

AB Bank Limited & its Subsidiaries
Consolidated Balance Sheet (Un- Audited)
As at 30 September 2010

	Notes	30.09.2010 Taka	31.12.2009 Taka
PROPERTY AND ASSETS			
Cash	3(a)	5,666,127,100	5,354,881,576
In hand (including foreign currencies)	3.1(a)	595,838,278	489,993,012
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	5,070,288,822	4,864,888,564
Balance with other banks and financial institutions		4,772,617,824	2,494,371,843
In Bangladesh	4(a)	2,772,402,972	1,111,711,079
Outside Bangladesh	4(b)	2,000,214,852	1,382,660,764
Money at call and on short notice	5(a)	348,550,000	600,000,000
Investments	6(a)	14,437,291,570	16,369,303,226
Government	6.1(a)	10,046,406,266	9,675,466,462
Others	6.2(a)	4,390,885,303	6,693,836,764
Loans and advances		86,664,726,171	72,063,263,258
Loans, cash credits, overdrafts, etc	7(a)	83,091,244,411	69,732,552,194
Bills purchased and discounted	8(a)	3,573,481,760	2,330,711,064
Fixed assets including premises, furniture and fixtures	9(a)	2,885,034,432	2,441,036,589
Other assets	10(a)	11,016,110,509	7,770,150,692
Non-banking assets		-	-
Total Assets		125,790,457,606	107,093,007,184
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	15,728,236,316	6,136,287,306
Deposits and other accounts	12(a)	85,373,277,898	83,082,628,680
Current deposits		7,318,980,273	6,475,485,033
Demand deposits		3,322,914,148	2,514,211,354
Bills payable		1,333,038,125	1,289,857,131
Savings bank deposits		12,793,050,569	11,900,897,489
Special notice deposits		9,364,965,738	15,782,398,929
Fixed deposits		45,376,621,262	39,696,851,192
Bearer certificates of deposit		130,325,000	130,325,000
Other deposits		5,733,382,784	5,292,602,552
Other liabilities	13(a)	11,642,840,602	7,582,190,591
Minority Interest		1,274,896	-
Total Liabilities		112,745,629,713	96,801,106,578
Capital/Shareholders' Equity			
Total Shareholders' Equity		13,044,827,893	10,291,900,606
Paid-up capital	14	3,205,316,500	2,564,253,200
Statutory reserve	15	3,129,288,546	3,101,206,092
Other reserve	16(a)	1,037,836,527	986,910,947
Retained earnings	17(a)	5,672,386,320	3,639,530,366
Total Liabilities and Shareholders' Equity		125,790,457,606	107,093,007,184

	Notes	30.09.2010 Taka	31.12.2009 Taka
Off-Balance Sheet Items			
Contingent liabilities	18	42,595,743,328	28,995,570,517
Acceptances and endorsements		10,397,681,071	8,378,635,299
Letters of guarantee		8,963,660,494	5,592,203,569
Irrevocable letters of credit		15,828,243,116	9,796,922,878
Bills for collection		7,406,158,647	5,227,808,771
Other contingent liabilities		-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		42,595,743,328	28,995,570,517
Other memorandum items			
Value of traveller's cheques		-	32,030
Value of savings certificates (Sanchaya Patra)		2,933,780,375	1,956,421,000

The annexed notes form an integral part of the Consolidated Balance Sheet.

- Sd -
President & Managing Director

- Sd -
Chief Finance Officer

Date: 30 October 2010

AB Bank Limited & its Subsidiaries
Consolidated Profit and Loss Account (Un- Audited)

For the period ended 30 September 2010

Notes	Jan. - Sept. '10 Taka	Jan. -Sept. '09 Taka	July to Sept. '10 Taka	July to Sept. '09 Taka
OPERATING INCOME				
Interest income	20(a) 7,881,061,506	6,702,720,743	2,786,455,445	2,325,366,646
Interest paid on deposits and borrowings, etc.	21(a) (4,660,943,478)	(4,729,541,480)	(1,662,637,927)	(1,482,322,519)
Net interest income	3,220,118,028	1,973,179,263	1,123,817,517	843,044,127
Investment income	22(a) 3,365,135,564	1,857,996,966	747,080,076	436,751,634
Commission, exchange and brokerage	23(a) 2,041,211,443	1,598,113,930	736,042,902	617,950,530
Other operating income	24(a) 240,805,233	136,620,013	127,051,572	20,056,386
	5,647,152,240	3,592,730,909	1,610,174,550	1,074,758,550
Total operating income (a)	8,867,270,268	5,565,910,172	2,733,992,067	1,917,802,677
OPERATING EXPENSES				
Salary and allowances	25(a) 1,132,091,715	812,999,048	459,333,823	261,649,612
Rent, taxes, insurance, electricity, etc.	26(a) 205,742,544	174,009,867	69,204,608	71,459,258
Legal expenses	27(a) 10,045,675	3,420,274	7,503,523	1,459,296
Postage, stamps, telecommunication, etc.	28(a) 77,010,762	66,733,590	25,401,621	24,962,354
Stationery, printing, advertisement, etc.	29(a) 104,735,365	81,869,110	28,141,677	30,504,735
Chief executive's salary and fees	7,145,779	6,213,710	2,611,942	2,271,127
Directors' fees	30(a) 1,636,055	1,771,937	350,750	711,265
Auditors' fees	31(a) 586,745	808,154	0.00	303,423
Charges on loan losses	-	-	-	-
Depreciation and repairs of Bank's assets	32(a) 172,917,517	149,258,029	61,992,383	60,180,565
Other expenses	33(a) 640,436,309	443,835,205	244,897,762	214,665,033
Total operating expenses (b)	2,352,348,468	1,740,918,924	899,438,088	668,166,670
Profit before provision (c = a-b)	6,514,921,800	3,824,991,248	1,834,553,979	1,249,636,007
Provision against loans and advances	34(a) 854,060,553	404,423,394	146,039,458	92,423,394
Provision for diminution in value of investments	35(a) 60,000,000	-	-	-
Other provisions	36(a) 130,000,000	150,000,000	-	130,000,000
Total provision (d)	1,044,060,553	554,423,394	146,039,458	222,423,394
Profit before taxation (c-d)	5,470,861,247	3,270,567,855	1,688,514,521	1,027,212,614
Provision for taxation	2,140,279,778	1,050,000,000	614,127,566	350,000,000
Net profit after taxation	3,330,581,469	2,220,567,855	1,074,386,955	677,212,614
Appropriations				
Statutory reserve	-	-	-	-
General reserve	-	-	-	-
Dividends, etc	-	-	-	-
	-	-	-	-
Retained surplus	3,330,581,469	2,220,567,855	1,074,386,955	677,212,614
Minority Interest	1,070,896	-	1,045,054	-
Net Profit attributable to the shareholders of Parent Company	3,329,510,573	2,220,567,855	1,073,341,900	677,212,614
Consolidated Earnings Per Share (EPS)	38(a) 103.91	69.28	33.52	21.13

The annexed notes form an integral part of the Consolidated Profit and Loss Account.

- Sd -

President & Managing Director
Date: 30 October 2010

- Sd -

Chief Finance Officer

AB Bank Limited & its Subsidiaries
Consolidated Cash Flow Statement (Un- Audited)
For the period ended 30 September 2010

	Jan. - Sept.'10 Taka	Jan. -Sept. '09 Taka
Cash Flows from Operating Activities		
Interest receipts	7,881,061,506	6,702,720,743
Interest payments	(4,660,943,478)	(4,729,541,480)
Dividend receipts	97,063,958	34,542,120
Fee and commission receipts	1,547,357,495	1,598,113,930
Recoveries on loans previously written off	39,020,528	42,945,071
Payments to employees	(1,139,237,494)	(819,212,758)
Payments to suppliers	(105,322,110)	(83,641,047)
Income taxes paid	(1,674,245,569)	(1,090,370,975)
Receipts from other operating activities	3,817,117,707	1,917,129,788
Payments for other operating activities	(967,102,667)	(838,984,902)
Operating profit before changes in operating assets & liabilities	4,834,769,877	2,733,700,491
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(14,601,462,912)	(10,863,301,870)
Other assets	(1,571,714,248)	(269,338,814)
Deposits from other banks	672,221,459	(2,783,010,000)
Deposits from customers	1,618,427,759	15,006,678,735
Trading liabilities (short-term borrowings)	9,582,899,010	170,787,478
Other liabilities	921,176,741	511,308,912
	(3,378,452,192)	1,773,124,441
Net cash flow from operating activities (a)	1,456,317,686	4,506,824,932
Cash Flows from Investing Activities		
(Purchase)/ sale of government securities	(372,692,994)	(2,128,609,486)
(Purchase)/ sale of trading securities, shares, bonds, etc.	2,302,951,460	(1,400,802,225)
(Purchase)/ sale of property, plant and equipment	(599,795,425)	(175,549,418)
Net cash used in investing activities (b)	1,330,463,041	(3,704,961,129)
Cash Flows from Financing Activities		
Increase/(decrease) of long-term borrowings	9,050,000	101,957,000
Dividend paid	(458,483,922)	(384,637,980)
Net cash (used in)/flow from financing activities (c)	(449,433,922)	(282,680,980)
Net increase in cash (a+b+c)	2,337,346,805	519,182,823
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	8,451,964,119	6,773,235,501
Cash and cash equivalents at end of the period (*)	10,789,310,924	7,292,418,324
(*) Cash and cash equivalents:		
Cash	595,838,278	663,169,276
Prize bonds	2,016,000	2,897,400
Money at call and on short notice	348,550,000	840,122,102
Balance with Bangladesh Bank and its agent bank(s)	5,070,288,822	3,763,824,366
Balance with other banks and financial institutions	4,772,617,824	2,022,405,180
	10,789,310,924	7,292,418,324

Net operating cash flow per share

45.43

140.60

The annexed notes form an integral part of the Consolidated Cash Flow Statement.

- Sd -

- Sd -

President & Managing Director

Chief Finance Officer

Date: 30 October 2010

AB Bank Limited & its Subsidiaries
Consolidated Statement of Changes in Equity (Un- Audited)
For the period ended 30 September 2010

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 2010	2,564,253,200	3,101,206,092	78,898,756	568,125,753	-	268,769,552	3,639,530,365	10,220,783,718
Effects of changes in accounting policy	-	-	-	-	71,116,886	-	-	71,116,886
Bonus for 2009:								
20 % Cash Dividend	-	-	-	-	-	-	(512,850,640)	(512,850,640)
25% Stock Dividend	641,063,300	-	-	-	-	-	(641,063,300)	-
Mumbai Branch	-	-	-	-	-	-	-	-
AB International Finance Limited (Dividend)	-	-	-	-	-	-	(70,471,786)	(70,471,786)
Restated Balance	3,205,316,500	3,101,206,092	78,898,756	568,125,753	71,116,886	268,769,552	2,415,144,639	9,708,578,178
Net profit after taxation for the period	-	-	-	-	-	-	3,329,510,573	3,329,510,573
Addition/ (Adjustment) made during the period	-	-	-	-	-	(1,058,490)	-	(1,058,490)
Addition/Adjustment for Mumbai Branch	-	23,250,800	-	-	-	-	(60,305,384)	(37,054,584)
Adjusted profit of ABSL during the period	-	-	-	-	-	-	-	-
Adjustment for ABIFL	-	-	-	-	-	-	(20,280,865)	(20,280,865)
Special Reserve for ABIFL	-	-	17,060,175	-	-	-	-	17,060,175
Foreign Exchange Fluctuation	-	4,831,654	-	-	34,923,894	-	8,317,357	48,072,905
Cash Dividend of ABIFL	-	-	-	-	-	-	-	-
Balance at 30 September 2010	3,205,316,500	3,129,288,546	95,958,931	568,125,753	106,040,780	267,711,062	5,672,386,320	13,044,827,893
Balance at 30 September 2009	2,564,253,200	2,084,282,868	78,345,721	568,125,753	51,775,164	394,087,137	3,390,324,188	9,131,194,031

- Sd -
President & Managing Director

Date: 30 October 2010

- Sd -
Chief Finance Officer

AB Bank Limited
Balance Sheet (Un- Audited)
As on 30 September 2010

	Notes	30.09.2010 Taka	31.12.2009 Taka
PROPERTY AND ASSETS			
Cash	3	5,666,098,604	5,354,881,576
In hand (including foreign currencies)	3.1	595,809,782	489,993,012
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	5,070,288,822	4,864,888,564
Balance with other banks and financial institutions	4	5,747,212,571	3,494,118,146
In Bangladesh		2,772,402,972	1,111,711,079
Outside Bangladesh		2,974,809,599	2,382,407,068
Money at call and on short notice	5	348,550,000	600,000,000
Investments	6	14,397,812,446	16,369,303,226
Government	6.1	10,046,406,266	9,675,466,462
Others	6.2	4,351,406,179	6,693,836,764
Loans and advances		79,382,273,714	70,879,933,446
Loans, cash credits, overdrafts, etc	7	77,128,010,841	69,732,552,194
Bills purchased and discounted	8	2,254,262,873	1,147,381,251
Fixed assets including premises, furniture and fixtures	9	2,859,709,279	2,440,962,657
Other assets	10	15,424,282,321	7,773,113,332
Non-banking assets		-	-
Total Assets		<u>123,825,938,936</u>	<u>106,912,312,383</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	15,726,050,753	6,125,161,339
Deposits and other accounts	12	85,683,687,422	83,087,129,113
Current deposits		7,318,980,273	6,479,985,466
Demand deposits		3,352,572,501	2,514,211,354
Bills payable		1,333,038,125	1,289,857,131
Savings bank deposits		12,793,050,569	11,900,897,489
Special notice deposits		9,645,716,909	15,782,398,929
Fixed deposits		45,376,621,262	39,696,851,192
Bearer certificates of deposit		130,325,000	130,325,000
Other deposits		5,733,382,784	5,292,602,552
Other liabilities	13	10,126,445,883	7,542,382,112
Total Liabilities		<u>111,536,184,058</u>	<u>96,754,672,565</u>
Capital/Shareholders' Equity			
Total Shareholders' Equity		12,289,754,879	10,157,639,818
Paid-up capital	14	3,205,316,500	2,564,253,200
Statutory reserve	15	3,129,288,546	3,101,206,092
Other reserve	16	983,954,996	950,211,391
Retained earnings	17	4,971,194,836	3,541,969,134
Total Liabilities and Shareholders' Equity		<u>123,825,938,936</u>	<u>106,912,312,383</u>

	Notes	30.09.2010 Taka	31.12.2009 Taka
Off-Balance Sheet Items			
Contingent liabilities			
	18	42,174,934,891	28,995,570,517
Acceptances and endorsements		10,397,681,071	8,378,635,299
Letters of guarantee	18.1	8,963,660,494	5,592,203,569
Irrevocable letters of credit		15,828,243,116	9,796,922,878
Bills for collection		6,985,350,209	5,227,808,771
Other contingent liabilities		-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		42,174,934,891	28,995,570,517
Other memorandum items			
Value of traveller's cheques		-	32,030
Value of savings certificates (Sanchaya Patra)		2,933,780,375	1,956,421,000

The annexed notes form an integral part of the Balance Sheet.

'- Sd -
President & Managing Director

- Sd -
Chief Finance Officer

Date: 30 October 2010

AB Bank Limited
Profit and Loss Account (Un- Audited)
For the period ended 30 September 2010

Notes	Jan. - Sept.'10 Taka	Jan. -Sept. '09 Taka	Jul. to Sept.'10 Taka	Jul. to Sept.'09 Taka
OPERATING INCOME				
Interest income	20 7,204,195,773	6,658,391,883	2,481,924,634	2,313,835,380
Interest paid on deposits and borrowings, etc.	21 (4,429,739,658)	(4,724,500,460)	(1,573,871,703)	(1,481,731,983)
Net interest income	2,774,456,115	1,933,891,423	908,052,931	832,103,397
Investment income	22 3,218,510,704	1,857,996,966	600,455,216	436,751,634
Commission, exchange and brokerage	23 1,513,437,951	1,588,385,787	473,467,961	615,076,808
Other operating income	24 185,920,905	120,590,577	81,421,655	16,864,843
	4,917,869,560	3,566,973,330	1,155,344,832	1,068,693,285
Total operating income (a)	7,692,325,675	5,500,864,753	2,063,397,763	1,900,796,682
OPERATING EXPENSES				
Salary and allowances	25 1,105,211,389	797,256,605	446,343,698	261,149,618
Rent, taxes, insurance, electricity, etc.	26 200,585,030	165,901,342	67,115,930	65,710,917
Legal expenses	27 9,396,059	3,209,495	7,216,261	1,320,109
Postage, stamps, telecommunication, etc.	28 72,633,710	62,596,664	24,026,758	23,709,924
Stationery, printing, advertisement, etc.	29 103,270,365	81,603,294	27,682,877	30,445,087
Chief executive's salary and fees	7,145,779	6,213,710	2,611,942	2,271,127
Directors' fees	30 1,521,055	1,771,937	316,250	711,265
Auditors' fees	31 586,745	803,755	-	303,423
Charges on loan losses	-	-	-	-
Depreciation and repairs of Bank's assets	32 170,749,221	148,662,838	60,535,950	59,728,130
Other expenses	33 592,392,589	443,162,611	219,714,140	214,178,548
Total operating expenses (b)	2,263,491,942	1,711,182,251	855,563,805	659,528,148
Profit before provision (c = a-b)	5,428,833,733	3,789,682,502	1,207,833,958	1,241,268,534
Provision against loans and advances	34 788,019,506	404,423,394	79,998,411	92,423,394
Provision for diminution in value of investments	35 60,000,000	-	-	-
Other provisions	36 130,000,000	150,000,000	-	130,000,000
Total provision (d)	978,019,506	554,423,394	79,998,411	222,423,394
Profit before taxation (c-d)	4,450,814,227	3,235,259,108	1,127,835,547	1,018,845,140
Provision for taxation	1,815,086,125	1,050,000,000	455,086,125	350,000,000
Net profit after taxation	2,635,728,101	2,185,259,108	672,749,421	668,845,140
Appropriations				
Statutory reserve	-	-	-	-
General reserve	-	-	-	-
Dividends, etc	-	-	-	-
	-	-	-	-
Retained surplus	2,635,728,101	2,185,259,108	672,749,421	668,845,140
Earnings Per Share (EPS)	38 82.23	68.18	20.99	20.87

The annexed notes form an integral part of the Profit and Loss Account.

'- Sd -

President & Managing Director

Date: 30 October 2010

'- Sd -

Chief Finance Officer

AB Bank Limited
Cash Flow Statement (Un- Audited)
For the period ended 30 September 2010

Notes	Jan. - Sept. '10 Taka	Jan. -Sept. '09 Taka
Cash Flows from Operating Activities		
Interest receipts	7,204,195,773	6,658,391,884
Interest payments	(4,429,739,658)	(4,724,500,460)
Dividend receipts	97,063,958	34,542,120
Fee and commission receipts	1,074,706,772	1,588,385,787
Recoveries on loans previously written off	39,020,528	42,945,071
Payments to employees	(1,112,357,168)	(803,470,315)
Payments to suppliers	(103,857,110)	(81,906,718)
Income taxes paid	(1,674,245,569)	(1,090,370,975)
Receipts from other operating activities	3,707,078,301	1,901,100,352
Payments for other operating activities	(906,591,467)	(710,174,776)
Operating profit before changes in operating assets & liabilities	3,895,274,361	2,814,941,971
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(8,502,340,269)	(10,808,728,644)
Other assets	(355,323,384)	(299,376,066)
Deposits from other banks	672,221,459	(2,783,010,000)
Deposits from customers	1,924,336,849	15,331,508,159
Trading liabilities (short-term borrowings)	9,591,839,414	170,787,478
Other liabilities	(252,771,971)	356,708,376
	3,077,962,099	1,967,889,303
Net cash flow from operating activities (a)	6,973,236,460	4,782,831,274
Cash Flows from Investing Activities		
(Purchase)/ sale of government securities	(372,692,994)	(2,128,609,486)
(Purchase)/ sale of trading securities, shares, bonds, etc.	(3,279,169,453)	(1,400,802,225)
(Purchase)/ sale of property, plant and equipment	(559,773,338)	(175,549,418)
Net cash used in investing activities (b)	(4,211,635,785)	(3,704,961,129)
Cash Flows from Financing Activities		
Increase/(decrease) of long-term borrowings	9,050,000	101,957,000
Dividend paid	(458,483,922)	(384,637,980)
Net cash (used in)/flow from financing activities (c)	(449,433,922)	(282,680,980)
Net increase in cash (a+b+c)	2,312,166,753	795,189,165
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	9,451,710,422	7,903,418,986
Cash and cash equivalents at end of the Period (*)	11,763,877,175	8,698,608,151
(*) Cash and cash equivalents:		
Cash	595,809,782	663,169,276
Prize bonds	2,016,000	2,897,400
Money at call and on short notice	348,550,000	840,122,102
Balance with Bangladesh Bank and its agent bank(s)	5,070,288,822	3,763,824,366
Balance with other banks and financial institutions	5,747,212,571	3,428,595,007
	11,763,877,175	8,698,608,151

Net operating cash flow per share

217.55

149.22

The annexed notes form an integral part of the Cash Flow Statement.

'- Sd -

- Sd -

President & Managing Director

Chief Finance Officer

Date: 30 October 2010

AB Bank Limited
Statement of Changes in Equity (Un- Audited)
For the period ended 30 September 2010

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 2010	2,564,253,200	3,101,206,092	42,199,200	568,125,753	-	268,769,552	3,541,969,134	10,086,522,931
Effects of changes in accounting policy	-	-	-	-	71,116,886	-	-	71,116,886
Bonus for 2009:								
20 % Cash Dividend	-	-	-	-	-	-	(512,850,640)	(512,850,640)
25% Stock Dividend	641,063,300	-	-	-	-	-	(641,063,300)	-
Restated Balance	3,205,316,500	3,101,206,092	42,199,200	568,125,753	71,116,886	268,769,552	2,388,055,194	9,644,789,177
Net profit after taxation for the period	-	-	-	-	-	-	2,635,728,101	2,635,728,101
Addition/Adjustment. made during the period						(1,058,490)	-	(1,058,490)
Addition/(Adjustment) against Mumbai Branch		23,250,800					(60,305,384)	(37,054,584)
Foreign Exchange Fluctuation	-	4,831,654	-	-	34,802,095	-	7,716,925	47,350,674
Balance at 30 September 2010	3,205,316,500	3,129,288,546	42,199,200	568,125,753	105,918,981	267,711,062	4,971,194,836	12,289,754,878
Balance at 30 September 2009	2,564,253,200	2,084,282,868	42,199,200	568,125,753	51,775,164	394,087,137	3,306,092,848	9,010,816,170

'- Sd -

President & Managing Director

Date: 30 October 2010

- Sd -

Chief Finance Officer

Notes to the Financial Statements of the Bank

1.1 The Bank and its Activities

AB Bank Limited is one of the first generation private commercial banks (PCBs), incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and governed by the Banking Companies Act 1991. The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange and Chittagong Stock Exchange respectively. AB Bank Limited has 78 Branches including 1 Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has a number of subsidiaries which include AB International Finance Limited (ABIFL) incorporated in Hong Kong, AB Investment Limited, and AB Securities Limited.

AB Investment Limited (ABIL) and AB Securities Limited (ABSL) are recently incorporated Subsidiary Company. Following the approval of Bangladesh Bank these two subsidiaries are being put into operation to cater the Merchant banking and Brokerage business.

The Bank through its Branches and non-banking subsidiary 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 to embark upon Merchant Banking from the Securities and Exchange Commission (SEC) vide its certificate no. MB-1.02/2001-30 dated 15 May 2001 under the Securities and Exchange Commission Act, 1993. Subsequently, Bank has formed a subsidiary company named AB Investment Company Limited in accordance with approval of Bangladesh Bank vide its Letter # BRPD(R-1)717/2009-538 dated 09 December 2009 and Securities and Exchange Commission vide its Letter # Sec/Reg/MB-79/2010/73 dated 10 March 2010 for dealing the Merchant Banking business.

Brokerage business of Arab Bangladesh Bank Foundation has been transferred on 1st August 2010 to the newly form 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 21 December 2004 following the permission of Bangladesh Bank vide letter no. BRPD (P) 745 (12)/2004-2702 dated 08 July 2004. Subsequently the Branch has been shifted to Kakrail, Dhaka.

The Bank obtained permission as a Security Custodian from the Securities and Exchange Commission vide its certificate no. SC-05/2007 dated 22 January 2007 under the Securities and Exchange Commission (Security 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 started from 02 February 2010 through the EPZ Branch Chittagong.

Bank obtained permission from Bangladesh Bank vide letter No. DMD/136/2009-3043 dated 08 December 2009 to act as Primary Dealer (PD) in connection with dealing of Govt. Securities. The first devolvement of Treasury Bills took place on 03 January 2010.

The Bank has a dedicated philanthropic unit named Arab Bangladesh Bank Foundation (ABBF) which is operating since 2002. Foundation has obtained Brokerage Licenses from SEC 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 recent decision of the Bangladesh Bank and upon due agreement to that effect subsequently by the Board of Directors of ABBL and ABBF respectively, launching of a new subsidiary company AB Securities Limited for the operation of Brokerage business. Bangladesh Bank has given approval for the mentioned new subsidiary.

1.2 Significant Accounting Policies and basis of preparation of the Financial Statements

A. Presentation of the financial statements

Consolidated Financial Statements and Financial Statements of the Bank comprise of the Balance Sheet, Profit and Loss Account, Cash Flow Statements, Statement of Changes in Equity and relevant notes and disclosures.

Consolidated Financial Statements and Financial Statements of the Bank are made as at 30 September 2010 and are prepared under the historical cost convention except investments categorized under Held for Trading and in accordance with the First Schedule (Section- 38) of the Bank Companies Act 1991, BRPD circular # 14 dated 25 June 2003, other Bangladesh Bank circulars, the Companies Act 1994, the Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987 and other laws and rules applicable to a banking company.

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

B. 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, and AB International Finance Limited, Hong Kong are maintained at the Head Office, based on which these financial statements have been prepared. The Consolidated Financial Statements have been prepared in accordance with the BAS 27: Consolidated and Separate Financial Statements.

Mumbai Branch, India

The assets and liabilities of Mumbai Branch, India have been incorporated in the accounts at Quarter end exchange rate. Income and expenditures are incorporated in the accounts by each line item. Retained earnings of Mumbai Branch has been added with the retained earnings of Bank.

Islami Banking Branch

Islami Banking Branch has maintained separate set of books and records for its operations. All assets-liabilities and income-expenses of this Branch are incorporated in similar heads of account of the Bank's financial statements.

Custodian Wing

Income-expenditures of the Custodian Wing are incorporated in similar heads of account of the Bank's Profit and Loss Account.

Subsidiary

AB Investment Limited

AB Investment Limited (ABIL) has been incorporated as a separate company which started its operation from 10 March 2010 to carry out Merchant Banking business

As mentioned earlier, Financial Statements of AB Investment Limited has been consolidated following the BAS 27: Consolidated and Separate Financial Statements.

AB Securities Limited

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.

As mentioned earlier, Financial Statements of ABSL has been consolidated following the BAS 27: Consolidated and Separate Financial Statements.

Arab Bangladesh Bank Foundation

Arab Bangladesh Bank Foundation (ABBF) has maintained separate set of books and records for its operation. Financial Statements of ABBF are not incorporated with the AB Bank Limited Consolidated Financial Statements and Separate Financial Statements due to undergoing legal settlement process.

AB International Finance Limited

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.

As mentioned earlier, Financial Statements of ABIFL has been consolidated following the BAS 27: Consolidated and Separate Financial Statements.

Associate

Cashlink Bangladesh Limited

Cashlink Bangladesh Limited (CBL) was incorporated on 24 September 2008 in Bangladesh under the Companies Act 1994 as a private company limited by shares with an authorized capital of Tk. 1,000,000,000 divided into 100,000,000 ordinary shares of Tk. 10 each. AB Bank Limited holds 30% share in CBL.

An associate is an entity of the Bank, over which the Bank has significant influence and that is neither the subsidiary nor an interest in a joint venture of the Bank.

Others

Off- Shore Banking Unit

Balance Sheet and Income-expenditures of the Off- Shore Banking Unit are incorporated in similar heads of account of the Bank's Balance Sheet and Profit and Loss Account.

C. Use of estimates and judgments

The preparation of Consolidated Financial Statements and Financial Statements of the Bank requires management to make judgments, estimates and assumptions that affect 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 are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected if applicable.

D. Materiality, aggregation and offsetting

Bank presents each material class of similar items. Bank presents separately items of a dissimilar nature or function unless they are immaterial. Bank did not offset assets and liabilities or income and expense, unless required or permitted by BAS/ BFRS.

E. Foreign currency transactions

i. Functional and presentational currency

Financial Statements of the Bank are presented in Taka, which is the Bank's functional and presentational currency.

ii. Foreign currency translation

Foreign currency transactions are 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".

iii. Commitment

Commitments for outstanding forward foreign exchange contracts disclosed in these Consolidated Financial Statements and Financial Statements of Bank are translated at contracted rates. Contingent liabilities / commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

iv. Translation gain and Losses

Gain and Loss arising on translation of foreign exchange are included in the profit and loss account, except those arising on the translation of net investment in foreign branch and subsidiary.

v. Foreign operations

The results of Consolidated Financial Statements of Bank & its subsidiary's operations whose functional currency is not Bangladesh Taka are translated into Bangladesh Taka as follows:

- a. assets and liabilities of Balance Sheet are translated at the closing rate at the date of Balance sheet.
- b. income and expenses of Profit and Loss Account are translated at an average rate approximating the exchange rates at the year end.
- c. all resulting exchange differences are recognized as a separate components of equity.

F. Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with BAS- 7 "Cash Flow Statement" under direct method as per the guidelines of BRPD Circular No.14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the period. It reported cash flows during the period classified by operating activities, investing activities and financing activities.

G. Statement of Changes in Equity

Statement of Changes in Equity is prepared principally in accordance with BAS- 1 "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25 June 2003.

1.3 Assets and basis of their valuation

A. Cash and cash equivalents

Cash comprise cash on hand and demand deposits.

Cash equivalents are 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.

B. Loans and advances

- i. Loans and advances/ investments in Islamic Banking Branch are stated at gross amounts at 31 March 2010.
- ii. Interest/ profit is calculated on a daily product basis but changed and accounted for an accrual basis. Interest/ profit on SMA and 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 are not charged on bad and loss loans/ investments as per guideline of Bangladesh Bank.
- iii. Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- iv. Provision for loans and advances is made on the basis of quarter-end review by the management and of instructions contained in Bangladesh Bank BCD circular no. 34 of 16 November 1989, 20 of 27 December 1994, 12 of 4 September 1995, BRPD circular no. 16 dated 6 December 1998, 9 of 14 May 2001, 02 of 15 February 2005, 9 of August 2005 and 17 of 6 December 2005, BRPD circular no. 05 dated 05 June 2006 and 05 of April 2008. The rates for provisions are stated below:

Types of Loan and Advances		UC	SMA	SS	DF	BL
		Prov (%)	Prov (%)	Prov (%)	Prov (%)	Prov (%)
Consumer:	House building & Professional	2%	5%	20%	50%	100%
	Other than House building & Professional	5%	5%	20%	50%	100%
Small & Medium		2%	5%	20%	50%	100%
All Other		1%	5%	20%	50%	100%

C. Investment

Investments are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discount accreted, using the effective or historical yield method. Accounting treatment of government treasury securities and bonds (categorized as HFT or/and HTM) is made following Bangladesh Bank DOS Circular Letter No. 05, dated 26 May 2008.

The valuation methods of investment used are:

i) Govt. Securities

a. Held to maturity

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

b. Held for trading

Investment primarily held for selling or trading is classified in this category. After initial recognition, investments are marked to market weekly. Decrease in the present value is recognized in the profit and loss account and any increase is booked to Revaluation Reserve Account through Profit and Loss 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 P&L, gain to Revaluation Reserve through P & L
Treasury Bill / Bond (HTM)	Cost	Amortized 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 or market value	- any loss, charged in P/L - unrealized gain, not record in accounts

ii) 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. Unrealized gains are not recognized in the profit and loss account as per BAS 18: Revenue.

iii) Investment in unlisted securities

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

iv) Investments in subsidiary

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

D. Property, plant and equipment

- i. All fixed assets are stated at cost less accumulated depreciation as per BAS -16 "Property, Plant and Equipment". The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of

- its acquisition or construction or , where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of the BFRS.
- ii. The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:
 - a) it is probable that future economic benefits associated with the item will flow to the entity; and
 - b) the cost of the item can be measured reliably.
 - iii. Depreciation on fixed assets is charged using reducing balance method except motor vehicles, computers and photocopiers for which straight-line method is used. The rates of depreciation are as follows:

<u>Name of the Assets</u>	<u>Rate of Depreciation</u>
Land	Nil
Building	2.50%
Furniture & Fixtures	10.00%
Electrical appliances	20.00%
Motor vehicles	20.00%
Leasehold assets - vehicles	20.00%

- iv. Depreciation for assets added during the year is charged from the month of addition. Whole month depreciation is charged for the month of addition.
- v. On the month of disposal of fixed assets no depreciation is charged. The cost and accumulated of 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 life and method of depreciation of fixed assets are reviewed periodically. If useful lives of assets do not differ significantly as it was previously estimated, bank management does not consider to revalue its assets by the meantime.
- vii. Bank capitalized items value of which is over Tk.50,000 and the items below Tk.50,000 were booked in Non-capitalized items under the broader head of other expenses with effect from 01 March 2009 in accordance with the relevant policy.
- viii. Bank also follows a policy of amortization of expenditures considering the durability and useful life of items. These are treated as Deferred Revenue expenditure and are booked under the head "Other Assets – Deferred Revenue Expenditures" and amortized amount is charged within the period and booked under the Broad head "Other Expenditure".

E. Intangible Assets

An intangible asset is recognized if, and only 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.

F. Stock of stationery

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

1.4 Capital, Reserve, Liabilities & provision and basis of their valuation

A. Share Capital

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

B. Statutory reserve

Bank Companies Act, 1991 requires the bank to transfer from its current year's profit before tax to reserve until such reserve together with share premium account equals to its paid up capital. No transfer was considered for the period.

C. Revaluation reserve

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

D. Deposits and Other accounts

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

E. Borrowing

Borrowed funds include call borrowing, term borrowings and re-finance from different commercial banks and central bank.

F. Provision for taxation

The tax currently payable is based on taxable profit for the period. 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 company'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 as prescribed in the Finance Act 2010 of the accounting profit made by the Bank after considering some of the add backs of income and disallowances of expenditure as per Income Tax Ordinance, 1984.

G. Retirement benefits to the employees

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

i) 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.

ii) 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.

iii) 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.

H. Provision for liabilities

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

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

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

I. 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.

1.5 Revenue recognition

A. Interest income

According to the BAS -18 "Revenue", the interest income is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified or treated as SMA as per BRPD Circular No. 05 dated 05 June 2006 and is kept in interest suspense account. Interest on classified advances is accounted for as and when realised.

B. Profit on investment (Islamic 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.

C. Investment income

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

D. Fees and commission income

Fees and commission income on services provided by the bank are recognized 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.

E. Dividend income on shares

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

- 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.

F. Interest paid on deposits and borrowing

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

G. Other operating expenses

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

1.6 Reconciliation of books of account

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) and inter-branch transactions are reconciled and no material difference was found which may affect the financial statements significantly. There exist no un-reconciled items in NOSTRO accounts as at 30 June 2010.

1.7 Earning per share

A. Basic earning per share

Basic earnings per share have been calculated in accordance with BAS- 33 "Earning 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 share. Last year EPS was restated for issuing of bonus shares for 2009.

B. 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 # 08 and 10 dated 07 August 2007 and 18 September 2007 respectively general provision @ 1.00% has been made on the outstanding balance of letter of credit, guarantee and acceptances.

1.9 Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of traveller's cheques, Value of savings certificates (Sanchaya Patra) etc. fall under the memorandum items.

1.10 Reporting period

These financial statements cover period from 01 January 2010 to 30 September 2010.

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

2428600242

Particulars	AB Bank Limited						Subsidiaries			AB Bank & it's subsidiaries	
	Inside Bangladesh					India (Mumbai Branch)	Total	Inside Bangladesh			AB Int. Finance Ltd. (Hong Kong)
	Conventional Banking	Islamic Banking	Investment Banking	Off- Shore Banking Unit	Merchant Banking			AB Investment Limited	AB Securities Ltd.		
Income Statements											
Interest income	6,704,639,793	260,733,267	-	10,487,071	202,439,591	25,896,051	7,204,195,773	581,831,296	35,450,891	59,583,547	7,880,235,010
Interest paid on deposits and borrowings, etc.	3,755,781,699	155,891,182	398,150,185	7,160,805	115,952,350	3,970,995	4,436,907,217	216,019,928	8,216,667	6,967,225	4,667,284,540
Net interest income	2,948,858,094	104,842,085	(398,150,185)	3,326,265	86,487,241	21,925,056	2,767,288,556	365,811,368	27,234,224	52,616,322	3,212,950,469
Investment income	780,028,508	3,192,222	2,428,143,335	-	-	7,146,639	3,218,510,704	32,309	146,592,551	-	3,365,135,564
Commission, exchange and brokerage	1,187,013,099	14,362,023	496,445	1,034,703	144,563,063	165,968,617	1,513,437,951	455,573,154	55,122,769	17,077,569	2,041,211,443
Other operating income	183,812,339	74,984	-	29,504	-	2,004,078	185,920,905	32,793,642	8,995,925	13,094,761	240,805,233
Total operating income	5,099,712,041	122,471,314	2,030,489,595	4,390,472	231,050,304	197,044,390	7,685,158,116	854,210,473	237,945,468	82,788,651	8,860,102,709
OPERATING EXPENSES											
Salary and allowances	1,072,279,219	12,925,092	10,584,612	700,316	2,763,418	13,104,511	1,112,357,168	4,733,963	2,845,636	19,300,727	1,139,237,495
Rent, taxes, insurance, electricity, etc.	190,693,731	462,531	2,084,748	351,824	417,353	6,574,843	200,585,030	1,370,605	350,014	3,436,895	205,742,544
Legal expenses	9,192,425	-	200,000	-	-	3,634	9,396,059	100,000	292,000	257,617	10,045,675
Postage, stamps, telecommunication, etc.	66,896,122	231,724	77,231	3,972	25,572	5,399,089	72,633,710	113,220	283,902	3,979,930	77,010,762
Stationery, printing, advertisement, etc.	99,102,999	508,228	109,709	-	138,534	3,410,896	103,270,365	989,798	176,848	298,354	104,735,365
Directors' fees	1,498,133	22,922	-	-	-	-	1,521,055	92,000	23,000	-	1,636,055
Auditors' fees	207,500	-	-	-	-	379,245	586,745	-	-	-	586,745
Charges on loan losses	-	-	-	-	-	-	-	-	-	-	-
Depreciation and repairs of Bank's assets	156,107,087	1,857,415	2,503,275	-	205,658	10,075,785	170,749,220	721,112	740,016	707,168	172,917,517
Other expenses	499,569,438	3,071,364	27,822,651	112,852	4,194,377	50,454,348	585,225,030	41,988,105	3,705,386	2,350,230	633,268,750
Total operating expenses	2,095,546,654	19,079,274	43,382,226	1,168,964	7,744,912	89,402,353	2,184,949,007	50,108,803	8,416,802	30,330,921	2,345,180,908
Profit before provision	3,004,165,387	103,392,040	1,987,107,369	3,221,508	223,305,392	107,642,037	5,428,833,733	804,101,670	229,528,667	52,457,730	6,514,921,801
Provision against loans and advances							788,019,506				854,060,553
Provision for diminution in value of investments							60,000,000				60,000,000
Other provisions							130,000,000				130,000,000.00
Total provision							978,019,506				1,044,060,553
Profit before taxation							4,450,814,227				5,470,861,248
Provision for taxation							1,815,086,125				2,140,279,778
Net profit after taxation							2,635,728,102				3,330,581,470

Balance Sheet

Particulars	AB Bank Limited					Subsidiaries			AB Bank & its subsidiaries
	Inside Bangladesh			India (Mumbai Branch)	Total	AB Investment Limited	AB Securities Ltd.	AB Int. Finance Ltd. (Hong Kong)	
	Conventional Banking	Islamic Banking	OBU						
PROPERTY AND ASSETS									
Cash	5,604,418,382	57,529,903	196,258	3,954,061	5,666,098,604	-	28,496	-	5,666,127,100
Balance with other banks and financial instit.	2,436,214,406	2,711,331,967	475,450,392	646,837,941	5,747,212,571	5,494,957	280,751,171	32,267,638	4,772,617,824
Money at call and on short notice	270,000,000	-	-	78,550,000	348,550,000	-	-	-	348,550,000
Investments	14,136,687,438	31,500,000	-	249,545,008	14,397,812,446	7,840,124	31,639,000	-	14,437,291,570
Loans and advances	75,103,917,327	2,092,653,088	1,761,381,819	424,321,480	79,382,273,714	5,717,446,594	836,804,701	1,319,218,886	86,664,726,171
Fixed assets	2,808,047,643	13,672,445	-	37,989,192	2,859,709,279	3,764,294	21,533,833	27,026	2,885,034,432
Other assets	15,545,677,983	48,997,072	-	288,496,589	15,424,282,321	1,506,539,602	323,326,557	5,128,059	11,016,110,509
Non-banking assets	-	-	-	-	-	-	-	-	-
Total Assets	115,904,963,179	4,955,684,475	2,237,028,469	1,729,694,271	123,825,938,936	7,241,085,571	1,494,083,758	1,356,641,608	125,790,457,605
LIABILITIES AND CAPITAL									
Liabilities									
Borrowings from other banks, financial instituti	12,357,565,664	1,609,869,483	2,232,792,981	-	15,726,050,753	591,017,725	-	984,884,552	15,728,236,316
Deposits and other accounts	81,957,061,500	3,163,270,494	-	611,800,189	85,683,687,421	-	-	-	85,373,277,897
Other liabilities	9,697,032,292	182,544,498	1,013,979	249,592,106	10,232,364,860	1,213,545,349	1,079,555,091	261,460,365	11,752,609,535
Minority Interest	-	-	-	-	-	-	-	-	1,274,896
Total Liabilities	104,011,659,456	4,955,684,475	2,233,806,961	861,392,295	111,642,103,035	1,804,563,074	1,079,555,091	1,246,344,916	112,855,398,645
Total Shareholders' Equity	11,893,303,723	-	3,221,508	868,301,976	12,183,835,900	5,436,522,496	414,528,667	110,296,692	12,935,058,959
Total Liabilities and Shareholders' Equity	115,904,963,179	4,955,684,475	2,237,028,469	1,729,694,271	123,825,938,936	7,241,085,570	1,494,083,758	1,356,641,609	125,790,457,605

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

In preparing the Consolidated Financial Statements and separate Financial Statements, Bank applied most of the BAS and BFRS as applicable.

SI #	Name of the BAS	BAS #	Status
1	Presentation of Financial Statements	1	Complied
2	Inventories	2	N/A
3	Cash Flow Statements	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	N/A
7	Income Taxes	12	Complied
8	Segment Reporting	14	Complied
9	Property, Plants and Equipments	16	Complied
10	Leases	17	Complied
11	Revenue	18	Complied
12	Employee Benefits	19	Complied
13	Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
14	The Effects of Changes in Foreign Exchanges Rates	21	Complied
15	Borrowing Costs	23	Complied
16	Related Party Disclosures	24	Complied
17	Accounting for Investments	25	Complied
18	Accounting and Reporting by Retirement Benefit Plans	26	Complied
19	Consolidated and Separate Financial Statements	27	Complied
20	Investment in Associates	28	Complied
21	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	30	Complied
22	Interest in Joint Ventures	31	N/A
23	Financial Instruments: Presentation	32	**
24	Earnings per Share	33	Complied
25	Interim Financial Reporting	34	Complied
26	Impairment of Assets	36	Complied
27	Provisions, Contingent Liabilities and Contingent Assets	37	Complied
28	Intangible Assets	38	Complied
29	Financial Instruments: Recognition & Measurement	39	**
30	Investment Property	40	Complied
31	Agriculture	41	N/A

SI #	Name of the BFRS/IFRS	BFRS #	Status
1	Share- based Payments	2	N/A
2	Business Combinations	3	Complied
3	Insurance contracts	4	N/A
4	Non- current assets Held for sale and Discontinued Operations	5	N/A
5	Exploration for and Evaluation of Mineral Resources	6	N/A
6	Financial Instruments: Disclosure	7	**
7	Operating Segments	8	Complied

* N/A = Not Applicable

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

1.13 Regulatory and legal compliance

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

- i. The Bank Companies Act, 1991.
- ii. The Companies Act, 1994.
- iii. Rules, Regulation 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.
- ix. The Value Added Tax (VAT), 1991.
- x. Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations.

1.14 Credit Rating of the Bank

Credit rating of the Bank in last three years is:

Bases of incorporation (as on or period)	Date of Rating	Long term	Short term
Jan to Dec 2009	June 15, 2010	AA3	ST-1
Jan to June 2009	September 29, 2009	AA3	ST-1
Jan to Dec 2008	May 24, 2009	A1	ST-2
Jan to Dec 2007	May 15, 2008	A2	ST-2

1.15 Events after the Balance Sheet Date

As per BAS -10 "Events after the Balance Sheet Date" 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 authorized 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 is 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.

1.16 Related party disclosures

A party is related to the company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate;

- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

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

Name of contracts	Name of the Party	Name of Director and Related by
Lease agreement with AB Bank Ltd. (CARD Department)	Elite International Ltd	Mr. Salim Ahmed & Mr. Feroz Ahmed (Common Director)

b) Related party transactions:

Name of organization	Relation	Nature	Amount (In Taka)
Hyundai Motors Bangladesh Ltd.	Common Director's	Purchase of Vehicles	9,025,500
Elite International Ltd	Common Director's	Rent of Card Department	646,875

2. General

- i. Wherever considered necessary, previous period's figures have been rearranged for the purpose of comparison with current period's presentation without creating any impact on the operating result and value of assets and liabilities as reported in the financial statements.
- 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.

	30.09.2010 Taka	31.12.2009 Taka
3. Cash		
Cash in hand (Note: 3.1)	595,809,782	489,993,012
Balance with Bangladesh Bank and its agent bank(s) (Note: 3.2)	5,070,288,822	4,864,888,564
	5,666,098,604	5,354,881,576
3(a) Consolidated Cash		
AB Bank Limited	5,666,098,604	5,354,881,576
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	28,496	-
	5,666,127,100	5,354,881,576
3.1 Cash in hand		
In local currency	578,070,031	463,150,868
In foreign currency	17,739,751	26,842,144
	595,809,782	489,993,012
3.1(a) Consolidated Cash in hand		
AB Bank Limited	595,809,782	489,993,012
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	28,496	-
	595,838,278	489,993,012
3.2 Balance with Bangladesh Bank and its agent bank(s)		
Balance with Bangladesh Bank		
In local currency	4,625,156,145	4,400,326,087
In foreign currency	196,484,587	156,824,678
	4,821,640,732	4,557,150,765
Sonali Bank Limited (as an agent bank of Bangladesh Bank) - local currency	248,648,090	307,737,799
	5,070,288,822	4,864,888,564
3.2(a) Consolidated Balance with Bangladesh Bank and its agent bank(s)		
AB Bank Limited	5,070,288,822	4,864,888,564
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
	5,070,288,822	4,864,888,564
4. Balance with other banks and financial institutions		
In Bangladesh	2,772,402,972	1,111,711,079
Outside Bangladesh	2,974,809,599	2,382,407,068
	5,747,212,571	3,494,118,146
4(a) Consolidated In Bangladesh		
AB Bank Limited	2,772,402,972	1,111,711,079
AB Investments Limited	5,494,957	-
AB International Finance Limited	-	-
AB Securities Limited	280,751,171	-
	3,058,649,100	1,111,711,079
Less: Inter company transaction	(286,246,128)	-
	2,772,402,972	1,111,711,079
4(b) Consolidated Outside Bangladesh (Nostro Accounts)		
AB Bank Limited	2,974,809,599	2,382,407,068
AB Investments Limited	-	-
AB International Finance Limited	32,267,638	1,091,035
AB Securities Limited	-	-
	3,007,077,237	2,383,498,103
Less: Inter company transactions	1,006,862,385	1,000,837,339
	2,000,214,852	1,382,660,764

	30.09.2010 Taka	31.12.2009 Taka
5. Money at call and on short notice	348,550,000	600,000,000
5(a) Consolidated Money at call and on short notice		
AB Bank Limited	348,550,000	600,000,000
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
	348,550,000	600,000,000
6. Investments		
Government securities (Note: 6.1)	10,046,406,266	9,675,466,462
Other investments (Note: 6.2)	4,351,406,179	6,693,836,764
	14,397,812,446	16,369,303,226
6.1 Government securities		
Treasury bills	1,226,776,942	2,633,999,522
Treasury bonds	8,761,113,324	7,008,756,240
Debentures - Bangladesh House Building Finance Corporation	25,000,000	30,000,000
Bangladesh Bank Islami Investment Bond	31,500,000	-
Prize bonds	2,016,000	2,710,700
Total Government securities	10,046,406,266	9,675,466,462
6.1(a) Consolidated Government securities		
AB Bank Limited	10,046,406,266	9,675,466,462
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
	10,046,406,266	9,675,466,462
6.2 Other investments		
Shares	4,093,360,125	6,489,276,377
Zero Coupon bond	8,501,046	12,648,018
	4,101,861,171	6,501,924,395
Investments -ABBL, Mumbai branch		
Treasury bills	197,073,608	186,261,769
Debentures and bonds	52,471,400	5,650,600
	249,545,008	191,912,369
Total Other investments	4,351,406,179	6,693,836,764
6.2 (a) Consolidated other investments		
AB Bank Limited	4,351,406,179	6,693,836,764
AB Investment Limited	7,840,124	-
AB International Finance Limited	-	-
AB Securities Limited	31,639,000	-
	4,390,885,303	6,693,836,764

	30.09.2010 Taka	31.12.2009 Taka
7. Loans, cash credits, overdrafts, etc		
7.1 Broad category-wise breakup		
In Bangladesh		
Loans	64,048,769,422	57,422,370,679
Overdrafts	12,726,988,680	12,033,737,445
Cash credits	-	-
	<u>76,775,758,102</u>	<u>69,456,108,124</u>
Outside Bangladesh: ABBL, Mumbai Branch		
Loans	305,452,305	227,204,006
Overdrafts	46,800,434	49,240,064
Cash credits	-	-
	<u>352,252,739</u>	<u>276,444,070</u>
	<u>77,128,010,841</u>	<u>69,732,552,194</u>
7.2 Classification of Loans, cash credits, overdrafts, etc		
<u>Unclassified</u>		
Standard	74,482,549,069	67,646,383,518
Special mention account	766,327,741	136,999,863
Total unclassified loans and advances	<u>75,248,876,810</u>	<u>67,783,383,381</u>
<u>Classified</u>		
Substandard	110,000,000	648,984,735
Doubtful	74,600,000	521,036,000
Bad/Loss	1,694,534,031	779,148,078
Total classified loans and advances	<u>1,879,134,031</u>	<u>1,949,168,813</u>
	<u>77,128,010,841</u>	<u>69,732,552,194</u>
7(a) Consolidated Loans, cash credits, overdrafts, etc		
AB Bank Limited	77,128,010,841	69,732,552,194
AB Investment Limited	5,717,446,594	-
AB International Finance Limited	-	-
AB Securities Limited	836,804,701	-
	<u>83,682,262,136</u>	<u>69,732,552,194</u>
Less: Inter company transaction	591,017,725	-
	<u>83,091,244,411</u>	<u>69,732,552,194</u>
8. Bills purchased and discounted		
In Bangladesh	2,182,194,132	1,071,337,988
Outside Bangladesh - ABBL, Mumbai Branch	72,068,741	76,043,263
	<u>2,254,262,873</u>	<u>1,147,381,251</u>
8(a) Consolidated Bills purchased and discounted		
AB Bank Limited	2,254,262,873	1,147,381,251
AB Investment Limited	-	-
AB International Finance Limited	1,319,218,886	1,183,329,813
AB Securities Limited	-	-
	<u>3,573,481,760</u>	<u>2,330,711,064</u>

9. Fixed assets including premises, furniture and fixtures	30.09.2010	31.12.2009
	Taka	Taka
Cost:		
Land and Building	2,283,406,795	1,890,085,445
Furniture and fixtures	156,246,406	137,187,620
Office appliances	59,300,156	57,101,776
Electrical appliances	658,190,177	592,715,898
Motor vehicles	371,359,599	316,447,139
	3,528,503,133	2,993,537,878
Less: Accumulated depreciation	668,793,854	552,575,221
	2,859,709,279	2,440,962,657

A Schedule of Fixed Assets is given in **Annexure - A**.

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

Cost:		
AB Bank Limited	3,528,503,133	2,993,537,878
AB Investments Limited	8,874,848	-
AB International Finance Limited	11,605,622	11,449,495
AB Securities Limited	30,991,112	-
	3,579,974,715	3,004,987,373
Accumulated depreciation:		
AB Bank Limited	668,793,854	552,575,221
AB Investments Limited	5,110,554	-
AB International Finance Limited	11,578,596	11,375,563
AB Securities Limited	9,457,279	-
	694,940,283	563,950,785
	2,885,034,432	2,441,036,589

10. Other assets

Income generating

In Bangladesh:

Arab Bangladesh Bank Foundation (99.60% owned subsidiary company of ABBL)	19,920,000	300,051,122
AB Investment Limited (99.99% owned subsidiary company of ABBL)	99,798,000	-
AB Securities Limited (99.99% owned subsidiary company of ABBL)	34,898,000	-
Outside Bangladesh:		
AB International Finance Ltd., Hong Kong (wholly owned subsidiary company of ABBL)	5,203,944	5,203,944
	159,819,944	305,255,066

Non-income generating

Inter-branch adjustment	163,898,289	92,423,134
Advance corporate income tax	4,833,021,875	3,158,776,307
Share Money Deposits - AB Investment Limited	4,900,100,000	-
Share Money Deposits - AB Securities Limited	165,000,000	-
Accounts receivable	642,536,304	998,581,954
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	3,218,718,212	1,804,905,746
Exchange for clearing	867,817,041	870,737,423
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	281,421,908	367,047,393
Security deposits	66,931,880	65,935,812
Local drafts paid without advice	-	-
Advance rent and advertisement	95,487,740	69,971,185
Stationery, stamps, printing materials, etc	29,529,128	39,479,313
REPO adjustments	-	-
	15,264,462,377	7,467,858,266
	15,424,282,321	7,773,113,332

10(a) Consolidated Other assets	30.09.2010 Taka	31.12.2009 Taka
AB Bank Limited	15,424,282,321	7,773,113,332
AB Investment Limited	808,254,145	-
AB International Finance Limited	5,128,059	2,241,304
AB Securities Limited	3,709,413	-
	16,241,373,938	7,775,354,636
Less: Inter-group transaction	5,225,263,429	5,203,944
	11,016,110,509	7,770,150,692

11. Borrowings from other banks, financial institutions and agents

In Bangladesh	15,524,704,061	6,105,823,504
Outside Bangladesh	201,346,692	19,337,836
	15,726,050,753	6,125,161,339

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

AB Bank Limited	15,726,050,753	6,125,161,339
AB Investment Limited	591,017,725	-
AB International Finance Limited	984,884,552	1,011,963,306
AB Securities Limited	-	-
	17,301,953,030	7,137,124,645
Less: Intercompany transactions	1,573,716,714	1,000,837,339
	15,728,236,316	6,136,287,306

	30.09.2010 Taka	31.12.2009 Taka
12. Deposit and other accounts		
Inter-bank deposits	2,870,335,459	2,198,114,000
Other deposits	82,813,351,962	80,889,015,113
	85,683,687,421	83,087,129,113
12(a) Consolidated Deposit and other accounts		
AB Bank Limited	85,683,687,421	83,087,129,113
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
	85,683,687,421	83,087,129,113
Less: Inter-group transaction	310,409,524	4,500,433
	85,373,277,897	83,082,628,680
13. Other liabilities		
Accumulated provision against loans and advances	2,041,591,194	1,252,506,463
Accrued profit on investment - Islami banking branch	173,005,717	133,345,887
Provision for current tax	6,155,395,362	4,254,236,613
Deferred tax liabilities	73,538,427	129,739,689
Interest suspense account	309,729,452	301,688,854
Provision against other assets	308,695,693	228,235,215
Provision for outstanding debit entries in NOSTRO accounts	200,000	200,000
Exchange equalisation account	-	47,966,966
Accounts payable - Bangladesh Bank	114,805,356	233,310,356
Accrued expenses	58,517,986	36,789,076
Provision for off balance sheet items	430,000,000	380,000,000
Provision against investments	202,553,000	142,553,000
Others (*)	258,413,692	401,809,992
	10,126,445,880	7,542,382,112
(*) Others includes provision for audit fee, excise duty, income tax and VAT deducted at source, unclaimed dividend, accounts payable for safe keeping, earnest and security money, etc.		
13(a) Consolidated Other liabilities		
AB Bank Limited	10,126,445,880	7,542,382,112
AB Investment Limited	515,259,892	-
AB International Finance Limited	261,460,365	39,808,479
AB Securities Limited	739,674,462	-
	11,642,840,598	7,582,190,591
14. Share Capital	2,564,253,200	2,564,253,200
14.1 Authorised Capital		
60,000,000 ordinary shares of Taka 100 each	6,000,000,000	6,000,000,000
14.2 Issued, Subscribed and Paid-up Capital		
1,500,000 ordinary shares of Taka 100 each issued for cash	150,000,000	150,000,000
30,553,165 ordinary shares of Taka 100 each issued as bonus shares	3,055,316,500	2,414,253,200
	3,205,316,500	2,564,253,200

14.3 Capital Adequacy Ratio - As per BASEL II

Consolidated - Capital Adequacy Ratio

Core capital (Tier I)

Fully Paid-up Capital/Capital Deposited with BB	3,205,316,500
Statutory Reserve	3,129,288,546
Non-repayable share premium account	-
General Reserve	92,230,775
Retained earnings	5,672,386,322
Minority interest in Subsidiaries	1,274,896
Non-Cumulative irredeemable Preferences shares	-
Dividend Equalization Account	-
	<u>12,100,497,040</u>

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 Act, 1991.	-
Investments in subsidiaries which are not consolidated	-
Other if any	-
	<u>-</u>
Total Eligible Tier-I Capital	<u>12,100,497,040</u>

Supplementary capital (Tier II)

General Provision for Unclassified loans Limited to 1.25% of RWA	1,106,229,460
General Provision for off Balance Sheet exposure (A & B are limited to 1.25% of RWA)	430,000,000
Assets Revaluation Reserves up to 50%	338,947,345
Revaluation Reserves of Securities (Upto 50%)	133,855,531
Revaluation Reserve for equity instruments up to 10%	-
All other preference shares	-
Balance of Exchange Equalisation Fund	-
Perpetual Subordinated debt	-
Sub-Total	-
Deductions if any	-
Total Eligible Tier-II Capital	<u>2,009,032,336</u>

Capital eligible for market risk (Tier-III)

Short-term subordinated debt	-
A. Total Eligible Capital	<u>14,109,529,376</u>

Total assets including off-Balance Sheet items	168,386,200,934
Total risk-weighted assets (RWA)	145,247,993,523

B. Total required capital (9% of Total RWA, 10% in 2009)	13,072,319,417
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Capital Surplus / (Shortfall) [A-B]	1,037,209,959
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Capital adequacy ratio	9.71%
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Solo - Capital Adequacy Ratio**Core capital (Tier I)**

Fully Paid-up Capital/Capital Deposited with BB	3,205,316,500	2,564,253,200
Statutory Reserve	3,129,288,546	3,101,206,092
Non-repayable share premium account	-	-
General Reserve	42,199,200	42,199,200
Retained earnings	4,971,194,838	3,541,969,135
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	<u>11,347,999,084</u>	<u>9,249,627,627</u>

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 Act, 1991.	-	-
Investments in subsidiaries which are not consolidated	-	-
Other if any	-	-
	<u>-</u>	<u>-</u>
Total Eligible Tier-I Capital	<u>11,347,999,084</u>	<u>9,249,627,627</u>

Supplementary capital (Tier II)

General Provision for Unclassified loans Limited to 1.25% of RWA	1,040,188,413	825,596,013
General Provision for off Balance Sheet exposure (A & B are limited to 1.25% of RWA)	430,000,000	380,000,000
Assets Revaluation Reserves up to 50%	337,022,367	284,062,876
Revaluation Reserves of Securities (Upto 50%)	133,855,531	130,592,648
Revaluation Reserve for equity instruments up to 10%	-	-
All other preference shares	-	-
Balance of Exchange Equalisation Fund	-	47,966,966
Perpetual Subordinated debt	-	-
Sub-Total	1,941,066,311	1,668,218,503
Deductions if any	-	-
Total Eligible Tier-II Capital	1,941,066,311	1,668,218,503

Capital eligible for market risk (Tier-III)

Short-term subordinated debt	-	-
A. Total Eligible Capital	<u>13,289,065,395</u>	<u>10,917,846,130</u>

Total assets including off-Balance Sheet items	168,386,200,934	136,088,577,701
Total risk-weighted assets (RWA)	141,531,177,572	98,459,637,700

B. Total required capital (9% of Total RWA, 10% in 2009)	12,737,805,981	9,845,963,770
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Capital Surplus / (Shortfall) [A-B]	551,259,414	1,071,882,360
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Capital adequacy ratio	9.39%	11.09%
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	30.09.2010	31.12.2009
	Taka	Taka
15. Statutory reserve		
In Bangladesh		
Opening balance	2,987,427,246	1,971,945,858
Add: Addition during the period	-	1,015,481,388
Closing balance	<u>2,987,427,246</u>	<u>2,987,427,246</u>
Outside Bangladesh - ABBL, Mumbai Branch		
Opening balance	113,778,846	94,175,400
Add: Addition during the period	23,250,800	15,636,846
Adjustment for Foreign Exchange Rate Fluctuation	4,831,654	3,966,600
Closing balance	<u>141,861,300</u>	<u>113,778,846</u>
	<u>3,129,288,546</u>	<u>3,101,206,092</u>
16. Other reserve		
General reserve	42,199,200	42,199,200
Assets revaluation reserve	568,125,753	568,125,753
Investment revaluation reserve	267,711,063	268,769,552
Foreign exchange revaluation for investment in foreign operation	105,918,981	71,116,886
	<u>983,954,996</u>	<u>950,211,391</u>
16(a) Consolidated Other reserve		
AB Bank Limited	983,954,996	950,211,391
AB Investment Limited	-	-
AB International Finance Limited	50,031,575	32,971,400
AB Securities Limited	-	-
Add: Foreign exchange revaluation for investment in foreign operation	1,033,986,572	983,182,791
	3,849,956	3,728,156
	<u>1,037,836,527</u>	<u>986,910,947</u>
17. Retained earnings		
Opening balance	3,541,969,134	1,879,466,978
Add: Post-tax profit for the period	2,635,728,101	3,362,556,000
Less: Transfer to statutory reserve	-	1,031,118,234
Cash dividend	512,850,640	334,467,810
Bonus shares issued	641,063,300	334,467,800
	<u>5,023,783,295</u>	<u>3,541,969,134</u>
Less: Retained earnings adjustment of Mumbai Br.	60,305,384	-
Less: Statutory Reserve for Mumbai Branch	-	-
Add.: Foreign Exchange Translation Gain	7,716,925	-
	<u>4,971,194,836</u>	<u>3,541,969,134</u>
17(a) Consolidated Retained earnings		
AB Bank Limited	4,971,194,836	3,541,969,134
AB Investment Limited	435,451,600	-
AB International Finance Limited	50,514,851	97,349,416
AB Securities Limited	214,528,667	-
Add: Foreign currency translation gain	5,671,689,954	3,639,318,550
	696,366	211,816
	<u>5,672,386,320</u>	<u>3,639,530,365</u>
18. Contingent liabilities	<u>42,174,934,891</u>	<u>28,995,570,517</u>
18.1 Letters of guarantee		
Money for which the Bank is in contingently liable in respect of guarantees issued favouring:		
Directors	-	-
Government	-	-
Banks and other financial institutions	-	-
Others	8,963,660,494	5,592,203,569
	<u>8,963,660,494</u>	<u>5,592,203,569</u>

	Jan. - Sept.'10 Taka	Jan. - Sept.'09 Taka
19. Profit and loss account		
<u>Income:</u>		
Interest, discount and similar income	7,943,865,032	7,282,359,513
Dividend income	97,063,958	34,542,120
Fee, commission and brokerage	1,074,706,772	1,242,102,795
Gains less losses arising from investment securities	2,401,556,903	1,203,490,432
Gains less losses arising from dealing in foreign currencies	438,731,179	346,282,992
Other operating income	185,920,905	120,590,577
Gains less losses arising from dealing securities	(19,779,417)	(4,003,216)
Income from non-banking assets	-	-
Profit less losses on interest rate changes	-	-
	<u>12,122,065,333</u>	<u>10,225,365,213</u>
<u>Expenses:</u>		
Interest, fee and commission	4,429,739,658	4,724,500,460
Administrative expenses	1,530,413,157	1,152,389,189
Other operating expenses	592,392,589	443,162,611
Depreciation on banking assets	140,686,197	115,630,451
Losses on loans and advances	-	-
	<u>6,693,231,600</u>	<u>6,435,682,711</u>
	<u>5,428,833,733</u>	<u>3,789,682,502</u>
20. Interest income		
Interest on loans and advances:		
Loans and advances	6,897,824,224	6,323,193,365
Bills purchased and discounted	166,950,056	176,291,798
	<u>7,064,774,280</u>	<u>6,499,485,163</u>
Interest on:		
Calls and placements	132,448,142	137,173,788
Balance with foreign banks	6,355,764	11,490,945
Reverse Repo	-	8,814,751
Balance with Bangladesh Bank	617,587	1,427,236
	<u>139,421,493</u>	<u>158,906,720</u>
Profit/(Loss) due to change in interest rate	-	-
	<u>7,204,195,773</u>	<u>6,658,391,883</u>
20(a). Consolidated Interest income		
AB Bank Limited	7,204,195,773	6,658,391,883
AB International Finance Limited	59,583,547	44,328,860
AB Investment Limited	581,831,296	-
AB Securities Limited	35,450,891	-
	<u>7,881,061,506</u>	<u>6,702,720,743</u>
21. Interest paid on deposits, borrowings, etc		
Interest on deposits:		
Fixed deposits	2,506,811,509	3,494,685,148
Savings deposits	380,457,605	351,282,484
Special notice deposits	654,264,575	323,619,002
Other deposits	428,346,462	378,462,661
	<u>3,969,880,152</u>	<u>4,548,049,295</u>
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	459,859,506	176,451,165
	<u>4,429,739,658</u>	<u>4,724,500,460</u>

	Jan. - Sept.'10 Taka	Jan. - Sept.'09 Taka
21(a). Consolidated Interest paid on deposits, borrowings, etc		
AB Bank Limited	4,429,739,658	4,724,500,460
AB Investment Limited	216,019,928	-
AB International Finance Limited	6,967,225	5,041,020
AB Securities Limited	8,216,667	-
	<u>4,660,943,478</u>	<u>4,729,541,480</u>
22. Investment income		
Capital gain on sale of shares	2,401,556,903	1,203,490,432
Interest on treasury bills	108,756,331	71,523,072
Dividend on shares	97,063,958	34,542,120
Interest on debentures	2,887,500	-
Interest on treasury bonds	623,739,113	552,444,323
Loss on treasury bills and treasury bonds	(19,779,417)	(4,003,216)
Interest on other bonds & others	4,286,316	235
	<u>3,218,510,704</u>	<u>1,857,996,966</u>
22(a). Consolidated Investment income		
AB Bank Limited	3,218,510,704	1,857,996,966
AB Investment Limited	32,309	-
AB International Finance Limited	-	-
AB Securities Limited	146,592,551	-
	<u>3,365,135,564</u>	<u>1,857,996,966</u>
23. Commission, exchange and brokerage		
Other fees, commission and service charges	581,222,833	833,600,720
Commission on letters of credit	398,783,837	332,213,724
Commission on letters of guarantee	94,700,103	76,288,351
Exchange gains less losses arising from dealings in foreign currencies	438,731,179	346,282,992
	<u>1,513,437,951</u>	<u>1,588,385,787</u>
23(a). Consolidated Commission, exchange and brokerage		
AB Bank Limited	1,513,437,951	1,588,385,787
AB Investment Limited	455,573,154	-
AB International Finance Limited	17,077,569	9,728,143
AB Securities Limited	55,122,769	-
	<u>2,041,211,443</u>	<u>1,598,113,930</u>
24. Other income		
Locker rent, insurance claim and others	8,617,481	3,777,444
Recoveries on loans previously written off	39,020,528	42,945,071
Recoveries on telex, telephone, fax, etc	47,030,171	29,720,468
Recoveries on courier, postage, stamp, etc	18,600,757	19,857,847
Finance charge from ABBF	23,943,428	23,943,428
Non-operating income (*)	48,708,541	346,319
	<u>185,920,905</u>	<u>120,590,577</u>
(*) Non-operating income includes sale of vehicles, old tyres, tubes, newspapers, furniture, fixtures, etc.		
24(a). Consolidated Other income		
AB Bank Limited	185,920,905	120,590,577
AB Investment Limited	32,793,642	-
AB International Finance Limited	13,094,761	16,029,436
AB Securities Limited	8,995,925	-
	<u>240,805,233</u>	<u>136,620,013</u>

	Jan. - Sept.'10 Taka	Jan. - Sept.'09 Taka
25. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	892,697,700	686,074,815
Festival and incentive bonus	219,659,468	111,181,790
	<u>1,112,357,168</u>	<u>797,256,605</u>
25(a). Consolidated Salary and allowances		
AB Bank Limited	1,105,211,389	797,256,605
AB Investment Limited	4,733,963	-
AB International Finance Limited	19,300,727	15,742,443
AB Securities Limited	2,845,636	-
	<u>1,132,091,716</u>	<u>812,999,048</u>
26. Rent, taxes, insurance, electricity, etc		
Rent, rates and taxes	129,585,645	104,790,816
Electricity, gas, water, etc	28,524,961	26,835,962
Insurance	42,474,425	34,274,564
	<u>200,585,030</u>	<u>165,901,342</u>
26(a). Consolidated Rent, taxes, insurance, electricity, etc		
AB Bank Limited	200,585,030	165,901,342
AB Investment Limited	1,370,605	-
AB International Finance Limited	3,436,895	8,108,525
AB Securities Limited	350,014	-
	<u>205,742,544</u>	<u>174,009,867</u>
27. Legal expenses		
Legal expenses	<u>9,396,059</u>	<u>3,209,495</u>
27(a). Consolidated Legal expenses		
AB Bank Limited	9,396,059	3,209,495
AB Investment Limited	100,000	-
AB International Finance Limited	257,617	210,779
AB Securities Limited	292,000	-
	<u>10,045,675</u>	<u>3,420,274</u>
28. Postage, stamp, telecommunication, etc		
Telex, fax, internet, wireless link, SWIFT, etc	47,532,817	43,727,166
Telephone	8,950,316	7,226,381
Postage, stamp and shipping	16,150,577	11,643,117
	<u>72,633,710</u>	<u>62,596,664</u>
28(a). Consolidated Postage, stamp, telecommunication, etc		
AB Bank Limited	72,633,710	62,596,664
AB Investment Limited	113,220	-
AB International Finance Limited	3,979,930	4,136,926
AB Securities Limited	283,902	-
	<u>77,010,762</u>	<u>66,733,590</u>
29. Stationery, printing, advertisements, etc		
Printing and stationery	59,168,148	44,807,340
Publicity, advertisement, etc	44,102,217	36,795,954
	<u>103,270,365</u>	<u>81,603,294</u>

29(a). Consolidated Stationery, printing, advertisements, etc	Jan. - Sept.'10 Taka	Jan. - Sept.'09 Taka
AB Bank Limited	103,270,365	81,603,294
AB Investment Limited	989,798	-
AB International Finance Limited	298,354	265,816
AB Securities Limited	176,848	-
	104,735,365	81,869,110

30. Directors' fees

Directors' fees	930,350	823,400
Meeting expenses	590,705	948,537
	1,521,055	1,771,937

Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee and Shari'ah Tk.4,000 per meeting.

30(a). Consolidated Directors' fees

AB Bank Limited	1,521,055	1,771,937
AB Investment Limited	92,000	-
AB International Finance Limited	-	-
AB Securities Limited	23,000	-
	1,636,055	1,771,937

31. Auditors' fees

Statutory	11,500	-
Others	575,245	803,755
	586,745	803,755

31(a). Consolidated Auditors' fees

AB Bank Limited	586,745	803,755
AB Investment Limited	-	-
AB International Finance Limited	-	4,399
AB Securities Limited	-	-
	586,745	808,154

32. Depreciation and repairs of Bank's assets

Depreciation:

Electrical appliances	77,796,691	61,357,974
Leasehold assets	-	-
Furniture and fixtures	7,570,185	7,530,346
Office appliances	3,074,670	3,127,868
Building	7,193,293	3,994,292
Motor vehicles	45,051,358	39,619,971
	140,686,197	115,630,451

Repairs:

Motor vehicles	7,947,732	9,116,248
Electrical appliances	10,149,387	13,189,895
Office premises and others	9,087,108	8,229,182
Furniture and fixtures	766,630	780,606
Office appliances	2,112,166	1,716,456
	30,063,024	33,032,387
	170,749,221	148,662,838

	Jan. - Sept.'10 Taka	Jan. - Sept.'09 Taka
32(a). Consolidated Depreciation and repairs of Bank's assets		
AB Bank Limited	170,749,221	148,662,838
AB Investment Limited	721,112	-
AB International Finance Limited	707,168	595,190
AB Securities Limited	740,016	-
	<u>172,917,517</u>	<u>149,258,029</u>

33. Other expenses

Contractual service	80,393,497	62,219,089
Amortization of deferred revenue expenses	120,500,050	52,912,527
Petrol, oil and lubricant	36,941,482	33,617,225
Software expenses	86,684,047	35,685,103
Entertainment	23,232,254	20,758,654
Travelling	29,022,007	18,064,618
Subscription, membership and sponsorship	34,091,490	12,914,355
Training, seminar and workshop	17,058,699	6,703,173
Local conveyance	4,897,219	4,287,114
Professional charges	9,389,107	13,514,101
Books, newspapers and periodicals	931,788	1,417,360
Branch opening expenses	435,684	590,000
Bank Charges	7,167,559	4,568,419
Sundry expenses (*)	141,647,707	175,910,873
	<u>592,392,589</u>	<u>443,162,611</u>

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

33(a). Consolidated Other expenses

AB Bank Limited	592,392,589	443,162,611
AB Investment Limited	41,988,105	-
AB International Finance Limited	2,350,230	672,594
AB Securities Limited	3,705,386	-
	<u>640,436,309</u>	<u>443,835,205</u>

34. Provision against loans and advances

On un-classified loans	214,500,000	109,000,000
On classified loans	573,519,506	295,423,394
	<u>788,019,506</u>	<u>404,423,394</u>

34(a). Consolidated Provision against loans and advances

AB Bank Limited	788,019,506	404,423,394
AB Investment Limited	66,041,047	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
	<u>854,060,553</u>	<u>404,423,394</u>

35. Provisions for diminution in value of investments

In quoted shares	<u>60,000,000</u>	<u>12,000,000</u>
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35(a). Consolidated Provisions for diminution in value of investments

AB Bank Limited	60,000,000	-
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
	<u>60,000,000</u>	<u>-</u>

	Jan. - Sept.'10 Taka	Jan. - Sept.'09 Taka
36. Other provision		
Provision for off balance sheet items	50,000,000	100,000,000
Provision for Outstanding debit entries in NOSTRO accounts	-	-
Provision for Other assets	80,000,000	50,000,000
	<u>130,000,000</u>	<u>150,000,000</u>

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 provision

AB Bank Limited	130,000,000	150,000,000
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
	<u>130,000,000</u>	<u>150,000,000</u>

37. Provision for taxation

Provision for current tax	<u>1,815,086,125</u>	<u>1,050,000,000</u>
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37(a). Consolidated Provision for taxation

AB Bank Limited	1,815,086,125	1,050,000,000
AB Investment Limited	301,538,127	-
AB International Finance Limited	8,655,526	-
AB Securities Limited	15,000,000	-
	<u>2,140,279,778</u>	<u>1,050,000,000</u>

38. Earnings per share

Profit after taxation	2,635,728,101	2,185,259,108
Number of ordinary shares outstanding	32,053,165	32,053,165
Earnings per share	<u>82.23</u>	<u>68.18</u>

38(a). Consolidated Earnings per share

Consolidated Profit after taxation	3,330,581,469	2,220,567,855
Number of ordinary shares outstanding	32,053,165	32,053,165
Earnings per share	<u>103.91</u>	<u>69.28</u>

Earnings per share (EPS) and Consolidated EPS has been computed by dividing the basic earnings by the number of ordinary shares outstanding as on reporting date in terms of Bangladesh Accounting Standard (BAS)-33.

EPS for the period January to September 2009 was restated for issuing bonus shares for the year 2009.

AB Bank Limited
Schedule of Fixed Assets
As of 30 September 2010

Annexure - A

Amount in Taka

Particulars	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Total
Cost						
Balance at 01 January 2010	1,890,085,446	137,602,771	56,423,514	592,979,008	316,447,139	2,993,537,878
Addition during the period	393,321,349	26,652,876	3,602,051	95,588,785	60,537,500	579,702,562
Less : Disposal/Adjustment during the period	-	8,009,242	725,409	30,377,615	5,625,041	44,737,307
At 30 September 2010	2,283,406,795	156,246,405	59,300,156	658,190,178	371,359,598	3,528,503,133
Accumulated Depreciation						
Balance at 01 January 2010	20,731,548	52,880,532	30,418,244	298,910,463	149,634,434	552,575,221
Addition during the period	7,193,293	7,576,594	3,086,053	78,091,530	45,079,247	141,026,717
Less : Disposal/Adjustment during the period	-	5,587,830	699,977	13,331,306	5,188,971	24,808,084
At 30 September 2010	27,924,841	54,869,296	32,804,321	363,670,687	189,524,710	668,793,854
Net Book Value						
At 30 September 2010	2,255,481,955	101,377,109	26,495,835	294,519,491	181,834,889	2,859,709,279
At 31 December 2009	1,869,353,897	84,722,239	26,005,269	294,068,545	166,812,706	2,440,962,657