

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

	Notes	30.06.2010 Taka	31.12.2009 Taka
PROPERTY AND ASSETS			
Cash	3(a)	6,507,567,832	5,354,881,576
In hand (including foreign currencies)	3.1(a)	546,492,547	489,993,012
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	5,961,075,285	4,864,888,564
Balance with other banks and financial institutions		3,475,151,193	2,494,371,843
In Bangladesh	4(a)	1,888,829,765	1,111,711,079
Outside Bangladesh	4(b)	1,586,321,428	1,382,660,764
Money at call and on short notice	5(a)	489,616,000	600,000,000
Investments	6(a)	14,060,074,567	16,369,303,226
Government	6.1(a)	9,883,306,836	9,675,466,462
Others	6.2(a)	4,176,767,731	6,693,836,764
Loans and advances		81,879,874,882	72,063,263,258
Loans, cash credits, overdrafts, etc	7(a)	79,106,624,792	69,732,552,194
Bills purchased and discounted	8(a)	2,773,250,089	2,330,711,064
Fixed assets including premises, furniture and fixtures	9(a)	2,873,604,570	2,441,036,589
Other assets	10(a)	12,486,732,914	7,770,150,692
Non-banking assets		-	-
Total Assets		121,772,621,958	107,093,007,184
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11(a)	12,047,917,704	6,136,287,306
Deposits and other accounts	12(a)	86,025,543,674	83,082,628,680
Current deposits		7,967,164,242	6,475,485,033
Demand deposits		3,354,246,081	2,514,211,354
Bills payable		3,770,168,849	1,289,857,131
Savings bank deposits		12,384,137,084	11,900,897,489
Short-term deposits		11,995,382,075	15,782,398,929
Fixed deposits		40,851,347,206	39,696,851,192
Bearer certificates of deposit		130,325,000	130,325,000
Other deposits		5,572,773,136	5,292,602,552
Other liabilities	13(a)	11,255,479,046	7,582,190,591
Minority Interest		127,842	-
Total Liabilities		109,329,068,266	96,801,106,578
Capital/Shareholders' Equity			
Total Shareholders' Equity		12,443,553,692	10,291,900,606
Paid-up capital	14	2,564,253,200	2,564,253,200
Statutory reserve	15	3,122,443,806	3,101,206,092
Other reserve	16(a)	1,009,612,659	986,910,947
Retained earnings	17(a)	5,747,244,027	3,639,530,366
Total Liabilities and Shareholders' Equity		121,772,621,958	107,093,007,184

	Notes	30.06.2010 Taka	31.12.2009 Taka
Off-Balance Sheet Items			
Contingent liabilities	18	36,598,118,255	28,995,570,517
Acceptances and endorsements		10,062,723,120	8,378,635,299
Letters of guarantee		6,728,594,380	5,592,203,569
Irrevocable letters of credit		11,165,400,122	9,796,922,878
Bills for collection		8,641,400,633	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		<u>36,598,118,255</u>	<u>28,995,570,517</u>
Other memorandum items			
Value of traveller's cheques		96,090	32,030
Value of savings certificates (Sanchaya Patra)		2,476,781,000	1,956,421,000

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

- Sd -
President & Managing Director

- Sd -
Chief Finance Officer

Dhaka: July 16, 2010

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

For the period ended 30 June 2010

Notes	Jan. - June '10 Taka	Jan. -June '09 Taka	April to June'10 Taka	April to June'09 Taka
OPERATING INCOME				
Interest income	20(a) 5,094,606,061	4,377,354,098	2,676,228,694	2,228,661,334
Interest paid on deposits and borrowings, etc.	21(a) (2,998,305,550)	(3,247,218,961)	(1,564,280,233)	(1,545,373,952)
Net interest income	2,096,300,511	1,130,135,137	1,111,948,461	683,287,382
Investment income	22(a) 2,618,055,487	1,421,245,332	1,946,410,361	915,633,267
Commission, exchange and brokerage	23(a) 1,305,168,541	980,163,400	703,413,173	523,848,176
Other operating income	24(a) 113,753,661	116,563,627	62,190,582	64,168,251
Total operating income (a)	4,036,977,690	2,517,972,359	2,712,014,116	1,503,649,694
OPERATING EXPENSES				
Salary and allowances	25(a) 672,757,893	551,349,435	374,368,913	302,016,173
Rent, taxes, insurance, electricity, etc.	26(a) 136,537,936	102,550,609	65,590,261	50,439,723
Legal expenses	27(a) 2,542,152	1,960,978	1,863,035	1,117,447
Postage, stamps, telecommunication, etc.	28(a) 51,609,141	41,771,236	25,418,528	19,934,070
Stationery, printing, advertisement, etc.	29(a) 76,593,688	51,364,375	42,366,376	31,341,610
Chief executive's salary and fees	4,533,837	3,942,583	2,281,317	1,983,873
Directors' fees	30(a) 1,285,305	1,060,672	667,717	676,519
Auditors' fees	31(a) 617,580	635,862	70,892	-
Charges on loan losses	-	-	-	-
Depreciation and repairs of Bank's assets	32(a) 110,925,134	89,077,464	57,648,054	47,285,264
Other expenses	33(a) 395,507,713	229,039,041	228,132,539	120,573,287
Total operating expenses (b)	1,452,910,380	1,072,752,254	798,407,632	575,367,967
Profit before provision (c = a-b)	4,680,367,821	2,575,355,241	3,025,554,946	1,611,569,109
Provision against loans and advances	34(a) 708,021,095	300,000,000	386,876,069	210,000,000
Provision for diminution in value of investments	35(a) 60,000,000	12,000,000	-	12,000,000
Other provisions	36(a) 130,000,000	20,000,000	130,000,000	20,000,000
Total provision (d)	898,021,095	332,000,000	516,876,069	242,000,000
Profit before taxation (c-d)	3,782,346,726	2,243,355,241	2,508,678,877	1,369,569,109
Provision for taxation	1,526,152,211	700,000,000	1,176,152,211	399,836,043
Net profit after taxation	2,256,194,515	1,543,355,241	1,332,526,665	969,733,066
Appropriations				
Statutory reserve	-	-	-	-
General reserve	-	-	-	-
Dividends, etc	-	-	-	-
Retained surplus	2,256,194,515	1,543,355,241	1,332,526,665	969,733,066
Minority Interest	25,842	-	19,700	-
Net Profit attributable to the shareholders of Parent Company	2,256,168,672	1,543,355,241	1,332,506,965	969,733,066
Consolidated Earnings Per Share (EPS)	38(a) 70.39	48.15	41.57	30.25

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

- Sd -
President & Managing Director

Dhaka: July 16, 2010

- Sd -
Chief Finance Officer

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

	Jan- June '10 Taka	Jan- June '09 Taka	April - June '10 Taka	April - June '09 Taka
Cash Flows from Operating Activities				
Interest receipts	5,094,606,061	4,377,354,098	2,676,228,694	2,228,661,334
Interest payments	(2,998,305,550)	(3,247,218,961)	(1,564,280,233)	(1,545,373,952)
Dividend receipts	95,967,212	15,732,850	88,851,722	12,830,850
Fee and commission receipts	1,028,808,322	773,157,935	559,280,446	422,323,473
Recoveries on loans previously written off	27,751,374	41,921,228	14,835,218	26,934,025
Payments to employees	(677,291,730)	(555,292,018)	(376,650,230)	(304,000,046)
Payments to suppliers	(77,211,268)	(123,087,216)	(42,437,268)	(60,388,258)
Income taxes paid	(1,184,164,366)	(821,687,185)	(946,337,465)	(694,181,641)
Receipts from other operating activities	2,911,179,735	1,467,317,365	2,062,859,528	813,660,334
Payments for other operating activities	(600,417,211)	(229,039,041)	(328,176,980)	(120,573,287)
Operating profit before changes in operating assets & liabilities	3,620,922,578	1,699,159,054	2,144,173,431	779,892,832
Increase/decrease in operating assets and liabilities				
Loans and advances to customers	(9,816,611,623)	(7,294,641,329)	(5,783,694,169)	(3,099,488,450)
Other assets	(3,529,353,217)	332,318,375	(3,394,295,196)	537,662,465
Deposits from other banks	208,376,472	(638,646,441)	275,542,472	(2,010,511,441)
Deposits from customers	2,734,538,522	7,554,589,243	1,701,048,284	2,801,691,050
Trading liabilities (short-term borrowings)	7,249,952,889	1,876,786,195	5,413,495,582	2,533,197,580
Other liabilities	1,188,852,705	502,386,398	48,984,524	152,575,528
	(1,964,244,252)	2,332,792,441	(1,738,918,503)	915,126,733
Net cash flow from operating activities (a)	1,656,678,326	4,031,951,496	405,254,927	1,695,019,565
Cash Flows from Investing Activities				
(Purchase)/ sale of government securities	(1,631,810,387)	(1,254,281,471)	(1,210,703,360)	(833,500,343)
(Purchase)/ sale of trading securities, shares, bonds, etc.	2,517,069,033	(1,703,595,618)	3,228,528,956	(1,080,060,875)
(Purchase)/ sale of property, plant and equipment	(518,619,665)	(102,983,448)	(452,442,106)	(12,212,151)
Net cash used in investing activities (b)	366,638,980	(3,060,860,537)	1,565,383,490	(1,925,773,369)
Cash Flows from Financing Activities				
Increase/(decrease) of long-term borrowings	-	(853,504,152)	707,604	(853,504,152)
Dividend paid	-	-	-	-
Net cash (used in)/flow from financing activities (c)	-	(853,504,152)	707,604	(853,504,152)
Net increase in cash (a+b+c)	2,023,317,306	971,090,959	1,971,346,021	(230,753,805)
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	8,503,935,404	7,975,080,264
Cash and cash equivalents at end of the period (*)	10,475,281,425	7,744,326,459	10,475,281,425	7,744,326,459
(*) Cash and cash equivalents:				
Cash	546,492,547	500,460,958	546,492,547	500,460,958
Prize bonds	2,946,400	3,764,300	2,946,400	3,764,300
Money at call and on short notice	489,616,000	940,129,849	489,616,000	940,129,849
Balance with Bangladesh Bank and its agent bank(s)	5,961,075,285	4,127,752,318	5,961,075,285	4,127,752,318
Balance with other banks and financial institutions	3,475,151,193	2,172,219,034	3,475,151,193	2,172,219,034
	10,475,281,425	7,744,326,459	10,475,281,425	7,744,326,459

- Sd -
President & Managing Director

- Sd -
Chief Finance Officer

Dhaka: July 16, 2010

AB Bank Limited & its Subsidiaries
Consolidated Statement of Changes in Equity (Un- Audited)
For the period ended 30 June 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 31 December 2009	2,564,253,200	3,101,206,092	42,199,200	604,825,309	71,116,886	268,769,552	3,639,530,366	10,291,900,606
Net profit after taxation for the period	-	-	-	-	-	-	2,256,168,672	2,256,168,672
Addition/ (Adjustment) made during the period	-	21,237,714	-	12,576,619	6,745,801	3,379,291	(33,814,333)	10,125,092
Provision for Mumbai Branch & ABIFL	-	-	-	-	-	-	(43,307,830)	(43,307,830)
Foreign Translation Loss	-	-	-	-	-	-	(874,002)	(874,002)
Foreign Translation Gain	-	-	-	-	-	-	12,940	12,940
Cash Dividend of ABIFL	-	-	-	-	-	-	(70,471,786)	(70,471,786)
Balance at 30 June 2010	2,564,253,200	3,122,443,806	42,199,200	617,401,928	77,862,687	272,148,843	5,747,244,027	12,443,553,692
Balance at 30 June 2009	2,564,253,200	2,066,853,858	42,199,200	604,734,506	-	206,477,431	2,658,595,977	8,143,114,172

- Sd -
President & Managing Director

- Sd -
Chief Finance Officer

Dhaka: July 16, 2010

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

	Notes	30.06.2010 Taka	31.12.2009 Taka
PROPERTY AND ASSETS			
Cash	3	6,507,567,832	5,354,881,576
In hand (including foreign currencies)	3.1	546,492,547	489,993,012
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	5,961,075,285	4,864,888,564
Balance with other banks and financial institutions	4	4,571,735,739	3,494,118,146
In Bangladesh		1,888,294,715	1,111,711,079
Outside Bangladesh		2,683,441,023	2,382,407,068
Money at call and on short notice	5	489,616,000	600,000,000
Investments	6	14,060,074,567	16,369,303,226
Government	6.1	9,883,306,836	9,675,466,462
Others	6.2	4,176,767,731	6,693,836,764
Loans and advances		77,606,224,562	70,879,933,446
Loans, cash credits, overdrafts, etc	7	76,596,333,633	69,732,552,194
Bills purchased and discounted	8	1,009,890,929	1,147,381,251
Fixed assets including premises, furniture and fixtures	9	2,869,516,632	2,440,962,657
Other assets	10	12,796,140,489	7,773,113,332
Non-banking assets		-	-
Total Assets		118,900,875,821	106,912,312,383
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	11,089,488,756	6,125,161,339
Deposits and other accounts	12	86,033,081,053	83,087,129,113
Current deposits		7,974,701,621	6,479,985,466
Demand deposits		3,354,246,081	2,514,211,354
Bills payable		3,770,168,849	1,289,857,131
Savings bank deposits		12,384,137,084	11,900,897,489
Short-term deposits		11,995,382,075	15,782,398,929
Fixed deposits		40,851,347,206	39,696,851,192
Bearer certificates of deposit		130,325,000	130,325,000
Other deposits		5,572,773,136	5,292,602,552
Other liabilities	13	9,687,555,979	7,542,382,112
Total Liabilities		106,810,125,788	96,754,672,565
Capital/Shareholders' Equity			
Total Shareholders' Equity		12,090,750,033	10,157,639,818
Paid-up capital	14	2,564,253,200	2,564,253,200
Statutory reserve	15	3,122,443,806	3,101,206,092
Other reserve	16	956,623,228	950,211,391
Retained earnings	17	5,447,429,800	3,541,969,134
Total Liabilities and Shareholders' Equity		118,900,875,821	106,912,312,383

	Notes	30.06.2010 Taka	31.12.2009 Taka
Off-Balance Sheet Items			
Contingent liabilities			
	18	36,196,966,118	28,995,570,517
Acceptances and endorsements		10,062,723,120	8,378,635,299
Letters of guarantee	18.1	6,728,594,380	5,592,203,569
Irrevocable letters of credit		10,764,247,985	9,796,922,878
Bills for collection		8,641,400,633	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		<u>36,196,966,118</u>	<u>28,995,570,517</u>
Other memorandum items			
Value of traveller's cheques		96,090	32,030
Value of savings certificates (Sanchaya Patra)		2,476,781,000	1,956,421,000

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

- Sd -
President & Managing Director

- Sd -
Chief Finance Officer

Dhaka: July 16, 2010

AB Bank Limited

Profit and Loss Account (Un- Audited) For the period ended 30 June 2010

Notes	Jan. - June '10 Taka	Jan. -June '09 Taka	April to June'10 Taka	April to June'09 Taka
OPERATING INCOME				
Interest income	20 4,722,271,139	4,344,556,503	2,386,325,527	2,210,737,918
Interest paid on deposits and borrowings, etc.	21 (2,855,867,955)	(3,242,768,477)	(1,449,946,458)	(1,543,378,261)
Net interest income	1,866,403,184	1,101,788,026	936,379,069	667,359,657
Investment income	22 2,618,055,487	1,421,245,332	1,946,410,361	915,633,267
Commission, exchange and brokerage	23 1,039,969,990	973,308,979	485,801,811	519,939,959
Other operating income	24 104,499,250	103,725,734	49,928,275	58,259,530
	3,762,524,728	2,498,280,045	2,482,140,447	1,493,832,756
Total operating income (a)	5,628,927,912	3,600,068,071	3,418,519,516	2,161,192,413
OPERATING EXPENSES				
Salary and allowances	25 658,867,691	536,106,987	366,166,075	297,494,742
Rent, taxes, insurance, electricity, etc.	26 133,469,100	100,190,425	63,862,656	49,320,205
Legal expenses	27 2,179,798	1,889,386	1,500,682	1,114,283
Postage, stamps, telecommunication, etc.	28 48,606,953	38,886,740	23,944,143	18,372,634
Stationery, printing, advertisement, etc.	29 75,587,488	51,158,207	41,507,100	31,253,264
Chief executive's salary and fees	4,533,837	3,942,583	2,281,317	1,983,873
Directors' fees	30 1,204,805	1,060,672	587,217	676,519
Auditors' fees	31 617,580	631,407	70,892	-
Charges on loan losses	-	-	-	-
Depreciation and repairs of Bank's assets	32 110,213,271	88,934,708	57,125,200	47,213,207
Other expenses	33 372,647,614	228,852,988	211,980,015	119,498,907
Total operating expenses (b)	1,407,928,137	1,051,654,103	769,025,297	566,927,634
Profit before provision (c = a-b)	4,220,999,775	2,548,413,968	2,649,494,219	1,594,264,779
Provision against loans and advances	34 708,021,095	300,000,000	386,876,069	210,000,000
Provision for diminution in value of investments	35 60,000,000	12,000,000	-	12,000,000
Other provisions	36 130,000,000	20,000,000	130,000,000	20,000,000
Total provision (d)	898,021,095	332,000,000	516,876,069	242,000,000
Profit before taxation (c-d)	3,322,978,680	2,216,413,968	2,132,618,150	1,352,264,779
Provision for taxation	1,360,000,000	700,000,000	1,010,000,000	399,836,043
Net profit after taxation	1,962,978,680	1,516,413,968	1,122,618,150	952,428,736
Appropriations				
Statutory reserve	-	-	-	-
General reserve	-	-	-	-
Dividends, etc	-	-	-	-
	-	-	-	-
Retained surplus	1,962,978,680	1,516,413,968	1,122,618,150	952,428,736
Earnings Per Share (EPS)	38 61.24	47.31	35.02	29.71

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

- Sd -

President & Managing Director

- Sd -

Chief Finance Officer

Dhaka: July 16, 2010

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

	Jan- June '10 Taka	Jan-June '09 Taka	April - June '10 Taka	April - June '09 Taka
Cash Flows from Operating Activities				
Interest receipts	4,722,271,139	4,344,556,503	2,386,325,527	2,210,737,918
Interest payments	(2,855,867,955)	(3,242,768,477)	(1,449,946,458)	(1,543,378,261)
Dividend receipts	95,967,212	15,732,850	88,851,722	12,830,850
Fee and commission receipts	763,609,770	973,308,979	338,361,691	625,420,721
Recoveries on loans previously written off	27,751,374	41,921,228	14,835,218	26,934,025
Payments to employees	(597,374,920)	(540,049,570)	(300,383,284)	(299,478,615)
Payments to suppliers	(76,205,068)	(51,158,207)	(41,237,229)	(30,617,402)
Income taxes paid	(1,184,164,366)	(821,687,185)	(946,337,465)	(694,181,641)
Receipts from other operating activities	2,902,947,746	1,467,317,365	2,056,027,033	813,660,334
Payments for other operating activities	(578,255,851)	(388,765,306)	(314,163,957)	(199,105,550)
Operating profit before changes in operating assets & liabilities	3,220,679,082	1,798,408,180	1,832,332,797	922,822,379
Increase/decrease in operating assets and liabilities				
Loans and advances to customers	(6,726,291,117)	(6,113,498,152)	(4,826,232,678)	(1,960,145,085)
Other assets	(3,838,862,791)	337,301,145	(2,077,363,457)	537,662,465
Deposits from other banks	208,376,472	(638,646,441)	275,542,472	(2,010,511,441)
Deposits from customers	2,737,575,467	7,555,691,026	1,599,035,998	2,801,691,050
Trading liabilities (short-term borrowings)	4,964,327,417	1,752,673,992	4,519,113,144	2,616,290,671
Other liabilities	1,165,510,275	150,204,029	(860,274,558)	(359,286,323)
	(1,489,364,276)	3,043,725,599	(1,370,179,079)	1,625,701,337
Net cash flow from operating activities (a)	1,731,314,805	4,842,133,779	462,153,718	2,548,523,716
Cash Flows from Investing Activities				
(Purchase)/ sale of government securities	(1,610,983,965)	(1,254,281,471)	(1,189,876,938)	(833,500,343)
(Purchase)/ sale of trading securities, shares, bonds, etc.	2,517,069,033	(1,703,595,618)	3,228,528,956	(1,080,060,875)
(Purchase)/ sale of property, plant and equipment	(517,244,324)	(102,983,448)	(451,066,764)	(12,212,151)
Net cash used in investing activities (b)	388,840,743	(3,060,860,537)	1,587,585,253	(1,925,773,369)
Cash Flows from Financing Activities				
Increase/(decrease) of long-term borrowings	-	(853,504,152)	707,604	(853,504,152)
Dividend paid	-	-	-	-
Net cash (used in)/flow from financing activities (c)	-	(853,504,152)	707,604	(853,504,152)
Net increase in cash (a+b+c)	2,120,155,549	927,769,090	2,050,446,575	(230,753,805)
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at beginning of the period	9,451,710,422	7,590,716,540	9,521,419,396	8,749,239,435
Cash and cash equivalents at end of the Period (*)	11,571,865,971	8,518,485,630	11,571,865,971	8,518,485,630
(*) Cash and cash equivalents:				
Cash	546,492,547	500,460,958	546,492,547	500,460,958
Prize bonds	2,946,400	3,764,300	2,946,400	3,764,300
Money at call and on short notice	489,616,000	940,129,849	489,616,000	940,129,849
Balance with Bangladesh Bank and its agent bank(s)	5,961,075,285	4,127,752,318	5,961,075,285	4,127,752,318
Balance with other banks and financial institutions	4,571,735,739	2,946,378,205	4,571,735,739	2,946,378,205
	11,571,865,971	8,518,485,630	11,571,865,971	8,518,485,630

- Sd -

President & Managing Director

- Sd -

Chief Finance Officer

Dhaka: July 16, 2010

AB Bank Limited
Statement of Changes in Equity (Un- Audited)
For the period ended 30 June 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 31 December 2009	2,564,253,200	3,101,206,092	42,199,200	568,125,753	71,116,886	268,769,552	3,541,969,135	10,157,639,818
Net profit after taxation for the period	-	-	-	-	-	-	1,962,978,679	1,962,978,679
Addition made during the period	-	21,237,714	-	-	3,032,545	3,379,291	(21,237,714)	6,411,836
Provision for Mumbai Branch							(35,406,298)	(35,406,298)
Foreign Translation Loss	-	-	-	-	-	-	(874,002)	(874,002)
Balance at 30 June 2010	2,564,253,200	3,122,443,806	42,199,200	568,125,753	74,149,432	272,148,843	5,447,429,800	12,090,750,033
Balance at 30 June 2009	2,564,253,200	2,066,853,858	42,199,200	568,125,753	-	206,477,431	2,637,247,805	8,085,157,247

- Sd -
President & Managing Director

Dhaka: July 16, 2010

- Sd -
Chief Finance Officer

AB Bank Limited

Notes to the Financial Statements

For the half year ended 30 June 2010

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.

Recently, two new subsidiaries have been formed namely AB Investment Limited (ABIL) and AB Securities Limited (ABSL) respectively. 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 Merchant Banking Wing. 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 will be transferred 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 is being carried out from 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 for the operation of Brokerage business is under process. 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 June 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 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 total retained earnings of Bank.

Merchant Banking Wing/ABIL

Assets-liabilities and income-expenditures of MBW are incorporated in similar heads of account of the Bank's financial statements upto 09 March, 2010. Subsequently, MBW has been converted into a subsidiary company named by AB Investment Limited (ABIL) which started its operation from 10 March 2010. So, ABIL's financial statements for the period 10 March to 31 March 2010 has been consolidated as per BAS 27: Consolidated and Separate Financial Statements.

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

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 Securities Limited has been incorporated as a separate company to carry brokerage business. However, commercial operation will start after transfer of the Brokerage Licenses of ABBF in due course.

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 Consolidated Balance Sheet and Consolidated 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 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 financial year. 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 accredited, 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 employees 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 (including bonus share issued for the year 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 June 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

Particulars	AB Bank Limited					Subsidiaries & Off- Shore Unit			AB Bank & it's subsidiaries	
	Inside Bangladesh				India (Mumbai Branch)	Total	AB Investment Limited	AB Int. Finance Ltd. (Hong Kong)		Off- Shore Banking Unit
	Conventional Banking	Islamic Banking	Investment Banking	Merchant Banking						
Income Statements										
Interest income	5,966,780,053	155,529,208	-	202,439,591	16,787,170	6,341,536,022	326,099,310	42,979,363	3,256,249	6,713,870,944
Interest paid on deposits and borrowings, etc.	3,989,675,215	91,993,441	274,786,439	115,952,350	2,725,393	4,475,132,839	136,318,558	4,801,369	1,317,669	4,617,570,434
Net interest income	1,977,104,838	63,535,766	(274,786,439)	86,487,241	14,061,778	1,866,403,184	189,780,752	38,177,994	1,938,580	2,096,300,510
Investment income	528,550,318	3,192,222	2,081,704,107	-	4,608,840	2,618,055,487	-	-	-	2,618,055,487
Commission, exchange and brokerage	775,460,428	6,453,318	367,070	144,563,063	113,126,111	1,039,969,990	253,265,688	11,932,863	-	1,305,168,541
Other operating income	103,120,269	52,775	-	-	1,326,206	104,499,250	-	8,231,989	1,022,422	113,753,661
Total operating income	3,384,235,853	73,234,081	1,807,284,738	231,050,304	133,122,935	5,628,927,912	443,046,441	58,342,846	2,961,002	6,133,278,200
OPERATING EXPENSES										
Salary and allowances	637,896,498	7,409,685	6,472,301	2,763,418	8,859,626	663,401,528	2,013,504	11,522,756	353,941	677,291,730
Rent, taxes, insurance, electricity, etc.	126,959,946	312,113	1,380,989	417,353	4,398,700	133,469,100	765,674	2,302,587	575	136,537,936
Legal expenses	1,976,163	-	200,000	-	3,635	2,179,798	100,000	262,354	-	2,542,152
Postage, stamps, telecommunication, etc.	44,442,519	155,683	44,344	25,572	3,938,835	48,606,953	62,493	2,938,830	866	51,609,141
Stationery, printing, advertisement, etc.	73,357,583	328,257	91,609	138,534	1,671,505	75,587,488	754,280	251,921	-	76,593,688
Directors' fees	1,181,883	22,922	-	-	-	1,204,805	80,500	-	-	1,285,305
Auditors' fees	134,500	-	-	-	142,318	617,580	-	-	-	617,580
Charges on loan losses	-	-	-	-	-	-	-	-	-	-
Depreciation and repairs of Bank's assets	100,674,354	1,199,132	1,418,799	205,658	6,715,328	110,213,270	428,285	283,579	-	110,925,134
Other expenses	312,715,881	2,017,527	22,868,003	4,194,377	30,851,826	372,647,614	20,419,088	2,329,498	111,513	395,507,712
Total operating expenses	1,299,339,327	11,445,318	32,476,045	7,744,912	56,581,772	1,407,928,136	24,623,824	19,891,524	466,894	1,452,910,378
Profit before provision	2,084,896,526	61,788,763	1,774,808,693	223,305,392	76,541,163	4,220,999,776	418,422,617	38,451,322	2,494,108	4,680,367,822
Provision against loans and advances						708,021,095				708,021,095
Provision for diminution in value of investments						60,000,000.00				60,000,000
Other provisions						130,000,000.00				130,000,000.00
Total provision						898,021,095				898,021,095
Profit before taxation						3,322,978,681				3,782,346,727
Provision for taxation						1,360,000,000				1,526,152,211
Net profit after taxation						1,962,978,681				2,256,194,515

Balance Sheet

Particulars	AB Bank Limited				Subsidiaries & Off- Shore Unit			AB Bank & it's subsidiaries
	Inside Bangladesh		India (Mumbai Branch)	Total	AB Investment Limited	AB Int. Finance Ltd. (Hong Kong)	Off- Shore Banking Unit	
	Conventional Banking	Islamic Banking						
PROPERTY AND ASSETS								
Cash	6,419,406,548	84,960,348	3,200,936	6,507,567,832	-	-	-	6,507,567,832
Balance with other banks and financial instit.	2,136,706,389	1,794,674,214	732,662,621	4,571,735,739	6,056,874	34,434,152	13,858,630	3,475,151,193
Money at call and on short notice	370,000,000	-	119,616,000	489,616,000	-	-	-	489,616,000
Investments	13,842,510,441	-	237,484,126	14,060,074,567	-	-	-	14,060,074,567
Loans and advances	75,286,826,128	1,928,616,357	390,782,077	77,606,224,562	6,697,878,566	1,305,305,890	947,142,583	81,879,874,882
Fixed assets	2,816,165,476	14,126,938	39,224,219	2,869,516,632	4,045,590	42,348	-	2,873,604,570
Other assets	12,974,759,524	25,980,210	254,290,078	12,796,140,489	1,776,577,728	7,778,273	-	12,486,732,914
Non-banking assets	-	-	-	-	-	-	-	-
Total Assets	113,846,374,505	3,848,358,067	1,777,260,057	118,900,875,821	8,484,558,758	1,347,560,663	961,001,213	121,772,621,958
LIABILITIES AND CAPITAL								
Liabilities								
Borrowings from other banks, financial instituti	10,083,464,752	1,006,024,004	-	11,089,488,756	4,676,676,719	1,146,055,977	955,769,794	12,047,917,704
Deposits and other accounts	82,674,428,140	2,706,890,231	744,070,166	86,033,081,052	-	-	-	86,025,543,673
Other liabilities	9,362,133,657	135,443,832	189,978,489	9,687,555,979	1,549,459,423	104,387,964	2,737,312	11,255,479,046
Minority Interest	-	-	-	-	-	-	-	127,842
Total Liabilities	102,120,026,550	3,848,358,067	934,048,656	106,810,125,788	6,226,136,142	1,250,443,941	958,507,105	109,329,068,266
Total Shareholders' Equity	11,726,347,956	-	843,211,401	12,090,750,034	2,258,422,616	97,116,722	2,494,108	12,443,553,692
Total Liabilities and Shareholders' Equity	113,846,374,505	3,848,358,067	1,777,260,057	118,900,875,821	8,484,558,758	1,347,560,663	961,001,213	121,772,621,958

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

The 28th Annual General Meeting (AGM) of the Bank held on 15 July 2010 has approved 25% Stock Dividend and 20% Cash Dividend respectively. In calculating Earning per Share (EPS), effect of 25% Stock Dividend, thus approved, has been considered.

Except for the above, 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	3,263,000
Elite International Ltd	Common Director's	Rent of Card Department	431,250

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.

	30.06.2010 Taka	31.12.2009 Taka
3. Cash		
Cash in hand (Note: 3.1)	546,492,547	489,993,012
Balance with Bangladesh Bank and its agent bank(s) (Note: 3.2)	5,961,075,285	4,864,888,564
	<u>6,507,567,832</u>	<u>5,354,881,576</u>
3(a) Consolidated Cash		
AB Bank Limited	6,507,567,832	5,354,881,576
AB Investments Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	<u>6,507,567,832</u>	<u>5,354,881,576</u>
3.1 Cash in hand		
In local currency	519,654,949	463,150,868
In foreign currency	26,837,598	26,842,144
	<u>546,492,547</u>	<u>489,993,012</u>
3.1(a) Consolidated Cash in hand		
AB Bank Limited	546,492,547	489,993,012
AB Investments Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	<u>546,492,547</u>	<u>489,993,012</u>
3.2 Balance with Bangladesh Bank and its agent bank(s)		
Balance with Bangladesh Bank		
In local currency	5,274,740,208	4,400,326,087
In foreign currency	469,021,603	156,824,678
	5,743,761,811	4,557,150,765
Sonali Bank Limited (as an agent bank of Bangladesh Bank) - local currency	217,313,475	307,737,799
	<u>5,961,075,285</u>	<u>4,864,888,564</u>
3.2(a) Consolidated Balance with Bangladesh Bank and its agent bank(s)		
AB Bank Limited	5,961,075,285	4,864,888,564
AB Investments Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	<u>5,961,075,285</u>	<u>4,864,888,564</u>
4. Balance with other banks and financial institutions		
In Bangladesh	1,888,294,715	1,111,711,079
Outside Bangladesh	2,683,441,023	2,382,407,068
	<u>4,571,735,739</u>	<u>3,494,118,146</u>
4(a) Consolidated In Bangladesh		
AB Bank Limited	1,888,294,715	1,111,711,079
AB Investments Limited	6,056,874	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	535,050	-
	<u>1,894,886,639</u>	<u>1,111,711,079</u>
Less: Inter company transaction	<u>(6,056,874)</u>	<u>-</u>
	<u>1,888,829,765</u>	<u>1,111,711,079</u>
4(b) Consolidated Outside Bangladesh (Nostro Accounts)		
AB Bank Limited	2,683,441,023	2,382,407,068
AB Investments Limited	-	-
AB International Finance Limited	34,434,152	1,091,035
Off- Shore Banking Unit	13,323,580	-
	2,731,198,756	2,383,498,103
Less: Inter company transactions	1,144,877,328	1,000,837,339
	<u>1,586,321,428</u>	<u>1,382,660,764</u>

	30.06.2010 Taka	31.12.2009 Taka
5. Money at call and on short notice	489,616,000	600,000,000
5(a) Consolidated Money at call and on short notice		
AB Bank Limited	489,616,000	600,000,000
AB Investments Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	489,616,000	600,000,000
6. Investments		
Government securities	(Note: 6.1) 9,883,306,836	9,675,466,462
Other investments	(Note: 6.2) 4,176,767,731	6,693,836,764
	14,060,074,567	16,369,303,226
6.1 Government securities		
Treasury bills	3,111,169,866	2,633,999,522
Treasury bonds	6,744,190,570	7,008,756,240
Debentures - Bangladesh House Building Finance Corporation	25,000,000	30,000,000
Prize bonds	2,946,400	2,710,700
Total Government securities	9,883,306,836	9,675,466,462
6.1(a) Consolidated Government securities		
AB Bank Limited	9,883,306,836	9,675,466,462
AB Investment Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	9,883,306,836	9,675,466,462
6.2 Other investments		
Shares	3,930,782,559	6,489,276,377
Zero Coupon bond	8,501,046	12,648,018
	3,939,283,605	6,501,924,395
Investments -ABBL, Mumbai branch		
Treasury bills	187,544,446	186,261,769
Debentures and bonds	49,939,680	5,650,600
	237,484,126	191,912,369
Total Other investments	4,176,767,731	6,693,836,764
6.2 (a) Consolidated other investments		
AB Bank Limited	4,176,767,731	6,693,836,764
AB Investment Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	4,176,767,731	6,693,836,764

	30.06.2010 Taka	31.12.2009 Taka
7. Loans, cash credits, overdrafts, etc		
7.1 Broad category-wise breakup		
In Bangladesh		
Loans	58,577,726,195	57,422,370,679
Overdrafts	17,725,727,792	12,033,737,445
Cash credits	-	-
	<u>76,303,453,987</u>	<u>69,456,108,124</u>
Outside Bangladesh: ABBL, Mumbai Branch		
Loans	264,364,022	227,204,006
Overdrafts	28,515,624	49,240,064
Cash credits	-	-
	<u>292,879,646</u>	<u>276,444,070</u>
	<u>76,596,333,633</u>	<u>69,732,552,194</u>
7.2 Classification of Loans, cash credits, overdrafts, etc		
<u>Unclassified</u>		
Standard	74,294,263,936	67,646,383,518
Special mention account	524,822,603	136,999,863
Total unclassified loans and advances	<u>74,819,086,539</u>	<u>67,783,383,381</u>
<u>Classified</u>		
Substandard	65,105,000	648,984,735
Doubtful	67,605,000	521,036,000
Bad/Loss	1,644,537,094	779,148,078
Total classified loans and advances	<u>1,777,247,094</u>	<u>1,949,168,813</u>
	<u>76,596,333,633</u>	<u>69,732,552,194</u>
7(a) Consolidated Loans, cash credits, overdrafts, etc		
AB Bank Limited	76,596,333,633	69,732,552,194
AB Investment Limited	6,697,878,566	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	489,089,312	-
	<u>83,783,301,511</u>	<u>69,732,552,194</u>
Less: Inter company transaction	<u>4,676,676,719</u>	<u>-</u>
	<u>79,106,624,792</u>	<u>69,732,552,194</u>
8. Bills purchased and discounted		
In Bangladesh	911,988,499	1,071,337,988
Outside Bangladesh - ABBL, Mumbai Branch	97,902,431	76,043,263
	<u>1,009,890,929</u>	<u>1,147,381,251</u>
8(a) Consolidated Bills purchased and discounted		
AB Bank Limited	1,009,890,929	1,147,381,251
AB Investment Limited	-	-
AB International Finance Limited	1,305,305,890	1,183,329,813
Off- Shore Banking Unit	458,053,270	-
	<u>2,773,250,089</u>	<u>2,330,711,064</u>

9. Fixed assets including premises, furniture and fixtures	30.06.2010	31.12.2009
	Taka	Taka
Cost:		
Land and Building	2,283,176,795	1,890,085,445
Furniture and fixtures	152,168,220	137,187,620
Office appliances	58,253,948	57,101,776
Electrical appliances	643,076,469	592,715,898
Motor vehicles	350,733,759	316,447,139
	3,487,409,192	2,993,537,878
Less: Accumulated depreciation	617,892,560	552,575,221
	2,869,516,632	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	3,487,409,192	2,993,537,878
AB Investments Limited	8,874,848	-
AB International Finance Limited	11,430,395	11,449,495
Off- Shore Banking Unit	-	-
	3,507,714,435	3,004,987,373
Accumulated depreciation:		
AB Bank Limited	617,892,560	552,575,221
AB Investments Limited	4,829,258	-
AB International Finance Limited	11,388,047	11,375,563
Off- Shore Banking Unit	-	-
	634,109,865	563,950,785
	2,873,604,570	2,441,036,589

10. Other assets

Income generating

In Bangladesh:

Arab Bangladesh Bank Foundation
(99.60% owned subsidiary company of ABBL)

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

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

Outside Bangladesh:

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

19,920,000	300,051,122
1,999,898,000	-
34,898,000	-
5,203,944	5,203,944
2,059,919,944	305,255,066

Non-income generating

Inter-branch adjustment
Advance corporate income tax
Accounts receivable
Preliminary, formation, organisational, renovation, development, prepaid expenses and others
Exchange for clearing
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables
Security deposits
Local drafts paid without advice
Advance rent and advertisement
Stationery, stamps, printing materials, etc
REPO adjustments

26,392,665	92,423,134
4,342,940,672	3,158,776,307
1,992,420,347	998,581,954
3,033,788,434	1,804,905,746
809,098,235	870,737,423
349,609,829	367,047,393
64,457,070	65,935,812
-	-
85,509,853	69,971,185
32,003,440	39,479,313
-	-
10,736,220,545	7,467,858,266
12,796,140,489	7,773,113,332

10(a) Consolidated Other assets	30.06.2010 Taka	31.12.2009 Taka
AB Bank Limited	12,796,140,489	7,773,113,332
AB Investment Limited	1,690,416,097	-
AB International Finance Limited	7,778,273	2,241,304
Off- Shore Banking Unit	-	-
	14,494,334,859	7,775,354,636
Less: Inter-group transaction	2,007,601,944	5,203,944
	12,486,732,914	7,770,150,692

11. Borrowings from other banks, financial institutions and agents

In Bangladesh	11,089,488,756	6,105,823,504
Outside Bangladesh	-	19,337,836
	11,089,488,756	6,125,161,339

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

AB Bank Limited	11,089,488,756	6,125,161,339
AB Investment Limited	4,676,676,719	-
AB International Finance Limited	1,146,055,977	1,011,963,306
Off- Shore Banking Unit	955,769,794	-
	17,867,991,247	7,137,124,645
Less: Intercompany transactions	5,820,073,543	1,000,837,339
	12,047,917,704	6,136,287,306

	30.06.2010 Taka	31.12.2009 Taka
12. Deposit and other accounts		
Inter-bank deposits	2,406,490,472	2,198,114,000
Other deposits	83,626,590,580	80,889,015,113
	86,033,081,052	83,087,129,113
12(a) Consolidated Deposit and other accounts		
AB Bank Limited	86,033,081,052	83,087,129,113
AB Investment Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	86,033,081,052	83,087,129,113
Less: Inter-group transaction	7,537,379	4,500,433
	86,025,543,673	83,082,628,680
13. Other liabilities		
Accumulated provision against loans and advances	1,960,499,962	1,252,506,463
Accrued profit on investment - Islami banking branch	124,579,190	133,345,887
Provision for current tax	5,635,660,860	4,254,236,613
Deferred tax liabilities	129,739,689	129,739,689
Interest suspense account	304,331,394	301,688,854
Provision against other assets	309,073,475	228,235,215
Provision for outstanding debit entries in NOSTRO accounts	200,000	200,000
Exchange equalisation account	47,966,966	47,966,966
Accounts payable - Bangladesh Bank	254,850,356	233,310,356
Accrued expenses	45,938,076	36,789,076
Provision for off balance sheet items	430,000,000	380,000,000
Provision against investments	202,553,000	142,553,000
Obligation under finance lease	-	-
Exchange fluctuation adjustment account - ABL, Mumbai Branch	-	-
Others (*)	242,163,011	401,809,992
	9,687,555,979	7,542,382,112
(*) Others includes provision for audit fee, payroll tax, excise duty, income tax and VAT deducted at source, unclaimed dividend safe keeping, earnest and security money, etc.		
13(a) Consolidated Other liabilities		
AB Bank Limited	9,687,555,979	7,542,382,112
AB Investment Limited	1,545,746,167	-
AB International Finance Limited	21,939,588	39,808,479
Off- Shore Banking Unit	237,312	-
	11,255,479,046	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
24,142,532 ordinary shares of Taka 100 each issued as bonus shares	2,414,253,200	2,414,253,200
	2,564,253,200	2,564,253,200

14.3 Capital Adequacy Ratio - As per BASEL II

Core capital (Tier I)

Fully Paid-up Capital/Capital Deposited with BB	2,564,253,200	2,564,253,200
Statutory Reserve	3,122,443,806	3,101,206,092
Non-repayable share premium account	-	-
General Reserve	42,199,200	42,199,200
Retained earnings	5,447,429,800	3,541,969,135
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	<u>11,176,326,006</u>	<u>9,249,627,627</u>

Deductions from Tier-1 (Core Capital) :

Book value of Goodwill	-	-
Shortfall in provisions required against classified assets irrespective of any relaxation allowed	-	-
Deficit on account of revaluation of investment in AFS category	-	-
Any investment in TFCs of other banks exceeding the prescribed limit	-	-
Other if any	-	-
	<u>11,176,326,006</u>	<u>9,249,627,627</u>

Total Eligible Tier-I Capital

Supplementary capital (Tier II)

General Provision for Unclassified loans & off Balance Sheet (Limited to 1.25% of RWA)	1,440,105,033	1,205,596,013
Assets revaluation reserves	321,137,592	284,062,876
All other preference shares	-	-
Perpetual subordinated debts	-	-
Exchange equalisation account	47,966,966	47,966,966
Revaluation reserves of Securities (Upto 50% of the revaluation reserves)	136,074,422	130,592,648
	<u>1,945,284,013</u>	<u>1,668,218,503</u>

Capital eligible for market risk (Tier-III)

Short-term subordinated debt	-	-
A. Total Eligible Capital	<u>13,121,610,019</u>	<u>10,917,846,130</u>

Total assets including off-Balance Sheet items	155,097,841,940	135,907,882,900
Total risk-weighted assets (RWA)	123,131,433,899	98,459,637,700

B. Total required capital (8% of Total RWA, 10% in 2009)	9,850,514,712	9,845,963,770
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Capital Surplus / (Shortfall) [A-B]	3,271,095,307	1,071,882,360
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Capital adequacy ratio	10.66%	11.09%
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	30.06.2010	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	21,237,714	15,636,846
Adjustment for Foreign Exchange Rate Fluctuation	-	3,966,600
Closing balance	<u>135,016,560</u>	<u>113,778,846</u>
	<u>3,122,443,806</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	272,148,843	268,769,552
Foreign exchange revaluation for investment in foreign operation	74,149,432	71,116,886
	<u>956,623,228</u>	<u>950,211,391</u>
16(a) Consolidated Other reserve		
AB Bank Limited	956,623,228	950,211,391
AB Investment Limited	-	-
AB International Finance Limited	49,276,175	36,699,556
Off- Shore Banking Unit		
	1,005,899,403	986,910,947
Add: Foreign exchange revaluation for investment in foreign operation	3,713,256	-
	<u>1,009,612,659</u>	<u>986,910,947</u>
17. Retained earnings		
Opening balance	3,541,969,134	1,789,769,440
Add: Post-tax profit for the period	1,962,978,680	3,362,556,000
Less: Transfer to statutory reserve	-	1,031,118,234
Cash dividend	-	334,467,810
Bonus shares issued	-	334,467,800
	<u>5,504,947,814</u>	<u>3,452,271,596</u>
Less: Retained earnings adjustment of Mumbai Br.	35,406,298	89,697,538
Less: Statutory Reserve for Mumbai Branch	21,237,714	-
Less: Foreign Exchange Translation Loss	874,002	-
	<u>5,447,429,800</u>	<u>3,541,969,134</u>
17(a) Consolidated Retained earnings		
AB Bank Limited	5,447,429,800	3,541,969,134
AB Investment Limited	258,396,774	-
AB International Finance Limited	38,910,406	97,349,416
Off- Shore Banking Unit	2,494,108	
	5,747,231,087	3,639,318,550
Add: Foreign currency translation gain	12,940	211,816
	<u>5,747,244,027</u>	<u>3,639,530,365</u>
18. Contingent liabilities	<u>36,196,966,118</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	6,728,594,380	5,592,203,569
	<u>6,728,594,380</u>	<u>5,592,203,569</u>

	Jan. - June '10 Taka	Jan. - June'09 Taka
19. Profit and loss account		
<u>Income:</u>		
Interest, discount and similar income	5,200,323,420	4,765,179,737
Dividend income	95,967,212	15,732,850
Fee, commission and brokerage	763,609,770	766,303,514
Gains less losses arising from investment securities	2,056,214,420	987,003,456
Gains less losses arising from dealing in foreign currencies	276,360,220	207,005,465
Other operating income	104,499,250	103,725,734
Gains less losses arising from dealing securities	(12,178,426)	(2,114,208)
Income from non-banking assets	-	-
Profit less losses on interest rate changes	-	-
	<u>8,484,795,867</u>	<u>6,842,836,548</u>
<u>Expenses:</u>		
Interest, fee and commission	2,855,867,955	3,242,768,477
Administrative expenses	940,680,995	751,120,667
Other operating expenses	372,647,614	228,852,988
Depreciation on banking assets	90,065,690	71,680,448
Losses on loans and advances	-	9,225,254
	<u>4,259,262,255</u>	<u>4,303,647,834</u>
	<u>4,225,533,612</u>	<u>2,539,188,714</u>
20. Interest income		
Interest on loans and advances:		
Loans and advances	4,539,014,628	4,141,569,916
Bills purchased and discounted	99,876,632	112,668,034
	<u>4,638,891,260</u>	<u>4,254,237,950</u>
Interest on:		
Calls and placements	79,544,603	74,980,285
Balance with foreign banks	3,560,390	5,766,056
Reverse Repo	-	8,814,751
Balance with Bangladesh Bank	274,886	757,461
	<u>83,379,879</u>	<u>90,318,553</u>
Profit/(Loss) due to change in interest rate	-	-
	<u>4,722,271,139</u>	<u>4,344,556,503</u>
20(a). Consolidated Interest income		
AB Bank Limited	4,722,271,139	4,344,556,503
AB International Finance Limited	42,979,363	32,797,594
AB Investment Limited	326,099,310	-
Off- Shore Banking Unit	3,256,249	-
	<u>5,094,606,061</u>	<u>4,377,354,098</u>
21. Interest paid on deposits, borrowings, etc		
Interest on deposits:		
Fixed deposits	1,619,229,105	2,437,963,010
Savings deposits	253,651,044	239,451,593
Short-term deposits	470,981,824	176,432,874
Other deposits	283,498,918	242,859,998
	<u>2,627,360,891</u>	<u>3,096,707,475</u>
Interest on borrowings:		
Local banks, financial institutions including Bangladesh Bank	228,507,063	146,061,002
	<u>2,855,867,955</u>	<u>3,242,768,477</u>

	Jan. - June '10 Taka	Jan. - June'09 Taka
21(a). Consolidated Interest paid on deposits, borrowings, etc		
AB Bank Limited	2,855,867,955	3,242,768,477
AB Investment Limited	136,318,558	-
AB International Finance Limited	4,801,369	4,450,484
Off- Shore Banking Unit	1,317,669	-
	<u>2,998,305,550</u>	<u>3,247,218,961</u>
22. Investment income		
Capital gain on sale of shares	2,056,214,420	987,003,456
Interest on treasury bills	77,024,299	37,404,544
Dividend on shares	95,967,212	15,732,850
Interest on debentures	2,887,500	-
Interest on treasury bonds	394,288,817	383,218,454
Gain on treasury bills and treasury bonds	(12,178,426)	(2,114,208)
Interest on other bonds & others	3,851,665	236
	<u>2,618,055,487</u>	<u>1,421,245,332</u>
22(a). Consolidated Investment income		
AB Bank Limited	2,618,055,487	1,421,245,332
AB Investment Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	<u>2,618,055,487</u>	<u>1,421,245,332</u>
23. Commission, exchange and brokerage		
Other fees, commission and service charges	444,074,647	569,415,957
Commission on letters of credit	261,654,200	151,876,840
Commission on letters of guarantee	57,880,923	45,010,717
Exchange gains less losses arising from dealings in foreign currencies	276,360,220	207,005,465
	<u>1,039,969,990</u>	<u>973,308,979</u>
23(a). Consolidated Commission, exchange and brokerage		
AB Bank Limited	1,039,969,990	973,308,979
AB Investment Limited	253,265,688	-
AB International Finance Limited	11,932,863	6,854,421
Off- Shore Banking Unit	-	-
	<u>1,305,168,541</u>	<u>980,163,400</u>
24. Other income		
Locker rent, insurance claim and others	32,318,014	30,272,744
Recoveries on loans previously written off	27,751,374	41,921,228
Recoveries on telex, telephone, fax, etc	30,711,262	18,850,738
Recoveries on courier, postage, stamp, etc	12,994,626	12,502,144
Finance charge from ABBF	-	-
Non-operating income (*)	723,975	178,880
	<u>104,499,250</u>	<u>103,725,734</u>
(*) Non-operating income includes sale of vehicles, old tyres, tubes, newspapers, furniture, fixtures, etc.		
24(a). Consolidated Other income		
AB Bank Limited	104,499,250	103,725,734
AB Investment Limited	-	-
AB International Finance Limited	8,231,989	12,837,893
Off- Shore Banking Unit	1,022,422	-
	<u>113,753,661</u>	<u>116,563,627</u>

	Jan. - June '10 Taka	Jan. - June'09 Taka
25. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	548,950,578	463,901,536
Festival and incentive bonus	109,917,113	72,205,451
	658,867,691	536,106,987
25(a). Consolidated Salary and allowances		
AB Bank Limited	658,867,691	536,106,987
AB Investment Limited	2,013,504	-
AB International Finance Limited	11,522,756	15,242,448
Off- Shore Banking Unit	353,941	-
	672,757,893	551,349,435
26. Rent, taxes, insurance, electricity, etc		
Rent, rates and taxes	88,428,583	65,449,165
Electricity, gas, water, etc	17,220,131	15,480,330
Insurance	27,820,386	19,260,930
	133,469,100	100,190,425
26(a). Consolidated Rent, taxes, insurance, electricity, etc		
AB Bank Limited	133,469,100	100,190,425
AB Investment Limited	765,674	-
AB International Finance Limited	2,302,587	2,360,184
Off- Shore Banking Unit	575	-
	136,537,936	102,550,609
27. Legal expenses		
Legal expenses	2,179,798	1,889,386
27(a). Consolidated Legal expenses		
AB Bank Limited	2,179,798	1,889,386
AB Investment Limited	100,000	-
AB International Finance Limited	262,354	71,592
Off- Shore Banking Unit	-	-
	2,542,152	1,960,978
28. Postage, stamp, telecommunication, etc		
Telex, fax, internet, wireless link, SWIFT, etc	32,542,062	26,447,179
Telephone	6,033,593	5,874,025
Postage, stamp and shipping	10,031,298	6,565,536
	48,606,953	38,886,740
28(a). Consolidated Postage, stamp, telecommunication, etc		
AB Bank Limited	48,606,953	38,886,740
AB Investment Limited	62,493	-
AB International Finance Limited	2,938,830	2,884,496
Off- Shore Banking Unit	866	-
	51,609,141	41,771,236
29. Stationery, printing, advertisements, etc		
Printing and stationery	39,442,622	27,065,235
Publicity, advertisement, etc	36,144,866	24,092,972
	75,587,488	51,158,207

	Jan. - June '10 Taka	Jan. - June'09 Taka
29(a). Consolidated Stationery, printing, advertisements, etc		
AB Bank Limited	75,587,488	51,158,207
AB Investment Limited	754,280	-
AB International Finance Limited	251,921	206,168
Off- Shore Banking Unit	-	-
	76,593,688	51,364,375

30. Directors' fees

Directors' fees	614,100	491,258
Meeting expenses	590,705	569,414
	1,204,805	1,060,672

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

30(a). Consolidated Directors' fees

AB Bank Limited	1,204,805	1,060,672
AB Investment Limited	80,500	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	1,285,305	1,060,672

31. Auditors' fees

Statutory	103,760	131,075
Others	513,820	500,332
	617,580	631,407

31(a). Consolidated Auditors' fees

AB Bank Limited	617,580	631,407
AB Investment Limited	-	-
AB International Finance Limited	-	4,455
Off- Shore Banking Unit	-	-
	617,580	635,862

32. Depreciation and repairs of Bank's assets

Depreciation:

Electrical appliances	51,305,642	36,958,131
Leasehold assets	-	-
Furniture and fixtures	4,843,965	4,763,774
Office appliances	1,970,944	1,572,375
Building	3,469,533	2,642,868
Motor vehicles	28,475,606	25,743,300
	90,065,690	71,680,448

Repairs:

Motor vehicles	5,452,152	5,384,565
Electrical appliances	6,965,522	5,427,474
Office premises and others	5,710,193	4,892,527
Furniture and fixtures	517,607	397,294
Office appliances	1,502,105	1,152,400
	20,147,580	17,254,260
	110,213,271	88,934,708

	Jan. - June '10 Taka	Jan. - June'09 Taka
32(a). Consolidated Depreciation and repairs of Bank's assets		
AB Bank Limited	110,213,271	88,934,708
AB Investment Limited	428,285	-
AB International Finance Limited	283,579	142,755
Off- Shore Banking Unit	-	-
	<u>110,925,134</u>	<u>89,077,464</u>

33. Other expenses

Contractual service	50,762,689	39,339,921
Amortization of deferred revenue expenses	54,221,480	33,554,648
Petrol, oil and lubricant	24,139,881	22,279,302
Software expenses	59,047,441	11,342,614
Entertainment	16,106,838	13,958,974
Travelling	22,884,144	13,978,996
Subscription, membership and sponsorship	32,326,368	9,408,160
Training, seminar and workshop	13,254,420	5,374,176
Local conveyance	3,256,118	2,650,663
Professional charges	7,455,644	6,818,286
Books, newspapers and periodicals	616,558	715,139
Branch opening expenses	312,378	329,289
Bank Charges	5,039,134	2,062,544
Sundry expenses (*)	83,224,520	67,040,276
	<u>372,647,614</u>	<u>228,852,988</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	372,647,614	228,852,988
AB Investment Limited	20,419,088	-
AB International Finance Limited	2,329,498	186,053
Off- Shore Banking Unit	111,513	-
	<u>395,507,713</u>	<u>229,039,041</u>

34. Provision against loans and advances

On un-classified loans	184,500,000	59,000,000
On classified loans	523,521,095	241,000,000
	<u>708,021,095</u>	<u>300,000,000</u>

34(a). Consolidated Provision against loans and advances

AB Bank Limited	708,021,095	300,000,000
AB Investment Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	<u>708,021,095</u>	<u>300,000,000</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	12,000,000
AB Investment Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	<u>60,000,000</u>	<u>12,000,000</u>

36. Other provision

Provision for off balance sheet items	50,000,000	20,000,000
Provision for Outstanding debit entries in NOSTRO accounts	-	-
Provision for Other assets	80,000,000	-
	130,000,000	20,000,000

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

36(a). Consolidated Other provision

	Jan. - Mar. '10 Taka	Jan. - Mar. '09 Taka
AB Bank Limited	130,000,000	20,000,000
AB Investment Limited	-	-
AB International Finance Limited	-	-
Off- Shore Banking Unit	-	-
	130,000,000	20,000,000

37. Provision for taxation

Provision for current tax	1,360,000,000	700,000,000
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37. Consolidated Provision for taxation

AB Bank Limited	1,360,000,000	700,000,000
AB Investment Limited	160,000,000	-
AB International Finance Limited	6,152,211	-
Off- Shore Banking Unit	-	-
	1,526,152,211	700,000,000

38. Earnings per share

Profit after taxation	1,962,978,680	1,516,413,968
Number of ordinary shares outstanding	32,053,165	32,053,165
Earnings per share	61.24	47.31

38(a). Consolidated Earnings per share

Consolidated Profit after taxation	2,256,194,515	1,543,355,241
Number of ordinary shares outstanding	32,053,165	32,053,165
Earnings per share	70.39	48.15

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 period in terms of Bangladesh Accounting Standard (BAS)-33.

- Sd -
President & Managing Director

- Sd -
Chief Finance Officer

Dhaka: July 16, 2010

AB Bank Limited
Schedule of Fixed Assets
As of 30 June 2010
Amount in Taka

Particulars	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Total
Cost						
Balance at 01 January 2010	1,890,085,445	137,602,771	56,423,514	592,979,008	316,447,139	2,993,537,878
Addition during the year	393,091,350	21,836,835	3,029,855	82,521,942	40,153,620	540,633,602
Less : Disposal/Adjustment during the period	-	7,271,386	1,199,421	32,424,481	5,867,000	46,762,288
At 30 June 2010	2,283,176,795	152,168,220	58,253,948	643,076,469	350,733,759	3,487,409,192
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 year	3,469,533	4,843,964	1,970,965	51,305,642	28,475,587	90,065,690
Less : Disposal/Adjustment during the period	-	5,011,301	1,039,921	13,420,355	5,276,774	24,748,351
At 30 June 2010	24,201,081	52,713,194	31,349,288	336,795,750	172,833,246	617,892,560
Net Book Value						
At 30 June 2010	2,258,975,714	99,455,026	26,904,660	306,280,719	177,900,513	2,869,516,632
Total at 31 December 2009	1,869,353,897	84,722,239	26,005,269	294,068,545	166,812,706	2,440,962,657