,532	60,030,000
Protested bills	21,591,341	21,591,341	100%	21,591,341	22,565,610
London Representative Office	1,708,494	1,708,494	100%	1,708,494	1,708,494
Myanmar Representative Office	1,112,430	1,112,430	100%	1,112,430	1,112,430
Others	180,698,400	180,698,400	100%	180,698,400	206,818,019
Required provision for other assets				235,960,198	292,234,553

Total provision requirement	235,960,198
Total provision maintained	292,234,553
Excess provision maintained at 31 December 2013	56,274,356

13.6 Provision for off balance sheet items

Balance at 01 January
Add: Provision made during the period

31.12.2013 Taka	31.12.2012 Taka
580,000,000	510,000,000
230,000,000	70,000,000
810,000,000	580,000,000

13.6.1 Particulars of required provision for Off-Balance Sheet Items

	Base for Provision	Rate (%)	31.12.2013	31.12.2012
Acceptances and endorsements	26,838,433,435	1%	268,384,334	194,950,959
Letters of guarantee	16,393,076,675	1%	163,930,767	128,823,328
Irrevocable letters of credit	30,225,132,651	1%	302,251,327	178,633,980
Bills for collection	7,537,276,394	1%	75,372,764	73,145,040
Total Off Balance Sheet Items & required provision	80,993,919,156		809,939,192	575,553,307
Total provision maintained			810,000,000	580,000,000
Excess provision at 31 December 2013			60,808	4,446,693

No provision has been maintained against Off Balance Sheet items of Mumbai Branch amounting Tk. 2,222,623,900 as per Reserve Bank of India (RBI) guidelines.

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

13.7 Provision against investments

Balance at 01 January
Add: Provision made during the year
Balance at 31 December

31.12.2013 Taka	31.12.2012 Taka
1,597,153,000	1,220,753,000
397,900,000	376,400,000
1,995,053,000	1,597,153,000

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

19,231,727,325	14,133,406,241
931,141,087	891,700,012
67,419,361	65,932,526
848,099,741	727,117,384
11,673,480	18,581,007
9,733,594	13,260,337
21,099,794,588	15,849,997,507
645,282,795	559,982,513
20,454,511,793	15,290,014,994
4,976,253,760	4,423,336,680

14. Share Capital

14.1 Authorised Capital

600,000,000 ordinary shares of Taka 10 each

6,000,000,000	6,000,000,000
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14.2 Issued, Subscribed and Paid-up Capital

15,000,000 ordinary shares of Taka 10 each issued for cash
15,000,000 ordinary shares of Taka 10 each issued for rights
467,625,376 ordinary shares of Taka 10 each issued as bonus shares

150,000,000	150,000,000
150,000,000	150,000,000
4,676,253,760	4,123,336,680
4,976,253,760	4,423,336,680

14.3 Percentage of shareholding

Particulars	As at 31 December 2013		As at 31 December 2012	
	No. of shares	%	No. of shares	%
Sponsors and public	494,772,935	99.43	439,798,164	99.43
Government	2,852,441	0.57	2,535,504	0.57
	497,625,376	100.00	442,333,668	100.00

14.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	2013	2012	2013	2012
Upto 500	70,601	63,751	64.22	62.93
501 to 5,000	34,156	33,187	31.07	32.76
5,001 to 10,000	2,789	2,420	2.54	2.39
10,001 to 20,000	1,319	1,044	1.20	1.03
20,001 to 30,000	353	293	0.32	0.29
30,001 to 40,000	147	109	0.13	0.11
40,001 to 50,000	104	98	0.09	0.10
50,001 to 100,000	201	181	0.18	0.18
100,001 to 1,000,000	216	180	0.20	0.18
Over 1,000,000	43	44	0.04	0.04
	109,929	101,307	100.00	100.00

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

14.5 Names of the Directors and their shareholding as at 31 December 2013

Name of the Director	Status	No of Shareholding	
		As at 31 Dec 2013	As at 31 Dec 2012
Mr. M. Wahidul Haque	Chairman	107,662	95,700
Mr. Salim Ahmed	Vice-Chairman	11,754,084	10,448,076
Mr. Feroz Ahmed	Director	10,325,069	9,177,840
Mr. M. A. Awal	Director	3,118	2,772
Mr. Shishir Ranjan Bose FCA	Independent Director	2,214	1,968
Mr. Faheemul Huq, Barrister - at -Law	Director	426,964	379,524
Mr. Syed Afzal Hasan Uddin, Barrister - at -Law	Director	2,214	1,968
Mr. Gholam Sarwar	Director	11,933	10,608
Mr. Md. Mesbahul Hoque	Director	2,214	1,968
Mr. Md. Anwar Jamil Siddiqui	Director	2,214	1,968
Mr. B. B. Saha Roy	Director	1,930	1,716
Dr. M. Imtiaz Hossain	Independent/ Depositor Director	-	-
Mrs. Runa Zakia Shahrood Khan	Independent/ Depositor Director	-	-
Mr. M. Fazlur Rahman	President & Managing Director	-	-

14.6 Capital Adequacy Ratio - As per BASEL II

Consolidated - Capital Adequacy Ratio

In terms of section 13(2) of the Bank Company (Amendment) Act, 2013 and Bangladesh Bank BRPD Circular no. 35 dated 29 December 2010, required capital of the Bank on Consolidated basis at the close of business on 31 December 2013 is Taka 17,639,604,417 as against available core capital of Taka 15,804,597,371 and supplementary capital of Taka 3,340,451,376 that is, a total of Taka 19,145,048,748 thereby showing surplus capital/equity of Taka 1,505,444,330 at that date. Details are shown below:

	31.12.2013 Taka	31.12.2012 Taka
Core capital (Tier I)		
Fully Paid-up Capital/Capital Deposited with BB	4,976,253,760	4,423,336,680
Statutory Reserve	5,564,799,391	5,005,314,801
Non-repayable share premium account	-	-
General Reserve	118,018,431	120,093,432
Retained earnings	5,171,126,214	5,261,734,530
Minority interest in Subsidiaries	(15,640,425)	(20,230,938)
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	15,814,557,372	14,790,248,506
Deductions from Tier-1 (Core Capital)		
Book value of Goodwill	-	-
Shortfall in provisions required against classified assets	-	-
Shortfall in provisions required against investment in shares	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-	-
Reciprocal crossholdings of bank capital/subordinated debt	-	-
Any investment exceeding the approved limit under section 26(2) of Bank Company (Amendment) Act, 2013.	-	-
Investments in subsidiaries which are not consolidated	9,960,000	9,960,000
Other if any	-	-
	9,960,000	9,960,000
Total Eligible Tier-I Capital	15,804,597,372	14,780,288,506
Supplementary capital (Tier II)		
General Provision for Unclassified Loans	1,801,166,361	1,363,375,361
General Provision for off Balance Sheet exposure	810,000,000	580,000,000
Assets Revaluation Reserves up to 50%	666,425,705	697,588,060
Revaluation Reserves of Securities (Up to 50%)	72,819,310	8,423,262
Revaluation Reserve for equity instruments up to 10%	-	-
All other preference shares	-	-
Balance of Exchange Equalisation Fund	-	-
Perpetual Subordinated debt	-	-
Sub-Total	3,350,411,376	2,649,386,682
Deductions if any	9,960,000	9,960,000
Total Eligible Tier-II Capital	3,340,451,376	2,639,426,682
Capital eligible for market risk (Tier-III)	-	-
Short-term subordinated debt	-	-
A. Total Eligible Capital	19,145,048,748	17,419,715,188

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

Consolidated - Capital Adequacy Ratio (cont.)

	31.12.2013 Taka	31.12.2012 Taka
Total assets including off-Balance Sheet items	292,965,313,727	235,107,764,658
Total risk-weighted assets (RWA)	176,396,044,173	149,744,862,415
B. Total required capital (10% of Total RWA)	17,639,604,417	14,974,486,241
Capital Surplus / (Shortfall) [A-B]	1,505,444,331	2,445,228,947
Capital adequacy ratio	10.85%	11.63%

Solo - Capital Adequacy Ratio

In terms of section 13(2) of the Bank Company (Amendment) Act, 2013 and Bangladesh Bank BRPD Circular no. 35 dated 29 December 2010, required capital of the Bank on Solo basis at the close of business on 31 December 2013 is Taka 17,387,119,871 as against available core capital of Taka 15,569,618,999 and supplementary capital of Taka 3,202,640,347 that is, a total of Taka 18,772,259,345 thereby showing surplus capital/equity of Taka 1,385,139,474 at that date. Details are shown below:

Core capital (Tier I)

Fully Paid-up Capital/Capital Deposited with BB
Statutory Reserve
Non-repayable share premium account
General Reserve
Retained earnings
Minority interest in Subsidiaries
Non-Cumulative irredeemable Preferences shares
Dividend Equalization Account

4,976,253,760	4,423,336,680
5,564,799,391	5,005,314,801
-	-
42,199,200	42,199,200
4,986,366,647	5,158,900,828
-	-
-	-
-	-
15,569,618,999	14,629,751,509

Deductions from Tier-1 (Core Capital) :

Book value of Goodwill
Shortfall in provisions required against classified assets
Shortfall in provisions required against investment in shares
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.
Reciprocal crossholdings of bank capital/subordinated debt
Any investment exceeding the approved limit under section 26(2) of Bank Company (Amendment) Act, 2013.
Investments in subsidiaries which are not consolidated
Other if any

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

Total Eligible Tier-I Capital

15,569,618,999	14,629,751,509
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Supplementary capital (Tier II)

General Provision for Unclassified loans
General Provision for off Balance Sheet exposure
Assets Revaluation Reserves up to 50%
Revaluation Reserves of Securities (Up to 50%)
Revaluation Reserve for equity instruments up to 10%
All other preference shares
Balance of Exchange Equalisation Fund
Perpetual Subordinated debt

1,707,425,313	1,269,634,313
810,000,000	580,000,000
663,407,904	693,603,919
21,807,130	8,423,262
-	-
-	-
-	-
-	-

Sub-Total

3,202,640,347	2,551,661,494
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Deductions if any

-	-
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Total Eligible Tier-II Capital

3,202,640,347	2,551,661,494
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Capital eligible for market risk (Tier-III)

-	-
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Short-term subordinated debt

-	-
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A. Total Eligible Capital

18,772,259,345	17,181,413,003
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Total assets including off-Balance Sheet items
Total risk-weighted assets (RWA)

291,222,086,795	233,432,880,431
173,871,198,712	146,492,197,160

B. Total required capital (10% of Total RWA)

17,387,119,871	14,649,219,716
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Capital Surplus / (Shortfall) [A-B]

1,385,139,474	2,532,193,287
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Capital adequacy ratio

10.80%	11.73%
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Detailed Disclosure under Pillar III of Basel II is presented in (Annex- E).

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

	31.12.2013	31.12.2012
	Taka	Taka
15. Statutory reserve		
In Bangladesh		
Opening balance	4,824,544,671	4,230,234,501
Add: Addition during the year	559,586,175	594,310,170
	5,384,130,846	4,824,544,671
Outside Bangladesh - ABBL, Mumbai Branch		
Opening balance	180,770,130	159,962,774
Add: Transferred from retained earnings	14,891,830	29,756,322
Add: Transferred from Investment fluctuation reserve	10,175,540	-
Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation	(25,168,955)	(8,948,966)
	180,668,545	180,770,130
	5,564,799,391	5,005,314,801
16. Other reserve		
General reserve (Note 16.1)	42,199,200	42,199,200
Assets revaluation reserve (Note 16.2)	1,326,815,807	1,326,815,807
Investment revaluation reserve (Note 16.3)	43,614,260	16,846,523
Foreign exchange revaluation for investment in foreign operation	-	60,392,031
	1,412,629,267	1,446,253,561
16.1 General reserve	42,199,200	42,199,200
16.2 Assets revaluation reserve		
Opening balance	1,326,815,807	1,335,395,306
Less : Adjustment during the period	-	8,579,499
	1,326,815,807	1,326,815,807
16.3 Investment revaluation reserve (Treasury Bills & Treasury Bonds)		
In Bangladesh		
Revaluation Reserve for:		
Held to Maturity (HTM)	2,589,612	1,235,476
Held for Trading (HFT)	41,024,648	3,789,583
	43,614,260	5,025,059
Outside Bangladesh		
ABBL, Mumbai Branch	-	11,821,464
	43,614,260	16,846,523
16.3.1 Revaluation Reserve for Held to Maturity (HTM)		
Opening balance	1,235,476	-
Add: Addition during the year	1,354,136	1,235,476
	2,589,612	1,235,476
16.3.2 Revaluation Reserve for Held for Trading (HFT)		
Opening balance	3,789,583	2,813,207
Add: Addition during the year	37,235,065	976,376
	41,024,648	3,789,583
Revaluation reserve of HTM and HFT securities transferred to Revaluation Reserve Account as per Bangladesh Bank DOS Circular No. 05 dated 26 May 2008 of which 50% of revaluation reserve is treated as Supplementary Capital.		

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

16(a) Consolidated Other reserve

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

31.12.2013 Taka	31.12.2012 Taka
1,412,629,267	1,446,253,561
-	-
81,854,834	85,862,514
102,024,360	-
-	-
-	-
1,596,508,461	1,532,116,076

17. Retained earnings

Opening balance
Add: Post-tax profit for the year
Less: Transfer to statutory reserve
Cash dividend
Bonus shares issued

Add/(Less): Retained earnings adjustment of Mumbai Br.
Add: Foreign Exchange Translation gain/(loss)

5,158,900,828	5,291,115,537
1,010,997,314	1,438,537,814
574,478,006	624,066,492
-	184,305,695
552,917,080	737,222,780
5,042,503,057	5,184,058,384
-	(1,384,954)
(56,136,410)	(23,772,601)
4,986,366,647	5,158,900,828

17(a) Consolidated Retained earnings

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/Share discounting
Minority Interest

4,986,366,647	5,158,900,828
449,414,907	656,771,295
120,802,557	100,646,480
161,935,908	208,980,372
(442,254,774)	(489,608,852)
(35,353,595)	(29,221,119)
5,240,911,650	5,606,469,004
113,529,860	393,069,411
(43,744,425)	(48,334,938)
5,171,126,214	5,261,734,530

17(b) Minority Interest

AB Investment Limited
AB Securities Limited
Cashlink Bangladesh Limited

5,499	11,948
579,554	717,999
(16,225,477)	(20,960,885)
(15,640,425)	(20,230,938)

18. Contingent liabilities

83,216,543,057	59,590,452,646
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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

-	-
-	-
319,439,000	290,900,000
16,073,637,675	12,591,432,805
16,393,076,675	12,882,332,805

AB Bank Limited
Notes to financial statements for the year ended 31 December 2013
19. Profit and loss account
Income:

	2013 Taka	2012 Taka
Interest, discount and similar income	20,421,030,959	17,881,807,975
Dividend income	203,264,167	428,296,844
Fee, commission and brokerage	2,157,327,618	1,679,196,940
Gains less losses arising from investment securities	90,570,362	118,271,311
Gains less losses arising from dealing in foreign currencies	863,190,356	782,073,910
Other operating income	113,557,511	137,035,990
Gains less losses arising from dealing securities	79,721,345	(237,907)
Income from non-banking assets	-	-
Profit less losses on interest rate changes	-	-
	23,928,662,318	21,026,445,063

Expenses:

Interest, fee and commission	14,173,526,482	12,591,500,175
Administrative expenses	3,139,460,036	2,927,801,205
Other operating expenses	1,006,285,515	828,307,326
Depreciation and amortization on banking assets	319,731,935	315,808,246
Losses on loans and advances	-	-
	18,639,003,968	16,663,416,952
	5,289,658,349	4,363,028,111

20. Interest income/profit on investments

Interest on loans and advances:

Loans and advances	16,788,672,367	14,491,001,642
Bills purchased and discounted	459,424,260	380,580,541
	17,248,096,627	14,871,582,183

Interest on:

Calls and placements	688,687,073	827,465,454
Balance with foreign banks	15,581,213	12,374,158
Reverse Repo	-	1,554,267
Balance with Bangladesh Bank	683,760	1,030,547
	704,952,046	842,424,426
	17,953,048,673	15,714,006,609

20(a). Consolidated Interest income/profit on investments

AB Bank Limited	17,953,048,673	15,714,006,609
AB International Finance Limited	106,723,450	90,780,158
AB Investment Limited	496,099,614	804,780,550
AB Securities Limited	95,771,014	181,740,823
Cashlink Bangladesh Limited (CBL)	-	20,522,424
AB Exchange (UK) Ltd.	-	-
	18,651,642,751	16,811,830,564
Less: Intercompany Transactions	286,641,116	314,265,965
	18,365,001,635	16,497,564,598

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

	2013 Taka	2012 Taka
21. Interest/profit paid on deposits, borrowings, etc.		
Interest on deposits:		
Fixed deposits	10,057,873,407	9,023,336,233
Savings deposits	671,280,022	549,053,469
Special notice deposits	1,580,605,285	1,095,574,906
Other deposits	1,239,321,458	843,812,854
	13,549,080,173	11,511,777,463
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	624,446,310	1,079,722,712
	14,173,526,482	12,591,500,175

21(a). Consolidated Interest/profit paid on deposits, borrowings, etc.

AB Bank Limited	14,173,526,482	12,591,500,175
AB Investment Limited	309,363,880	322,200,049
AB International Finance Limited	14,641,669	11,254,830
AB Securities Limited	73,113,588	76,242,314
Cashlink Bangladesh Limited (CBL)	-	294,907
AB Exchange (UK) Ltd.	-	-
	14,570,645,619	13,001,492,276
Less: Intercompany Transactions	289,568,769	314,560,873
	14,281,076,850	12,686,931,403

22. Investment income

Capital gain on sale of shares	90,570,362	118,271,311
Interest on treasury bills	554,376,344	211,761,040
Dividend on shares	203,264,167	428,296,844
Interest on debentures	2,887,500	2,887,500
Interest on treasury bonds	1,881,378,565	1,933,183,660
Gain/(Loss) on treasury bills and treasury bonds	79,721,345	(237,907)
Interest on other bonds & others	29,339,877	19,969,166
	2,841,538,159	2,714,131,615

22(a). Consolidated Investment income

AB Bank Limited	2,841,538,159	2,714,131,615
AB Investment Limited	(11,408,937)	9,723,524
AB International Finance Limited	-	-
AB Securities Limited	76,744	357,906
Cashlink Bangladesh Limited (CBL)	-	(3,341,969)
AB Exchange (UK) Ltd.	-	-
	2,830,205,966	2,720,871,075
Less: Intercompany Transactions (*)	115,148,632	394,688,183
	2,715,057,334	2,326,182,892

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

23. Commission, exchange and brokerage

Other fees, commission and service charges	1,080,561,751	885,205,326
Commission on letters of credit	807,454,980	627,048,434
Commission on letters of guarantee	269,310,888	166,943,180
Exchange gains less losses arising from dealings in foreign currencies	863,190,356	782,073,910
	3,020,517,974	2,461,270,850

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

	2013 Taka	2012 Taka
23(a). Consolidated Commission, exchange and brokerage		
AB Bank Limited	3,020,517,974	2,461,270,850
AB Investment Limited	37,385,863	127,732,776
AB International Finance Limited	43,523,416	29,603,255
AB Securities Limited	51,560,311	63,805,577
Cashlink Bangladesh Limited (CBL)	105,208,938	17,300,450
AB Exchange (UK) Ltd.	5,775,138	2,988,433
	3,263,971,640	2,702,701,341
Less: Intercompany Transactions	104,368,410	12,746,308
	3,159,603,231	2,689,955,033

24. Other income

Locker rent, insurance claim and others	6,708,965	6,219,049
Recoveries on loans previously written off	4,151,397	35,168,196
Recoveries on telex, telephone, fax, etc.	79,557,329	63,522,869
Recoveries on courier, postage, stamp, etc.	22,603,379	20,032,872
Gain on sale of Bank property	-	10,803,848
Non-operating income (*)	536,441	1,289,155
	113,557,511	137,035,990

(*) Non-operating income includes sale of old fixed assets and scrap items etc.

24(a). Consolidated other income

AB Bank Limited	113,557,511	137,035,990
AB Investment Limited	8,310,421	7,609,863
AB International Finance Limited	45,946,982	49,681,915
AB Securities Limited	2,431,472	1,946,917
Cashlink Bangladesh Limited (CBL)	1,187,352	25,969,514
AB Exchange (UK) Ltd.	-	-
	171,433,738	222,244,200
Less: Inter company transactions	8,227,723	30,568,792
	163,206,015	191,675,408

25. Salary and allowances

Basic salary, provident fund contribution and all other allowances	1,883,846,706	1,665,459,857
Festival and incentive bonus	197,748,055	202,684,694
	2,081,594,761	1,868,144,551

25(a). Consolidated salary and allowances

AB Bank Limited	2,081,594,761	1,868,144,551
AB Investment Limited	14,054,087	15,773,047
AB International Finance Limited	24,196,617	23,725,543
AB Securities Limited	22,499,392	22,480,470
Cashlink Bangladesh Limited (CBL)	98,930	14,508,748
AB Exchange (UK) Ltd.	4,312,640	6,554,757
	2,146,756,426	1,951,187,116

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

Rent, rates and taxes	276,876,101	250,081,050
Electricity, gas, water, etc.	78,624,885	71,544,669
Insurance	111,984,283	87,906,055
	467,485,269	409,531,774

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

	2013 Taka	2012 Taka
26(a). Consolidated Rent, taxes, insurance, electricity, etc.		
AB Bank Limited	467,485,269	409,531,774
AB Investment Limited	1,637,363	3,054,881
AB International Finance Limited	6,283,396	6,196,402
AB Securities Limited	7,688,089	7,275,468
Cashlink Bangladesh Limited (CBL)	1,530,844	5,352,716
AB Exchange (UK) Ltd.	2,279,097	3,183,925
	486,904,058	434,595,166
Less: Inter company transactions	5,300,070	4,735,134
	481,603,988	429,860,032
27. Legal expenses		
Legal expenses	13,260,716	10,107,729
27(a). Consolidated Legal expenses		
AB Bank Limited	13,260,716	10,107,729
AB Investment Limited	164,900	160,200
AB International Finance Limited	414,074	343,743
AB Securities Limited	5,000	-
Cashlink Bangladesh Limited (CBL)	155,250	475,157
AB Exchange (UK) Ltd.	43,929	-
	14,043,869	11,086,830
28. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	97,630,806	108,971,673
Telephone	12,247,740	12,222,858
Postage, stamp and shipping	29,590,195	25,134,913
	139,468,741	146,329,444
28(a). Consolidated Postage, stamp, telecommunication, etc.		
AB Bank Limited	139,468,741	146,329,444
AB Investment Limited	955,371	957,475
AB International Finance Limited	7,150,061	7,046,147
AB Securities Limited	1,563,350	1,482,487
Cashlink Bangladesh Limited (CBL)	343,413	749,143
AB Exchange (UK) Ltd.	364,463	348,191
	149,845,399	156,912,887
Less: Inter company transactions	17,382,476	12,746,308
	132,462,923	144,166,579
29. Stationery, printing, advertisements, etc.		
Printing and stationery	133,387,162	135,426,648
Publicity, advertisement, etc.	31,293,458	39,987,100
	164,680,619	175,413,748

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

	2013 Taka	2012 Taka
29(a). Consolidated Stationery, printing, advertisements, etc.		
AB Bank Limited	164,680,619	175,413,748
AB Investment Limited	609,350	497,387
AB International Finance Limited	422,694	396,905
AB Securities Limited	564,215	665,217
Cashlink Bangladesh Limited (CBL)	13,210	120,410
AB Exchange (UK) Ltd.	24,564	15,382
	166,314,652	177,109,048

30. Directors' fees

Directors' fees	1,741,100	1,950,400
Meeting expenses	772,643	889,807
	2,513,743	2,840,207

Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee and Shariah Council. Each director was remunerated @ Tk.5,000 per meeting.

30(a). Consolidated Directors' fees

AB Bank Limited	2,513,743	2,840,207
AB Investment Limited	126,500	92,000
AB International Finance Limited	-	-
AB Securities Limited	373,000	218,500
Cashlink Bangladesh Limited (CBL)	45,000	38,500
AB Exchange (UK) Ltd.	-	-
	3,058,243	3,189,207

31. Auditors' fees

Statutory	1,098,535	1,493,095
Others	1,356,793	3,424,403
	2,455,328	4,917,497

31(a). Consolidated Auditors' fees

AB Bank Limited	2,455,328	4,917,497
AB Investment Limited	159,850	103,500
AB International Finance Limited	301,712	316,231
AB Securities Limited	108,000	62,500
Cashlink Bangladesh Limited (CBL)	160,000	80,000
AB Exchange (UK) Ltd.	219,646	551,487
	3,404,536	6,031,215

32. Depreciation and repairs of Bank's assetsDepreciation :

Electrical appliances	177,828,306	173,365,503
Furniture and fixtures	13,660,189	13,076,153
Office appliances	2,724,234	3,460,627
Building	15,154,566	15,037,701
Motor vehicles	52,237,746	68,033,213
	261,605,041	272,973,197

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

	2013 Taka	2012 Taka
<u>Repairs:</u>		
Motor vehicles	19,890,227	17,396,654
Electrical appliances	112,947,467	139,034,079
Office premises and others	116,839,751	140,660,695
Furniture and fixtures	1,874,633	1,109,569
Office appliances	5,014,279	3,631,523
	256,566,358	301,832,520
	518,171,400	574,805,717
Amortization of Intangible Assets	58,126,893	42,835,049
	576,298,293	617,640,766

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

AB Bank Limited	576,298,293	617,640,766
AB Investment Limited	16,443,221	16,264,120
AB International Finance Limited	533,515	519,675
AB Securities Limited	6,004,616	6,053,015
Cashlink Bangladesh Limited (CBL)	48,196,260	54,958,719
AB Exchange (UK) Ltd.	3,226,546	3,448,511
	650,702,451	698,884,807

33. Other expenses

Contractual service	370,967,057	242,611,022
Petrol, oil and lubricant	68,457,953	64,945,348
Software expenses	143,650,199	72,787,297
Entertainment	64,075,098	63,786,226
Travelling	48,957,476	38,774,334
Subscription, membership and sponsorship	22,476,543	26,235,643
Training, seminar and workshop	11,191,287	8,773,550
Local conveyance	10,585,643	8,217,635
Professional charges	47,355,803	50,975,339
Books, newspapers and periodicals	1,290,580	1,272,834
Branch opening expenses	77,529	336,036
Bank Charges	30,123,775	7,507,679
Sundry expenses (*)	187,076,572	242,084,382
	1,006,285,515	828,307,326

(*) Sundry expenses includes business promotion, donation, annual general meeting, rebate to foreign correspondents, etc.

33(a). Consolidated other expenses

AB Bank Limited	1,006,285,515	828,307,326
AB Investment Limited	13,166,926	12,200,791
AB International Finance Limited	3,847,582	3,974,970
AB Securities Limited	21,376,481	11,951,068
Cashlink Bangladesh Limited (CBL)	7,967,322	36,854,257
AB Exchange (UK) Ltd.	1,369,677	1,419,558
	1,054,013,503	894,707,970
Less: Inter company transactions	86,985,934	25,833,658
	967,027,569	868,874,312

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****34. Provision against loans and advances**

On un-classified loans
On classified loans

2013	2012
Taka	Taka
438,400,000	382,142
1,228,725,000	711,800,000
1,667,125,000	712,182,142

34(a). Consolidated provision against loans and advances

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

1,667,125,000	712,182,142
-	-
-	-
-	-
-	-
-	-
1,667,125,000	712,182,142

35. Provisions for diminution in value of investments

In quoted shares

397,900,000	376,400,000
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35(a). Consolidated provisions for diminution in value of investments

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

397,900,000	376,400,000
65,922,332	38,161,624
-	-
623,795	12,003,786
-	-
-	-
464,446,127	426,565,410

36. Other provision

Provision for off balance sheet items
Provision for Other assets

230,000,000	70,000,000
10,000,000	14,160,000
240,000,000	84,160,000

Provision for prepaid legal expenses and protested bills has been made as per Bangladesh Bank BRPD Circular # 14 dated 25 June 2001.

36(a). Consolidated other provisions

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

240,000,000	84,160,000
-	-
149,814	196,875
-	-
-	-
-	-
240,149,814	84,356,875

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****37. Appropriations**

	2013 Taka	2012 Taka
Retained earnings - brought forward	5,158,900,829	5,291,115,538
Less: Adjustment for prior year	-	-
Add: Post-tax profit for the year	1,010,997,314	1,438,537,813
	6,169,898,143	6,729,653,351
Less: Dividend-		
Cash dividend	-	184,305,695
Bonus shares issued	552,917,080	737,222,780
	<u>5,616,981,063</u>	<u>5,808,124,876</u>

Transferred to:

Statutory reserve	574,478,006	624,066,492
General reserve	-	-
Proposed dividend	-	-
	<u>574,478,006</u>	<u>624,066,492</u>

Retained earnings

	5,042,503,057	5,184,058,384
Less: Adjustment during the year	-	(1,384,954)
Add: Foreign Exchange translation gain/(Loss)	(56,136,410)	(23,772,601)
	<u>4,986,366,648</u>	<u>5,158,900,829</u>

38. Earnings Per Share (EPS)

Profit after taxation	1,010,997,314	1,438,537,813
Number of ordinary shares outstanding	497,625,376	497,625,376
Earnings Per Share	<u>2.03</u>	<u>2.89</u>

38. (a) Consolidated Earnings Per Share

Net Profit attributable to the shareholders of parent company	1,093,697,177	1,466,950,436
Number of ordinary shares outstanding	497,625,376	497,625,376
Earnings Per Share	<u>2.20</u>	<u>2.95</u>

Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2013 in terms of Bangladesh Accounting Standard (BAS)-33. According to BAS-33, EPS for the year ended 31 December 2012 was restated for the issues of bonus share in 2012.

39. Receipts from other operating activities

Interest on treasury bills, bonds, debenture and others	2,638,273,992	2,285,834,771
Exchange earnings	863,190,356	782,073,910
Recoveries on telex, telephone, fax, etc.	79,557,329	63,522,869
Recoveries on courier, postage, stamp, etc.	22,603,379	20,032,872
Gain on sale of Bank properties	-	10,803,848
Non-operating income	536,441	1,289,155
Others	6,708,965	6,219,049
	<u>3,610,870,462</u>	<u>3,169,776,474</u>

39(a). Consolidated Receipts from other operating activities

AB Bank Limited	3,610,870,462	3,169,776,474
AB Investment Limited	(3,098,516)	-
AB International Finance Limited	45,946,982	32,766,651
AB Securities Limited	2,508,216	-
Cashlink Bangladesh Limited (CBL)	1,187,352	-
	<u>3,657,414,496</u>	<u>3,202,543,124</u>

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****40. Payments for other operating activities**

	2013 Taka	2012 Taka
Rent, taxes, insurance, electricity, etc.	467,485,269	409,531,774
Postage, stamps, telecommunication, etc.	139,468,741	139,037,732
Repairs of Bank's assets	256,566,358	62,710,969
Legal expenses	13,260,716	10,107,729
Auditor's fees	2,455,328	4,917,497
Directors' fees	2,513,743	2,840,207
Other Expenses	1,029,766,244	1,092,645,976
	1,911,516,399	1,721,791,885

41. Decrease in other assets

Investment in Subsidiaries	5,456,107,792	5,449,962,172
Advance rent and advertisement	143,568,488	156,275,414
Stationery, stamps, printing materials, etc.	29,375,102	34,546,476
Security deposits	219,257,237	267,435,160
Interest accrued on investment but not collected,	-	-
commission and brokerage receivable on shares	-	-
and debentures, and other income receivables	708,821,651	686,226,038
Accounts receivable	626,469,027	1,232,257,570
Preliminary, formation, organizational, renovation,		
development and prepaid expenses	828,594,917	1,033,615,467
Exchange for clearing	351,479,645	703,078,129
Arab Bangladesh Bank Foundation	19,920,000	19,920,000
Inter-branch adjustment	1,839,710	4,191,700
	8,385,433,570	9,587,508,127
Net Decrease	1,202,074,557	565,680,945

42. Increase/(decrease) in other liabilities

Accumulated provision against loans and advances	3,980,331,722	2,318,340,874
Provision for current tax	9,650,912,245	7,772,599,103
Deferred tax liabilities	109,050,939	112,104,055
Interest suspense account	1,774,784,880	879,992,653
Accounts payable - Bangladesh Bank	47,656,432	66,308,878
Provision against other assets	292,234,553	282,197,228
Accrued expenses	38,724,384	62,205,113
Provision against investments	1,995,053,000	1,597,153,000
Provision against off balance sheet items	810,000,000	580,000,000
Accrued profit on investment - Islami banking branch	-	-
Provision for outstanding debit entries in NOSTRO accounts	200,000	200,000
Others	532,779,169	462,305,337
	19,231,727,325	14,133,406,241
Less: Adjustment for provision & Others	17,119,762,295	12,866,763,943
	2,111,965,030	1,266,642,298
Net Increase/(Decrease)	845,322,731	(364,695,728)

AB Bank Limited**Notes to financial statements for the year ended 31 December 2013****43. Conversion Rates**

Assets and liabilities as at 31 December 2013 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:

<u>Currency</u>	<u>Abbreviation</u>	<u>Unit</u>	<u>Equivalent to BDT</u>
British Pound Sterling	GBP	1.00	128.0854
European Currency	EURO	1.00	106.8285
Indian Rupee	INR	1.00	1.2550
Japanese Yen	JPY	1.00	0.7393
US Dollar	USD	1.00	77.7500
Honkong Dollar	HKD	1.00	10.0264
U.A.E Dirham	DIRHAM	1.00	21.1680

44 Highlights of the overall activities of the Bank


SI #	Particulars	2013 Taka	2012 Taka
1	Paid-up capital	4,976,253,760	4,423,336,680
2	Total capital	18,772,259,345	17,181,413,003
3	Capital surplus	1,385,139,474	2,532,193,287
4	Total assets	208,005,543,738	173,842,427,785
5	Total deposits	161,846,275,315	140,025,953,891
6	Total loans and advances	140,121,297,505	106,065,758,923
7	Total contingent liabilities and commitments	83,216,543,057	59,590,452,646
8	Credit-deposit ratio	86.58	75.75
9	Ratio of classified loans against total loans and advances	3.37%	3.32%
10	Profit after tax and provision	1,010,997,314	1,438,537,813
11	Loans Classified during the Year	1,199,114,300	1,757,452,927
12	Provision kept against classified loans	2,272,906,409	1,048,706,560
13	Provision surplus/ (deficit)	359,364,850	222,120,428
14	Cost of fund	11.82%	12.07%
15	Interest earning assets	175,977,549,246	144,166,850,868
16	Non-interest earning assets	32,027,994,492	29,675,576,917
17	Return on investments (ROI)	10.37%	11.39%
18	Return on assets (ROA)	0.53%	0.88%
19	Income from investments	2,841,538,159	2,714,131,615
20	Earnings per share	2.03	2.89
21	Net Income per share	2.03	2.89
22	Price-earnings ratio (Times)	12.90	11.66

Dhaka,
12 March 2014


Shamim Ahmed Chaudhury
Managing Director


Shishir Ranjan Bose, PCA
Director


Salim Ahmed
Vice Chairman


M. Wahidul Haque
Chairman

AB Bank Limited
Currency wise Balances
As at 31 December 2013

Name of the bank	Location	Name of currency	As at 31 December 2013		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka
The Bank of Tokyo Mitsubishi Ltd.	Japan	JPY	1,209,434.00	0.7393	894,134.56
HSBC Plc	UK,London	GBP	131,400.51	128.0854	16,830,486.88
HSBC AUST	Australia	AUD	45,711.00	68.9332	3,151,005.51
JP Morgan Chase Bank	USA	USD	1,820,531.12	77.7500	141,546,294.58
Sonali Bank (Kolkata)	India	ACU	42,582.34	77.7500	3,310,776.94
Sonali Bank (UK)	UK,London	USD	1,962,608.03	77.7500	152,592,774.33
Sonali Bank (UK)	UK,London	GBP	115,042.97	128.0854	14,735,324.83
Myanmar Economic Bank	Myanmar	ACU	410.00	77.7500	31,877.50
Citibank NA	USA	USD	968,902.58	77.7500	75,332,175.60
Hatton National Bank Ltd.	Srilanka	ACU	2,475.44	77.7500	192,465.46
Commerz Bank AG	Germany	USD	275,199.32	77.7500	21,396,747.13
AB International Finance Ltd.	Hong Kong	USD	16,206,000.00	77.7500	1,260,016,500
NIB Bank Ltd.	Pakistan	ACU	15,778.77	77.7500	1,226,799.37
Mashreq Bank Psc	USA	USD	370,682.48	77.7500	28,820,562.82
Nepal Bangladesh Bank Ltd.	Nepal	ACU	37,607.25	77.7500	2,923,963.69
Bank of Bhutan	Bhutan	ACU	101,058.36	77.7500	7,857,287.49
Habib UK	UK,London	GBP	10,000.00	128.0854	1,280,854.00
Habib UK	UK,London	USD	123,003.45	77.7500	9,563,518.24
Wachovia Bank/Wells Fargo N.A	USA	USD	502,656.51	77.7500	39,081,543.65
Habib America Bank	USA	USD	409,190.07	77.7500	31,814,527.94
Commerz Bank AG	Germany	EURO	253,770.66	106.8285	27,109,938.95
Hypovereins Bank	Germany	EUR	47,566.19	106.8285	5,081,424.73
National Commercial Bank Ltd	KSA	USD	366,710.60	77.7500	28,511,749.15
Habib Metro Bank	Pakistan	ACU	373,458.97	77.7500	29,036,434.92
Habib Bank AG	Dubai	AED	37,122.00	21.1685	785,815.85
COMMERZ BK CAD	Germany	CAD	87,402.16	72.5822	6,343,841.06
COMMERZ BK CHF	Germany	CHF	151,644.04	87.1930	13,222,298.78
JPMC NY-OBV	USA	USD	12,070.34	77.7500	938,468.94
HSBC, New York	USA	USD	387,995.64	77.7500	30,166,661.01
Reserve Bank of India	Mumbai	INR	13,242,387	1.2550	16,619,195.15
HDFC BANK CSGI	Mumbai	INR	419,121	1.2550	525,996.40
HDFC Bank Ltd.	Mumbai	INR	18,143,779	1.2550	22,770,442.70
Commerz Bank AG (Euro)	Frankfurt	EURO	57,821	106.8006	6,175,319.19
HSBC (Euro)	London	EURO	426.00	106.9038	45,541.00
HSBC ACU (Euro)	London	EURO	34,379.00	106.7998	3,671,672.00
HSBC (GBP)	London	STG PND	9,029.00	128.1900	1,157,427.14
HSBC (USD)	Newyork	USD	163,083.00	77.5717	12,650,630.57
HSBC (ACUD)	Newyork	USD	5,170,053.00	77.5715	401,048,986.78
Habib American Bank Ltd	Newyork	USD	95,434.00	77.5713	7,402,943.13
Standard Chartered Bank	Singapore	SGD	8,469.72	61.2639	518,888.08
JP Morgan Chase Bank	Newyork	USD	882,373.00	77.5716	68,447,076.97
Total					2,494,830,373

Annex-B

AB Bank Limited
Investment in Shares as at 31 December 2013

Particulars	Number of shares	Market price per share/ Taka	Total market price/ Taka	Cost per Share	Total cost/ Taka
<u>Shares (quoted)</u>					
NBL	1,000,000	11.80	11,800,000	46.51	46,512,849
Social Inv. Bank Ltd.	1,651,500	13.30	21,964,950	17.34	28,629,530
Heidelberg Cement	125,000	380.70	47,587,500	398.43	49,803,390
Lafarge Surma Cement	200,000	33.50	6,700,000	33.87	6,774,150
AB Bank 1st MF	32,523,128	6.90	224,409,583	9.22	300,000,000
LR Global Mutual Fund	10,000,000	7.30	73,000,000	10.00	100,000,000
Popular Life 1st MF	1,000,000	6.00	6,000,000	8.25	8,250,000
National Life Ins.	174,200	326.00	56,789,200	300.36	52,322,606
Pragati Insurance	1,004,206	53.80	54,026,283	125.05	125,579,297
Desco	5,268,725	58.40	307,693,540	105.00	553,190,800
Khulna Power	4,928,461	49.10	241,987,435	102.21	503,738,803
Navana CNG Ltd.	415,420	64.00	26,586,880	74.10	30,782,724
Padma Oil	693,000	252.30	174,843,900	306.31	212,275,550
Powergrid Com.	3,366,500	52.80	177,751,200	81.61	274,723,472
Titas Gas	100,125	73.80	7,389,225	78.36	7,846,066
Beacon Pharma	6,642,500	13.20	87,681,000	73.96	491,289,694
Beximco Pharma	5,892,306	47.20	278,116,843	69.85	411,596,941
Orion Pharma	1,200,000	58.70	70,440,000	83.33	100,000,001
Fuwang Foods Ltd.	572,300	23.60	13,506,280	34.65	19,831,288
BSRM Steel	3,886,000	68.70	266,968,200	108.63	422,154,594
GPH Ispat	971,500	51.20	49,740,800	60.89	59,150,228
Lanka Bangla Finance	1,175,500	66.50	78,170,750	72.84	85,618,051
Union Capital Ltd.	1,554,000	34.60	53,768,400	95.91	149,037,203
Beximco	2,659,087	32.20	85,622,601	126.77	337,094,014
GP	544,800	200.90	109,450,320	190.99	104,052,756
SP Ceramics	1,143,962	18.30	20,934,505	58.13	66,501,146
<u>2,552,929,395</u>				<u>4,546,755,153</u>	

Shares/ Bond (unquoted)

Particulars	Number of shares	Cost per Share	Book Value/ Cost/ Taka
CDBL	5,000,000	2.00	10,000,000
CDBL (Placement)	711,804	8.00	5,694,430
Fiber home Ltd.	500,000	100.00	50,000,000
IIDFCL	105,765	100.00	10,576,501
Apex Hotels Ltd.	28,070,175	14.25	399,999,994
Amana Bank Limited, Srilanka	180,562,010	3.42	616,735,920
Bangladesh Fund	-	-	200,000,000
Stock Market Stabilization Fund	-	-	5,000,000
			<u>1,298,006,845</u>

Annex-C

AB Bank Limited
Schedule of Fixed Assets including premises, furniture & fixtures
As of 31 December 2013

(Amount in Taka)

Particulars	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Intangible Assets	Total
Cost							
Balance at 01 January 2013	3,111,940,206	202,789,081	61,663,735	1,353,846,742	479,583,052	218,879,331	5,428,702,146
Addition during the year	151,381,205	4,281,417	1,633,336	73,253,523	5,490,000	30,375,768	266,415,249
Less : Disposal/Adjustment during the year	-	1,353,517	582,984	7,781,059	-	-	9,717,560
Adjustment for INR Rate Fluctuation	-	451,245	1,458,636	7,331,862	584,734	-	9,826,477
At 31 December 2013	3,263,321,411	205,265,735	61,255,451	1,411,987,344	484,488,318	249,255,099	5,675,573,358
Accumulated Depreciation							
Balance at 01 January 2013	59,610,824	78,906,889	48,880,311	690,458,390	314,360,370	6,964,801	1,199,181,585
Addition during the year	15,154,566	13,660,189	2,724,235	177,828,308	52,237,746	58,126,893	319,731,937
Less : Disposal/Adjustment during the year	-	1,023,142	555,106	6,327,124	-	-	7,905,372
Adjustment for INR Rate Fluctuation	-	273,930	1,441,963	5,762,602	520,665	-	7,999,160
At 31 December 2013	74,765,390	91,270,006	49,607,477	856,196,972	366,077,451	65,091,694	1,503,008,991
Net Book Value:							
At 31 December 2013	3,188,556,020	113,995,729	11,647,974	555,790,372	118,410,867	184,163,404	4,172,564,367
At 31 December 2012	3,052,329,382	123,882,191	12,783,424	663,388,351	165,222,682	211,914,530	4,229,520,560

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

Name of the bank	Location	Currency	At 31 December 2013			At 31 December 2012		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka	Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka
Sonali Bank UK	UK	USD	12,983,500	77.75	1,009,467,125	4,840,500	79.85	386,513,441
HSBC BK NY	BK	USD	467,775	77.75	36,369,504	-	-	-
SCB,NY,USA	USA	USD	1,591,130	77.75	123,710,388	-	-	-
International Finance Corporation	USA	USD	35,000,000	77.75	2,721,250,000	-	-	-
National Bank Limited	Bangladesh	USD	9,000,000	77.75	699,750,000	-	-	-
United Commercial Bank Ltd	Bangladesh	USD	10,000,000	77.75	777,500,000	-	-	-
Dutch Bangla Bank Ltd	Bangladesh	USD	5,000,000	77.75	388,750,000	-	-	-
Total					5,756,797,017			386,513,441

AB Bank Limited

Detailed of Risk Weighted Assets under Basel II at 31 December 2013

Amount in Taka

Risk Weighted Assets (RWA) for	2013		2012	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit Risk				
On- Balance sheet (as shown below)	195,162,330,827	118,143,479,729	163,907,161,792	102,944,080,682
Off-Balance sheet (as shown below)	42,754,140,804	35,233,996,894	28,394,362,285	22,108,915,306
B. Market Risk		6,639,916,447		7,461,402,644
C. Operational Risk		13,853,805,642		13,977,798,528
Total RWA (A+B+C)	237,916,471,631	173,871,198,712	192,301,524,077	146,492,197,160

Credit Risk - On Balance Sheet

Sl.	Exposure Type	2013		2012	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and Cash Equivalents	1,329,240,204	-	1,236,694,276	-
b)	Claims on Bangladesh Government and Bangladesh Bank	26,124,616,340	-	23,959,823,579	-
c)	Claims on other Sovereigns & Central Banks*	327,552,189	163,776,094	374,529,525	187,264,763
d)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank				
e)	Claims on Multilateral Development Banks (MDBs):				
f)	Claims on Public Sector Entities (other than Government) in Bangladesh	120,716,000	60,358,000.00	157,132,822	78,566,411
g)	Claims on Banks and Non-bank Financial Institution (NBFI):				
i)	Original maturity over 3 months	2,843,907,658	1,084,382,372	3,176,508,100	1,310,148,100
ii)	Maturity less than 3 months	14,371,371,297	2,874,274,259	11,054,879,567	2,210,975,913
h)	Claims on Corporate (excluding equity exposure)	79,169,534,046	60,833,524,906	58,457,025,950	49,405,944,909
i)	Claims under Credit Risk Mitigation	3,723,196,872	504,125,746	4,151,019,618	322,302,029
	Fixed Risk Weight Groups:				
j)	Claims categorized as retail portfolio & Small Enterprise (excluding consumer loan)	34,868,429,035	26,151,321,777	30,346,823,518	22,760,117,638
k)	Consumer Loan	998,380,541	998,380,541	952,192,951	952,192,951
l)	Claims fully secured by residential property	1,124,918,562	562,459,281	971,051,673	485,525,837
m)	Claims fully secured by commercial real estate	2,714,567,855	2,714,567,855	3,184,952,559	3,184,952,559
n)	Past Due Claims (Risk weights are to be assigned net of specific provision):	2,650,066,662	3,241,397,250	2,992,560,125	4,213,007,714
o)	Investments in venture capital	1,535,712,017	2,303,568,026	1,040,780,140	1,561,170,209
p)	Claim on Capital Market Exposure	7,480,263,363	9,350,329,204	7,558,680,398	9,448,350,498
q)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	173,222,620	216,528,275	167,077,000	208,846,250
r)	Investments in premises, plant and equipment and all other fixed assets	4,172,564,367	4,172,564,367	4,229,520,560	4,229,520,560
s)	Claims on all fixed assets under operating lease	-	-	-	-
t)	All other assets	11,434,071,196	2,911,921,776	9,895,909,432	2,385,194,342
	Total	195,162,330,827	118,143,479,729	163,907,161,792	102,944,080,682

Detailed of Risk Weighted Assets under Basel II at 31 December 2013

Credit Risk - Off Balance Sheet

Sl.	Exposure Type	2013		2012	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
1	2			3	4
a)	Claims on Bangladesh Government and Bangladesh Bank	-	-	-	-
b)	Claims on other Sovereigns & Central Banks*	-	-	-	-
c)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-	-	-
d)	Claims on Multilateral Development Banks (MDBs):	-	-	-	-
e)	Claims on Public Sector Entities (other than Government) in Bangladesh	-	-	-	-
f)	Claims on Banks:	-	-	-	-
	i) Maturity over 3 months	-	-	-	-
	ii) Maturity less than 3 months	159,700,000	31,940,000	145,450,000	29,090,000
g)	Claims on Corporate (excluding equity exposure)	41,712,119,975	34,539,811,272	27,540,540,688	21,539,500,436
h)	Against retail portfolio & Small Enterprise (excluding consumer loan)	880,300,829	660,225,622	672,186,910	504,140,182
i)	Consumer Loan	2,020,000	2,020,000	36,184,688	36,184,688
j)	Claims fully secured by residential property	-	-	-	-
k)	Claims fully secured by commercial real estate	-	-	-	-
l)	Investments in venture capital	-	-	-	-
m)	Capital Market Exposure	-	-	-	-
n)	All other assets	-	-	-	-
Total		42,754,140,804	35,233,996,894	28,394,362,285	22,108,915,306

AB Bank Limited**Disclosures on Risk Based Capital (Basel II) based on 31 December 2013**

These disclosures have been made in accordance with the Bangladesh Bank BRPD Circular no. 35 of 29 December 2010 as to Guidelines on 'Risk Based Capital Adequacy for Banks' in line with Basel II.

1. Capital Adequacy under Basel-II

To cope with the international best practices and to make the Bank's capital more risk sensitive as well as more shock resilient, 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' (Revised regulatory capital framework in line with Basel II) have been introduced from January 01, 2009. Throughout the year 2009, Basel II reporting was parallel to Basel I which was the statutory requirement upto that year. However, beginning year 2010, Basel II became mandatory. Bangladesh Bank further reviewed the RBCA Guidelines on several occasions prior to Basel II became fully in force. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirements as stated in these guidelines have to be followed by all scheduled banks for the purpose of statutory compliance.

Above guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of the Bank Company (Amendment) Act, 2013 and also in accordance with "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" of June, 2006 (popularly known as 'Basel II Capital Adequacy Framework') released by Basel Committee on Banking Supervision (BCBS).

Basel II guidelines are structured on the following aspects:

- a) Minimum capital requirements to be maintained by a Bank against credit, market, and operational risks.
- b) Process for assessing the overall capital adequacy aligned with risk profile of a Bank as well as capital growth plan.
- c) Framework of public disclosure on the position of a Bank's risk profiles, capital adequacy, and risk management system.

2. Scope of application

Basel II guidelines apply to all scheduled banks on 'Solo' basis as well as on 'Consolidated' basis where-

- Solo Basis' refers to all position of the bank and its local and overseas branches/offices; and
- Consolidated Basis' refers to all position of the bank (including its local and overseas branches/offices) and its subsidiary company(ies) engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses, etc. (if any).

AB Bank followed the scope narrated above. Bank has Tier 1 and 2 capital structure at the moment.

3. Capital base

Regulatory capital has been categorized into three tiers: Tier 1, Tier 2, and Tier 3 respectively.

a) Tier 1 capital

Tier 1 capital called 'Core Capital' comprises of highest quality of capital elements that consists of:

- i) Paid up capital
- ii) Non-repayable share premium account
- iii) Statutory reserve
- iv) General reserve
- v) Retained earnings
- vi) Minority interest in subsidiaries
- vii) Non-cumulative irredeemable preference shares
- viii) Dividend equalization account

Bank's Core Capital comprises of the above elements except for 'Non-repayable share premium account' 'Non-cumulative irredeemable preference shares' and 'Dividend Equalisation Account'.

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.

AB Bank Limited

c) Tier 3 capital

Tier 3 capital called 'Additional Supplementary Capital', consists of short-term subordinated debt (original maturity less than or equal to five years but greater than or equal to two years) would be solely for the purpose of meeting a proportion of the capital requirements for market risk.

Bank has no Tier 3 capital as mentioned earlier.

4. Conditions for maintaining regulatory capital

The calculation of Tier 1 capital, Tier 2 capital, and Tier 3 capital is subject to the following conditions:

- a) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
- b) 50% 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 the Bank Company (Amendment) Act, 2013. 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) All Scheduled Banks in Bangladesh carrying its business in Bangladesh have to maintain the minimum required capital fixed by BB from time to time as per section 13 of Bank Company (Amendment) Act, 2013.
- 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 (10.80%)' as well as 'Consolidated (10.85%)' basis. Banks presents Tier I Capital ratio is 82.94% and 82.55% to total Capital on Solo and Consolidated basis respectively.

AB Bank Limited**8. a) Credit Risk**

Credit risk is the potential that a bank borrower or counterparty fails to meet its obligation in accordance with agreed term.

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

b) Methodology

Bangladesh Bank adopted Standardized Approach for calculating Risk Weighted Assets. The capital requirement for credit risk is based on the risk assessment made by external credit assessment institutions (ECAIs) recognized by BB for capital adequacy purposes. Banks are required to assign a risk weight to all their on-balance sheet and off-balance sheet exposures. Risk weights are based on external credit rating (solicited) which was mapped with the BB rating grade or a fixed weight that is specified by Bangladesh Bank.

c) Credit Risk Mitigation

AB Bank uses a number of techniques to reduce its credit risk to which the Bank is exposed. For example, exposures may be collateralized by first priority claims, in whole as in part with cash or securities, a loan exposure may be guaranteed by a third party. Additionally, Bank may agree to net loans owed to them against deposits from the same counterparty.

Bank uses Comprehensive Approach as adopted by the Central Bank. In this approach when taking collateral, Bank will need to calculate adjusted exposure to a counterparty for capital adequacy purposes in order to take account of the effects of that collateral. Using haircut, Bank is required to adjust both the amount of the exposure to the counterparty and the value of any collateral received in support of that counterparty to take account of possible future fluctuations in the value of either, occasioned by market movements. This will produce volatility adjusted amounts for both exposure and collateral.

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.

AB Bank Limited

11. Disclosure under Pillar III

Disclosure given below as specified by RBCA Guidelines dated 29 December 2010:

**A) Scope of Application
Qualitative Disclosure**

(a) The name of the top corporate entity in the group to which this guidelines applies.	AB Bank Limited
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk weighted)	<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>AB Bank Limited (ABBL)</p> <p>AB Bank Limited is one of the first generation private commercial banks (PCBs), incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and governed by the Bank Company (Amendment) Act 2013. The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange and Chittagong Stock Exchange respectively. AB Bank Limited has 89 Branches including 1 Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has six (06) subsidiary companies, AB Investment Limited, AB Securities Limited, CashLink Bangladesh Limited, AB International Finance Limited, incorporated in Hong Kong, AB Exchange (UK) Limited and Arab Bangladesh Bank Foundation.</p> <p>AB Investment Limited</p> <p>AB Investment Limited (ABIL), a Subsidiary of AB Bank Limited was incorporated under the Companies Act, 1994 on 24 December 2009 with a view to run and manage the operations of Merchant Banking Wing of AB Bank Limited independently. AB Investment Limited started its operation on 10 March 2010. AB Investment Limited has achieved an unparalleled reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationship. ABIL's Registered Office is located at WW Tower (Level 7), 68 Motijheel C.A., Dhaka. ABIL has two branch offices at Agrabad, Chittagong and Chowhatta, Sylhet.</p> <p>AB Securities Limited</p> <p>Brokerage business of Arab Bangladesh Bank Foundation has been transferred to the newly formed AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009. Main objective of the company is to act as a stock broker to buy and sell Securities, Bond, and Debenture etc. on behalf of clients. ABSL also manages its own portfolio under Stock Dealer License. ABSL is a member of both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. Respectively. ABSL started its operations independently on 02 August 2010, before that it operated under the ABBF License.</p> <p>Cashlink Bangladesh Limited</p> <p>Cashlink Bangladesh Limited (CBL) was incorporated on 24 September 2008 in Bangladesh under the Companies Act 1994 as a private company limited. AB Bank Limited presently holds 90% shares in CBL. The principal activity of the company is to install and operate a switched Automated Teller Machines (ATM) and Point of Sales (POS) network on behalf of a number of local and foreign banks enabling these member bank customers who are active cardholders to withdraw cash, make utility bill payments (e.g. water, gas, electricity and telephone bills) and to purchase commodity goods from any of the ATM and POS terminals established under the network.</p> <p>AB International Finance Limited</p> <p>AB International Finance Limited (ABIFL) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit 1201-B, 12/F, Admiralty Centre, Tower One, 18 Harcourt, Hong Kong.</p> <p>AB Exchange (UK) Limited</p> <p>AB Exchange (UK) Limited (ABEL) is a company incorporated and domiciled in United Kingdom (UK) and has its registered office 69 Whitechapel High Street, London, E1 7PL. Its registered number is 07272766 (England & Wales). ABEL is fully owned (100%) Subsidiary of AB Bank Limited.</p>

AB Bank Limited

Scope of Application (cont.)

(b)	Arab Bangladesh Bank Foundation Bank also has a Subsidiary (99.60% owned by AB Bank) for philanthropic/ CSR activities known as Arab Bangladesh Bank Foundation (ABBF). This has not been included in the Consolidation as ABBF operated only for philanthropic purpose and its profit is not distributable to the shareholders. Thus, for ensuring the fair presentation of the Financial Statements of the Parent Company (the Bank), the Financial Statements of ABBF has not been consolidated.
(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not Applicable
(d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Aggregate amount of Capital: Tk. 20,000,000 Name of Subsidiary: Arab Bangladesh Bank Foundation (ABBF)

B) Capital Structure

Qualitative Disclosure

(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.	<p>The terms and conditions of the main features of all capital instruments have been segregated in line with of the eligibility criteria set forth vide BRPD Circular No. 35 dated 29 December 2010 and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows:</p> <p>Tier 1 capital instruments</p> <p>Paid-up share capital: Issued, subscribed and fully paid up share capital of the Bank. It represents Paid up Capital, Right Shares as well as Bonus Shares issued from time to time.</p> <p>Statutory Reserve: As per Section 24(1) of the Bank Company (Amendment) Act, 2013, an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund.</p> <p>General reserve: Any reserve created through Profit and Loss Appropriation Account for fulfilling any purpose.</p> <p>Retained Earnings: Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p>Bank is complied in this respect.</p> <p>Tier 2 capital instruments</p> <p>General provision maintained against unclassified loans and off-balance sheet exposures: As per BB directive, amount of provision maintained against unclassified loans and off-balance sheet exposures as of the reporting date has been considered.</p> <p>Asset revaluation reserve: 50% of Assets Revaluation Reserve is considered as Tier 2 Capital. The revaluation of assets was formally conducted by the Professionally Qualified valuation firm and duly certified by the external auditor of the Bank.</p> <p>Revaluation reserves of securities: As per Bangladesh Bank's instruction, up to 50% of revaluation reserves of Governments securities has been considered as Tier 2 Capital. This comprises of revaluation results of HFT and HTM securities.</p>
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AB Bank Limited

Quantitative Disclosure

		Taka in Crore			
		2013		2012	
		Solo	Conso	Solo	Conso
(b) The amount of Tier 1 Capital, with separate disclosure of: (as of 31.12.2013).	> Paid up Capital > Non- repayable share premium account > Statutory reserve > General reserve > Retained earnings > Minority Interest in Subsidiaries > Non- cumulative irredeemable preference shares > Dividend equalization account	498 - 556 4 499 - - -	498 - 556 12 517 (2) - -	442 - 501 4 516 - - -	442 - 501 12 526 (2.02) - -
(c) Total amount of Tier II & Tier III Capital		1,557	1,581	1,463	1,479
(d) Other deduction from Capital		320	335	255	265
(e) Total eligible capital		-	2	-	2
		1,877	1,915	1,718	1,742

C) Capital Adequacy

Qualitative Disclosure

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.	Capital Adequacy is the cushion required to be maintained for covering the Credit risk, Market risk and Operational risk so as to protect the depositors and general creditors interest against such losses. In line with BRPD Circular No. 35 dated 29 December, 2010, the Bank has adopted Standardized Approach for Credit Risk, Standardized (Rule Based) Approach for Market Risk and Basic Indicator Approach for Operational Risk for computing Capital Adequacy.
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Quantitative Disclosure

		Taka in Crore			
		2013		2012	
		Solo	Conso	Solo	Conso
(b) Capital requirement for Credit Risk:		1,534	1,537	1,251	1,257
(C) Capital requirement for Market Risk:		66	79	75	88
(d) Capital requirement for Operational Risk:		139	148	140	153
(e) Total and Tier I Capital Ratio:					
> For the Bank alone		82.94%	-	85.15%	-
> For the consolidated group		-	82.55%	-	84.85%

D) Credit Risk

Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to credit risk, > Definitions of past due and impaired (for accounting purposes)	<p>Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.</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>Classified loan is categorized under following 03 (three) categories:</p> <ul style="list-style-type: none"> > Sub-standard > Doubtful > Bad & Loss <p>Any continuous loan will be classified as:</p> <ul style="list-style-type: none"> > 'Sub-standard' if it is past due/over due for 3 months or beyond but less than 6 months. > 'Doubtful' if it is past due/over due for 6 months or beyond but less than 9 months. > 'Bad/Loss' if it is past due/over due for 9 months or beyond.
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AB Bank Limited

(a) cont.	<p>Any Demand Loan will be classified as:</p> <p>> 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.</p> <p>> 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.</p> <p>> Bad/Loss' if it remains past due/overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of forced loan.</p> <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> <p>> 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".</p> <p>> 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".</p> <p>> If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 9 (nine) months, the entire loan will be classified as "Bad/Loss".</p> <p>If any Fixed Term Loan is repayable on monthly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 06 monthly installments. Similarly, if the loan is repayable on quarterly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 2 quarterly installments.</p>						
> Description of approaches followed for specific and general allowances and statistical methods	Types of loans and advances		Provision				
			UC	SMA	SS	DF	BL
	Consumer	House building and professionals to setup business	2%	2%	20%	50%	100%
		Other than Housing Finance & Professionals to setup business	5%	5%	20%	50%	100%
	Provision for loan to Brokerage House, Merchant Banks, Stock dealers		2%	2%	20%	50%	100%
	Short-term agri-credit and micro credit		5%	-	5%	5%	100%
	Small & Medium Enterprise Finance		0.25%	0.25%	20%	50%	100%
	Others		1%	1%	20%	50%	100%
> Discussion of the Bank's credit risk management policy	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.						

Quantitative Disclosure		2013		2012	
		In %	Taka (Cr)	In %	Taka (Cr)
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	0.1451918	2034.446289	0.1605548	1702.93698
	Cash Credit	8.8377E-05	1.238345008	0.0004474	4.74582318
	Time loan	0.29592078	4146.48035	0.2813431	2984.08661
	Term loan	0.38493569	5393.768764	0.3998955	4241.52228
	Blc	0.00225174	31.55170443	0.0025785	27.3489781
	TR	0.09387301	1315.360732	0.1027673	1090.00894
	Packing credit	0.0028777	40.32273568	0.0036323	38.526249
	Loan-accp bills	0.05248254	735.3921361	0.0246652	261.613165
	Consumer Loan	0.01026944	143.8967224	0.0124038	131.561972
	Staff Loan	0.00459003	64.31616483	0.0051881	55.0274965
	Bills Purchased & Discounted	0.0075189	105.3558066	0.006524	69.1973923
Total		100%	14,012	100%	10,607

AB Bank Limited

		2013		2012	
		In %	Taka (Cr)	In %	Taka (Cr)
(C) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	Urban Branches				
	Dhaka	65%	8766	68%	6,993
	Chittagong	25%	3462	21%	2,134
	Khulna	4%	483	4%	418
	Sylhet	2%	209	2%	191
	Barisal	0%	38	0%	32
	Rajshahi	3%	359	3%	264
	Rangpur	2%	265	2%	221
		100%	13,582	100%	10,253
	Rural Branches				
	Dhaka	85%	307	85%	252
	Chittagong	12%	45	12%	36
	Khulna	0%	-	-	-
	Sylhet	2%	8	3%	7
	Barisal	0%	-	-	-
	Rajshahi	0%	-	-	-
		100%	359	100%	295
	Outside Bangladesh				
	ABBL, Mumbai Branch	0.50%	70	0.55%	58
		100%	14,012	100%	10,607
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Agriculture	2%	280	2%	261
	Large and medium scale industry	21%	3,011	21%	2,216
	Working capital	0%	28	18%	1,957
	Export	1%	133	1%	142
	Commercial lending	25%	3,503	33%	3,549
	Small and cottage industry	0%	63	0%	48
	Others	50%	6,994	23%	2,433
		100%	14,012	100%	10,607
(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand	2%	213	1%	78
	– upto 3 months	39%	5,499	41%	4,316
	– over 3 months but below 1 year	40%	5,668	24%	2,584
	– over 1 year but below 5 years	16%	2,286	27%	2,889
	– over 5 years	2%	346	7%	740
		100%	14,012	100%	10,607
(f) By major industry or counterparty type:	Amount of impaired loans and if available, past due loans, provided separately				
	i.	0.03368454	471.9920922	0.0379695	402.727055
	ii. Specific and general provisions		398.03		231.83
	iii. Charges for specific allowances and charge-offs during the period		166.71		71.21
(q) Gross Non Performing Assets (NPAs)	Non Performing Assets (NPAs)	2013		2012	
	Outstanding Loans & advances	471.99		352.23	
	Movement of Specific Provision for Non Performing Assets (NPAs)				
	Opening Balance	101.54		103.05	
	Provision made during the period	122.87		71.18	
	Write - off	-		80.01	
	Transferred from other assets provisions	-		6.00	
	Transfer from General Provisions	-		1.32	
	Closing balance	224.41		101.54	
	Provision held by Mumbai Branch	2.88		3.33	
		227.29		104.87	

AB Bank Limited

E) Equities: Disclosures for Banking Book Positions

Qualitative Disclosure

<p>(a) The general qualitative disclosure requirement with respect to the equity risk, including:</p> <p>> differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and</p> <p>> 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.</p>	<p>Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.</p> <p>Quoted shares are valued at cost. Necessary provision is maintained if market price fall below the cost price. Unquoted shares are valued at cost.</p>
<p>(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.</p>	<p>Not Applicable</p>
<p>(C) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period (2013).</p>	<p>Taka in Crore</p> <p>9.06</p>
<p>(d)</p> <p>> Total unrealized gains (losses)</p> <p>> Total latent revaluation gains (losses)</p> <p>> Any amounts of the above included in Tier 2 capital</p>	<p>(199.38)</p> <p>Nil</p> <p>Nil</p>
<p>(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</p>	<p>Nil</p>

AB Bank Limited

Interest rate risk in the banking book (IRRBB)

Qualitative Disclosure

(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	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. 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%.
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Quantitative Disclosure

Taka in Crore

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).		2013	2012
	Market Value of Assets	20,461	17,089
	Market Value of Liability	19,011	15,706
	Weighted Avg. Duration GAP	0.47	0.53
	CAR after different level of Shocks:		
	Minor Level	10.35%	11.24%
	Moderate Level	9.91%	10.74%
	Major Level	9.46%	10.24%

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 in Crore

(b) The capital requirements for:	2013	2012
Interest rate risk	14.31	7.98
Equity position risk	51.06	61.99
Foreign exchange risk	1.03	4.64
Commodity risk	-	-
	66.40	74.61

AB Bank Limited

Operational Risk

Qualitative Disclosure

(a) > Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board oversees the activities of Internal Control & Compliance Division (ICCD) to protect against all operational risk.
> Performance gap of executives and staffs	AB has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. AB's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.
> Potential external events	No potential external events is expected to expose the Bank to significant operational risk.
> Policies and processes for mitigating operational risk	The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh bank. Policy guidelines on Risk Based Internal Audit system is in operation as per RBA branches are rated according to their risk status and branches scoring more on risk status are subjected to more frequent audit by Internal Control & Compliance Division (ICCD). It is the policy of the bank to put all the branches of the bank under any form of audit at least once in a year. ICCD directly report to Audit Committee of the Board. In addition there is a Vigilance Cell established in 2009 to reinforce operational risk management of the bank. Bank's Anti-Money laundering activities are headed by CAMELCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.
> Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.

Quantitative Disclosure

		Taka in Crore
(b) The capital requirements for Operational Risk	<div>2013</div> <div>138.54</div>	<div>2012</div> <div>139.78</div>

AB BANK LIMITED
Mumbai Branch
Balance Sheet
As at 31 December 2013

<u>PROPERTY AND ASSETS</u>	31.12.2013 INR	31.12.2012 INR
Cash	16,700,309	21,954,876
In hand (including foreign currencies)	3,457,922	3,753,016
Balance with Reserve Bank India (including foreign currencies)	13,242,387	18,201,860
Balance with other banks and financial institutions	417,447,040	415,233,839
In India	18,562,900	10,304,161
Outside India	398,884,141	404,929,678
Money at call and on short notice	152,500,000	255,000,000
Investments	289,297,760	301,328,961
Government	260,997,760	256,878,961
Others	28,300,000	44,450,000
Loans and advances	561,350,888	398,377,545
Loans, cash credits, overdrafts, etc.	169,290,025	225,511,218
Bills purchased and discounted	392,060,863	172,866,327
Fixed assets including premises, furniture and fixtures	9,179,425	11,525,933
Other assets	313,449,715	314,154,394
Non-banking assets	-	-
Total Assets	1,759,925,137	1,717,575,548
<u>LIABILITIES AND CAPITAL</u>		
Liabilities		
Borrowings from other banks, financial institutions and agents	-	-
Deposits and other accounts	798,632,898	847,609,976
Current deposits	613,207,142	671,933,661
Demand deposits	1,593,218	6,739,082
Bills payable	639,396	781,693
Savings deposits	13,988,057	6,354,495
Fixed deposits	169,205,084	159,440,787
Other deposits	-	2,360,256
Other liabilities	153,200,949	143,242,849
Total Liabilities	951,833,846	990,852,825
Capital/Shareholders' Equity		
Total Shareholders' Equity	808,091,291	726,722,723
Paid-up capital	369,822,602	369,822,602
Statutory reserve	143,959,000	123,985,000
Other reserve	-	8,108,000
Retained earnings	294,309,689	224,807,121
Total Liabilities and Shareholders' Equity	1,759,925,137	1,717,575,548

AB BANK LIMITED
Mumbai Branch
Profit and Loss Account
For the year ended 31 December 2013

	2013	2012
	INR	INR
OPERATING INCOME		
Interest income	49,015,158	51,922,711
Interest paid on deposits and borrowings, etc.	(16,025,142)	(11,258,453)
Net interest income	32,990,016	40,664,258
Investment income	20,755,575	14,818,710
Commission, exchange and brokerage	204,951,262	179,607,316
Other operating income	2,516,023	2,737,663
	228,222,860	197,163,689
Total operating income (a)	261,212,876	237,827,947
OPERATING EXPENSES		
Salary and allowances	12,635,526	12,352,499
Rent, taxes, insurance, electricity, etc.	11,014,164	4,302,717
Legal expenses	136,326	95,900
Postage, stamps, telecommunication, etc.	5,210,650	5,411,767
Stationery, printing, advertisement, etc.	1,753,713	2,445,210
Auditors' fees	782,082	1,048,195
Depreciation and repairs of Bank's assets	8,427,821	8,219,811
Other expenses	79,517,397	61,189,916
Total operating expenses (b)	119,477,679	95,066,015
Profit before provision (c = a-b)	141,735,197	142,761,932
Provision against loans and advances	91,700	262,100
Provision for investments Fluctuation reserve	-	-
Other provisions	1,200,000	-
Total provision (d)	1,291,700	262,100
Profit before taxation (c-d)	140,443,497	142,499,832
Provision for taxation	59,074,929	48,930,729
Current tax	60,338,200	52,382,316
Excess provision written back	-	(3,565,792)
Deferred tax	(1,263,271)	114,205
Net profit after taxation	81,368,568	93,569,103

AB BANK LIMITED
Islami Banking Branch
Balance Sheet
As at 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
PROPERTY AND ASSETS		
Cash in hand	224,775,049	129,226,727
Cash in Hand (Including foreign currencies)	2,105,262	2,414,895
Balance with Bangladesh Bank and its Agent Banks	222,669,787	126,811,832
Balance with Other Banks and Financial Institutions	4,565,622,862	5,502,843,390
In Bangladesh	4,565,622,862	5,502,843,390
Outside Bangladesh	-	-
Placement with other Banks & Financial Institutions	-	-
Investment in shares & securities	192,000,000	109,800,000
Government	192,000,000	109,800,000
Others	-	-
Investments	3,296,046,079	2,453,338,923
General Investments etc.	3,296,046,079	2,449,469,179
Bills Purchased & Negotiated	-	3,869,744
Fixed Assets including Premises	11,637,075	13,002,579
Other Assets	94,807,575	144,682,075
Non-Banking Assets	-	-
Total Assets	8,384,888,641	8,352,893,694
LIABILITIES		
Liabilities		
Placement from Banks (BGIIB)& Other Financial Institutions	1,810,228,912	3,000,800,000
Deposits and Other Accounts	6,542,777,785	5,341,843,049
Mudaraba Savings Deposits	61,290,349	52,966,084
Mudaraba Term Deposits	4,578,456,124	5,038,999,492
Other Mudaraba Deposits	1,828,085,289	202,618,998
Al-Wadeeah Current and Other Deposit Accounts	70,557,429	44,190,175
Bills Payable	4,388,594	3,068,300
Other Liabilities	31,881,943	10,250,645
Total Liabilities	8,384,888,641	8,352,893,694

AB BANK LIMITED
Islami Banking Branch
Profit and Loss Account
As at 31 December 2013

	2013 Taka	2012 Taka
Investment Income	899,056,329	985,278,263
Profit paid on Deposits	725,424,547	724,872,628
Net Investment Income	173,631,782	260,405,635
Income from Investments in Shares/Securities	10,250,237	1,793,084
Commission, Exchange and Brokerage	19,403,895	52,957,655
Other Operating Income	2,547,183	1,316,342
Total Operating Income	205,833,097	316,472,716
Operating Expenses		
Salaries and Allowances	22,117,116	20,781,477
Rent, Taxes, Insurance, Electricity etc.	1,395,800	1,410,564
Legal Expenses	-	10,000
Postage, Stamps, Telecommunication etc.	338,871	328,740
Stationeries, Printing and Advertisement etc.	1,012,313	1,415,336
Directors' Fees & Expenses	-	-
Shariah Supervisory Committee's Fees & Expenses	134,536	148,333
Auditors' Fees	-	-
Charges on investment Losses	-	-
Depreciation and repair to Bank's Assets	2,726,100	2,772,124
Zakat Expenses	-	-
Other Expenses	6,272,704	5,958,985
Total Operating Expenses	33,997,441	32,825,559
Profit before Provisions	171,835,656	283,647,157

AB Bank Limited
Islami Banking Branch
Profit paid on deposits

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

In the year 2013 final profit has been paid to the depositors as per following weightage and rates:

Types of Deposit	Weightage	Final Rate of Profit (%)
1. Mudaraba Savings Deposits	0.46	5.51
2. Mudaraba Special Notice Deposits		
a. General	0.33	4.01
b. Inter - Bank	0.25 to 0.45	3.00 to 5.50
3. <u>Mudaraba Term Deposits</u>		
a. <u>General</u>		
• 36 Months	1.04	12.51
• 24 Months	1.043 to 1.25	12.51 to 15.02
• 12 Months	1.00 to 1.25	12.01 to 15.02
• 6 Months	0.92 to 1.04	11.01 to 12.51
• 3 Months	0.92 to 1.04	11.01 to 12.51
• 1 Month	0.78 to 1.04	9.31 to 12.51
b. <u>Inter - Bank</u>		
• 12 Months	0.42 to 1.00	5.00 to 12.00
• 6 Months	0.50 to 0.86	6.00 to 10.50
4. Mudaraba Probable Millionaire Scheme	1.00 to 1.04	12.01 to 12.51
5. Mudaraba Quarterly Profit Paying Scheme	1.00	12.01
6. Mudaraba Hajj Deposit Scheme	1.00 to 1.11	12.01 to 13.36
7. Mudaraba Pension Deposit Scheme	0.83 to 1.04	10.00 to 12.51
8. Mudaraba Monthly Profit Payment Scheme	1.00 to 1.11	12.01 to 13.36
9. Mudaraba Cash WAQF Deposit	1.00 to 1.04	12.01 to 12.51

A competent Shariah Supervisory Committee consisting of Islamic scholars, Ulema, Fuqaha and Islamic bankers headed by **Mr. Shah Abdul Hannan**, a prominent Islamic scholar and former Secretary, Government of Bangladesh guides the Islamic banking operations of the bank. During the year 2013, Shariah Supervisory Committee met in 4 (four) meetings (2 meetings of full Committee and 2 meetings of it's Standing Committee) and reviewed different operational issues. The Committee also audited the branch through it's Muraquib and reviewed the audit report in it's regular meeting. Shariah Supervisory Committee observed that both the officials and clients of the branch became more cautious about the compliance of Shariah Principles.

**AB Bank Limited
Custodian Wing
Balance Sheet
As at 31 December 2013**

	31.12.2013 Taka	31.12.2012 Taka
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total Non Current Assets	-	-
Current Assets		
Cash and Bank Balances	-	-
Advance, Deposit and Prepayments	-	-
Accounts Receivables	10,219,252	6,262,402
Total Current Assets	10,219,252	6,262,402
Total Assets	10,219,252	6,262,402
LIABILITIES		
Non-Current Liabilities	-	-
Current Liabilities		
Payable to AB Bank	6,486,708	2,551,668
Accounts Payable	3,653,194	3,653,194
Provision for Audit Fees	79,350	52,900
Others	-	4,640
Total Current Liabilities	10,219,252	6,262,402
Total Liabilities	10,219,252	6,262,402

AB Bank Limited
Custodian Wing
Profit and Loss Account
For the year ended 31 December 2013

	2013	2012
	Taka	Taka
Operating Income		
Commission, exchange and brokerage	4,907,075	128,727
Total Operating Income	4,907,075	128,727
Operating Expenses		
Rent, taxes and insurance	10,000	-
Auditor's fees	26,450	52,900
Other expenses	109,127	20,521
Total operating expenses	145,577	73,421
Net Profit	4,761,498	55,306
Provision for taxation	-	-
Net profit after taxation	4,761,498	55,306

AB Bank Limited
Off-Shore Banking Unit (OBU)

Balance Sheet
As at 31 December 2013

PROPERTY AND ASSETS	31.12.2013 Taka	31.12.2013 USD	31.12.2012 Taka	31.12.2012 USD
Cash	-	-	-	-
Cash in Hand (Including foreign Currencies)	-	-	-	-
Balance with Bangladesh Bank and its agent Bank(s)	-	-	-	-
Balance with Other Banks and Financial Institutions	31,297,084	402,535	3,994,075	50,020
In Bangladesh	191,954	2,469	61,257	3,826
Outside Bangladesh	31,105,130	400,066	3,932,818	46,194
Investment	-	-	-	-
Loans and Advances:	6,801,040,792	87,937,514	647,659,835	8,110,966
Loans & Advances - Regular	6,837,141,717	87,937,514	647,659,835	8,110,966
Bills Purchased & Discounted	-	-	-	-
Premises and Fixed Assets (WDV)	-	-	-	-
Premises and Fixed Assets (Cost)	-	-	-	-
Accumulated Depreciation	-	-	-	-
Other Assets:	50,965,308	191,182	6,956,521	87,120
Accrued Interest	-	-	6,862,476	85,942
Pre-paid Advances	91,572	1,178	94,045	1,178
Miscellaneous	14,772,811	190,004	-	-
Total Assets	6,883,303,184	88,531,231	658,610,431	8,248,106
LIABILITIES AND CAPITAL				
Liabilities:				
Borrowing from Bank & Financial Institutions:	6,630,001,101	85,273,326	632,749,606	7,924,238
In Bangladesh	3,280,369,579	42,191,249	632,749,606	7,924,238
Outside Bangladesh	3,349,631,522	43,082,077	-	-
Deposits and Other Accounts:	214,616,206	2,760,337	5,613,397	70,299
Demand Deposits	4,225,849	54,352	5,445,712	68,199
Demand Deposits - Others	194,771,744	2,505,103	167,685	2,100
Savings Deposits	-	-	-	-
Fixed Term Deposits - FDR	-	-	-	-
Other Term Deposit - NFCB	15,618,613	200,882	-	-
Other Deposits	-	-	-	-
Total Liabilities	6,844,617,308	88,033,663	638,363,003	7,994,537
Capital and Shareholders' Equity:				
Retained Earnings	38,685,876	497,568	20,247,428	253,569
Total Shareholders' Equity	38,685,876	497,568	20,247,428	253,569
Total Liabilities and Shareholders' Equity	6,883,303,184	88,531,231	658,610,431	8,248,106

AB Bank Limited
Off-Shore Banking Unit (OBU)

Profit and Loss Account
For the year ended 31 December 2013

	2013 Taka	2013 USD	2012 Taka	2012 USD
Interest income	125,777,076	1,617,095	22,518,940	282,016
Interest paid on deposits and borrowing etc.	94,041,883	1,208,702	14,804,327	185,402
Net Interest income	31,735,193	408,393	7,714,613	96,614
Commission, exchange and brokerage	10,874,968	138,892	14,306,086	179,162
Other operating income	1,297,409	16,610	393,660	4,930
Total operating income	43,907,570	563,895	22,414,359	280,706
Salaries and allowances	2,906,186	37,261	1,985,758	24,869
Rent, taxes, insurance, electricity etc.	-	-	-	-
Postage, stamps, telecommunication etc.	301,023	3,860	180,181	2,257
Stationeries, printing, advertisement etc.	-	-	-	-
Depreciation and repair of bank's assets	-	-	-	-
Other expenses	1,959,799	25,206	992	12
Total operating expenses	5,167,009	66,327	2,166,931	27,138
Net Profit	38,740,561	497,568	20,247,428	253,569

AB Investment Limited

Statement of Financial Position
As at 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
ASSETS		
Non-Current Assets		
Property, plant and equipment	539,132,463	551,947,944
Investment in shares	747,286,336	740,381,829
Deferred revenue expenditure	2,887,754	4,171,190
Total non-current assets	1,289,306,553	1,296,500,963
Current Assets		
Loans to clients	7,136,710,118	7,585,189,288
Advances, deposits and prepayments	114,473,991	96,487,479
Receivable from brokers	61,933,071	44,357,686
Advance income tax	232,525,936	90,528,170
Cash and cash equivalents	468,555	611,494
Total current assets	7,546,111,671	7,817,174,117
Total assets	8,835,418,224	9,113,675,081
EQUITY AND LIABILITIES		
Paid-up capital	99,900,000	99,900,000
Retained earnings	449,414,904	656,771,294
Share money deposit	4,900,100,000	4,900,100,000
Total equity	5,449,414,904	5,656,771,294
Non-current liabilities		
Provident fund, gratuity fund and recreation club	4,517,656	3,773,765
Current Liabilities		
Borrowing from banks	2,450,299,268	2,548,509,568
Liabilities for expenses	5,514,781	17,408,277
Payable against sales proceeds of shares	61,933,071	46,857,687
Provision for taxation	282,093,292	216,953,723
Provision for unclassified loans and investment	253,286,210	187,363,878
Credit balance with clients' accounts	78,359,042	79,036,889
Other liability	250,000,000	357,000,000
Total current liabilities	3,381,485,664	3,453,130,022
Total liabilities	3,386,003,320	3,456,903,787
Total shareholders' equity and liability	8,835,418,224	9,113,675,081

AB Investment Limited

Statement of Comprehensive Income For the year ended 31 December 2013

	2013 Taka	2012 Taka
Operating income		
Interest income	496,099,614	807,716,223
Management fee	9,156,504	82,384,201
Transaction/Settlement fee	28,216,360	45,223,575
Other operating income	127,378	275,189
Total operating income (A)	533,599,855	935,599,188
Operating expenses		
Salary and allowances	13,984,291	15,676,535
Audit and consultancy	324,750	263,700
Administrative expenses	33,008,530	33,150,644
Financial expense	309,363,880	322,212,573
Total operating expenses (B)	356,681,451	371,303,452
Net- operating income (C=A-B)	176,918,407	564,295,736
Non operating income (D)	2,927,653	-
Investment income (E)	(6,140,546)	14,247,525
Profit before provision for loans and investment (F=C+D+E)	173,705,514	578,543,261
Provision for investment	65,922,332	38,161,624
Total provision for loans and investment (G)	65,922,332	38,161,624
Net profit before taxation for the year (F-G)	107,783,182	540,381,637
Provision for taxation	65,139,569	216,953,723
Current tax	51,500,604	201,609,426
Deferred tax	13,638,965	15,344,297
Net profit after taxation for the year	42,643,613	323,427,914
Earnings Per Share (EPS)	4.27	32.38

AB Securities Limited

Statement of Financial Position As at 31 December 2013

Sources of Fund	31.12.2013 Taka	31.12.2012 Taka
<u>Shareholders' Equity</u>		
Share Capital	35,000,000	35,000,000
Share Money Deposit	165,000,000	165,000,000
Investments Revaluation Reserve	102,024,360	-
Retained Earnings	161,935,908	208,980,372
Total Shareholders' Equity	463,960,268	408,980,372
<u>Application of Fund</u>		
<u>Non Current Assets</u>		
Property, Plant & Equipment	12,336,706	17,583,535
Preliminary Expenses	308,898	617,790
	12,645,604	18,201,325
<u>Investments</u>	169,743,905	67,495,080
<u>Current Assets</u>		
Cash and Cash Equivalents	235,038,763	117,301,459
Advances, Deposits & Prepayments	2,886,577	3,772,681
Advance Income Tax	57,980,872	78,137,933
Other Current Assets	1,134,569,505	1,098,623,504
	1,430,475,717	1,297,835,577
<u>Current Liabilities and Provisions</u>		
Accrued Expenses	26,068,738	1,462,919
Provision for Income Tax	60,416,534	105,674,282
Other Liabilities	1,062,419,687	867,414,408
	1,148,904,958	974,551,609
Net Current Assets	281,570,759	323,283,968
Total Application of Fund	463,960,268	408,980,372

AB Securities Limited

Statement of Comprehensive Income For the year ended 31 December 2013

	2013 Taka	2012 Taka
OPERATING INCOME	76,743,407	171,661,482
Brokerage Commission	51,560,311	63,805,577
Interest Income	22,674,879	105,551,083
Investment Income	76,744	357,905
Other Operating Income	2,431,473	1,946,917
OPERATING & OTHER EXPENSES	60,199,598	50,241,298
Operating Expenses	49,204,099	43,791,759
Other Financial Expenses	5,706,171	1,142,044
Depreciation on Property, Plant & Equipment	5,289,328	5,307,496
Profit Before Provision	16,543,808	121,420,184
PROVISION:		
For Diminution in Value of Investments	623,795	12,003,786
Profit Before Taxation	15,920,013	109,416,398
Provision for Taxation	12,829,631	46,395,043
Current Tax	14,473,969	45,942,565
Deferred Tax	(1,644,338)	452,478
Net Profit After Taxation	3,090,382	63,021,355
Earnings Per Share (EPS)	0.88	18.01

Cashlink Bangladesh Limited and its Subsidiary

Consolidated Statement of Financial Position As at 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
<u>ASSETS</u>		
Non Current Assets		
Property, Plant and Equipment	5,144,637	27,396,101
Intangible Assets	5,219,071	31,126,688
Total Non Current Assets	10,363,708	58,522,788
Current Assets		
Cash & Bank Balances	8,057,832	5,670,009
Investment in Share	24,571,230	26,932,725
Advance, Deposit & Prepayment	3,452,502	2,399,441
Advance Tax	22,844,543	17,571,462
Accounts Receivable	10,569,916	3,316,751
Total Current Assets	69,496,023	55,890,388
Total Assets	79,859,731	114,413,174
<u>EQUITY AND LIABILITIES</u>		
Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Loss	(442,254,776)	(489,608,853)
Total Equity	(200,054,776)	(247,408,853)
Liabilities		
Non-Current Liabilities		
Long Term Loan	9,742,006	9,742,006
Current Liabilities		
Accrued Expenses	181,600	7,850,399
Accounts Payable	-	60,211
VAT Deducted at Source	448,731	159,230
Provision for Taxes	1,301,134	769,153
Short Term Loan from Bank	268,241,029	343,241,029
Total Current Liabilities	270,172,495	352,080,022
Total Liabilities	279,914,501	361,822,027
Total Equity and Liabilities	79,859,731	114,413,174

Cashlink Bangladesh Limited and its Subsidiary**Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013**

	2013 Taka	2012 Taka
Revenue	105,208,939	42,372,417
Less: Operating Expenses	53,547,740	85,677,585
General and Administration Expenses	4,961,567	26,240,677
Net Operating Profit / (Loss)	46,699,631	(69,545,844)
Add: Other Income	1,187,352	18,078,002
Net Profit / (Loss)	47,886,983	(51,467,843)
Less: Financial Expenses	-	328,748
Other Expenses	921	1,185,548
Net Profit/(Loss) before tax	47,886,062	(52,982,139)
Income Tax Expenses	531,981	318,963
Net Profit/(Loss) after Tax	47,354,081	(53,301,101)

AB International Finance Limited

Balance Sheet As at 31 December 2013

	31.12.2013 HK\$	31.12.2012 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	29,850	48,854
CURRENT ASSETS		
Discounted bills receivable	152,565,102	161,083,199
Deposits, prepayments and other receivable	704,193	810,128
Tax refundable	-	87,805
Cash and bank balances	139,221	4,012,505
	153,408,516	165,993,637
CURRENT LIABILITIES		
Accrued liabilities and other payables	5,140,470	4,464,774
Deferred interest income	1,136,876	1,554,382
Provision for long service payments	500,573	485,631
Due to ultimate holding company	125,596,500	141,205,000
Tax payable	453,540	-
	132,827,959	147,709,787
NET CURRENT ASSETS	20,580,557	18,283,850
	20,610,407	18,332,704
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	11,484,544	9,206,841
Capital Reserve	7,561,959	7,561,959
	20,610,407	18,332,704

AB International Finance Limited

Profit and Loss Account For the year ended 31 December 2013

	2013 HK\$	2012 HK\$
Interest income	10,122,298	8,151,868
Interest expenses	(1,455,857)	(1,094,387)
Net interest income	8,666,441	7,057,481
Other operating income	9,385,744	7,981,768
Total operating income	18,052,185	15,039,249
Staff costs	(1,896,930)	(1,806,778)
Depreciation	(24,641)	(25,158)
Provision for long service payments	(14,942)	(18,677)
Other operating expenses	(2,368,906)	(2,175,113)
Total operating expenses	(4,305,419)	(4,025,726)
Profit before taxation	13,746,766	11,013,523
Income tax	(2,262,222)	(1,806,682)
Profit for the year	11,484,544	9,206,841
Retained earnings at start of the year	563,904	563,904
Dividends	(11,484,544)	(9,206,841)
Retained earnings at the end of the year	563,904	563,904

AB Exchange (UK) Limited

Balance Sheet **As at 31 December 2013**

	31.12.2013 GBP	31.12.2012 GBP
FIXED ASSETS		
Tangible Assets	55,434	81,876
	55,434	81,876
Current Assets		
Debtors	10,515	10,457
Cash at Bank and in Hand	34,028	34,055
	44,543	44,512
Creditors		
Amounts falling due within one year	(25,993)	(52,698)
	18,550	(8,186)
Net Current Assets/(Liabilities)		
	73,984	73,690
CREDITORS		
Amounts falling due after more than one year	(50,000)	(50,000)
	23,984	23,690
Net Assets		
	23,984	23,690
CAPITAL AND RESERVES		
Called up share capital	300,000	250,000
Profit and loss account	(276,016)	(226,310)
	23,984	23,690
SHAREHOLDERS' FUND		
	23,984	23,690

AB Exchange (UK) Limited**Profit and Loss Statement
For the year ended 31 December 2013**

	2013 GBP	2012 GBP
Turnover	47,327	22,976
Gross Profit	47,327	22,976
Administrative expenses	(97,033)	(119,336)
Operating Loss	(49,706)	(96,360)
Loss on ordinary activities before taxation	(49,706)	(96,360)
Tax on loss on ordinary activities	-	-
Net Loss	(49,706)	(96,360)

Arab Bangladesh Bank Foundation
Statement of Financial Position

As at 31 December 2013

	31.12.2013 Taka	31.12.2012 Taka
Sources of Funds		
Shareholders' Equity		
Share Capital	20,000,000	20,000,000
Retained Earning	441,724,412	410,853,789
Total Shareholders' Equity	461,724,412	430,853,789
Application of Funds		
Fixed Assets less accumulated depreciation	13,543,492	13,543,492
Current Assets, Loans and Advances		
Balance with other Bank	52,474,447	94,147,738
Other current assets	350,000,000	350,000,000
Advances, deposit and prepayment	121,262,138	54,608,221
Accrued interest on FDR	943,726	1,026,754
Accrued interest on Investment in ABSL	24,500,000	-
	549,180,311	499,782,713
<u>Less:</u> Current Liabilities and Provisions:		
Liabilities for expenses	142,100	137,500
Other Liabilities	559,533	559,533
Provision for Tax	100,297,758	81,775,383
	100,999,391	82,472,416
Net Current Assets	448,180,920	417,310,297
Total Application of Fund	461,724,412	430,853,789

Arab Bangladesh Bank Foundation
Statement of Comprehensive Income
For the year ended 31 December 2013

	2013 Taka	2012 Taka
Income	56,485,280	51,231,967
Interest Income	56,485,280	51,231,967
Other Operating Income	-	-
Less: Operating and Other Expenses	7,092,283	12,974,242
Operating Expenses	445,650	389,100
Financial Charge	11,157	12,167
Other Expenses	6,635,476	12,572,975
Depreciation on Fixed Assets	-	-
Profit before Tax	49,392,997	38,257,725
Provision for Taxation		
Current Tax	18,522,374	14,346,647
Profit after taxation	30,870,623	23,911,078

**Name of the Directors and entities in which they had interest
As of 31 December 2013**

Sl. No.	Name	Status	Name of Firms / Companies in which interested as pro-prietor/partner/director/managing agent/guarantor/employees etc
1	Mr. M. Wahidul Haque	Chairman	Chairman:
			1) AB Bank Limited
			2) AB Investment Limited
			3) AB Securities Limited
			4) Cashlink Bangladesh Limited
			5) AB Exchange(UK) Ltd., London, UK.
			Managing Director:
			6) Deundi Tea Company (UK) Ltd.
			7) Noyapara Tea Co. Limited.
2	Mr. Salim Ahmed	Vice-Chairman	1) Super Refinery (Pvt.) Ltd.
			2) Elite Super Plastic Ind.(pvt.) Ltd
			3) Super Sea Fish (Pvt.) Ltd.
			4) Super Share & Securities Ltd.
			5) Elite Properties Management Ltd.
			6) Elite Paint & Chemical Industries Ltd.
			7) Hexagon Chemical Complex Ltd.
			8) Elite International Ltd.
			9) Supertel Limited
			10) AB Securities Ltd.
			11) AB Investment Limited
3	Mr. Feroz Ahmed	Director	1) AB international Finance Ltd., Hongkong- as Chairman, Nominated by AB Bank Ltd.
			2) Hexagaon Chemical Complex Ltd.
			3) Elite Chemical Ind. Ltd.
			4) Elite International Ltd
			5) Ahemd Securities Services Ltd.
			6) Universal Shipping & Trawling Company
			7) Bangladesh General Insurance Company Ltd.
			8) Holy Crescent Hospital
4	Mr. M. A. Awal	Director	1) AB International Finance Ltd, Hongkong, - as Director Nominated by AB Bank Ltd.
5	Mr. Shishir Ranjan Bose, FCA	Independent Director	1) S.R. Bose & Co. - Chartered Accountants as Proprietor
			2) AB Securities Ltd. - As Independent Director.
			3) Cashlink Bangladesh Ltd. - As Independent Director
			4) AB Exchange (UK) - As Independent Director
			5) Therapeutics (Bangladesh) Ltd - As Independent Director (Nominated by AB Bank Ltd. for Sl. No. 2,3&4)
6	Mr. Faheemul Huq, Barrister-at-Law	Director	N/A
7	Mr. Syed Afzal Hasan Uddin, Barrister-at-Law	Director	1) AB Exchange (UK) Ltd - As nominee Director
			2) Millennium Aviation Ltd.- As nominee Director
			3) Managewell Holdings Ltd.
			4) Managewell Investment Ltd.
			5) Managewell Communication Ltd.
			6) Managewell Services Ltd.
			7) Managewell Media Ltd.- As nominee Director
			8) Hyundai Automobiles Bangladesh Ltd. - As nominee Director
			9) Forwardair Avation Ltd. - As nominee Director
8	Mr. Gholam Sarwar	Director	N/A
9	Mr. Md. Mesbahul Hoque	Director	1) Reptiles Firms Ltd.
10	Mr. Md. Anwar Jamil Siddiqui	Director	1) Pacific Motors Limited, Director.
			2) Therapeutics Bangladesh Ltd, Director
11	Mr. B.B. Saha Roy	Director	1) Elite Paint & Chemical Industries Ltd
			2) Hexagon Chemical Complex Ltd
			3) Elite International Ltd.
12	Dr. M. Imtiaz Hossain	Independent/ Depositor Director	1) AB Investment Ltd. - As Independent Director
13	Mrs. Runa Zakia Sahrood Khan	Independent/ Depositor Director	1) AB International Finance Ltd. Hongkong- As Independent Director (Nominated by AB Bank Ltd)
			2) Friendship - As Executive Director
14	Mr. M. Fazlur Rahman	President & Managing Director	N/A