

AUDITOR'S REPORT TO THE SHAREHOLDERS OF AB BANK LIMITED

We have audited the accompanying consolidated financial statements of AB Bank Limited and its subsidiary, AB International Finance Limited which comprise the consolidated balance sheet as at 31 December 2009, consolidated profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibilities for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Bank Guidelines and Bangladesh Financial Reporting Standards as well as Bangladesh Accounting Standards where applicable, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above which have been prepared in the format prescribed by Bangladesh Bank vide Circular no. 14 dated 25 June 2003 and in accordance with relevant Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards give a true and fair view of the state of affairs of the Bank as at 31 December 2009 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Bank Company Act 1991, Rules and Regulations issued by Bangladesh Bank, Securities and Exchange Rules 1987 and other applicable laws and regulations.

We further report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law were kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (iii) the Bank's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts and returns;
- (iv) the expenditures incurred were for the purpose of the Bank's operations;
- (v) the financial position of the Bank as at 31 December 2009 and the profit for the year then ended have been properly reflected in the financial statements, and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- (vi) the financial statements have been drawn up in conformity with the Bank Company Act, 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- (vii) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (ix) the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
- (xii) as far as it was revealed from our test checks, the existing rules and regulations for loan sanctioning and disbursements have been followed properly;
- (xiii) it appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;
- (xiv) adequate capital of the Bank, as required by law, has been maintained during the year under audit;
- (xv) we were not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank;
- (xvi) 80% of the risk-weighted assets of the Bank have been audited; and
- (xvii) we have spent approximately 3,250 man hours for the audit of books and accounts of the Bank.



ACNABIN
Chartered Accountants

Dhaka,
29 April 2010