

AB Bank Limited and Its Subsidiaries
Independent Auditor's Report
and
Audited Consolidated & Separate Financial Statements
For the year ended 31 December 2021

Independent Auditor's Report

To the Shareholders of AB Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of AB Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of AB Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flows statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as explained in note 1.2.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our assessed key audit matters and how we addressed them are outlined below:

Measurement of provision for loans and advances

The process for estimating the provision for loans and advances associated with credit risk is significant and complex. For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation. At year end the Group reported total gross loans and advances of BDT 299,043 million (2020: BDT 282,901 million) and provision for loans and advances of BDT 28,712 million (2020: BDT 21,311 million). Refer to the note nos. 7(a), 8(a), 15 and 15(a) to the consolidated financial statements.

We tested the design and operating effectiveness of key controls focusing on the provisioning process and identification of loss events including early warning indicator. Our substantive procedures in relation to the provision for loans and advances were reviewing the adequacy of the provision requirement, assessing the methodology on which the provision amounts are based, recalculating the provisions and tested the completeness and accuracy of the underlying information and finally assessing the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank's guidelines.

Valuation of treasury bills and treasury bonds

The classification and measurement of treasury bills (T-Bills) and treasury bonds (T-Bonds) require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment. Refer to the note no. 6.1 to the financial statements.

We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and treasury bonds. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and treasury bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank's guidelines.

Impairment assessment of unquoted investments

In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment. Refer to the note no. 6.2.1 to the financial statements.

We have assessed the processes and controls put in place by the Bank to ensure all major investment decisions are undertaken through a proper due diligence process. We tested a sample of investments valuation as at 31 December 2021 and compared our results to the recorded value. Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank's guidelines.

Measurement of deferred tax assets

The Bank reports net deferred tax assets totaling to BDT 4,105 million (2020: 3,271 million) as at 31 December 2021. Significant judgment is required in relation to measurement of deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years. Refer to the note no. 10.1 to the financial statements.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of deferred tax assets and assumptions used in estimating Bank's future taxable income. We assessed the completeness and accuracy of the data used for estimation of future taxable income. We also assessed the instruction given by Bangladesh Bank related to the deferred tax assets and checked it accordingly which was properly complied and reflected in the financial statements of the Bank. Finally, we assessed the appropriateness and presentation of disclosures against IAS 12 – Income Taxes.

Measurement of assets revaluation reserve

The Bank reported assets revaluation reserve of BDT 758 million (2020: 1,295 million) as at 31 December 2021. During the year, the Bank has revalued some properties which includes land and building. The properties were transferred from fixed assets to assets held for sale as per International Financial Reporting Standard (IFRS) 5-Non-current Assets Held for Sale and Discontinued Operations. The valuation and its measurement & recognition requires significant judgement and intuition to arrive fair market value at the measurement date. The bank also has transferred required portion of assets revaluation reserve to retained earnings for the properties sold out during the year after revaluation. Refer to the note no. 18.2 & 9.1 to the financial statements.

We have obtained necessary understanding of the process that the bank followed to reclassify and revaluation of the properties. We have checked the required documents regarding the reclassification, revaluation, measurement and its recognition of the properties to the financial statements. The Bank obtained Independent Valuer's report for the properties held for sale and recognized the surplus to the assets revaluation reserve. We reviewed revaluation report of the independent valuer along with relevant documents and applied our judgment to see whether the fair value is still relevant. We have assessed the adequacy and sufficiency of the disclosures that given in the financial statements.

IT systems and controls

Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Legal and regulatory matters

We focused on this area because the Bank and its subsidiaries (the “Group”) operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established as other contingent liabilities. Overall, the legal provision represents the Group’s and the Bank’s best estimate for existing legal matters that have a probable and estimable impact on the Group’s financial position.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group’s key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the Bank’s internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Bank’s provisions and contingent liabilities disclosure.

Carrying value of investments in subsidiaries by the Bank

The Bank has invested in equity shares of its five subsidiaries, namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, AB International Finance Limited, Hong Kong and Arab Bangladesh Bank Foundation. As at 31 December 2021 the carrying value of these investments is BDT 6,249 million. At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank’s investments in the above subsidiaries stated at cost. Management has conducted impairment assessment and calculated recoverable value of its subsidiaries in accordance with IAS 36. Refer to note no. 10 to the financial statements.

We have reviewed management’s analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36. In particular, our discussions with the management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation. We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.

Impact of COVID-19 on financial reporting

The effects of the COVID-19 pandemic have significant global implications for economies, markets and businesses, including volatility and possible material uncertainties. The operations of the Bank itself have been affected due to the restrictions brought about by the COVID-19 pandemic by the government and Bangladesh Bank. There is an increasing probability that assertions and estimates related to reporting may be materially impacted due to loan repayment flexibility to borrowers as ordered by Bangladesh Bank, financial market volatility, deteriorating credit or liquidity concerns, government interventions, and disruptions in production and supply chain, among other matters.

Detailed substantive tests were conducted in order to mitigate the additional risks of material misstatements due to the impact of COVID-19. Testing the Bank’s and Group’s ability to function as a going concern by reviewing profitability, liquidity and operations, we performed detailed analytical procedures on the financial statements of the Bank, including but not limited to variance and

common size analysis of balances. We have evaluated the appropriateness and sufficiency of the Management's explanations for the deviations amongst balances and ratios of current year to that of the comparative. We analyzed the disclosures provided by the Bank to rationalize the impact of COVID-19 on financial statements, and checked their appropriateness and sufficiency. We also checked that all COVID-19 impacts are accurately reflected in the financial statements, and disclosed in their entirety of magnitude to the financial statements as a whole; and scrutinize that the impacts of events after the reporting period, and ensure their true and fair reflection and disclosure in the financial statements. Our testing did not identify any issues with regards to impact of COVID-19 on financial reporting.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's report thereon. The annual report is expected to be made available for our review after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, we will consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements and internal controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with IFRSs as explained in note 1.2, and for such internal controls as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (as amended upto date) and the Bangladesh Bank's Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 2020, the Bank Company Act, 1991 (as amended upto date) and the rules and regulations issued by Bangladesh Bank, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities section in forming the above opinion on the consolidated financial statements of the group and separate financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the consolidated and separate financial statements and internal control;
 - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and the Bank;
- iii. consolidated financial statements of the Bank include five subsidiaries, namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, AB International Finance Limited, Hong Kong and Arab Bangladesh Bank Foundation reflect total assets of BDT 9,003 million, BDT 1,597 million, BDT 88 million, BDT 1,532 million and BDT 550 million respectively as at 31 December 2021 and total revenue of BDT 449 million, BDT 164 million, BDT 0 million, BDT 163 million and BDT 21 million respectively for the year ended 31 December 2021. The financial statements of the Bank's subsidiaries have been audited by other component auditors who have expressed unmodified audit opinion. The results of the subsidiaries have been properly reflected in the Group's consolidated financial statements;
- iv. in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- v. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- vi. the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- vii. the expenditures incurred were for the purpose of the Group's and the Bank's business for the year;
- viii. the consolidated financial statements of the Group and separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as explained in the notes 1.11 and 1.13 as well as related guidance issued by Bangladesh Bank;

- ix. adequate provisions as allowed by Bangladesh Bank against the requirement as explained in note no 15.1, have been made for loans and advances and other assets which are in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- x. the information and explanations required by us have been received and found satisfactory;
- xi. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 6,548 person hours; and
- xii. Capital to Risk-weighted Asset Ratio (CRAR) has been maintained adequately during the year based on provision allowed by Bangladesh Bank against the requirement as explained in notes 15.1 and 16.6.

Dhaka,
26 April 2022

Signed for & on behalf of
ACNABIN
Chartered Accountants



Md. Moniruzzaman, FCA
Partner

ICAB Enrollment No. 787

DVC: 2204270787AS831679

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet As at 31 December 2021

	Notes	31.12.2021 Taka	31.12.2020 Taka
PROPERTY AND ASSETS			
Cash	3(a)	22,779,626,496	20,930,795,104
In hand (including foreign currencies)	3.1(a)	1,289,979,089	1,010,038,871
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	21,489,647,407	19,920,756,233
Balance with other banks and financial institutions	4(a)	8,317,340,674	4,857,240,927
In Bangladesh	4.1(a)	1,123,970,264	1,690,034,988
Outside Bangladesh	4.2(a)	7,193,370,410	3,167,205,939
Money at call and on short notice	5(a)	3,094,606,108	1,535,077,827
Investments	6(a)	65,704,665,106	64,416,787,591
Government	6.1(a)	52,770,903,951	53,824,738,002
Others	6.2(a)	12,933,761,155	10,592,049,589
Loans, advances and lease/investments		299,043,372,049	282,900,906,689
Loans, cash credits, overdrafts, etc./Investments	7(a)	296,947,226,466	281,211,180,652
Bills purchased and discounted	8(a)	2,096,145,583	1,689,726,038
Fixed assets including premises, furniture and fixtures	9(a)	4,153,439,656	5,032,485,136
Other assets	10(a)	9,930,538,296	8,886,511,119
Non-banking assets	11	334,171,836	334,171,836
Total Assets		413,357,760,224	388,893,976,230
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12(a)	29,832,208,485	19,107,866,247
Bond	13	11,810,000,000	9,350,000,000
Deposits and other accounts	14(a)	298,078,995,964	290,547,160,441
Current account and other accounts		30,921,208,319	28,628,792,668
Bills payable		10,973,625,337	6,423,928,975
Savings bank deposits		41,190,067,103	35,246,391,164
Fixed deposits		138,759,330,196	121,516,359,127
Other deposits		76,234,765,008	98,731,688,508
Other liabilities	15(a)	48,060,125,289	44,199,803,394
Total liabilities		387,781,329,736	363,204,830,083
Capital/Shareholders' equity			
Equity attributable to equity holders of the parent company		25,564,304,856	25,677,210,495
Paid-up capital	16	8,358,386,710	7,960,368,300
Statutory reserve	17	7,484,909,773	7,144,204,404
Other reserve	18(a)	3,814,574,816	3,866,859,865
Retained earnings	19(a)	5,906,433,556	6,705,777,925
Non- controlling interest	19(b)	12,125,636	11,935,655
Total equity		25,576,430,492	25,689,146,150
Total Liabilities and Shareholders' Equity		413,357,760,224	388,893,976,230

	Notes	31.12.2021 Taka	31.12.2020 Taka
Off-Balance Sheet Items			
Contingent liabilities	20	42,322,775,528	59,191,446,731
Acceptances and endorsements		9,164,910,843	8,043,330,855
Letters of guarantee	20.1	14,218,055,620	12,837,291,873
Irrevocable letters of credit		9,365,430,608	6,094,462,753
Bills for collection		9,360,524,214	32,213,798,567
Other contingent liabilities		213,854,243	2,562,682
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 off-balance sheet items		42,322,775,528	59,191,446,731

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd- Tarique Afzal President & Managing Director	-Sd- Khairul Alam Choudhury Director	-Sd- Shafiqul Alam Independent Director	-Sd- Muhammad A. (Rumee) Ali Chairman
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This is the Consolidated Balance Sheet referred to in our separate report of even date.

Dhaka,
26 April 2022

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787

AB Bank Limited and Its Subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2021

	Notes	2021 Taka	2020 Taka
OPERATING INCOME			
Interest income/profit on investments	22(a)	20,597,240,974	24,426,913,281
Interest/profit paid on deposits and borrowings, etc.	23(a)	(15,830,035,663)	(20,171,603,415)
Net interest income		4,767,205,311	4,255,309,865
Investment income	24(a)	5,599,175,296	6,491,860,999
Commission, exchange and brokerage	25(a)	1,949,838,243	1,440,094,270
Other operating income	26(a)	217,873,572	327,089,387
		7,766,887,110	8,259,044,657
Total operating income (a)		12,534,092,422	12,514,354,523
OPERATING EXPENSES			
Salary and allowances	27(a)	3,148,233,710	2,807,245,751
Rent, taxes, insurance, electricity, etc.	28(a)	617,254,604	607,753,336
Legal expenses	29(a)	10,203,815	13,884,020
Postage, stamps, telecommunication, etc.	30(a)	104,683,114	98,178,164
Stationery, printing, advertisement, etc.	31(a)	117,047,038	95,661,222
Chief executive's salary and fees	27.1	16,341,129	12,890,968
Directors' fees	32(a)	3,338,419	1,999,238
Auditors' fees	33(a)	4,658,568	3,256,296
Depreciation and repairs of Bank's assets	34(a)	691,863,995	729,314,539
Other expenses	35(a)	1,200,286,054	1,491,959,291
Total operating expenses (b)		5,913,910,446	5,862,142,825
Profit before provision (c = (a-b))		6,620,181,975	6,652,211,697
Provision against loans and advances	36(a)	4,114,845,179	5,100,057,853
Provision for investments	37(a)	456,481,754	140,000,000
Other provisions	38(a)	85,815,033	79,842,723
Total provision (d)		4,657,141,965	5,319,900,576
Profit before tax (c-d)		1,963,040,010	1,332,311,121
Provision for taxation		1,246,241,915	937,982,865
Current tax		2,213,720,051	1,700,309,391
Deferred tax		(967,478,136)	(762,326,526)
Net profit after tax		716,798,095	394,328,256
Appropriations			
Statutory reserve		341,379,078	281,750,388
Start-up Fund		6,413,845	-
Dividends, etc.		-	-
		347,792,924	281,750,388
Retained surplus		369,005,171	112,577,868
Non- controlling interest		189,980	247,638
Net Profit/(Loss) attributable to the shareholders of parent company		368,815,191	112,330,230
Consolidated Basic Earnings Per Share (EPS)	40(a)	0.86	0.47

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd- Tarique Afzal	-Sd- Khairul Alam Choudhury	-Sd- Shafiqul Alam	-Sd- Muhammad A. (Rume) Ali
President & Managing Director	Director	Independent Director	Chairman

This is the Consolidated Profit and Loss Account referred to in our separate report of even date.

Dhaka,
26 April 2022

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787

AB Bank Limited and Its Subsidiaries

Consolidated Cash Flow Statement For the year ended 31 December 2021

	2021 Taka	2020 Taka
Cash Flows from Operating Activities		
Interest receipts	13,195,626,836	13,885,091,531
Interest payments	(16,154,331,195)	(21,692,853,673)
Dividend receipts	174,151,756	82,108,288
Fee and commission receipts	1,540,829,204	1,111,430,603
Recoveries on loans previously written off	56,589,943	172,931,675
Payments to employees	(3,164,574,839)	(2,820,136,719)
Payments to suppliers	(117,047,038)	(95,661,222)
Income taxes paid	(1,855,243,190)	(2,402,738,880)
Receipts from other operating activities	6,051,906,150	7,065,505,766
Payments for other operating activities	(2,433,006,641)	(2,732,083,753)
Operating profit before changes in operating assets & liabilities	(2,705,099,013)	(7,426,406,384)
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(8,986,169,113)	(7,974,083,532)
Other assets	(43,735,071)	(1,681,357,381)
Deposits from other banks	842,550,394	2,828,027,511
Deposits from customers	7,013,580,661	9,845,641,171
Trading liabilities (short-term borrowings)	9,634,498,137	2,577,354,858
Other liabilities	(3,213,227,824)	(1,841,075,812)
	5,247,497,184	3,754,506,815
Net cash flow from/(used in) operating activities (a)	2,542,398,171	(3,671,899,568)
Cash Flows from Investing Activities		
Sale/(Purchase) of government securities	997,491,616	(2,505,380,069)
(Purchase)/Sale of trading securities, shares, bonds, etc.	(2,341,711,566)	876,780,945
Sale/(Purchase) of fixed assets including premises, furniture and fixtures	2,092,113,733	(159,374,075)
Net cash flow from/(used in) investing activities (b)	747,893,783	(1,787,973,199)
Cash Flows from Financing Activities		
Increase of long-term borrowings	3,549,844,100	3,660,329,947
Dividend paid	(480,587)	(159,676)
Net cash flow from Financing activities (c)	3,549,363,513	3,660,170,271
Net increase/(decrease) in cash (a+b+c)	6,839,655,467	(1,799,702,496)
Effects of exchange rate changes on cash and cash equivalents	29,322,754	7,693,939
Cash and cash equivalents at beginning of the year	27,324,499,158	29,116,507,715
Cash and cash equivalents at end of the year (*)	34,193,477,378	27,324,499,158
(*) Cash and cash equivalents:		
Cash	1,289,979,089	1,010,038,871
Prize bonds	1,904,100	1,385,300
Money at call and on short notice	3,094,606,108	1,535,077,827
Balance with Bangladesh Bank and its agent bank(s)	21,489,647,407	19,920,756,233
Balance with other banks and financial institutions	8,317,340,674	4,857,240,927
	34,193,477,378	27,324,499,158
Net Operating Cash Flow Per Share (NOCFPS)	3.04	(4.39)

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka,
26 April 2022

AB Bank Limited and Its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Non controlling interest	Retained earnings	Total Equity
Balance at 01 January 2021	7,960,368,300	7,144,204,404	2,384,878,054	1,294,532,425	2,530,706	184,918,680	11,935,655	6,705,777,925	25,689,146,150
5.00% Stock Dividend for 2020	398,018,410	-	-	-	-	-	-	(398,018,410)	-
Net profit after taxation for the year	-	-	-	-	-	-	189,980	716,608,115	716,798,095
Addition/(Adjustment) made during the year	-	341,379,078	550,000,000	(536,361,389)	-	(56,861,236)	-	(1,117,023,629)	(818,867,175)
Foreign exchange rate fluctuation	-	(673,710)	405,957	-	(9,468,381)	-	-	(910,444)	(10,646,578)
Balance at 31 December 2021	8,358,386,710	7,484,909,773	2,935,284,011	758,171,036	(6,937,675)	128,057,444	12,125,636	5,906,433,556	25,576,430,492

For the year ended 31 December 2020

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Foreign exchange revaluation reserve on investment in foreign operation	Investment revaluation reserve	Non controlling interest	Retained earnings	Total Equity
Balance at 01 January 2020	7,581,303,150	6,872,052,329	1,304,649,867	1,296,690,729	1,710,590	136,985,764	11,688,017	6,834,970,432	24,040,050,878
5% Stock Dividend for 2019	379,065,150	-	-	-	-	-	-	(379,065,150)	-
Net profit after taxation for the year	-	-	-	-	-	-	247,638	394,080,618	394,328,256
Addition/(Adjustment) made during the year	-	281,750,388	1,080,000,000	(2,158,304)	-	47,932,916	-	(131,882,192)	1,275,642,808
Foreign exchange rate fluctuation	-	(9,598,312)	228,187	-	820,116	-	-	(12,325,784)	(20,875,793)
Balance at 31 December 2020	7,960,368,300	7,144,204,404	2,384,878,054	1,294,532,425	2,530,706	184,918,680	11,935,655	6,705,777,925	25,689,146,150

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rume) Ali
Chairman

Dhaka,
26 April 2022

AB Bank Limited
Balance Sheet
As at 31 December 2021

	Notes	31.12.2021 Taka	31.12.2020 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	3	22,779,458,339	20,930,650,119
In hand (including foreign currencies)	3.1	1,289,810,932	1,009,893,886
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	21,489,647,407	19,920,756,233
Balance with other banks and financial institutions	4	7,839,527,106	4,363,793,449
In Bangladesh		649,801,976	1,212,295,681
Outside Bangladesh		7,189,725,129	3,151,497,768
Money at call and on short notice	5	4,351,147,108	2,499,682,377
Investments	6	65,214,572,370	63,761,469,742
Government	6.1	52,770,903,951	53,824,738,002
Others	6.2	12,443,668,419	9,936,731,739
Loans, advances and lease/investments	7	290,459,816,948	274,829,861,346
Loans, cash credits, overdrafts, etc./Investments		289,832,803,054	274,258,221,380
Bills purchased and discounted	8	627,013,894	571,639,966
Fixed assets including premises, furniture and fixtures	9	3,632,187,959	4,488,991,390
Other assets	10	15,705,825,113	14,877,104,936
Non-banking assets	11	334,171,836	334,171,836
Total Assets		410,316,706,779	386,085,725,196
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	29,832,208,485	19,107,865,842
Bond	13	11,810,000,000	9,350,000,000
Deposits and other accounts	14	298,372,561,654	290,719,342,438
Current accounts and other accounts		30,921,676,210	28,639,222,340
Bills payable		10,973,625,337	6,423,928,975
Savings bank deposits		41,190,067,103	35,246,391,164
Fixed deposits		138,796,924,187	121,537,588,967
Other deposits		76,490,268,817	98,872,210,992
Other liabilities	15	45,994,533,144	42,421,578,681
Total liabilities		386,009,303,282	361,598,786,961
Capital/Shareholders' equity			
Shareholders' equity		24,307,403,496	24,486,938,234
Paid-up capital	16	8,358,386,710	7,960,368,300
Statutory reserve	17	7,484,909,773	7,144,204,404
Other reserve	18	3,652,517,157	3,695,739,782
Retained earnings	19	4,811,589,856	5,686,625,747
Total Liabilities and Shareholders' Equity		410,316,706,779	386,085,725,196

	Notes	31.12.2021 Taka	31.12.2020 Taka
Off-Balance Sheet Items			
Contingent liabilities	20	42,322,775,528	59,191,446,731
Acceptances and endorsements		9,164,910,843	8,043,330,855
Letters of guarantee	20.1	14,218,055,620	12,837,291,873
Irrevocable letters of credit		9,365,430,608	6,094,462,753
Bills for collection		9,360,524,214	32,213,798,567
Other contingent liabilities		213,854,243	2,562,682
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 off-balance sheet items		42,322,775,528	59,191,446,731

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd- Tarique Afzal President & Managing Director	-Sd- Khairul Alam Choudhury Director	-Sd- Shafiqul Alam Independent Director	-Sd- Muhammad A. (Rumeel) Ali Chairman
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This is the Balance Sheet referred to in our separate report of even date.

Dhaka,
26 April 2022

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787

AB Bank Limited
Profit and Loss Account
For the year ended 31 December 2021

	Notes	2021 Taka	2020 Taka
OPERATING INCOME			
Interest income/profit on investments	22	20,384,114,425	24,291,453,339
Interest paid/profit on deposits and borrowings, etc.	23	(15,821,971,753)	(20,134,646,639)
Net interest income		4,562,142,671	4,156,806,700
Investment income	24	5,463,219,963	6,464,470,219
Commission, exchange and brokerage	25	1,666,143,721	1,259,012,038
Other operating income	26	152,017,959	266,019,048
		7,281,381,643	7,989,501,305
Total operating income (a)		11,843,524,315	12,146,308,005
OPERATING EXPENSES			
Salary and allowances	27	3,048,690,830	2,727,898,981
Rent, taxes, insurance, electricity, etc.	28	612,620,578	603,021,052
Legal expenses	29	10,102,950	13,232,598
Postage, stamps, telecommunication, etc.	30	91,831,750	87,203,322
Stationery, printing, advertisement, etc.	31	115,197,027	94,329,907
Chief executive's salary and fees	27.1	16,341,129	12,890,968
Directors' fees	32	1,995,463	1,109,890
Auditors' fees	33	3,806,081	2,338,550
Depreciation and repairs of Bank's assets	34	664,598,158	702,031,345
Other expenses	35	1,145,481,825	1,435,273,997
Total operating expenses (b)		5,710,665,792	5,679,330,610
Profit before provision (c = (a-b))		6,132,858,523	6,466,977,395
Provision against loans and advances	36	3,790,345,179	4,925,057,853
Provision for investments	37	450,398,805	140,000,000
Other provisions	38	85,815,033	79,842,723
Total provision (d)		4,326,559,017	5,144,900,576
Profit before taxation (c-d)		1,806,299,506	1,322,076,819
Provision for taxation		1,164,914,966	930,660,427
Current tax		2,079,036,895	1,642,402,204
Deferred tax		(914,121,930)	(711,741,777)
Net profit after taxation		641,384,540	391,416,392
Appropriations			
Statutory reserve		341,379,078	281,750,388
Start-up Fund		6,413,845	-
Dividends, etc.		-	-
		347,792,924	281,750,388
Retained surplus		293,591,616	109,666,004
Earnings Per Share (EPS)	40	0.77	0.47

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd- Tarique Afzal President & Managing Director	-Sd- Khairul Alam Choudhury Director	-Sd- Shafiqul Alam Independent Director	-Sd- Muhammad A. (Rumee) Ali Chairman
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This is the Profit and Loss Account referred to in our separate report of even date.

Dhaka,
26 April 2022

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787

AB Bank Limited
Cash Flow Statement
For the year ended 31 December 2021

	Notes	2021 Taka	2020 Taka
Cash flows from Operating Activities			
Interest receipts		12,982,500,286	13,749,631,590
Interest payments		(16,146,267,285)	(21,655,896,896)
Dividend receipts		229,179,842	137,581,947
Fees and commission receipts		1,258,302,852	929,742,512
Recoveries on loans previously written off		56,589,943	172,931,675
Payments to employees		(3,065,031,959)	(2,740,789,949)
Payments to suppliers		(115,197,027)	(94,329,907)
Income taxes paid		(1,814,495,333)	(2,329,156,442)
Receipts from other operating activities	41	5,707,986,253	6,741,551,232
Payments for other operating activities	42	(2,310,184,832)	(2,550,630,827)
Operating profit before changes in operating assets & liabilities		(3,216,617,260)	(7,639,365,065)
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(8,473,659,356)	(7,775,562,957)
Other assets	43	110,905,981	(1,695,382,143)
Deposits from other banks		842,550,394	2,828,027,511
Deposits from customers		7,134,964,354	9,954,971,886
Trading liabilities (short-term borrowings)		9,634,498,543	2,577,496,154
Other liabilities	44	(3,025,134,699)	(2,079,503,473)
		6,224,125,218	3,810,046,978
Net cash flow from/(used in) operating activities (a)		3,007,507,958	(3,829,318,087)
Cash Flows from Investing Activities			
Sale/(Purchase) of government securities		997,491,616	(2,505,380,069)
(Purchase)/sale of trading securities, shares, bonds, etc.		(2,506,936,680)	694,264,375
Sale/(Purchase) of fixed assets incl. premises, furniture and fixtures		2,099,776,246	(131,253,641)
Net cash flow from/(used in) investing activities (b)		590,331,183	(1,942,369,335)
Cash Flows from Financing Activities			
Increase of long-term borrowings		3,549,844,100	3,660,329,947
Dividend paid		(480,587)	(159,676)
Net cash flow from Financing activities (c)		3,549,363,513	3,660,170,271
Net increase/(decrease) in cash (a+b+c)		7,147,202,654	(2,111,517,151)
Effects of exchange rate changes on cash and cash equivalents		29,322,754	7,693,939
Cash and cash equivalents at beginning of the year		27,795,511,245	29,899,334,457
Cash and cash equivalents at end of the Year (*)		34,972,036,653	27,795,511,245
(*) Cash and cash equivalents:			
Cash		1,289,810,932	1,009,893,886
Prize bonds		1,904,100	1,385,300
Money at call and on short notice		4,351,147,108	2,499,682,377
Balance with Bangladesh Bank and its agent bank(s)		21,489,647,407	19,920,756,233
Balance with other banks and financial institutions		7,839,527,106	4,363,793,449
		34,972,036,653	27,795,511,245
Net Operating Cash Flow Per Share (NOCFPS)	45	3.60	(4.58)

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rume) Ali
Chairman

Dhaka,
26 April 2022

AB Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2021

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Investment revaluation reserve	Retained earnings	Total Equity
Balance at 01 January 2021	7,960,368,300	7,144,204,404	2,302,199,200	1,294,532,425	99,008,157	5,686,625,747	24,486,938,234
5% Stock Dividend for 2020	398,018,410	-	-	-	-	(398,018,410)	-
Net profit after taxation for the year	-	-	-	-	-	641,384,540	641,384,540
Addition/(Adjustment) made during the year	-	341,379,078	550,000,000	(536,361,389)	(56,861,236)	(1,116,686,258)	(818,529,804)
Foreign exchange rate fluctuation	-	(673,710)	-	-	-	(1,715,763)	(2,389,473)
Balance at 31 December 2021	8,358,386,710	7,484,909,773	2,852,199,200	758,171,036	42,146,921	4,811,589,856	24,307,403,496

For the year ended 31 December 2020

Particulars	Paid-up capital	Statutory reserve	General reserve	Assets revaluation reserve	Investment revaluation reserve	Retained earnings	Total Equity
Balance at 01 January 2020	7,581,303,150	6,872,052,329	1,222,199,200	1,296,690,729	51,075,241	5,817,160,874	22,840,481,523
5% Stock Dividend for 2019	379,065,150	-	-	-	-	(379,065,150)	-
Net profit after taxation for the year	-	-	-	-	-	391,416,392	391,416,392
Addition/(Adjustment) made during the year	-	281,750,388	1,080,000,000	(2,158,304)	47,932,916	(131,882,192)	1,275,642,808
Foreign exchange rate fluctuation	-	(9,598,312)	-	-	-	(11,004,177)	(20,602,490)
Balance at 31 December 2020	7,960,368,300	7,144,204,404	2,302,199,200	1,294,532,425	99,008,157	5,686,625,747	24,486,938,234

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka,
26 April 2022

AB Bank Limited
Liquidity Statement
Analysis of Maturity of Assets and Liabilities
As at 31 December 2021

(Amount in Taka)

Particulars	Up to 1 month's maturity	1-3 months' maturity	3-12 months' maturity	1-5 years' maturity	More than 5 years' maturity	Total
Assets						
Cash in hand and with banks	11,362,956,423	-	-	-	11,416,501,916	22,779,458,339
Balance with other banks and financial institutions	2,000,458,224	468,793,653	5,370,275,229	-	-	7,839,527,106
Money at call and on short notice	3,309,725,000	816,816,000	224,606,108	-	-	4,351,147,108
Investments	6,847,147,394	4,901,794,529	10,521,863,640	20,158,488,834	22,785,637,133	65,214,572,370
Loans, advances and lease/investments	31,063,396,788	79,838,959,422	129,607,866,407	35,271,426,300	14,678,168,032	290,459,816,948
Fixed assets including premises, furniture and fixtures	-	-	-	-	3,632,187,959	3,632,187,959
Other assets	1,551,117,966	1,555,503,479	4,916,418,646	5,328,074,063	2,354,710,959	15,705,825,113
Non-banking assets	-	-	-	334,171,836	-	334,171,836
Total Assets	56,134,801,795	87,581,867,083	150,641,030,030	61,092,161,033	54,867,205,999	410,316,706,779
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	20,102,202,769	5,749,358,575	3,897,702,750	4,232,944,391	7,660,000,000	41,642,208,485
Deposit and other accounts	32,826,404,387	79,577,672,366	138,546,263,058	44,620,197,206	2,802,024,636	298,372,561,654
Provision and other liabilities	1,550,631,107	1,001,084,612	1,117,031,110	6,583,962,319	35,741,823,995	45,994,533,144
Total Liabilities	54,479,238,263	86,328,115,554	143,560,996,918	55,437,103,916	46,203,848,631	386,009,303,282
Net liquidity excess/(shortage)	1,655,563,532	1,253,751,529	7,080,033,112	5,655,057,118	8,663,357,368	24,307,403,496

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Khairul Alam Choudhury
Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Muhammad A. (Rumee) Ali
Chairman

Dhaka,
26 April 2022

AB Bank Limited and Its Subsidiaries

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2021

1.1 The Bank and its activities

AB Bank Limited (the Bank) is one of the first generation Private Commercial Banks (PCBs) incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and is governed by the Bank Company Act, 1991 (amendment up to date). The Bank went for public issue of its shares on 28 December 1983 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. AB Bank Limited has 105 Branches including one (1) Islami Banking Branch and one (1) Overseas Branch in Mumbai, India. The Bank has five subsidiary companies namely AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited, Arab Bangladesh Bank Foundation all incorporated in Bangladesh and AB International Finance Limited, incorporated in Hong Kong.

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

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

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

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

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

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

Presentation of the financial statements

The consolidated and separate financial statements of the Bank have been prepared for the year ended December 31, 2021 in accordance with the measurement and recognition requirements of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) which have replaced Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) vide circular no. 1/1/ICAB-2017 of the Institute of Chartered Accountants of Bangladesh, the accounting standard setting body for Bangladesh, dated 14 December 2017 for due period begins on or after 1 January 2018.

The financial statements cover a full set of financial statements which comprise of consolidated and separate Balance Sheets, Profit or Loss Accounts, Cash Flow Statements, Statements of Changes in Equity, Liquidity Statement and relevant notes and disclosures.

The financial statements have been prepared under historical cost convention, except investments categorised under treasury securities in accordance with Bank Company Act, 1991 (amendment up to date); BRPD circular no. 14 dated 25 June 2003, the Companies Act, 1994; the Securities and Exchange Ordinance 1969, Securities and Exchange Rules 2020 and other laws and rules applicable for the Bank.

Basis of consolidation

Separate set of records for consolidating the financial statements of the Branches including Mumbai Branch, India, AB Investment Limited, AB Securities Limited, Cashlink Bangladesh Limited and AB International Finance Limited, Hong Kong are maintained at the Head Office of the Bank, based on which these financial statements have been prepared. The consolidated financial statements have been prepared in accordance with the IFRS 10 "Consolidated Financial Statements". The Consolidated Financial Statements have been prepared to a common reporting period ended on 31 December 2021.

Mumbai branch, India

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

Islami Banking branch

Islami Banking Branch has been maintaining separate set of books and records for its operations following Bangladesh Bank guidelines. All assets-liabilities and income-expenses of this Branch have been incorporated in similar heads of account of the Bank's financial statements. Balance Sheet and Profit and Loss Account of Islami Banking Branch is shown separately in **Annexure-F** as per Bangladesh Bank BRPD Circular No. 15 dated 09 November 2009. Distribution of profit under Islamic Banking Operation and fixation of final rate for the year 2021 has also been disclosed separately in **Annexure-G**.

Custodian Wing

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

Off-Shore Banking Unit (OBU)

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

Yangon Representative Office, Myanmar

AB Bank Limited, Yangon Representative Office (YRO), Myanmar, has been established primarily for encouraging and procuring Business under Border Trade Agreement between the Government of the Peoples' Republic of Bangladesh and the Republic of Union of Myanmar. YRO is also maintaining liaison with the Regulatory Bodies and Business Agencies of Myanmar. Statement of Receipts and Payments of the representative office has been shown separately in **Annexure-J**.

Investment in Amana Bank Limited

The Bank invested in Amana Bank Limited, Srilanka which is a licensed commercial bank and established under the Banking Act No. 30 of 1988 (Srilankan Banking Act) and amendments thereto. Amana Bank is a public limited liability company incorporated on 05 February 2009 and the registered office of the Bank is located at No. 480, Galle Road, Colombo 3. The Bank commenced commercial banking operations on 01 August 2011. Amana Bank is also a listed company under the Colombo Stock Exchange. AB has invested 7.22% in the shares of Amana Bank Limited.

Subsidiaries operation

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

AB Investment Limited (ABIL)

AB Investment Limited (ABIL) started its operation from 10 March 2010 for Merchant Banking Operation. AB Bank Limited holds 99.99% shares in ABIL. The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income of ABIL have been shown separately in **Annexure-K**.

AB Securities Limited (ABSL)

Brokerage business of Arab Bangladesh Bank Foundation has been transferred to AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009. AB Bank Limited at present holds 99.91% shares in ABSL.

The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income of ABSL have been shown separately in **Annexure-L**.

Cashlink Bangladesh Limited (CBL)

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

The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income of the CBL have been shown separately in **Annexure-M**.

AB International Finance Limited (ABIFL)

AB International Finance Limited (ABIFL) is a company incorporated in Hong Kong. Its registered office and principal place of business is situated at Room 1608, 16th Floor, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, Hong Kong. It is a fully owned (100%) Subsidiary of AB Bank Limited. Statement of Financial Position and Statement of Income and Retained Earnings of ABIFL have been shown separately in **Annexure-N**.

Arab Bangladesh Bank Foundation (ABBF)

Arab Bangladesh Bank Foundation (ABBF) has maintained separate set of books and records for its operation. The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income of ABBF have been shown separately in **Annexure-O**.

Use of estimates and judgments

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

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

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

Materiality, aggregation and offsetting

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

Foreign currency transactions**Functional and presentational currency**

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

Foreign currency translation

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

Assets and liabilities in foreign currencies as at 31 December 2021 have been converted into Taka currency at the average of the prevailing buying and selling rates of the relevant foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no. BRPD (R) 717/2004-959 dated 21 November 2004.

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

Commitment

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

Translation gain and losses

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

Foreign operations

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

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

Cash flow statement

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

Statement of changes in equity

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

Liquidity statement

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

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

1.3 Assets and basis of their valuation

Cash and cash equivalents

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

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

Loans and advances

- i. Loans and advances/investments in Islamic Banking Branch are stated at gross amounts at 31 December 2021.
- ii. Interest/profit is calculated on a daily basis but charged and accounted on accrual basis. Interest/profit on classified loans and advances/ investment is kept in suspense account as per Bangladesh Bank instructions and such interest/ profit is not accounted for income until realized from borrowers. Interest/profit is not charged on bad and loss loans/ investments as per guideline of Bangladesh Bank.
- iii. Commission on bills purchased and discounting are recognised at the time of realisation.

- iv. Provision for loans and advances is made on the basis of quarter-end review by the management and as per instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 05 dated 29 May 2013, BRPD Circular No. 04 dated 29 January 2015, BRPD Circular No. 08 dated 02 August 2015, BRPD Circular No. 12 dated 20 August 2017, BRPD Circular No. 15 dated 27 September 2017, BRPD Circular No. 01/2018 dated 20 February 2018, BRPD Circular No. 07 dated 21 June 2018, BRPD Circular # 13 dated 18.10.2018, BRPD Circular No. 03 dated 21 April 2019, BRPD Circular # 16 dated 21.07.2020, BRPD Circular # 17 dated 28.09.2020, BRPD Circular letter # 52 dated 20.10.2020 and BRPD Circular letter # 56 dated 10.12.2020, BRPD Circular # 19 dated 26.08.2021 and BRPD Circular letter # 53 dated 30.12.2021 and other applicable circular(s). The rates for provisions are stated below:

Particulars		Short Term Agri Credit	Consumer Financing				SMEF	Loans BHs/M /SDs
			Other than HF, LP	HF	LP	Credit Card		
UC	Standard	1%	2%	1%	2%	2%	0.25%	2%
	SMA	-	2%	1%	2%	2%	0.25%	2%
Classified	SS	5%	20%	20%	20%	20%	5%, 20%	20%
	DF	5%	50%	50%	50%	50%	20%, 50%	50%
	BL	100%	100%	100%	100%	100%	100%	100%

2% Special General Provision for COVID-19 has been kept as per BRPD circular letter no. 56 dated 10 December 2020 and BRPD circular letter no. 50 dated 14 December 2021 respectively.

Investment

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

The valuation methods of investment used are:

Government securities

Held to Maturity (HTM)

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

Held for Trading (HFT)

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

Value of investments has been enumerated as follows:

Investment class	Initial recognition	Measurement after initial recognition	Recording of
Treasury Bill / Bond (HFT)	Cost	Market value	Loss to Profit and Loss gain to revaluation res
Treasury Bill / Bond (HTM)	Cost	Amortised value	Increase in value to eq in value to P&L
Debenture	Face value	None	None
Prize bond	Cost	None	None
Shares	Cost	Lower of cost and market value	Realised gain or loss, r
			Unrealized gain is not i accounts. Provision is unrealized loss, if any

Investment in listed securities

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

In Accordance with BRPD Circular no. 14 dated 25 June 2003, provisions should be made for any loss arising from the diminution in value of investments. Subsequently, as per DOS Circular No.04 dated 24 November 2011, provisions may be made for any loss arising from the diminution in value of investments after netting of gain. Provision against Mutual Fund should be maintained in accordance with DOS circular letter no. 10 dated June 28, 2015.

Investment in unlisted securities

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

Investment in subsidiaries

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

Fixed assets

- i) All fixed assets are stated at cost less accumulated depreciation as per IAS 16 "Property, Plant and Equipment". The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of the IFRS.
- ii) The cost of an item of property, plant and equipment is recognised as an asset if-
it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.
- iii) Depreciation on fixed assets is charged over the estimated useful life of the assets using reducing balance method except motor vehicles, computers & computer equipments, core banking hardware and photocopiers for which straight-line method is used. The rates of depreciation are as follows:

<u>Category of asset</u>	<u>Rate of depreciation</u>
Land	Nil
Building	2.5%
Furniture and fixtures	10%
Electrical appliances	20%
Motor vehicles	20%
Core banking hardware	12.5%

- iv) Depreciation on fixed assets is charged when the respective asset is ready to use.
- v) The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the Profit and Loss Account.
- vi) Useful lives and method of depreciation of fixed assets are reviewed periodically. If useful lives of assets do not differ significantly as these were previously estimated, revaluation of assets does not consider to be done.
- vii) Bank capitalised items value of which is over Taka 50,000 and the items below Taka 50,000 were booked as non-capitalised items under the broader head of other expenses with effect from 01 March 2009 in accordance with the relevant policy of the Bank.
- viii) Bank also follows a policy for amortisation of expenditure considering the durability and useful lives of items. These are treated as intangible assets and are booked under the head "Fixed Assets" and amortised over their estimated useful lives by charging under the broad head "Depreciation".
- ix) Bank accounted for its required assets under non-current assets held for sale in applicable cases as per IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. In general terms, assets (or disposal groups) held for sale are not depreciated; measured at the lower of carrying amount and fair value less costs to sell, and are presented separately in the statement of financial position.

Intangible assets

An intangible asset is recognised if-

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

Other assets

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

Lease

Bank recognised a contract as (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Bank applied IFRS 16 Lease since 2019.

i) Right-of-use assets

The Bank recognises right-of-use assets at the date of initial application of IFRS 16. The cost of the right of use assets comprises present value of lease payments less incentive plus initial direct payment and dismantling cost etc.

ii) Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Bank recognised lease liabilities which are present value of lease payments to be made over the lease term from the date of commencement or 01 January 2019. The lease payment has been discounted using Treasury bill/bond rate supporting lease tenor 1-10 years as implicit borrowing rate.

iii) Short-term leases and leases of low value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognises lease payments associated with these leases as an expense. The contracts for premises with all branches, head office, regional offices, data centres and disaster recovery centres are considered for lease calculation.

The Bank as lessee on lease-by-lease basis, elected a single threshold less than BDT 1 crore to consider low value asset on the basis of materiality (less than 1%) of Bank's Total capital BDT 3,540 crore. Hence, any payment made by the Bank under contract for use of any rental premises or assets for a period not exceeding twelve months, and or, falls as low value asset and substantially risks and benefits of ownership of those rental premises/assets do not transfer to the Bank, are recognised as expense.

iv) Depreciation of Right-of-Use Assets

The right of use assets are depreciated using a straight line method from the lease recognition date to the end of the lease term.

Stock of stationery

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

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

Share capital

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

Statutory reserve

As per Section 24 of the Bank Company Act, 1991 (amendment up to date), 20% of current year's profit of the Bank is required to be transferred to Statutory Reserve until such reserve together with share premium account equals to its paid up capital.

Revaluation reserve

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

Deposits and other accounts

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

Borrowing

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

Provision for taxation

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

Current tax

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

Provision for current income tax has been made @ 37.50% on the accounting profit made by the Bank after considering taxable allowances and disallowances as per income tax laws applicable for the Bank.

Deferred tax

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

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

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

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

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

The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the Profit and Loss Account as per IAS-12 "Income Taxes" (note 10.1).

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 IAS 19 "Employee Benefits". Bases of enumerating the retirement benefits schemes operated by the Bank are outlined below:

Provident fund

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

Staff gratuity

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

Superannuation fund

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

Provision for liabilities

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

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

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

Provision for nostro accounts

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

Non- controlling Interest

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

As per IFRS 10 'Consolidated Financial Statements' Bank presents non- controlling interest separately in financial statements.

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

1.5 Revenue recognition

Interest income

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

Profit on investment (Islami Banking branch)

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

Investment income

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

Fees and commission income

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

Dividend income on shares

Dividend income from investment in shares is recognised when the Bank's right to receive dividend is established. It recognised when:

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

Interest paid on deposits and borrowings

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

Other operating expenses

All other operating expenses are provided for in the books of the account on accrual basis according to the IAS 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.

1.7 Earnings Per Share (EPS)

Basic earnings per share

Basic earnings per share have been calculated in accordance with IAS 33 "Earnings per Share" which has been shown in the face of the Profit and Loss Account. This has been calculated by dividing the profit attributable to the ordinary shareholders by the numbers of ordinary shares.

Diluted earnings per share

Diluted earnings per share is to be calculated by adjusting profit or loss attributable to ordinary equity holders of the parent entity, and weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

1.8 Off-balance sheet items

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

In accordance with BRPD circular no.14 dated 23 September 2012 and BRPD circular no. 07 dated 21 June 2018, general provision for Off-Balance Sheet exposure of the Bank as at 31 December 2021 has been considered. Provision is made on the total exposure and amount of cash margin or value of eligible collateral is not deducted while computing Off-Balance sheet exposure.

1.9 Memorandum items

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

AB Bank Limited

Notes to the Financial Statements

For the period from 01 January 2021 to 31 December 2021

1.10 Segment Reporting

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

By geographical location and segment business

(Amount in Crore)											
Particulars	AB Bank Limited						Subsidiaries				AB Bank and it's subsidiaries
	Inside Bangladesh				Mumbai Branch, India	Total	Inside Bangladesh			AB Int. Finance Ltd. (Hong Kong)	
	Conventional Banking	Islamic Banking	Investment Banking	Off- Shore Banking Unit			AB Investment Limited	AB Securities Limited	Cash Link Bangladesh Ltd. (CBL)		
<u>Profit and loss account</u>											
Interest income	2,010.97	49.27	-	14.45	2.97	2,038.41	14.35	2.54	0.31	5.75	2,059.72
Int. paid on deposits & borrowings, etc.	1,539.37	46.72	23.64	10.67	0.90	1,582.20	-	1.16	-	1.29	1,583.00
Net interest income	471.59	2.55	(23.64)	3.79	2.07	456.21	14.35	1.39	0.31	4.46	476.72
Investment income	505.88	0.82	36.66	-	2.96	546.32	21.41	1.61	-	-	559.92
Commission, exchange and brokerage	133.60	0.10	-	(0.01)	32.92	166.61	8.12	14.54	-	5.82	194.98
Other operating income	15.05	0.02	-	-	0.13	15.20	1.01	0.43	-	6.06	21.79
Total operating income	1,126.12	3.50	13.02	3.78	38.08	1,184.35	44.89	17.96	0.31	16.34	1,253.41
Operating Expenses											
Salary and allowances	302.26	2.14	-	0.30	1.81	306.50	2.98	3.82	0.01	3.14	316.46
Rent, taxes, insurance, electricity, etc.	58.82	0.13	0.00	0.00	2.31	61.26	0.25	0.27	-	0.86	61.73
Legal expenses	1.01	-	-	-	-	1.01	-	-	0.00	0.01	1.02
Postage, stamps, telecom., etc.	8.69	0.03	-	0.00	0.46	9.18	0.09	0.17	-	1.02	10.47
Stationery, printing, advertisement, etc.	11.34	0.04	-	0.01	0.14	11.52	0.03	0.11	-	0.04	11.70
Directors' fees	0.19	0.01	-	-	-	0.20	0.04	0.05	0.02	0.02	0.33
Auditors' fees	0.26	-	-	-	0.12	0.38	0.02	0.02	0.00	0.05	0.47
Depreciation & repairs of Bank's assets	65.84	0.09	-	0.00	0.53	66.46	1.83	0.85	-	0.04	69.19
Other expenses	98.31	0.67	1.18	0.03	14.36	114.55	2.02	3.48	0.01	0.07	120.03
Total operating expenses	546.71	3.10	1.18	0.34	19.73	571.07	7.27	8.77	0.04	5.26	591.39
Profit before provision	579.41	0.40	11.83	3.44	18.35	613.29	37.62	9.19	0.26	11.08	662.02
Provision against loans and advances						379.03					411.48
Provision for investments						45.04					45.65
Other provisions						8.58					8.58
Total provision						432.66					465.71
Profit before taxation						180.63					196.30
Provision for taxation						116.49					124.62
Net profit after taxation						64.14					71.68

AB Bank Limited

**Notes to the Financial Statements
As at 31 December 2021**

By geographical location and segment business (cont.)

Balance Sheet

(Amount in crore)											
Particulars	AB Bank Limited					Subsidiaries					AB Bank and it's subsidiaries
	Inside Bangladesh				Mumbai Branch, India	Total	Inside Bangladesh			AB Int. Finance Ltd. (Hong Kong)	
	Conventional Banking	Islamic Banking	Investment Banking	OBU			AB Investment Limited	AB Securities Ltd.	Cash Link Bangladesh Ltd. (CBL)		

PROPERTY AND ASSETS

Cash	2,251.25	26.29	-	-	0.40	2,277.95	0.00	0.00	0.00	0.01	2,277.96
Balance with other banks & fin.institution	522.13	58.30	-	25.31	195.43	783.95	17.98	53.85	4.72	0.40	831.73
Money at call and on short notice	1,245.35	-	-	125.65	2.30	435.11	-	-	-	-	309.46
Investments	5,921.73	51.52	329.58	165.72	53.09	6,521.46	37.96	11.05	-	-	6,570.47
Loans and advances	27,708.96	680.41	-	600.20	58.73	29,045.98	726.32	76.52	-	146.91	29,904.34
Fixed assets	362.15	0.65	-	-	0.42	363.22	51.11	1.01	-	0.00	415.34
Other assets	2,501.15	12.44	56.37	0.01	22.30	1,570.58	47.17	8.84	3.15	4.74	993.05
Non-banking assets	33.42	-	-	-	-	33.42	-	-	-	-	33.42
Total Assets	40,546.16	829.60	385.94	916.90	332.66	41,031.67	880.54	151.28	7.88	152.07	41,335.78

LIABILITIES AND CAPITAL

Liabilities

Borrowings from other banks, financial institutions and agents	4,557.14	-	-	938.50	-	4,164.22	75.65	15.75	-	124.69	4,164.22
Deposits and other accounts	28,834.63	790.87	0.00	1.34	227.14	29,837.26	-	-	-	-	29,807.90
Other liabilities	4,071.49	38.74	381.57	19.30	13.06	4,599.45	123.83	83.45	0.00	7.88	4,806.01
Total Liabilities	37,463.26	829.60	381.57	959.13	240.20	38,600.93	199.47	99.20	0.00	132.58	38,778.13
Total Shareholders' Equity	3,082.09	-	4.37	(42.23)	92.47	2,430.74	681.07	52.07	7.87	19.49	2,556.43
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	1.21
Total Liabilities & Shareholders' Equity	40,545.34	829.60	385.94	916.90	332.66	41,031.67	880.54	151.28	7.88	152.07	41,335.78

1.11 Compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

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

Sl no.	Name of IAS	No. of IAS	Status
1	Presentation of Financial Statements	1	Complied
2	Inventories	2	Complied
3	Statement of Cash Flows	7	*
4	Accounting Policies, Changes in Accounting Estimates and Errors	8	Complied
5	Events after the Reporting Period	10	Complied
6	Income Taxes	12	Complied
7	Property, Plant and Equipment	16	Complied
8	Employee Benefits	19	Complied
9	Accounting for Govt. Grants and Disclosure of Govt. Assistance	20	N/A
10	The Effects of Changes in Foreign Exchanges Rates	21	Complied
11	Borrowing Costs	23	Complied
12	Related Party Disclosures	24	Complied
13	Accounting and Reporting by Retirement Benefit Plans	26	Complied
14	Separate Financial Statements	27	Complied
15	Investments in Associates and Joint Ventures	28	Complied
16	Financial Reporting in Hyperinflationary Economics	29	N/A
17	Interests in Joint Ventures	31	N/A
18	Financial Instruments: Presentation	32	*
19	Earnings Per Share	33	Complied
20	Interim Financial Reporting	34	Complied
21	Impairment of Assets	36	Complied
22	Provisions, Contingent Liabilities and Contingent Assets	37	Complied
23	Intangible Assets	38	Complied
24	Investment Property	40	Complied
25	Agriculture	41	N/A

Sl no.	Name of IFRS	No. of IFRS	Status
1	First-time Adoption of International Financial Reporting Standards	1	N/A
2	Share-Based Payment	2	N/A
3	Business Combinations	3	N/A
4	Insurance Contracts	4	N/A
5	Non-Current Assets Held for Sale and Discontinued Operations	5	Complied
6	Exploration for and Evaluation of Mineral Resources	6	N/A
7	Financial Instruments: Disclosures	7	*
8	Operating Segments	8	Complied
9	Financial Instruments	9	*
10	Consolidated Financial statements	10	Complied
11	Joint Arrangements	11	N/A
12	Disclosure of interests in other Entities	12	Complied
13	Fair Value Measurement	13	Complied
14	Regulatory Deferral Accounts	14	N/A
15	Revenue from Contracts with Customers	15	Complied
16	Leases	16	Complied

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

1.12 Compliance of Bangladesh Bank regulations over IAS/IFRS

In the following cases Bank followed Bangladesh Bank regulations over IFRS/IAS:

Sl no.	Issues	IAS/IFRS	Bangladesh Bank
1	Presentation	As per IAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a single Comprehensive income statement and there is no requirement to show appropriation of profit in the face of statement of comprehensive income. Again, Intangible assets must be identified, recognised, presented in the face of the balance sheet and the disclosures to be given as per IAS 38.	In accordance with BRPD Circular no. 14 dated 25 June 2003 financial statements do not require to include the statement of Other Comprehensive Income and appropriation of profit is provided in the face of Profit and Loss Account. Intangible assets are provided under the head Fixed Assets.
2	Cash and cash equivalents	As per IAS 7 cash comprises cash in hand & demand deposits and Cash equivalents recognises the short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Therefore, some items like- Balance with Bangladesh Bank on account of CRR/ SLR are not part of cash and cash equivalents as those are not readily available.	Balance with Bangladesh Bank is treated as cash and cash equivalents as per BRPD Circular no. 14 dated 25 June 2003.
3	Investment in shares and securities	As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors the investment in shares and securities generally falls either under at "fair value through profit and loss account (FVTPL)" or at "fair value through other comprehensive income (FVOCI)" where any change in the fair value of securities measured under FVTPL is taken to the profit and loss account and any changes in the fair value of securities measured under FVOCI is transferred to equity through other comprehensive income.	As per BRPD Circular no. 14 dated 25 June 2003, provisions should be made for any loss arising from the diminution in value of investments. But, as per DOS Circular No.04 dated 24 November 2011, provisions can be made for any loss arising from the diminution in value of investments after netting of gain.
4	Revaluation gains/losses on Government securities	As per requirement of IFRS 9, an entity shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. For securities like treasury bills and treasury bonds designated as "held for trading" measured at fair value, gains and losses are recognised entirely in profit or loss (fair value through profit or loss, FVTPL). T-bills and T-Bonds designated as "held to maturity" are measured at amortized cost method and interest income is recognized through the profit and loss account.	As per Bangladesh Bank DOS circular letter no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January 2009. HTM measured at amortised cost at each year end by taking into account any discount or premium in acquisition. Amortised amount of such premium are booked into Profit and Loss Account or discount is booked to reserve until maturity/disposal. In case of HFT after initial recognition, investments are revalued at mark to market on weekly basis. Decrease in the book value is recognised in the Profit and Loss Account and any increase is transferred to revaluation reserve account.
5	Non-banking asset	No indication of Non-banking asset is found in any IFRS.	As per BRPD circular No. 14 dated 25 June 2003 and BRPD circular No. 22 dated 20 September 2021 respectively there must exist a face item named Non-banking asset.

Sl no.	Issues	IAS/IFRS	Bangladesh Bank
6	Repo and reverse repo transactions	As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognized at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).	As per Bangladesh bank Circulars / guidelines, when a Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on future date (REPO), the arrangement is accounted for as a normal sales transactions and the financial assets should be derecognized in the seller's book and recognized in the buyer's book.
7	Provision on loans and advances/ investments	As per IFRS 9, an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. Expected credit losses are required to be measured through a loss allowance at an amount equal to: (i) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or (ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). For loans & Advances whose credit risk increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is required. For loans & advances whose credit risk didn't increased significantly, a loss allowance equal to the 12-month expected credit losses is required.	As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), BRPD Circular No. 12 (20 August 2017) and BRPD Circular No. 15 (27 September 2017), a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. The bank has to maintain provisions based on the circulars issued by Bangladesh Bank from time to time. Such provision policies are not specifically in line with those prescribed by IFRS 9. Also for disclosure such provision shall be shown as liability as opposed to netting of against loans and advances.
8	Recognition of interest in suspense	Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit- impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified; interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to interest suspense account, which is presented as liability in the balance sheet.
9	Cash flow statement	The cash flow statement can be prepared using either the direct method or the indirect method as per IAS 7. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per BRPD circular No. 14, dated 25 June 2003 cash flow is the mixture of direct and indirect methods.

Sl no.	Issues	IAS/IFRS	Bangladesh Bank
10	Financial guarantee	As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.	As per BRPD Circular no. 14 dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee, Acceptance and Endorsement, etc. will be treated as off balance sheet items.

1.13 Regulatory and legal compliance

The Bank complied with the requirements of the following Act, regulations and guidelines:

- i. The Bank Company Act, 1991 (amendment up to date)
- ii. The Companies Act, 1994
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. The Securities and Exchange Rules, 2020
- v. The Securities and Exchange Ordinance, 1969
- vi. The Securities and Exchange Commission Act, 1993
- vii. The Securities and Exchange Commission (Public Issues) Rules, 2015
- viii. The Income Tax Ordinance and Rules, 1984
- ix. The Value Added Tax and Supplementary Duty Act, 2012
- x. The Value Added Tax and Supplementary Duty Rules, 2016
- xi. The Financial Reporting Act 2015 and other regulations of Financial Reporting Council, Bangladesh
- xii. Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) Listing Regulations, 2015
- xiii. Central Depository Bangladesh Limited (CDBL) rules and regulations
- xiv. Financial Reporting Disclosure (as per BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated, 20 June 2018)
- xv. Other applicable laws and regulations

1.14 Reporting period

Sl no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2021 to 31 December 2021
2	Off Shore Banking Unit	01 January 2021 to 31 December 2021
3	Mumbai Branch, India	01 January 2021 to 31 December 2021
4	AB Investment Limited	01 January 2021 to 31 December 2021
5	AB Securities Limited	01 January 2021 to 31 December 2021
6	Cashlink Bangladesh Limited	01 January 2021 to 31 December 2021
7	AB International Finance Limited	01 January 2021 to 31 December 2021
8	Arab Bangladesh Bank Foundation	01 January 2021 to 31 December 2021

1.15 Risk management

As a financial intermediary, the Bank is exposed to various types of risks. Risk is defined as uncertainties resulting in adverse variation of profitability or in losses, financial or otherwise. The risk management of the Bank covers core risk areas of banking as defined by Bangladesh Bank and Pillar-2 risk as well. The core risks are credit risk, asset liability risks, money laundering risks, internal control and compliance risks, information technology risks and foreign exchange risks. Some other risks those also affect banking business are liquidity risk, market risk interest rate risk, equity risk, operational risk, reputation risk, strategic risks, credit concentration risks, environmental and climate change risks, etc.

The objective of the risk management framework at the bank is that the Bank understands, evaluates and takes well calculative risks and thereby safeguarding the Bank's capital, its financial resources and profitability from various business risks through its own measures, policies and procedures established to address these risks and also implementing Bangladesh Bank's guidelines and following some of the best practices as under:

Credit risk

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

The Bank has segregated duties of the officers / executives involved in credit related activities. A separate Department at Head Office is entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated.

Credit Risk Management Division is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy / strategy for lending operation, etc. Adequate provision has been made on classified loans / investments. A thorough assessment is done before sanction of any credit facility at Credit Risk Management Division. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility, etc. The assessment process starts at respective business wing by the relationship manager / officer and ends at Credit Risk Management Division when it is approved / declined by the competent authority. In determining single borrower / large loan limit, the instructions of Bangladesh Bank are strictly followed. Internal audit is conducted at periodical intervals to ensure compliance of Bank's and Regulatory policies. Loans are classified as per Bangladesh Bank's guidelines.

Market risk

Market risk arises from potential losses of the exposures of a bank from on-balance sheet and off-balance sheet items, i.e adverse movements in market rates/interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices.

Operational risk

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

Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. Financial Institution and Treasury (FIT) Division independently conducted the foreign exchange transactions and the Mid office and the Back office of Treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Market rate as determined by Bangladesh Bank at the month end. All nostro accounts are reconciled on a monthly basis and outstanding entry is reviewed by the management for its settlement. The position maintained by the Bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

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

Equity risk

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

Liquidity risk

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

Risk arising from money laundering

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

Internal control and compliance risk

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

Information and communication technology (ICT) security risk

The Bank follows the Bangladesh Bank ICT Policies along with other leading industry compliances such as PCI DSS. AB Bank IT Infrastructure has built on Microsoft Active Directory along with Microsoft Exchange Email System with enhanced cloud security. Bank has Next Generation Firewall (NGF) in our core and perimeter zone to protect the organization from external threats. NGF runs only a few services on board and reserves the majority of resources for ingress-egress traffic. For endpoint security Bank has advanced persistent threat (APT) malware protection and Anti Bot protection which are components of Next Generation Firewall.

Bank has introduced Multi-Factor Authentication (MFA), Mobile Protection, Remote Access, and Virtual Private Networks (VPN). AB Core Infrastructure have High Availability and Disaster Recovery Site (DRS) with near real time synchronization which ensure the highest level of uptime round the year. End User Security Awareness Training is one of focus area to ensure the total security of the bank. Bank regularly arrange Security Awareness training for the employees as per the regulations of Bangladesh Bank.

1.16 Environment Risk Management (ERM)

Bangladesh Bank issued Guidelines on Environment Risk Management (ERM) to streamline solutions for managing the environmental risks in the financial sector – Ref: BRPD Circular No.01/2011 dated 30 January 2011 and BRPD Circular no.02 dated 27 February 2011 respectively. Bank accordingly introduced the Guideline on Environment Risk Management on 15 June 2011. These ERM guidelines are an attempt to incorporate the environmental impact of a business into the lending process, so that the environment gets due consideration in the appraisal process.

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

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

1.17 Credit rating of the Bank

Year	Date of Rating	Long term	Short term
Year 2020 & Jan-Sep 2021	December 28, 2021	AA-	ST-2
Year 2019 & Jan-Sep 2020	December 19, 2020	AA-	ST-2
Year 2018 & Jan-Sep 2019	December 19, 2019	A+	ST-2
Jan to Sept 2018	January 10, 2019	A ₂	ST-2
Jan to Dec 2017	June 4, 2018	A ₁	ST-2
Jan to Dec 2016	May 28, 2017	A ₁	ST-2

1.18 Events after the reporting period

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

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Except the pandemic issue, there was no material event occurred after the reporting period which could affect the values stated in the financial statements.

1.19 Related party disclosures

A party is related to the company if:

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

Name of contract	Name of the party	Name of Director and related by	Relationship
Lease agreement with Mohakhali and Saver Branch of ABBL	Pacific Industries Ltd.	Mr. Khairul Alam Choudhury	Nominated Director of Pacific Industries Ltd. In ABBL Board
Lease agreement with ABBL	Elite International Ltd.	Feroz Ahmed	Common Director

b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in BDT
Pacific Industries Ltd.	Common Director	Office Rent	13,938,302

c) Loans/placement given to subsidiary of the Bank

Sl. no.	Name of Party	Connection with party	Nature of transaction	Amount in BDT
01	AB Investment Limited	99.99% owned Subsidiary	Loans and advances	756,465,516
02	AB Securities Limited	99.91% owned Subsidiary	Loans and advances	157,548,501
03	AB International Finance Limited	Fully owned (100%) Subsidiary	Placement through OBU	1,256,541,000
Total loans/placement to subsidiary				2,170,555,017

d) **Key Management personnel compensation**

Transactions with Key Management personnel of the Bank for the period January – December 2021 is given below:

Particulars	Amount Tk
Short-term employee benefit	139,753,004
Post-employment benefits	-
Other long-term employee benefits	-
Termination benefits	-

Key Management personnel includes President and Managing Director, Additional Managing Director, 02 nos. Deputy Managing Director, 13 nos Senior Executive Vice President, Company Secretary, Head of Internal Control & Compliance Division and Chief Financial Officer.

Key management personnel get gratuity and superannuation fund benefits are provided as per service rule if eligible.

1.20 Audit Committee of the Board of Directors

i) Particulars of Audit Committee

The Audit Committee of the Board was constituted by the Board of Directors of the Bank in accordance with the BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank. Composition of the Audit Committee as on 31 December 2021 is as below:

Sl. no.	Name	Status with Bank	Status with Committee	Duration	Educational/ professional qualification
1	Mr. Shafiqul Alam	Independent Director	Chairman	Since January 28, 2021	M.SC
2	Mr. Shajir Ahmed	Director	Member	Since January 28, 2021	Graduate
3	Mr. Md. Maqsubul Huq Khan	Director	Member	Since January 28, 2021	MBA

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

ii) Meeting held with Audit Committee

During the year 2021, the Audit Committee conducted 08 (eight) meeting in which, among others, focused on the following activities (not an exhaustive test):

- Reviewed Internal Audit Plan for the year 2021
- Reviewed Draft Financial Statements and after discussing with the External Auditors recommended it to the Board for their considerations.
- Reviewed the Management Letter issued by the External Auditors, Management responses, thereto and corrective measures taken by the Bank to avoid recurrence of the lapses mentioned therein.
- Reviews quarterly and half-yearly Financial Statements 2021 of the Bank.
- Reviewed significant internal Audit findings and advised corrective actions.
- Reviewed Comprehensive Inspection Report of Bangladesh Bank including status of compliance thereof.
- Reviewed branch inspection reports and Head Office functions conducted by the Department of Internal Control & Compliance (DICC)

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

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

1.21 Shariah Council

Members of AB Bank Shariah Supervisory Committee are as under:

Sl no.	Name	Status with the Committee	Educational/ Professional Qualification
1	Jb. Justice Siddiquir Rahman Miah	Chairman	L.L.B ,Dhaka University. President of Governingbody, Islamic Foundation Bangladesh. Fomer Justice (Appellate Division) Bangladesh Suprime Court and Chairman,DSE.
2	Jb. Tarique Afzal, President & Managing Director , ABBL	Vice-Chairman	Masters of Business Administration - MBA (Major: Finance & Marketing), Victoria University, Melbourne, Australia
3	Jb.Kaiser A. Chowdhury, Director, AB Bank Ltd.	Member	Masters of Arts (Economics),Dhaka University
4	Jb.Firoz Ahmed, Director, AB Bank Ltd.	Member	B.Com (Hons.) Accounting, Chittagoang University
5	Jb. Najmul Ehsan,Chief of Credit Review and Process Management, AB Bank Ltd.	Member	MBA, Institute of Busness Administration, Dhaka University
6	Jb. Iftekhar Enam Awal, Head of Buseness	Member	M. Com.(Finance),Dhaka University
7	Jb. Moulana Muhammad Musa	Member-Secretary	Prominent author and rechearch Scholar of Quran & Hadith. Kamil, Madrasah Edu. Board, B.Com (Hons) M.Com, Rajshahi University,

During the year 2021, AB Bank Shariah Supervisory Committee met twice and reviewed different operational issues, including those referred to it by the Management of the Bank and gave opinion & decisions related to Islamic Shariah.

The important issues attended by the Shariah Supervisory Committee during the year 2021, are:

- Reviewing the Yearly Shariah Audit Report (January-December, 2020) of Islami Banking Branch and its observations.
- Approving the Final Accounts, 2020 of Islami Banking Branch.
- Approving the Annual Report of Shariah Supervisory Committee for the year 2020 on Islamic banking operation of the Bank.
- Approved the Branding for AB Bank Islamic Banking Operation in the name as "Ahlan"

1.22 Auditors of Subsidiaries

Name of the Company	Relationship	Name of the Auditors
AB Investment Limited (ABIL)	Subsidiary	Ahmed Khan & co. Chartered Accountants
AB Securities Limited (ABSL)	Subsidiary	Ahmed Khan & co. Chartered Accountants
Cashlink Bangladesh Limited (CBL)	Subsidiary	Razzaque & CO. Chartered Accountants
AB International Finance Limited (ABIFL)	Subsidiary	Gloabal Vision CPA Limited Certified Public Accountants
Arab Bangladesh Bank Foundation (ABBF)	Subsidiary	S.R. Bose & Co. Chartered Accountants

1.23 Verification of financial statements through Document Verification System (DVS)

As per BRPD circular letter no. 4 dated 04 January 2021 Banks are required to preserve the updated statutory audit report of the clients in loan file during approval/renewal of the facilities and as per BRPD circular letter no. 35 dated 06 July 2021, the statutory audit report and Financial Statements needs to be verified through the Document Verification System (DVS) developed by the Institute of Chartered Accountants of Bangladesh (ICAB). Financial Reporting Council (FRC) vide its letter no 178/FRC/APR/2021/27(23) dated 7 December 2021 has instructed to disclose the percentage (%) of the loan file covered under the compliance of these BRPD Circular in the financial statements of the Bank. The bank is trying to get the master access on the DVS which is under process. After getting the master access the bank will start to implement the compliance accordingly.

1.24 Going Concern

The Financial Statements have been prepared on a going concern principle which is the assumption that an entity will remain in business for the foreseeable future. Conversely, the Bank has neither any intention nor any legal or regulatory compulsion to halt operations and liquidate its assets in the near term at what may be very low fire-sale prices. Key financial parameters (including liquidity, profitability, asset quality and credit rating) of the Bank continued to demonstrate a healthy trend for a couple of years. The management is not aware of any material uncertainties that may cause to believe that significant doubt upon the Bank's ability to continue as a going concern.

1.25 Worker's Profit Participation Fund (WPPF)

In consistent with widely accepted industry practice and in line section 11(1) of the Banking Companies Act, 1991 (As amended up to date) and subsequent clarification given by Bank & Financial Institutions Division (BFID), Ministry of Finance, no provision has been made by the Bank in the reporting period against Workers' Profit Participation Fund (WPPF)."

1.26 Authorization of Financial Statements

The Financial Statements of the Bank for the year ended 31 December 2021 has been authorized by the Board of Directors as on 26 April 2022.

2. General

- i. Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year.
The bank has re-measured the investment in Amana Bank in gross basis rather net basis from 2021. Hence, the amount of investment and the required provision is restated in the financial statement of prior year
- ii. Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.
- iii. These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

3. Cash

		31.12.2021 Taka	31.12.2020 Taka
Cash in hand	(Note 3.1)	1,289,810,932	1,009,893,886
Balance with Bangladesh Bank and its agent bank(s)	(Note 3.2)	21,489,647,407	19,920,756,233
		22,779,458,339	20,930,650,119

3(a) Consolidated Cash

AB Bank Limited	22,779,458,339	20,930,650,119
AB Investments Limited	25,000	25,000
AB International Finance Limited	120,042	28,096
AB Securities Limited	17,096	35,000
Cashlink Bangladesh Limited (CBL)	6,019	56,889
	22,779,626,496	20,930,795,104

3.1 Cash in hand

In local currency	1,255,130,723	967,306,177
In foreign currency	34,680,209	42,587,709
	1,289,810,932	1,009,893,886

3.1(a) Consolidated Cash in hand

AB Bank Limited	1,289,810,932	1,009,893,886
AB Investments Limited	25,000	25,000
AB International Finance Limited	120,042	28,096
AB Securities Limited	17,096	35,000
Cashlink Bangladesh Limited (CBL)	6,019	56,889
	1,289,979,089	1,010,038,871

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

Balance with Bangladesh Bank		
In local currency	17,879,065,521	12,333,756,678
In foreign currency	3,254,015,241	7,185,461,249
	21,133,080,763	19,519,217,927
Sonali Bank Limited	356,566,644	401,538,306
(as an agent bank of Bangladesh Bank) - local currency	21,489,647,407	19,920,756,233

3.2.1 Balance with Bangladesh Bank- local currency

Balance as per Bank Ledger	17,879,065,521	12,333,756,678
<u>Unresponded debit entries</u>	22,766,388	3,962,064
Bangladesh Bank statement	22,467,440	3,503,071
AB Bank's ledger	298,948	458,993
<u>Unresponded credit entries</u>	4,613,915	215,464,260
Bangladesh Bank statement	4,613,915	206,630,001
AB Bank's ledger	-	8,834,259
Balance as per Bangladesh Bank Statement	17,860,913,048	12,545,258,875

Bangladesh Bank Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as of 31 December 2021 is given below:

Year of Unreconciliation	Number of unresponded entry		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	8	4	22,163,788	4,613,915
3 months to less than 6 months	1	-	2,600	-
6 months to less than 12 months	1	-	600,000	-
12 months and more	-	-	-	-
Total	10	4	22,766,388	4,613,915

31.12.2021	31.12.2020
Taka	Taka

3.2.2 Balance with Bangladesh Bank-foreign currency

Balance as per Bank Ledger	3,254,015,241	7,185,461,249
<u>Unresponded debit entries</u>	-	5,340,200
Bangladesh Bank statement	-	-
AB Bank's ledger	-	5,340,200
<u>Unresponded credit entries</u>	73,763,840	37,565,433
Bangladesh Bank statement	71,759,717	21,210,223
AB Bank's ledger	2,004,122	16,355,210
Balance as per Bangladesh Bank Statement	3,327,779,081	7,217,686,482

Bangladesh Bank Account represents outstanding transactions (net) originated but yet to be responded at the Balance sheet date. However the status of unresponded entries as of 31 December 2021 is given below:

Period of unreconciliation	Number of unresponded		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	-	41	-	73,763,840
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	-	-	-	-
Total	-	41	-	73,763,840

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

AB Bank Limited	21,489,647,407	19,920,756,233
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	21,489,647,407	19,920,756,233

3.3 Statutory deposits

Conventional Banking (inside Bangladesh)

Cash Reserve Requirement and Statutory Liquidity Ratio

Cash reserve requirement and statutory liquidity ratio have been calculated and maintained in accordance with section 33 of the Bank Company Act 1991 (amendment up to date), Bangladesh Bank's DOS circular no. 01 dated 19 January 2014 and MPD Circular No. 03 dated 09 April 2020.

The statutory cash reserve requirement is on the Bank's time and demand liabilities at the rate 4.00% and has been calculated and maintained with Bangladesh Bank in current account while statutory liquidity ratio of 13.00% is required, on the same liabilities is also maintained in the form of Government Securities and other regulatory components which supported to SLR. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

(a) Cash Reserve Requirement (CRR)

As per Bangladesh Bank MPD Circular No.-03 dated 09 April 2020, Bank has to maintain CRR @ 4.00% on fortnightly cumulative average basis and minimum CRR @ 3.50% on daily basis.

	31.12.2021 Taka	31.12.2020 Taka
i. Daily position as on the reporting date		
Required reserve	11,158,289,055	10,729,742,384
Actual reserve maintained	17,589,309,366	12,270,941,451
Surplus	6,431,020,311	1,541,199,067

As per Bank ledger, balance with Bangladesh Bank (local currency) is BDT 17,620,852,660 while as per Bangladesh Bank Statements balance is BDT 17,589,309,366. Difference between the balance as per Bank Ledger and as per the Bangladesh Bank Statement is properly reconciled and adjusted accordingly.

ii. Fortnightly cumulative position

As per Bangladesh Bank MPD Circular No. 03 dated 09 April 2020, Bank has to maintain CRR @ 4.00% on fortnightly cumulative average basis.

Required reserve (4.00% of total time & demand liabilities)	189,690,913,935	182,405,620,528
Actual reserve maintained	204,566,811,328	186,988,926,189
Surplus	14,875,897,393	4,583,305,661

(b) Statutory Liquidity Ratio (SLR)

Required reserve (13% of total time & demand liabilities)	36,265,447,270	34,874,383,466
Actual reserve maintained	60,323,920,093	56,369,820,548
Total surplus	24,058,472,823	21,495,437,082

As per Bangladesh Bank MPD Circular No. 03 dated 09 April 2020, all scheduled Banks have to maintain CRR and SLR @ 4.00% and @ 13.00% respectively of their total time and demand liabilities on bi-weekly average basis, where the Bank maintained @ 6.31% and @ 21.62% respectively at the year end.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand	1,281,111,166	1,001,530,477
Balance with Sonali Bank	356,566,644	401,538,306
HTM Securities	37,086,534,652	36,434,249,577
HFT Securities	15,013,377,320	16,991,303,121
Other Eligible Securities	155,310,000	-
Excess Reserve of CRR	6,431,020,311	1,541,199,067
	60,323,920,093	56,369,820,548

Islamic Banking

Cash Reserve Requirement and Statutory Liquidity Ratio

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Banking Companies Act, 1991 (amendment up to date) and subsequent Bangladesh Bank's DOS circular no. 01 dated 19 January 2020 and MPD Circular No. 03 dated 09 April 2020.

The Statutory Cash Reserve is required on the Bank's Time and Demand Liabilities at the rate of 4.00 % which has been calculated and maintained with Bangladesh Bank in Al-Wadeeah Current Account while Statutory Liquidity Ratio of 5.50% is required including excess amount of CRR on the same liabilities. The required amount maintained in the form of Bangladesh Government Islami Investment Bond (BGIIIB), Bangladesh Government Investment Sukuk (BGIS) Cash Balance in the Vault and Foreign Currency (FC) Balance with Bangladesh Bank. Both the reserves (CRR & SLR) are maintained in excess, as shown below:

	31.12.2021 Taka	31.12.2020 Taka
(a) Cash Reserve Requirement (CRR)		
Required reserve	257,903,000	251,615,000
Actual reserve maintained	260,603,682	263,317,424
Surplus	2,700,682	11,702,424
(b) Statutory Liquidity Ratio (SLR)		
Total required reserve	354,617,000	345,970,000
Total actual reserve held	522,588,000	414,435,550
Total surplus	167,971,000	68,465,550

Mumbai branch

Cash reserve ratio and statutory liquidity ratio

Cash reserve ratio and statutory liquidity ratio have been calculated and maintained in accordance with Section 24 of the Banking Companies Act 1949, Section 42 (2) of the RBI Act 1934 and RBI circular nos. DBOD. No.Ret. BC.24/12.01.001/2015-16.

The statutory cash reserve ratio is required on the Bank's time and demand liabilities at the rate of 4.00 % for 31.12.2020 & for 31.12.2021 and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 18.00% for 31.12.2020 & 18.00% for 31.12.2021 is required, on the same liabilities is also maintained in the form of treasury bills, and bonds including foreign currency balance with RBI. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

(a) Cash Reserve Ratio (CRR)		
Required reserve	7,597,390	7,627,095
Actual reserve maintained	78,260,139	53,180,972
Surplus	70,662,749	45,553,877
(b) Statutory Liquidity Ratio (SLR)		
Required reserve	381,067,488	307,637,695
Actual reserve maintained	880,892,166	757,522,153
Surplus	499,824,678	449,884,458
Total required reserve	388,664,878	315,264,790
Total actual reserve held	959,152,305	810,703,125
Surplus	570,487,427	495,438,335

4. Balance with other banks and financial institutions

In Bangladesh	(Note: 4.1)	649,801,976	1,212,295,681
Outside Bangladesh	(Note: 4.2)	7,189,725,129	3,151,497,768
		7,839,527,106	4,363,793,449

		31.12.2021 Taka	31.12.2020 Taka
4(a) Consolidated balance with other banks and financial institutions			
In Bangladesh	(Note: 4.1.a)	1,123,970,264	1,690,034,988
Outside Bangladesh (Nostro Accounts)	(Note: 4.2.a)	7,193,370,410	3,167,205,939
		8,317,340,674	4,857,240,927

4.1 In Bangladesh

Current Deposits

Standard Chartered Bank, Dhaka City Centre Branch	44,274,408	26,675,395
Agrani Bank Ltd., Local Office, Dhaka	24,885	24,885
Islami Bank Bangladesh Ltd., Local Office	17,277	17,277
Agrani Bank Ltd., Bhairab Bazar Branch	534	534
Janata Bank Ltd., Jessore Branch	2,535	43,225
Agrani Bank Ltd., Mymensingh Branch	6,310	10,000
Trust Bank Ltd., Mymensingh Branch	30,786	5,046,476
Janata Bank Ltd., Corporate Branch, Bogura	4,201	4,891
Rupali Bank Ltd., Bogura Branch	5,260	5,605
Agrani Bank Ltd., Thana Road Branch, Bogura	58,242	6,058,242
RAKUB, Bogura Branch	6,029	6,834
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi	5,000	5,000
Janata Bank Ltd., Rajshahi Branch	5,000	5,575
Rupali Bank Ltd., Rajshahi Branch	11,310	9,425
Janata Bank Ltd., Rangpur Branch	25,868,457	6,848,369
Rupali Bank Ltd., Rangpur Branch	324,865	400,395
Janata Bank Ltd., Chapai Nawabganj Branch	5,341	21,251
Janata Bank Ltd., Sirajgonj Branch	487	1,177
	70,650,924	45,184,553

Special Notice Deposits

Agrani Bank Ltd., Rangpur Branch	304,634	270,016
Agrani Bank Ltd., Saidpur Branch	-	20,003,505
Agrani Bank Ltd., VIP Road Branch, Sylhet	4,887	4,734
Agrani Bank Ltd., Bogura Branch	7,530	7,530
Agrani Bank Ltd., Pabna Branch	1,000	1,000
Janata Bank Ltd., Pabna Branch	1,000	1,000
Agrani Bank Ltd., Jhikargachha Branch	18,098,360	36,686,585
Agrani Bank Ltd., Sirajgonj Branch	3,585,402	492,936
RAKUB, Sirajgonj Branch	-	770
Agrani Bank Ltd., Sir Iqbal Road Branch, Khulna Br.	21,644	37,794
Agrani Bank Ltd., Naogaon Branch	3,524,612	2,024,612
Agrani Bank Ltd., Jashore Branch	34,606	3,106
Agrani Bank Ltd., Moulvi Bazar Branch	561,118	965,268
Agrani Bank Ltd., Satkhira Branch	2,929,818	6,568
Agrani Bank Ltd., Principal Branch, Dhaka	3,224,202	1,510,098
Agrani Bank Ltd., Barisal Branch	77,895	82,046
Bangladesh Krishi Bank, Barisal Branch	6,729	5,623
Janata Bank Ltd., Barisal Branch	78,752	76,323
Standard Chartered Bank, Dhaka City Centre Branch	1,038,033	1,038,033
Islami Bank Bangladesh Ltd., HO Complex Corp Br.	594,788	580,873
Bank Asia Ltd., Islami Banking Window, Shantinagar Br.	39,699	40,030
First Security Islami Bank Ltd, Dilkusha Br.	469,878	446,244
Al-Arafah Islami Bank Ltd, Dilkusha Branch	2,557,218	2,503,216
Shahjalal Islami Bank Ltd, Dhaka Main Branch	12,485	12,309
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka	353,772	350,446

	31.12.2021 Taka	31.12.2020 Taka
Bank Alfalah Ltd, Main Branch, Dhaka	16,378	17,031
Southeast Bank Ltd., Islami Banking Br, Motijheel	53,353	54,184
Agrani Bank Ltd., Islami Banking Windo, Amin Court Corp. Br.	316,501	5,087
Jamuna Bank Ltd., Islami Banking Br, Nayabazar	7,130	7,957
Union Bank Ltd., Dilkusha Branch	193,926	6,437,941
Premier Bank Ltd., Islami Banking Br, Mohakhali	708,282	696,705
Pubali Bank Ltd., Islamic Branch, Dilkusha, Dhaka	33,009	33,486
EXIM Bank Ltd, Motijheel Branch	214,402	251,328
	39,071,043	74,654,385

Savings Deposits

Social Islamic Bank Ltd. Principal Branch	51,683	12,452,188
ICB Islamic Bank Ltd., Principal Br, Motijheel	4,326	4,556
	56,009	12,456,744

Fixed Deposits

Haji Finance Company Ltd.	35,014,000	50,000,000
Phoenix Finance and Investment Ltd.	230,000,000	230,000,000
Exim Bank Ltd.	-	250,000,000
Union Capital Ltd.	125,010,000	150,000,000
IIDFC	-	100,000,000
IPDC Finance Ltd.	-	150,000,000
Islami Finance Ltd.	150,000,000	150,000,000
	540,024,000	1,080,000,000
	649,801,976	1,212,295,681

4.1.a Consolidated In Bangladesh

AB Bank Limited	649,801,976	1,212,295,681
AB Investment Limited	179,791,111	136,001,739
AB International Finance Limited	-	-
AB Securities Limited	538,521,369	456,707,020
Cashlink Bangladesh Limited (CBL)	47,239,890	45,305,051
	1,415,354,346	1,850,309,491
<u>Less:</u> Inter company transaction	291,384,083	160,274,503
	1,123,970,264	1,690,034,988

4.2 Outside Bangladesh

Current Deposits

The Bank of Tokyo Mitsubishi Limited	2,532,815	445,548
MFT, Yangon	85,800	84,800
JP Morgan Chase Bank	1,533,804,047	823,199,273
Sonali Bank (Kolkata)	4,168,721	6,030,102
Myanmar Economic Bank	35,178	34,768
Citibank NA	260,404,066	136,782,639
Hatton National Bank Limited	3,777,748	57,711,947
Commerz Bank AG	2,153,873	28,800,706
MCB Bank Ltd	3,906,193	3,860,685
Mashreq Bank Psc	3,042,966,241	128,271,243
Nepal Bangladesh Bank Limited	2,823,657	4,099,951
Bank of Bhutan	-	623,285

	31.12.2021	31.12.2020
	Taka	Taka
Habib America Bank	93,648,589	97,311,321
Commerz Bank AG	3,458,743	82,490,389
Habib Metro Bank	8,560,438	5,325,350
Commerz Bank CAD	940,232	965,642
Commerz Bank CHF	3,211,627	4,120,869
JPMC NY	303,950,826	91,182,868
Commerz Bank ®	1,378,039	1,478,988
Reserve Bank of India	78,259,965	53,180,886
HDFC Bank CSDL	4,917,674	5,297,196
HDFC Bank Limited	269,578,238	223,688,896
Kotak Mahindra Bank	16,511,321	13,542,368
Habib American Bank Limited	968,126	890,080
JP CHASE ACU	1,536,826,908	1,371,313,144
Standard Chartered Bank, NY, USA	8,049,967	7,956,182
Standard Chartered Bank, Singapore	16,381	140,773
Standard Chartered Bank, UK, GBP	2,789,715	2,667,866
	7,189,725,129	3,151,497,768

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

4.2.a Consolidated Outside Bangladesh (Nostro Accounts)

AB Bank Limited	7,189,725,129	3,151,497,768
AB Investment Limited	-	-
AB International Finance Limited	4,037,054	26,029,982
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	7,193,762,184	3,177,527,750
<u>Less: Inter company transactions</u>	391,774	10,321,811
	7,193,370,410	3,167,205,939

4.3 Account-wise/grouping of balance with other banks and financial institutions

Current deposits	7,260,376,054	3,196,682,320
Savings deposits	56,009	12,456,744
Short-Notice Deposits	39,071,043	74,654,385
Fixed deposits	540,024,000	1,080,000,000
	7,839,527,106	4,363,793,449

4.4 Maturity grouping of balance with other banks

Repayable – on demand	7,260,376,054	3,274,315,029
– up to 3 months	579,151,052	1,089,478,421
– over 3 months but below 1 year	-	-
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	7,839,527,106	4,363,793,449

		31.12.2021 Taka	31.12.2020 Taka
5. Money at call and on short notice		(3,475,733,657)	884,996,894
In Bangladesh	(Note 5.1)	2,870,000,000	1,120,000,000
Outside Bangladesh	(Note 5.2)	1,481,147,108	1,379,682,377
		4,351,147,108	2,499,682,377
5.1 In Bangladesh			
<u>With banking companies</u>			
Local Currency:			
IFIC Bank Limited		1,000,000,000	-
NRB Commercial Bank Limited		650,000,000	-
Modhumoti Bank Limited		-	250,000,000
South Bangla Agriculture & Commerce Bank Limited		530,000,000	-
National Bank Limited		-	300,000,000
The City Bank Limited		490,000,000	-
Community Bank Bangladesh Limited		200,000,000	-
Jamuna Bank Limited		-	570,000,000
		2,870,000,000	1,120,000,000
<u>Foreign Currency:</u>		-	-
<u>With non-banking financial institutions</u>		-	-
		2,870,000,000	1,120,000,000
<u>At short notice</u>		-	-
<u>On calls and placements</u>			
IFIC Bank Limited		1,000,000,000	-
NRB Commercial Bank Limited		650,000,000	-
Modhumoti Bank Limited		-	250,000,000
South Bangla Agriculture & Commerce Bank Limited		530,000,000	-
National Bank Limited		-	300,000,000
The City Bank Limited		490,000,000	-
Community Bank Bangladesh Limited		200,000,000	-
Jamuna Bank Limited		-	570,000,000
		2,870,000,000	1,120,000,000
5.2 Outside Bangladesh			
AB International Finance Limited		1,256,541,000	964,604,550
Commerz Bank, AG		23,371,893	-
Commerzbank AG CHF		178,222,280	-
HDFC Bank Limited		23,011,935	415,077,827
		1,481,147,108	1,379,682,377
5(a) Consolidated money at call and on short notice			
AB Bank Limited		4,351,147,108	2,499,682,377
AB Investment Limited		-	-
AB International Finance Limited		-	-
AB Securities Limited		-	-
Cashlink Bangladesh Limited (CBL)		-	-
		4,351,147,108	2,499,682,377
<u>Less: Inter-group transaction</u>		(1,256,541,000)	(964,604,550)
		3,094,606,108	1,535,077,827

		31.12.2021 Taka	31.12.2020 Taka
6. Investments		65,214,572,370	63,761,469,742
Nature wise (Bangladesh operation)			
Held for Trading		15,013,377,320	16,991,303,125
Held to Maturity		37,085,122,531	36,434,249,577
Other Eligible Securities		155,310,000	-
Others		12,429,878,737	9,869,905,739
		64,683,688,588	63,295,458,442
Nature wise (Mumbai branch)			
Held for Trading/Available for Sale		242,111,296	175,650,675
Held to Maturity		288,772,486	290,360,625
Others		-	-
		530,883,782	466,011,300
Claim wise			
Government securities	(Note 6.1)	52,770,903,951	53,824,738,002
Other investments	(Note 6.2)	12,443,668,419	9,936,731,739
		65,214,572,370	63,761,469,742
6 (a) Consolidated investments			
AB Bank Limited		65,214,572,370	63,761,469,742
AB International Finance Limited		-	-
AB Investment Limited		379,619,416	551,741,963
AB Securities Limited		110,473,320	103,575,886
Cashlink Bangladesh Limited (CBL)		-	-
		65,704,665,106	64,416,787,591
6.1 Government securities			
T.Bill-Local-RE.REPO		737,244,750	2,773,230,075
T.Bill		3,687,334,698	3,832,710,742
Treasury bonds		47,673,920,403	46,819,611,886
Bangladesh Government Investment Sukuk		155,310,000	-
Bangladesh Bank Islami Investment bonds		515,190,000	397,800,000
Prize bonds		1,904,100	1,385,300
		52,770,903,951	53,824,738,002
6.1.1 Maturity wise Treasury Bonds			
(a) 30 Days Bangladesh Bank Bill		-	-
(b) Treasury Bill			
(i) 91 Days Treasury Bill		-	1,249,621,250
(ii) 182 Days Treasury Bill		949,756,799	749,876,250
(iii) 364 Days Treasury Bill		2,737,577,899	1,833,213,240
Total Treasury Bill		3,687,334,698	3,832,710,740
Treasury Bond			
(i) 02 Years Treasury Bond		4,747,677,036	4,040,822,394
(ii) 05 Years Treasury Bond		8,101,761,078	10,012,437,402
(iii) 10 Years Treasury Bond		18,620,257,343	18,808,231,975
(iv) 15 Years Treasury Bond		9,126,090,975	7,478,868,393
(v) 20 Years Treasury Bond		7,078,133,971	6,479,251,719
Total Treasury Bond		47,673,920,403	46,819,611,886
6.1(a) Consolidated Government securities			
AB Bank Limited		52,770,903,951	53,824,738,002
AB Investment Limited		-	-
AB International Finance Limited		-	-
AB Securities Limited		-	-
Cashlink Bangladesh Limited (CBL)		-	-
		52,770,903,951	53,824,738,002

		31.12.2021 Taka	31.12.2020 Taka
6.2 Other investments			
Shares	(Note 6.2.1)	5,355,554,205	3,832,797,321
Bond	(Note 6.2.2)	4,900,000,000	4,000,000,000
Pinnacle Global Fund Pte Limited	(Note 6.2.3)	1,657,230,432	1,637,923,118
		11,912,784,637	9,470,720,439
Investments -ABBL, Mumbai branch			
Treasury bills		530,883,782	466,011,300
		530,883,782	466,011,300
		12,443,668,419	9,936,731,739

6.2 (a) Consolidated other investments

AB Bank Limited	12,443,668,419	9,936,731,739
AB Investment Limited	379,619,416	551,741,963
AB International Finance Limited	-	-
AB Securities Limited	110,473,320	103,575,886
Cashlink Bangladesh Limited (CBL)	-	-
	12,933,761,155	10,592,049,589

6.2.1 Investments in shares

Quoted (Publicly traded)	4,506,702,160	2,978,945,276
Unquoted (including strategic investment)	848,852,045	853,852,045
	5,355,554,205	3,832,797,321

6.2.2 Investment in Bonds

Investment in subordinated bonds	3,200,000,000	4,000,000,000
Investment in perpetual bonds	1,700,000,000	-
	4,900,000,000	4,000,000,000

6.2.2.1 Investment in subordinated bonds

United Commercial Bank Ltd.	2,200,000,000	2,750,000,000
National Bank Ltd.	1,000,000,000	1,250,000,000
	3,200,000,000	4,000,000,000

6.2.2.2 Investment in Perpetual bonds

ONE Bank Limited	1,700,000,000	-
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6.2.3 Pinnacle Global Fund Pte Limited

	1,657,230,432	1,637,923,118
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Investment in Pinnacle Global Fund Pte Limited has been increased due to Foreign Currency Rate fluctuation.

6.3 Maturity grouping of Investment

Repayable – on demand	-	-
– upto 3 months	11,748,941,924	8,381,784,389
– over 3 months but below 1 year	10,521,863,640	9,264,322,735
– over 1 year but below 5 years	20,158,488,834	25,607,579,032
– over 5 years	22,785,277,971	20,507,783,585
	65,214,572,370	63,761,469,742

6.4 Disclosure of uniform accounting procedures for REPO transactions under DOS circular no 06 dated July 15, 2010 is given below:

a.(i) Disclosure regarding outstanding Repo as on 31 December 2021:

Counter party name	Agreement	Reversal date	Amount (1st leg
NIL			

31.12.2021
Taka

31.12.2020
Taka

(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2021:

Counter party name	Agreement date	Reversal date	1st leg cash consideration
1 Trust Bank Limited	29-Dec-21	02-Jan-22	737,244,750

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

Particulars	Minimum outstanding during the year/period	Maximum outstanding during the year/period	Daily average outstanding during the year/period
Securities sold under repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIS	-	19,304,100,000	7,767,514,855
Securities purchased under reverse repo:			
i) from Bangladesh Bank	-	-	-
ii) from other banks & FIS	-	2,773,230,075	32,638,611

7. Loans, advances and lease/investments

290,459,816,948 274,829,861,346

7.1 Maturity grouping

Repayable – on demand

- upto 3 months
- over 3 months but below 1 year
- over 1 year but below 5 years
- over 5 years

1,875,233,294	4,744,672,744
109,027,122,915	94,150,468,018
129,607,866,407	128,215,097,684
35,271,426,300	31,719,521,979
14,678,168,032	16,000,100,920
290,459,816,948	274,829,861,346

7.2 Broad category-wise breakup excluding bills purchased and discounted

In Bangladesh

Loans

Overdrafts

Cash credits

271,332,345,258	255,617,832,404
18,463,492,041	18,606,517,253
-	-
289,795,837,299	274,224,349,658

Outside Bangladesh: ABBL, Mumbai branch

Loans

Overdrafts

Cash credits

433,367	705,896
-	-
36,532,387	33,165,826
36,965,755	33,871,722
289,832,803,054	274,258,221,380

7.3 Product wise loans and advances

	31.12.2021 Taka	31.12.2020 Taka
Overdraft	18,463,492,041	18,600,377,953
Cash Credit	36,532,387	33,165,826
Time loan	46,018,716,208	45,728,905,658
Term loan	201,230,679,277	186,322,303,029
Forced loan	9,502,031,859	12,956,187,214
Bills under LC	159,841,103	36,160,169
Trust Receipt	6,509,169,095	6,222,152,680
Packing credit	84,345,637	95,704,310
Loan against accepted bills	67,217,235	46,492,698
Loan-EDF	3,959,972,733	1,548,410,272
Consumer Loan	2,513,840,193	1,361,563,536
Staff loan	1,286,965,284	1,306,798,037
Bills purchased & discounted	627,013,894	571,639,966
	290,459,816,948	274,829,861,346

7.4 Net loans, advances and lease/investments

Gross loans and advances	290,459,816,948	274,829,861,346
<u>Less:</u>		
Interest suspense	13,171,406,144	16,114,355,797
Provision for loans and advances	27,300,595,344	20,224,381,003
	40,472,001,489	36,338,736,801
	249,987,815,460	238,491,124,546

7.5 Significant concentration

Advances to industries	172,526,938,821	162,625,517,198
Advances to customer groups	108,565,033,686	102,971,788,159
Advances to allied concerns of Directors	9,367,654,391	9,231,828,714
Advances to Chief Executive	190,050	727,276
	290,459,816,948	274,829,861,346

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

Total capital of the Bank	35,395,189,374	36,965,972,064
Number of clients	25	25
Amount of outstanding advances	145,833,500,000	132,359,600,000
Amount of classified advances	13,228,183,325	13,431,139,259
Measures taken for recovery*		

*Rescheduling/amicable settlement/legal action is under process for recovery/reduction of classified loans.

7.7 Industry-wise loans, advances and lease/investments

Agriculture	4,277,151,869	4,861,801,894
Large and medium scale industry	98,946,375,201	84,212,134,265
Working capital	67,578,838,524	57,010,075,866
Export	1,653,738,274	1,540,950,961
Commercial lending	59,867,690,218	51,867,690,218
Small and cottage industry	6,324,412,820	4,492,946,279
Others	51,811,610,042	70,844,261,863
	290,459,816,948	274,829,861,346

	31.12.2021 Taka	31.12.2020 Taka
7.8 Geographical location-wise (division) distribution		
In Bangladesh		
<u>Urban branches</u>		
Dhaka	214,369,570,586	180,226,670,090
Chattagram	42,712,260,227	54,086,938,844
Khulna	13,948,377,342	13,687,644,566
Sylhet	1,214,378,431	2,176,330,866
Barishal	402,455,835	412,351,525
Rajshahi	4,624,973,198	8,789,106,635
Rangpur	5,684,054,408	8,146,725,396
Mymensingh	4,541,457,932	4,902,308,681
	287,497,527,959	272,428,076,604
<u>Rural branches</u>		
Dhaka	1,609,008,234	1,053,670,312
Chattagram	603,530,193	650,319,802
Khulna		-
Sylhet	112,787,007	109,735,922
Barishal		-
Rajshahi	19,451	19,942
Rangpur	590,698	591,198
Mymensingh	49,052,111	47,852,010
	2,374,987,696	1,862,189,187
Outside Bangladesh		
ABBL, Mumbai branch	587,301,293	539,595,555
	290,459,816,948	274,829,861,346
7.9 Classification of loans, advances and lease/investments		
In Bangladesh		
<u>Unclassified</u>		
Standard	241,217,931,079	211,499,306,154
Special Mention Account	7,545,178,084	16,636,366,950
	248,763,109,163	228,135,673,104
<u>Classified</u>		
Sub-Standard	519,098,584	2,345,665,401
Doubtful	3,138,789,132	3,096,787,235
Bad/Loss	37,451,518,777	40,712,140,051
	41,109,406,493	46,154,592,688
	289,872,515,655	274,290,265,791
Outside Bangladesh-Mumbai Branch		
Unclassified Loan	587,301,293	539,595,555
Classified Loan	-	-
	587,301,293	539,595,555
	290,459,816,948	274,829,861,346

Classification of Loans and advances have been made as per Bangladesh Bank Letter no. DBI-3/101/2022-397 dated 15 March 2022.

	31.12.2021 Taka	31.12.2020 Taka
7.10 Particulars of loans, advances and lease/investments		
(i) Loans considered good in respect of which the Bank is fully secured	251,184,772,569	237,668,028,697
(ii) Loans considered good against which the Bank holds no security other than the debtors' personal guarantee	-	-
(iii) Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	39,275,044,378	37,161,832,649
(iv) Loans adversely classified but provision not maintained there against	-	-
	290,459,816,948	274,829,861,346
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,286,965,284	1,306,798,037
(vi) Loans due from companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members	-	-
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other persons [note 7.10 (a)]	1,322,333,367	1,408,719,698
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	-	-
(ix) Due from other banking companies	-	-
(x) Amount of classified loans on which interest has not been charged:	-	-
(a) Increase/(decrease) of provision (specific)	12,681,390,945	1,984,888,448
(b) Amount of loan written off	245,317,892	-
(c) Amount realised against loan previously written off	56,589,943	172,931,675
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	19,907,964,423	7,440,688,448
(e) Interest creditable to interest suspense account	87,847,328	103,308,393
(xi) Written off loan:		
Opening written off loan	16,960,853,604	16,960,853,604
Add: Written off during the year	245,317,892	-
Cumulative Written off loans	17,206,171,496	16,960,853,604
Less: Adjustments/ recoveries/ Settlement up to the period	3,802,546,864	3,698,852,518
Closing Balance of Written off loan	13,403,624,633	13,262,001,086
The amount of written off loans for which lawsuits have been filed for its recovery	13,211,585,913	13,071,240,801

7.10 (a) The amount represents loans Tk. 1,322,333,367 due by the employees of the Bank.

31.12.2021 Taka	31.12.2020 Taka
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7.11 Securities wise loans, advances and lease/investments

Nature of security

Collateral of movable/immovable assets	237,985,858,438	233,413,751,391
Cash collateral	5,611,484,583	12,584,902,761
Banks and financial institutions guarantee	-	-
Personal guarantee	12,628,608,719	12,665,038,466
Corporate guarantee	9,302,817,351	6,847,773,600
Other securities	24,931,047,857	9,318,395,128
	290,459,816,948	274,829,861,346

7.12 Large Loan Restructuring

Bank has restructured some loans and advances by complying with the Bangladesh Bank, BRPD Circular No. 04, dated January 29, 2015. Restructured loan details of the Bank has given below:

Name of the Client	Loan Type	Expiry Date	Amount in BDT
Abdul Monem Sugar	Term Loan	22 Dec 2021	38,017,190
Beximco Ltd.	Term Loan	29 Mar 2028	1,135,823,751
Beximco Ltd.	Term Loan	29 Jun 2022	128,510,099
International Knitwear & Apparels Ltd.	Term Loan	29 Jun 2028	869,744,651
Beximco Ltd.	Term Loan	29 Jun 2022	604,230,901
New Dacca Industries Ltd.	Term Loan	29 Jun 2022	3,031,420,942
New Dacca Industries Ltd.	Term Loan	29 Jun 2028	933,386,943
			6,741,134,476

7(a) Consolidated loans, advances and lease/investments excl. Bills purchased

AB Bank Limited	289,832,803,054	274,258,221,380
AB Investment Limited	7,263,220,175	6,957,399,993
AB International Finance Limited	-	-
AB Securities Limited	765,217,254	919,006,263
Cashlink Bangladesh Limited (CBL)	-	-
	297,861,240,483	282,134,627,636
<u>Less: Inter company transaction</u>	<u>914,014,017</u>	<u>923,446,984</u>
	296,947,226,466	281,211,180,652

8 Bills purchased and discounted

In Bangladesh	76,678,356	65,916,133
Outside Bangladesh - ABBL, Mumbai Branch	550,335,538	505,723,833
	627,013,894	571,639,966

8 (a) Consolidated Bills purchased and discounted

AB Bank Limited	627,013,894	571,639,966
AB Investment Limited	-	-
AB International Finance Limited	1,469,131,688	1,118,086,071
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	2,096,145,583	1,689,726,038

	31.12.2021 Taka	31.12.2020 Taka
8.1 Maturity grouping of Bills Purchased and discounted		
Repayable – within 1 month	101,545,688	118,013,770
– over 1 month but within 3 months	244,815,229	179,342,439
– over 3 months but within 6 months	280,652,978	274,283,756
– over 6 months	-	-
	627,013,894	571,639,966
9. Fixed assets including premises, furniture and fixtures		
Cost:		
Land and Building	2,271,171,345	2,962,553,953
Furniture and fixtures	346,946,966	252,394,773
Office appliances	65,810,464	65,411,271
Electrical appliances	2,087,453,267	1,933,469,202
Motor vehicles	323,725,176	838,058,314
Intangible Assets	910,541,640	783,812,337
Right of Use Assets	1,329,421,828	1,329,421,828
	7,335,070,686	8,165,121,677
<u>Less: Accumulated depreciation and amortization</u>	<u>3,702,882,726</u>	<u>3,676,130,287</u>
	3,632,187,959	4,488,991,390
9.1 Non-Current Assets Held For Sale		
Opeing Balance	-	-
Add: Addition during the year	2,397,444,609	-
From Carrying Amount of Land and Building	689,111,538	-
From Revaluation of Land and Building	1,708,333,071	-
Less: Disposal during the year	2,397,444,609	-
Closing balance	-	-
9(a) Consolidated Fixed assets including premises, furniture and fixtures		
Cost:		
AB Bank Limited	7,335,070,686	8,165,121,677
AB Investments Limited	687,498,447	688,571,092
AB International Finance Limited	4,798,753	4,731,583
AB Securities Limited	60,255,084	56,999,872
Cashlink Bangladesh Limited (CBL)	81,471,369	81,471,369
	8,169,094,339	8,996,895,593
Accumulated depreciation:		
AB Bank Limited	3,702,882,726	3,676,130,287
AB Investments Limited	176,393,213	159,634,894
AB International Finance Limited	4,751,960	4,601,076
AB Securities Limited	50,155,415	42,572,830
Cashlink Bangladesh Limited (CBL)	81,471,369	81,471,369
	4,015,654,684	3,964,410,457
	4,153,439,656	5,032,485,136
10 Other Assets: Income generating-Equity Investment In Bangladesh:		
AB Investment Limited (99.99% owned subsidiary company of ABBL)	5,811,431,750	5,811,431,750
AB Securities Limited (99.91% owned subsidiary company of ABBL)	199,898,000	199,898,000
Cashlink Bangladesh Limited (CBL) (90% owned subsidiary company of ABBL)	212,581,228	212,581,228
	6,223,910,978	6,223,910,978
Outside Bangladesh:		
AB International Finance Ltd., Hong Kong (wholly owned subsidiary company of ABBL)	5,203,944	5,203,944
	5,203,944	5,203,944
	6,229,114,922	6,229,114,922

Non-income generating

	31.12.2021 Taka	31.12.2020 Taka
Arab Bangladesh Bank Foundation (99.60% owned subsidiary company of ABBL)	19,920,000	19,920,000
Net deferred tax assets (Note 10.1)	4,104,604,016	3,270,784,720
Accounts receivable	1,298,999,895	1,586,836,210
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	597,885,133	757,841,435
Exchange for clearing	1,433,998,879	1,580,837,111
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	1,710,681,112	1,221,859,948
Security deposits	70,201,100	73,046,316
Advance rent and advertisement (Note 10.2)	164,267,806	103,540,859
Stationery, stamps, printing materials, etc.	76,152,250	33,323,414
	9,476,710,190	8,647,990,013
	15,705,825,113	14,877,104,936

10(a) Consolidated Other assets

AB Bank Limited	15,705,825,113	14,877,104,936
AB Investment Limited	471,682,959	237,079,608
AB International Finance Limited	47,403,357	47,698,127
AB Securities Limited	88,430,631	98,164,731
Cashlink Bangladesh Limited (CBL)	31,529,515	31,571,199
	16,344,871,575	15,291,618,600
Less: Inter-group transaction	6,414,333,269	6,405,107,481
	9,930,538,296	8,886,511,119

10.1 Deferred tax assets

a) Deferred tax assets for specific provisions of loans and advances

Opening Deferred Tax Assets	3,359,092,484	2,622,704,984
Add: Deferred Tax Income during the year	918,750,000	736,387,500
Less: Write-Off adjustment	80,297,446	-
Closing deferred tax assets	4,197,545,038	3,359,092,484

b) Deferred tax liabilities against property, plant & equipment

Balance at 01 January	88,307,764	63,579,718
Add: Provision made during the year	4,628,070	24,645,723
Add/(Less): Adjustment for Rate Fluctuation during the year	5,189	82,324
Closing deferred tax liabilities	92,941,021	88,307,764
Net Deferred Tax Assets (a-b)	4,104,604,016	3,270,784,720
Net Deferred Tax Income during the year	914,121,930	711,741,777

Deferred tax liabilities against Property, Plant & Equipment

Accounting base of Property, Plant & Equipment	2,974,556,147	3,556,621,763
Tax base of Property, Plant & Equipment	2,720,418,850	3,314,479,078
Difference	254,137,297	242,142,685
(Deductible)/Taxable Temporary Difference	254,137,297	242,142,685
Effective Tax Rate	37.50%	37.50%
Deferred Tax (Assets)/Liabilities	95,301,486	90,803,507
Deferred Tax (Assets)/Liabilities of Mumbai Branch	(2,360,465)	(2,495,745)
Closing Deferred Tax Liabilities	92,941,021	88,307,764

10.1.1 Consolidated deferred tax liabilities

AB Bank Limited

AB Investment Limited

31.12.2021 Taka	31.12.2020 Taka
92,941,021	88,307,764
-	-
92,941,021	88,307,764

10.1.2 Consolidated deferred tax assets

AB Bank Limited

AB Securities Limited

AB Investment Limited

4,197,545,038	3,359,092,484
1,789,327	1,979,667
92,979,358	39,432,812
4,292,313,723	3,400,504,963

10.2 Advance rent and advertisement

Advance rent BDT 69,885,278 as on 31 December 2021 is included with Right of Use (ROU) assets as per IFRS 16 Leases.

11 Non-Banking Assets

334,171,836	334,171,836
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The Bank has obtained absolute ownership of eleven mortgaged properties consisting land and building according to the verdict of the Honorable Court under section 33 (7) of Artha Rin Adalat Ain, 2003. These have been recorded as non-banking assets in accordance with Bank Company Act, 1991 (amendment up to date), BRPD circular no. 14 of 2003 and BRPD circular no. 22 of 2021. All of these assets are non-income generating. Details are given below:

SL no.	Type	Non-Banking Assets			
		Income generating		Non-Income generating	
		No.	Value	No.	Value
1	Land	-	-	11.00	27.16
2	Building	-	-	5.00	6.26
Total		-	-	16.00	33.42

12. Borrowings from other banks, financial institutions and agents

In Bangladesh

(Note 12.1)

Outside Bangladesh

29,832,208,485	19,107,865,842
-	-
29,832,208,485	19,107,865,842

12.1 In Bangladesh:**12.1.1 Bangladesh Bank**

Export Development Fund

Islamic Investment Bond

Refinance against IPFF

Refinance against Women Entr., Small Enterprise, ETP, Covid 19 & Others

3,524,187,185	1,537,686,974
-	816,485,540
207,807,237	246,135,320
3,021,938,847	1,893,766,663
6,753,933,268	4,494,074,497

12.1.2 Call & Term Borrowing from

NCC Bank Limited

Basic Bank Limited

Agrani Bank Limited

Sonali Bank Limited

Janata Bank Limited

Simanto Bank Limited

Uttara Bank Limited

Bank Asia Limited

Rupali Bank Limited

National Bank Limited

Southeast Bank Limited

Community Bank Limited

Dhaka Bank Limited

One Bank Limited

1,000,000,000	500,000,000
1,543,200,000	-
5,800,000,000	9,496,008,000
1,700,000,000	848,004,000
1,000,000,000	-
-	400,000,000
1,900,000,000	1,924,002,000
5,000,000,000	-
3,000,000,000	924,002,000
128,700,000	296,801,400
-	169,600,800
140,000,000	-
500,000,000	-
500,000,000	-

	31.12.2021	31.12.2020
	Taka	Taka
NRB Bank Limited	300,000,000	-
The Premier Bank Limited	300,000,000	-
Prime Bank Limited	85,800,000	-
Bangladesh Development Bank Limited	128,700,000	-
Accrued interest	51,875,217	55,373,145
	23,078,275,217	14,613,791,345
Total in Bangladesh	29,832,208,485	19,107,865,842

12.2 Analysis by security

Secured (assets pledge as security for liabilities)	-	-
Unsecured	29,832,208,485	19,107,865,842
	29,832,208,485	19,107,865,842

12.3 Repayment pattern

Repayable on demand	1,900,000,000	-
Repayable on maturity	27,932,208,485	19,107,865,842
	29,832,208,485	19,107,865,842

(Note 12.3.1)

12.3.1 Repayable on maturity

Bangladesh Bank:

Export Development Fund	3,524,187,185	1,537,686,974
Islamic Investment Bond	-	816,485,540
Refinance against IPFF	207,807,237	246,135,320
Refinance against Women Entr., Small Ent., ETP & Others	3,021,938,847	1,893,766,663
	6,753,933,268	4,494,074,497

Term borrowings:

Agrani Bank Limited	5,800,000,000	9,496,008,000
NCC Bank Limited	1,000,000,000	500,000,000
Uttara Bank Limited	1,700,000,000	1,924,002,000
Bank Asia Limited	5,000,000,000	-
Rupali Bank Limited	3,000,000,000	924,002,000
Shimanto Bank Limited	-	400,000,000
Prime Bank Limited	85,800,000	848,004,000
Dhaka Bank Limited	500,000,000	-
Basic Bank Limited	1,543,200,000	-
NRB Bank Limited	300,000,000	-
Janata Bank Limited	1,000,000,000	-
National Bank Limited	128,700,000	296,801,400
Community Bank Bangladesh Limited	140,000,000	-
Southeast Bank Limited	-	169,600,800
Bangladesh Development Bank Limited	128,700,000	-
One Bank Limited	500,000,000	-
The Premier Bank Limited	300,000,000	-
Accrued interest	51,875,217	55,373,145
	21,178,275,217	14,613,791,345
	27,932,208,485	19,107,865,842

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

AB Bank Limited	29,832,208,485	19,107,865,842
AB Investment Limited	756,465,516	755,898,828
AB International Finance Limited	1,246,944,704	962,746,929
AB Securities Limited	157,548,501	167,548,561
Cashlink Bangladesh Limited (CBL)	-	-
	31,993,167,207	20,994,060,160
<u>Less: Intercompany transactions</u>	2,160,958,722	1,886,193,913
	29,832,208,485	19,107,866,247

13 Bond

Tier-II subordinated bond (note-13.1)
Perpetual bond - additional Tier-I capital (note-13.2)

31.12.2021 Taka	31.12.2020 Taka
7,400,000,000	9,350,000,000
4,410,000,000	-
11,810,000,000	9,350,000,000

13.1 Tier-II subordinated bond

AB Bank Subordinated Bond-I
AB Bank Subordinated Bond-II
AB Bank Subordinated Bond-III
AB Bank Subordinated Bond-IV

-	500,000,000
800,000,000	1,600,000,000
3,350,000,000	4,000,000,000
3,250,000,000	3,250,000,000
7,400,000,000	9,350,000,000

Bank has issued 7 years Sub-Ordinated bonds in four phases, namely- AB Bank Subordinated Bond-I for BDT 250 crore in August 2014 which has been fully adjusted, AB Bank Subordinated Bond-II for BDT 400 crore in September 2015, AB Bank Subordinated Bond-III for BDT 400 crore in May 2018 and AB Bank Subordinated Bond-IV for BDT 325 crore in December 2020 under Private Placement of Debt Securities Rules, 2012. These bonds are non-convertible, unsecured in nature and approved by the Central Bank for inclusion in Tier-II capital of the Bank.

Subscriber wise subordinated bonds are:

Jamuna Bank Limited
Sonali Bank Limited
National Credit & Commerce Bank Limited
Janata Bank Limited
Agrani Bank Limited
Rupali Bank Limited
BRAC
BRAC Bank Limited
NRB Commercial Bank Limited
Uttara Bank Limited
Midland Bank Limited
National Life Insurance Co. Limited
Mutual Trust Bank Limited
Grameen Capital Management Limited

2,300,000,000	2,300,000,000
1,700,000,000	2,000,000,000
1,050,000,000	1,700,000,000
1,100,000,000	1,200,000,000
850,000,000	1,050,000,000
200,000,000	400,000,000
-	200,000,000
60,000,000	140,000,000
60,000,000	140,000,000
60,000,000	120,000,000
-	40,000,000
20,000,000	40,000,000
-	16,000,000
-	4,000,000
7,400,000,000	9,350,000,000

13.2 Perpetual bond - additional Tier-I capital

The Bank has successfully launched subscription of the Perpetual Bond as additional Tier-1 capital. The bank has obtained necessary approvals from the regulators duly and raised subscription of BDT 441 crore out of BDT 540 crore through private placement in 2021. The total issue size Bond is BDT 600 crore including public offer of BDT 60 crore. Basic features of the perpetual bonds are;

Coupon rate: Reference rate Plus Coupon margin

Here, reference rate is the latest available 20 years treasury bond rate as published by Debt Management Department of Bangladesh Bank on the quotation day and coupon margin is 2%.

Coupon range: 6.0% to 10.0%

Contingent Convertible feature: This bonds are contingent convertible and this conversion will only be executed if banks's consolidated common equity Tier-I (CET-I) falls below 4.5% and the conversion amount will be to the extent of shortfall amount for reaching CET-I @ 4.5%.

Subscriber wise perpetual bonds are:

The Premier Bank Limited
IFIC Bank Limited
NCC Bank Limited
Subscribers other than Banks

1,050,000,000	-
1,000,000,000	-
650,000,000	-
1,710,000,000	-
4,410,000,000	-

14. Deposit and other accounts

Inter-bank deposits
Other deposits

31.12.2021 Taka	31.12.2020 Taka
6,034,070,510	5,191,520,116
292,338,491,144	285,527,822,321
298,372,561,654	290,719,342,438

14(a) Consolidated Deposit and other accounts

AB Bank Limited
AB Investment Limited
AB International Finance Limited
AB Securities Limited
Cashlink Bangladesh Limited (CBL)

Less: Inter-group transaction

298,372,561,654	290,719,342,438
-	-
-	-
-	-
-	-
298,372,561,654	290,719,342,438
293,565,690	172,181,996
298,078,995,964	290,547,160,441

14.1 Maturity analysis of inter-bank deposits

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

1,957,009,483	1,726,356,465
2,863,401,060	2,601,623,560
972,052,249	336,309,536
241,607,718	527,230,556
-	-
-	-
-	-
6,034,070,510	5,191,520,116

14.2 Maturity analysis of other deposits

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

3,453,924,187	3,382,104,377
24,552,069,657	28,219,742,148
78,605,620,117	72,380,237,274
138,304,655,340	128,651,601,082
44,620,197,206	46,613,421,773
2,802,024,636	6,280,715,668
292,338,491,144	285,527,822,321

	31.12.2021 Taka	31.12.2020 Taka
14.3 Demand and time deposits		
a) Demand Deposits	45,602,407,586	38,235,326,520
Current accounts and other accounts	30,921,676,210	28,639,222,340
Savings Deposits (9%)	3,707,106,039	3,172,175,205
Bills Payable	10,973,625,337	6,423,928,975
b) Time Deposits	252,770,154,068	252,484,015,917
Savings Deposits (91%)	37,482,961,064	32,074,215,959
Short Notice Deposits	30,873,599,074	47,144,703,134
Fixed Deposits	138,796,924,187	121,537,588,967
Other Deposits	45,616,669,743	51,727,507,857
Total Demand and Time Deposits	298,372,561,654	290,719,342,438

14.4 Sector-wise break up of deposits and other accounts

Government	2,302,755,443	1,890,797,992
Deposit money Banks	6,034,070,510	5,191,520,116
Autonomous & Semi-Autonomous Bodies	7,145,574,126	5,305,444,172
Public Non-Financial Organisation	55,101,099,817	64,957,043,101
Other Public	3,441,150,572	2,666,271,479
Foreign Currency	16,164,007,473	13,690,452,844
Private	208,183,903,712	197,017,812,733
	298,372,561,654	290,719,342,438

15. Other liabilities

Accumulated provision against loans and advances (Note 15.1)	27,300,595,344	20,224,381,003
Inter-branch adjustment	484,281	145,930
Provision for current tax (net of advance tax) (Note 15.2)	1,537,622,211	1,649,440,346
Interest suspense account	13,171,406,144	16,114,355,797
Provision against other assets (Note 15.4)	374,459,106	348,873,106
Accounts payable - Bangladesh Bank	31,762,059	69,049,890
Accrued expenses	88,551,502	133,009,666
Lease Liabilities (Note 15.5)	508,571,819	688,375,584
Provision for off balance sheet items (Note 15.6)	330,000,000	270,000,000
Provision against investments (Note 15.7)	1,854,724,984	2,013,677,944
Start-up Fund *	10,328,009	64,669,774
Unclaimed Dividend Account	218,819	453,686
Others **	785,808,868	845,145,957
	45,994,533,144	42,421,578,681

* Start-up Fund has been maintained as per Bangladesh Bank SMESPD circular no. 04 and 05 dated 29 March 2021 and 26 April 2021 respectively. In prior year the fund was created based on operating profit but as per latest circular, base for the fund was changed to net profit during the year. Bank created the fund by debiting the Profit and Loss account in 2020 and retained earnings from 2021 respectively.

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

15.1 Accumulated provision against loans and advances

The movement in specific provision for bad and doubtful debts

Opening Balance		8,957,579,956	6,993,879,956
Fully provided debts written off during the period (-)		(214,126,523)	-
Transferred from general provisions (+)		6,260,000,000	-
Transferred from retained earnings (+)		3,500,000,000	-
Specific provision made during the period (+)		2,450,000,000	1,963,700,000
		11,995,873,477	1,963,700,000
Closing Balance		20,953,453,433	8,957,579,956
Provision made by ABBL, Mumbai Branch		-	-
Total provision on classified loans and advances		20,953,453,433	8,957,579,956

		31.12.2021 Taka	31.12.2020 Taka
<u>On unclassified loans</u>			
Opening Balance		11,264,725,658	8,282,733,658
Transferred from Investment provisions	(+)	-	20,000,000
Transfer to specific provisions	(-)	(6,260,000,000)	-
General provision made during the period	(+)	1,340,000,000	2,961,992,000
		(4,920,000,000)	2,981,992,000
Closing Balance		6,344,725,658	11,264,725,658
Provision made by ABBL, Mumbai Branch		2,416,253	2,075,389
Total provision on un-classified loans and advances		6,347,141,911	11,266,801,047
Total provision on loans and advances		27,300,595,344	20,224,381,003

		31.12.2021	
<u>Provision for</u>	<u>Required</u>	<u>Maintained</u>	<u>Excess</u>
Un-classified loans and advances	6,338,216,253	6,347,141,911	8,925,658
Classified loans and advances	20,950,000,000	20,953,453,433	3,453,433
	27,288,216,253	27,300,595,344	12,379,091

Provision against loans and advances has been maintained as per Bangladesh Bank letter no. DBI-3/101/2022-397 dated 15 March 2022 and DOS(CAMS)1157-41(Dividend)/2022-2004 dated 13 April 2022 respectively. According to those letters, there is a provision shortfall of Tk. 5,116.85 crore (Tk. 4,632.03 crore for unclassified loans including rescheduled loans and Tk. 484.82 crore for Classified loans) against loans and advances which requires to be kept in 8 years equally from 2022-2029.

15.1.1 Special General Provision -Covid-19 **200,684,654** **206,561,420**

Special General Provision-COVID-19 has been kept as per Bangladesh Bank, BRPD circular no. 56 dated 10 December 2020 and BRPD circular no. 19, 52 and 53 dated 26 August 2021, 29 and 30 December 2021 respectively. This amount is included with the total provision on un-classified loans and advances under note-15.1.

15.1.2 Details of provision for loans and advances

General Provision

Standard
Special Mention Account

Specific Provision

Substandard
Doubtful
Bad/Loss

31.12.2021	
Required	Maintained
6,338,216,253	6,347,141,911
6,125,928,570	6,134,854,227
212,287,684	212,287,684
20,950,000,000	20,953,453,433
48,609,547	48,609,547
996,879,464	996,879,464
19,904,510,989	19,907,964,423
	12,379,091

Excess provision maintained at 31 December 2021

15.2 Provision for current tax (net of advance tax)

Current Tax	(note 15.2.1)	7,264,807,866	5,604,721,360
Advance Income Tax	(note 15.2.2)	5,727,185,656	3,955,281,014
Provision for current tax (net of advance tax)		1,537,622,211	1,649,440,346

15.2.1 Provision for current tax

Opening Balance	5,561,731,999	3,895,988,647
<u>Add:</u> Provision made during the year	2,008,128,199	1,665,743,353
Less: Adjustment/transferred during the year	(309,353,437)	-
<u>Less:</u> Write-off adjustment	(80,297,446)	-
Closing Balance	7,180,209,315	5,561,731,999
Provision held by ABBL, Mumbai Branch	84,598,550	42,989,360
	7,264,807,866	5,604,721,360

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2020 (Assessment Year 2021-22). Corporate income tax return for the year 2020 submitted under section 82BB corresponding to Assessment Years 2021-22. Tax assessments for income years 1995, 1996, 1997, 2007, 2009, 2010, 2011 and 2012 were completed but these were referred to the Hon'ble High Court on the application made by the Bank for some disputed points.

	31.12.2021 Taka	31.12.2020 Taka
15.2.1a Reconciliation of Provision for Current Tax made during the year (Bangladesh Operation)		
Income tax @ 37.50% on estimated taxable Business Profit	1,821,839,979	1,638,240,554
Income tax @ 20.00% on Dividend Income	26,982,124	27,502,800
Income tax @ 10% on Capital Gain on Sale of Shares	95,325,043	-
Estimated Total Provision Required	1,944,147,146	1,665,743,353
Effective Tax Rate on Profit before Provision	31.70%	25.84%

15.2.2 Advance corporate income tax

In Bangladesh:

Opening Balance	3,866,952,852	1,584,282,901
Add: Paid during the year	1,735,345,980	2,282,669,951
Less: Transfer/Adjustment during the year	-	-
Closing balance (Bangladesh operations)	5,602,298,832	3,866,952,852
Advance tax of ABBL, Mumbai Branch	124,886,824	88,328,162
	5,727,185,656	3,955,281,014

15.3 Interest suspense account

Balance at 01 January	16,114,355,797	18,134,825,637
Add. Transferred during the the year	87,847,328	103,308,393
Less: Recovery/adjustment during the year	(2,996,534,572)	(2,004,941,382)
Less: Waiver during the year	(3,071,040)	(118,836,850)
Less: Written off during the year	(31,191,369)	-
Balance at 31 December	13,171,406,144	16,114,355,797

15.4 Provision against other assets

Provision for

Prepaid legal expenses	160,616,000	136,030,000
Protested bills	74,355,678	73,355,678
Others	139,487,428	139,487,428
	374,459,106	348,873,106

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

15.4.1 Calculation of Provision against other assets

	Outstanding amount	Base for Provision	Rate	Provisions Requirement	Provisions Maintained
Prepaid legal exp.	153,027,862	153,027,862	50%	76,513,931	160,616,000
Protested bills	73,868,895	73,868,895	100%	73,868,895	74,355,678
Others	94,936,380	94,936,380	100%	94,936,380	139,487,428
Required provision for other assets				245,319,206	374,459,106
Total provision requirement					245,319,206
Total provision maintained					374,459,106
Excess provision maintained at the reporting date					129,139,900

15.5 Leasehold Liabilities

Opening balance of present value of lease liability	688,375,584	842,847,290
Finance Cost @ 8%	46,777,916	67,427,783
Rental payment during the year	226,581,681	221,899,489
Closing balance of lease liability	508,571,819	688,375,584

Bank recognises lease liabilities measured at the present value of lease payments to be made over the leased term using incremental borrowing rate @ 8% at the date of initial application of "IFRS 16 Leases". Lease liability is measured by increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments, and remeasuring the carrying amount to reflect any reassessment of lease modification.

	31.12.2021 Taka	31.12.2020 Taka
15.6 Provision for off balance sheet items		
Opening balance	270,000,000	710,000,000
Add: Addition during the year	60,000,000	-
<u>Less: Transferred to general reserve</u>	-	(440,000,000)
	330,000,000	270,000,000

15.6.1 Particulars of required provision for Off-Balance Sheet Items

	Base for Provision	Rate (%)	31 Dec 2021	31 Dec 2020
Acceptances and endorsement	9,018,877,735	1%	90,188,777	78,441,893
Letters of guarantee	14,216,345,027	1%	142,163,450	128,307,653
Irrevocable letters of credit	9,365,430,608	1%	93,654,306	60,944,628
Others	213,854,243	1%	2,138,542	25,627
Total Off Balance Sheet Items & required provision	32,814,507,613		328,145,076	267,719,801
Total provision maintained			330,000,000	270,000,000
Excess provision at the reporting date			1,854,924	2,280,199

Provision is not required against Off Balance Sheet items of Mumbai Branch BDT 6,623,896,364.32 as per Reserve Bank of India (RBI) guidelines.

15.7 Provision against investments

Provision against quoted shares:

Opening balance	1,170,353,000	1,830,353,000
Less: Transferred to General Reserve during the year	(550,000,000)	(660,000,000)
Add: Provision made at the end of the year	320,000,000	-
	940,353,000	1,170,353,000
Total provision maintained for Investment	940,353,000	1,170,353,000
Total provision requirement for Investment	940,228,743	1,169,528,839
Excess provision	124,257	824,161

Provision for Pinnacle Global Fund Pte Limited:

Opening balance	519,250,000	379,250,000
<u>Add: Provision made during the year</u>	130,000,000	140,000,000
	649,250,000	519,250,000

Provision for Pinnacle Global Fund Pte Limited of BDT 100.80 crore has been deferred as per Bangladesh Bank letters no. DBI-3/101/2022-397 dated 15 March 2022 and DOS(CAMS)1157-41(Dividend)/2022-2004 dated 13 April 2022 respectively for 8 years from 2022-2029.

Provision for Amana Bank Limited, Srilanka:	265,121,984	324,074,944
Total Provision maintained against investment:		
Provision against quoted shares	940,353,000	1,170,353,000
Provision for Pinnacle Global Fund Pte Limited	649,250,000	519,250,000
Provision for Amana Bank Limited, Srilanka*	265,121,984	324,074,944
	1,854,724,984	2,013,677,944

15(a) Consolidated Other liabilities

AB Bank Limited	45,994,533,144	42,421,578,681
AB Investment Limited	1,238,270,282	911,761,681
AB International Finance Limited	78,849,666	54,610,986
AB Securities Limited	834,479,098	910,021,973
Cashlink Bangladesh Limited (CBL)	28,750	28,750
	48,146,160,940	44,298,002,071
<u>Less: Inter-group transaction</u>	86,035,651	98,198,677
	48,060,125,289	44,199,803,394

	31.12.2021 Taka	31.12.2020 Taka
16. Share Capital	8,358,386,710	7,960,368,300
16.1 Authorised Capital		
1,500,000,000 ordinary shares of BDT 10 each	15,000,000,000	15,000,000,000
16.2 Issued, Subscribed and Paid-up Capital		
10,000,000 ordinary shares of BDT 10 each issued for cash	100,000,000	100,000,000
5,000,000 ordinary shares of BDT 10 each issued for rights	50,000,000	50,000,000
820,838,671 ordinary shares of BDT 10 each issued as bonus shares	8,208,386,710	7,810,368,300
	8,358,386,710	7,960,368,300

16.3 Percentage of shareholding

	As at 31 December 2021		As at 31 December 2020	
	No. of shares	%	No. of shares	%
Sponsors and Govt.	831,047,563	99.43	791,473,869	99.43
	4,791,108	0.57	4,562,961	0.57
	835,838,671	100.00	796,036,830	100.00

16.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Upto 500	27,087	28,708	43.27	48.16
501 to 5,000	25,777	22,734	41.18	38.14
5,001 to 10,000	4,358	3,626	6.96	6.08
10,001 to 20,000	2,585	2,214	4.13	3.71
20,001 to 30,000	929	742	1.48	1.24
30,001 to 40,000	466	379	0.74	0.64
40,001 to 50,000	341	230	0.54	0.39
50,001 to 100,000	557	472	0.89	0.79
100,001 to 1,000,000	439	443	0.70	0.74
Over 1,000,000	61	61	0.10	0.10
	62,600	59,609	100	100

16.5 Names of the Directors and their shareholding as at 31 December 2021

Name of the Director	Status	No. of Shareholding including nominating institution/individual	
		31 Dec 2021	31 Dec 2020
Mr. Muhammad A. (Rumee) Ali Nominated by Pacific Traders Limited	Chairman	83,454,592	79,480,564
Mr. Feroz Ahmed	Director	17,342,538	16,516,704
Mr. Shajir Ahmed Nominated by Hexagon Cehmical Complex Ltd.	Director	22,894,393	21,804,184
Mr. Khairul Alam Choudhury Nominated by Pacific Industries Limited	Director	81,758,976	77,865,692
Mr. Md. Maqsubul Huq Khan Nominated by Emkay Holdings Limited	Director	17,088,750	16,275,000
Mr. Shafiqul Alam	Independent Director	-	-
Mr. Tarique Afzal	President & Managing Director	-	-

16.6 Capital to Risk Weighted Assets Ratio (CRAR) - As per BASEL III

Consolidated - Capital Adequacy Ratio

In terms of section 13(2) of the Bank Company Act, 1991 (Amendment up to date) and Bangladesh Bank BRPD Circular no. 18 dated 21 December 2014, required capital of the Bank on Consolidated basis at the close of business on December 31, 2021 is Taka 41,672,410,106 as against available Total Tier-I Capital of Taka 24,724,128,199 and Total Tier-2 Capital available of Taka 13,335,171,234 that is, a total of Taka 38,059,299,433 thereby showing a deficit capital of Taka 3,613,110,674 at that date. Details are shown below:

	31.12.2021 Taka	31.12.2020 Taka
<u>Tier I Capital (Going-Concern Capital)</u>		
Common Equity Tier-I Capital		
Fully Paid-up Capital/Capital Deposited with BB	8,358,386,710	7,960,368,300
Statutory Reserve	7,484,909,773	7,144,204,404
Non-repayable share premium account	-	-
General Reserve	3,021,270,601	2,384,878,054
Retained earnings	5,906,433,556	6,705,777,925
Minority interest in Subsidiaries	12,125,635	11,935,655
Non-Cumulative irredeemable Preference shares	-	-
Dividend Equalization Account	-	-
	24,783,126,275	24,207,164,338
Regulatory adjustment:		
Goodwill and all other Intangible Assets	196,904,870	125,974,104
Shortfall in provisions required against Non Performing Loans	-	-
Shortfall in provisions required against investment in shares	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	-	-
Deferred Tax Assets (DTA)	4,197,545,038	3,359,092,484
Defined benefit pension fund assets	-	-
Gain on sale related to securitization transactions	-	-
Investment in own CET-1 Instruments/Shares	-	-
Reciprocal crossholdings in the CET-1 capital of Banking, Financial and Insurance Entities	64,588,169	38,225,677
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	9,960,000	9,960,000
Other if any	-	-
	4,468,998,077	3,533,252,265
Total Common Equity Tier-I Capital	20,314,128,199	20,673,912,073
Additional Tier-I Capital		
Perpetual bond	4,410,000,000	-
Total Tier-1 Capital	24,724,128,199	20,673,912,073
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	8,088,386,926	12,623,546,062
All other preference shares	-	-
Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	5,260,000,000	7,990,000,000
Minority Interest	-	-
HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital	-	-
Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	13,348,386,926	20,613,546,062

	31.12.2021 Taka	31.12.2020 Taka
Regulatory Adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	-	-
Investment in own T-2 Instruments/Shares	-	-
Reciprocal crossholdings in the T-2 capital of Banking, Financial and Insurance Entities	-	-
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991. (50% of Investment)	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	9,960,000	9,960,000
Other (if any)	-	-
Total Tier-2 Capital Available	13,338,426,926	20,603,586,062
Maximum limit of Tier-2 Capital (Considering para 3.2 (v) including foot note no. 9 of RBCA Guidelines)	13,335,171,251	18,377,040,442
Excess amount over maximum limit of Tier-2 Capital	3,255,676	-
Total admissible Tier 2 Capital	13,335,171,251	18,377,040,442
Total Eligible Capital	38,059,299,449	39,050,952,515
Total assets including off-Balance Sheet items	455,680,535,752	447,761,348,022
Total risk-weighted assets (RWA)	333,379,281,265	344,617,096,606
B. Total required capital (12.50% of Total RWA)	41,672,410,158	43,077,137,076
Capital Surplus / (Shortfall) [A-B]	(3,613,110,709)	(4,026,184,561)
Capital to Risk Weighted Assets Ratio (CRAR)	11.42%	11.33%

Solo - Capital to Risk Weighted Assets Ratio (CRAR)

In terms of section 13(2) of the Bank Company Act, 1991 (Amendment up to date) and Bangladesh Bank BRPD Circular no. 18 dated 21 December 2014, required capital of the Bank on Solo basis at the close of business on 31 December 2021 is BDT 41,208,255,991 as against available Common Equity Tier-I capital of BDT 23,458,047,463 and Total Tier-2 Capital Available capital of BDT 11,937,141,911 that is, a total of BDT 35,395,189,374 thereby showing a deficit capital of BDT 5,813,066,617 at that date. Details are shown below:

Tier I Capital (going-concern capital)

Common Equity Tier-I Capital

Fully Paid-up Capital/Capital Deposited with BB	8,358,386,710	7,960,368,300
Statutory Reserve	7,484,909,773	7,144,204,404
Non-repayable share premium account	-	-
General Reserve	2,852,199,200	2,302,199,200
Retained earnings	4,811,589,856	5,686,625,747
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	23,507,085,539	23,093,397,651

Regulatory adjustment:

Goodwill and all other Intangible Assets	196,904,870	125,974,104
Shortfall in provisions required against Non Performing Loans (NPLs)	-	-
Shortfall in provisions required against investment in shares	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	-	-

	31.12.2021 Taka	31.12.2020 Taka
Deferred Tax Assets (DTA)	4,197,545,038	3,359,092,484
Defined benefit pension fund assets	-	-
Gain on sale related to securitization transactions	-	-
Investment in own CET-1 Instruments/Shares	-	-
Reciprocal crossholdings in the CET-1 capital of Banking, Financial and Insurance Entities	64,588,169	38,225,677
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	-	-
Other if any	-	-
	4,459,038,077	3,523,292,265
Total Common Equity Tier-I Capital	19,048,047,463	19,570,105,386
Additional Tier-I Capital		
Perpetual bond	4,410,000,000	-
Total Tier-1 Capital	23,458,047,463	19,570,105,386
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	6,677,141,911	11,536,801,047
All other preference shares	-	-
Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	5,260,000,000	7,990,000,000
Non-controlling interest	-	-
HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital	-	-
Revaluation Reserves as on 31 December, 2014(50% of Fixed Assets and Securities & 10% of Equities)	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	11,937,141,911	19,526,801,047
Regulatory adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity Securities	-	-
Investment in own T-2 Instruments/Shares	-	-
Reciprocal crossholdings in the T-2 capital of Banking, Financial and Insurance Entities	-	-
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991. (50% of Investment)	-	-
Investments in subsidiaries which are not consolidated- 50% of Investment	-	-
Other (if any)	-	-
Total Tier-2 Capital Available	11,937,141,911	19,526,801,047
Maximum limit of Tier-2 Capital (Considering para 3.2 (v) including foot note no. 9 of RBCA Guidelines)	13,186,641,917	17,395,866,678
Excess amount over maximum limit of Tier 2 Capital	-	-
Total admissible Tier 2 Capital	11,937,141,911	17,395,866,678
Total Eligible Capital	35,395,189,374	36,965,972,064
Total assets including off-Balance Sheet items	452,639,482,307	444,953,096,983
Total risk-weighted assets (RWA)	329,666,047,926	341,056,687,284
B. Total required capital (12.50% of Total RWA)	41,208,255,991	42,632,085,911
Capital Surplus / (Shortfall) [A-B]	(5,813,066,617)	(5,666,113,847)
Capital to Risk Weighted Assets Ratio (CRAR)	10.74%	10.84%

		31.12.2021 Taka	31.12.2020 Taka
17. Statutory reserve			
In Bangladesh			
Opening balance		6,820,167,867	6,547,756,164
<u>Add:</u> Addition during the year		319,194,220	272,411,703
		7,139,362,087	6,820,167,867
Outside Bangladesh - ABBL, Mumbai Branch			
Opening balance		324,036,537	324,296,165
<u>Add:</u> Addition during the year		22,184,858	9,338,685
<u>Add/(Less):</u> Adjustment for Foreign Exchange Rate Fluctuation		(673,710)	(9,598,312)
		345,547,686	324,036,537
		7,484,909,773	7,144,204,404
18. Other reserve			
General reserve	(Note 18.1)	2,852,199,200	2,302,199,200
Assets revaluation reserve		758,171,036	1,294,532,425
Investment revaluation reserve		42,146,921	99,008,157
		3,652,517,157	3,695,739,782
18.1 General reserve		2,852,199,200	2,302,199,200
Opening balance		2,302,199,200	1,222,199,200
Addition/(adjustment) during the year		550,000,000	1,080,000,000
		2,852,199,200	2,302,199,200
18.2 Assets revaluation reserve			
Opening balance		1,294,532,425	1,296,690,729
<u>Add:</u> Addition/(adjustment) during the year*		1,708,333,071	-
<u>Less:</u> Transferred to retained earnings		(2,244,694,460)	(2,158,304)
		758,171,036	1,294,532,425
During the year two properties of the Bank (Including Land and Building) were classified as assets held for sale under IFRS 5. Accordingly, those properties were revalued by independent valuer. Based on the valuations, revalued amount is accounted for and those properties were disposed off during the year.			
18.3 Investment revaluation reserve (T.Bills & T.Bonds)			
<u>In Bangladesh</u>			
Revaluation Reserve for:			
Held to Maturity (HTM)	Note (18.3.1)	3,622,914	5,601,811
Held for Trading (HFT)	Note (18.3.2)	33,681,782	88,953,608
		37,304,696	94,555,419
<u>Outside Bangladesh</u>			
ABBL, Mumbai Branch		4,842,225	4,452,738
		42,146,921	99,008,157
18.3.1 Revaluation Reserve for Held to Maturity (HTM)			
Opening balance		5,601,811	38,000,145
<u>Add:</u> Addition during the year		1,032,895	1,281,174
		6,634,706	39,281,319
<u>Less:</u> Adjustment during the year		3,011,792	33,679,508
		3,622,914	5,601,811
18.3.2 Revaluation Reserve for Held for Trading (HFT)			
Opening balance		88,953,608	13,075,096
<u>Add:</u> Addition during the year		14,615,585	1,067,382,545
		103,569,193	1,080,457,641
<u>Less:</u> Adjustment during the year		69,887,411	991,504,033
		33,681,782	88,953,608
18(a) Consolidated Other reserve			
AB Bank Limited		3,652,517,157	3,695,739,782
AB International Finance Limited		76,147,136	85,209,560
AB Securities Limited		85,910,523	85,910,523
		3,814,574,816	3,866,859,865

	31.12.2021 Taka	31.12.2020 Taka
19. Retained earnings		
Opening balance	5,686,625,747	5,817,160,874
<u>Add:</u> Post-tax profit for the period	641,384,540	391,416,392
<u>Less:</u> Transfer to statutory reserve	(341,379,078)	(281,750,388)
Bonus Share Issued	(398,018,410)	(379,065,150)
Start-up Fund	(6,413,845)	-
	5,582,198,953	5,547,761,728
<u>Add:</u> Transferred from Assets Revaluation Reserve	2,244,694,460	2,158,304
<u>Add:</u> Adjustment made during the year	486,412,206	147,709,892
<u>Less:</u> Transfer to Specific Provision as per Bangladesh Bank Instruction	(3,500,000,000)	-
<u>Less:</u> Foreign Exchange Translation loss	(1,715,763)	(11,004,177)
	4,811,589,856	5,686,625,747
19(a) Consolidated Retained earnings		
AB Bank Limited	4,811,589,856	5,686,625,747
AB Investment Limited	353,808,287	286,624,182
AB International Finance Limited	100,872,547	81,002,494
AB Securities Limited	162,703,269	156,316,938
Cashlink Bangladesh Limited (CBL)	(163,453,326)	(165,295,612)
	5,265,520,632	6,045,273,749
<u>Add/(Less):</u> Adjustment made during the year	624,712,061	644,113,334
Non-controlling Interest	16,200,863	16,390,843
	5,906,433,556	6,705,777,925
19(b) Non-controlling interest		
AB Investment Limited	10,305	10,204
AB Securities Limited	460,662	455,012
Cashlink Bangladesh Limited	11,654,667	11,470,439
	12,125,636	11,935,655
20. Contingent liabilities	42,322,775,528	59,191,446,731
20.1 Letters of guarantee		
Money for which the Bank is contingently liable in respect of guarantees issued favoring:		
Directors	-	-
Government	-	-
Banks and other financial institutions	28,678,127	99,230,755
Others	14,189,377,493	12,738,061,119
	14,218,055,620	12,837,291,873
21. Profit and loss account	2021 Taka	2020 Taka
<u>Income:</u>		
Interest, discount and similar income	24,585,793,960	28,616,217,021
Dividend income	229,179,842	137,581,947
Fee, commission and brokerage	1,258,302,852	929,742,512
Gains less losses arising from investment securities	476,266,053	(55,232,043)
Gains less losses arising from dealing in foreign currencies	407,840,869	329,269,526
Other operating income	152,017,959	266,019,048
Gains less losses arising from dealing securities	556,094,533	2,057,356,633
	27,665,496,068	32,280,954,644
<u>Expenses:</u>		
Interest, fee and commission	15,821,971,753	20,134,646,639
Administrative expenses	4,059,545,132	3,730,865,808
Other operating expenses	1,145,481,825	1,435,273,997
Depreciation and amortization on banking assets	505,638,835	513,190,806
Loss on loans and advances	-	-
	21,532,637,545	25,813,977,249
	6,132,858,523	6,466,977,395

	2021 Taka	2020 Taka
22. Interest income/profit on investments		
Interest on loans and advances:		
Loans and advances	20,262,012,128	24,035,731,283
Bills purchased and discounted	22,829,613	45,320,107
	20,284,841,741	24,081,051,390
Interest on:		
Calls and placements	90,035,449	160,283,848
Balance with foreign banks	1,090,327	6,343,029
Reverse Repo	421,601	9,547,178
Balance with Bangladesh Bank	7,725,307	34,227,893
	99,272,684	210,401,949
	20,384,114,425	24,291,453,339
22(a). Consolidated Interest income/profit on investments		
AB Bank Limited	20,384,114,425	24,291,453,339
AB International Finance Limited	57,530,226	44,383,765
AB Investment Limited	143,495,686	59,982,280
AB Securities Limited	25,414,390	35,743,715
Cashlink Bangladesh Limited (CBL)	3,073,970	4,031,392
	20,613,628,697	24,435,594,491
<u>Less:</u> Intercompany transactions	16,387,722	8,681,210
	20,597,240,974	24,426,913,281
23. Interest/profit paid on deposits, borrowings, etc.		
Interest on deposits:		
Fixed deposits	7,376,925,144	9,186,586,325
Savings deposits	1,070,435,629	1,083,050,201
Special notice deposits	1,501,648,798	2,423,408,692
Other deposits	4,348,332,724	4,775,278,315
	14,297,342,295	17,468,323,533
Interest on borrowings:		
Local banks, financial institutions including BB	806,360,076	1,965,685,706
Subordinated Bond	718,269,383	700,637,399
	15,821,971,753	20,134,646,639
23(a). Consolidated Interest/profit paid on deposits, borrowings, etc.		
AB Bank Limited	15,821,971,753	20,134,646,639
AB Investment Limited	-	-
AB International Finance Limited	12,889,132	6,323,019
AB Securities Limited	11,562,500	39,314,968
Cashlink Bangladesh Limited (CBL)	-	-
	15,846,423,385	20,180,284,626
<u>Less:</u> Intercompany transactions	16,387,722	8,681,210
	15,830,035,663	20,171,603,415
24. Investment income		
Capital gain on sale of shares	476,266,053	(55,232,043)
Interest on treasury bills	37,448,014	113,159,438
Dividend on shares	229,179,842	137,581,947
Interest on treasury bonds	3,888,729,383	3,826,008,638
Gain/(Loss) on treasury bills and treasury bonds	556,094,533	2,057,356,633
Interest on other bonds & others	275,502,138	385,595,606
	5,463,219,963	6,464,470,219
24(a). Consolidated Investment income		
AB Bank Limited	5,463,219,963	6,464,470,219
AB Investment Limited	214,124,354	63,705,087
AB International Finance Limited	-	-
AB Securities Limited	16,100,199	38,553,642
Cashlink Bangladesh Limited (CBL)	-	-
	5,693,444,517	6,566,728,948
<u>Less:</u> Intercompany transactions*	94,269,221	74,867,949
	5,599,175,296	6,491,860,999

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

	2021 Taka	2020 Taka
25. Commission, exchange and brokerage		
Other fees, commission and service charges	740,329,428	545,014,241
Commission on letters of credit	426,042,108	301,177,301
Commission on letters of guarantee	91,931,316	83,550,969
Exchange gains less losses arising from dealings in foreign currencies	407,840,869	329,269,526
	1,666,143,721	1,259,012,038
25(a). Consolidated Commission, exchange and brokerage		
AB Bank Limited	1,666,143,721	1,259,012,038
AB Investment Limited	81,182,692	41,426,241
AB International Finance Limited	58,165,460	42,142,542
AB Securities Limited	145,391,462	99,649,888
Cashlink Bangladesh Limited (CBL)	-	-
	1,950,883,335	1,442,230,709
<u>Less:</u> Intercompany transactions	(1,045,092)	(2,136,438)
	1,949,838,243	1,440,094,270
26. Other income		
Locker rent, insurance claim and others	5,888,988	36,328,741
Recoveries on loans previously written off	56,589,943	172,931,675
Recoveries on telex, telephone, fax, etc.	26,914,440	29,673,586
Recoveries on courier, postage, stamp, etc.	5,798,973	5,566,912
Non-operating income (*)	56,825,615	21,518,134
	152,017,959	266,019,048
(*) Non-operating income includes sale of scrap items, Gain on sale of properties etc.		
26(a). Consolidated other income		
AB Bank Limited	152,017,959	266,019,048
AB Investment Limited	10,080,770	10,100,020
AB International Finance Limited	60,608,866	57,196,991
AB Securities Limited	4,282,497	2,889,848
Cashlink Bangladesh Limited (CBL)	-	-
	226,990,092	336,205,907
<u>Less:</u> Inter company transactions	9,116,520	9,116,520
	217,873,572	327,089,387
27. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	2,870,451,265	2,555,271,066
Festival and incentive bonus	178,239,565	172,627,915
	3,048,690,830	2,727,898,981
27.1 Chief executive's salary and fees	16,341,129	12,890,968
27(a). Consolidated salary and allowances		
AB Bank Limited	3,048,690,830	2,727,898,981
AB Investment Limited	29,794,743	17,230,235
AB International Finance Limited	31,429,318	30,674,196
AB Securities Limited	38,169,340	31,165,104
Cashlink Bangladesh Limited (CBL)	149,480	277,234
	3,148,233,710	2,807,245,751
28. Rent, taxes, insurance, electricity, etc.		
Rent, rates and taxes	(Note 28.1) 312,812,598	320,038,820
Electricity, gas, water, etc.	95,894,930	93,434,082
Insurance	203,913,051	189,548,150
	612,620,578	603,021,052
28.1 Rent, rates and taxes		

Right of Use (ROU) assets has been calculated for the period ended as on 31 December 2021 as per IFRS-16 leases considering monthly rental expenses excluding low value assets.

	2021 Taka	2020 Taka
28(a). Consolidated Rent, taxes, insurance, electricity, etc.		
AB Bank Limited	612,620,578	603,021,052
AB Investment Limited	2,516,810	2,181,018
AB International Finance Limited	8,559,824	9,431,493
AB Securities Limited	2,673,912	2,236,293
Cashlink Bangladesh Limited (CBL)	-	-
	626,371,124	616,869,856
<u>Less:</u> Inter company transactions	9,116,520	9,116,520
	617,254,604	607,753,336
29. Legal expenses		
Legal expenses	10,102,950	13,232,598
29(a). Consolidated legal expenses		
AB Bank Limited	10,102,950	13,232,598
AB Investment Limited	-	104,550
AB International Finance Limited	100,145	546,872
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	720	-
	10,203,815	13,884,020
30. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	71,990,967	69,079,154
Telephone	6,164,623	5,585,305
Postage, stamp and shipping	13,676,160	12,538,863
	91,831,750	87,203,322
30(a). Consolidated Postage, stamp, telecommunication, etc.		
AB Bank Limited	91,831,750	87,203,322
AB Investment Limited	907,051	857,518
AB International Finance Limited	10,196,324	8,518,855
AB Securities Limited	1,747,989	1,598,469
Cashlink Bangladesh Limited (CBL)	-	-
	104,683,114	98,178,164
31. Stationery, printing, advertisements, etc.		
Printing and stationery	100,657,149	82,429,377
Publicity, advertisement, etc.	14,539,879	11,900,530
	115,197,027	94,329,907
31(a). Consolidated Stationery, printing, advertisements, etc.		
AB Bank Limited	115,197,027	94,329,907
AB Investment Limited	329,962	186,595
AB International Finance Limited	415,130	303,087
AB Securities Limited	1,104,919	841,633
Cashlink Bangladesh Limited (CBL)	-	-
	117,047,038	95,661,222
32. Directors' fees		
Directors' fees	1,589,600	866,800
Meeting expenses	405,863	243,090
	1,995,463	1,109,890

Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee, Risk Management Committee and Shariah Council.

	2021 Taka	2020 Taka
32(a). Consolidated Directors' fees		
AB Bank Limited	1,995,463	1,109,890
AB Investment Limited	421,682	366,680
AB International Finance Limited	217,108	-
AB Securities Limited	531,666	476,668
Cashlink Bangladesh Limited (CBL)	172,500	46,000
	3,338,419	1,999,238
33. Auditors' fees		
Statutory	1,376,200	1,394,428
Others	2,429,881	944,122
	3,806,081	2,338,550
33(a). Consolidated Auditors' fees		
AB Bank Limited	3,806,081	2,338,550
AB Investment Limited	162,500	167,500
AB International Finance Limited	492,613	546,872
AB Securities Limited	168,625	174,625
Cashlink Bangladesh Limited (CBL)	28,750	28,750
	4,658,568	3,256,296
34. Depreciation and repairs of Bank's assets		
<u>Depreciation:</u>		
Electrical appliances	123,797,964	115,679,965
Furniture and fixtures	10,841,320	9,694,695
Office appliances	1,716,722	1,823,600
Building	15,170,838	15,615,159
Motor vehicles	40,360,137	74,689,848
	191,886,981	217,503,267
Depreciation of ROU (Right Of Use) assets	257,599,987	257,599,987
<u>Repairs:</u>		
Motor vehicles	13,716,880	25,542,124
Electrical appliances	59,142,483	58,202,864
Office premises and others	79,211,834	99,102,318
Furniture and fixtures	1,378,677	1,162,288
Office appliances	5,509,448	4,830,945
	158,959,323	188,840,540
	608,446,292	663,943,793
Amortization of Intangible Assets	56,151,866	38,087,552
	664,598,158	702,031,345
34(a). Consolidated Depreciation and repairs of Bank's assets		
AB Bank Limited	664,598,158	702,031,345
AB Investment Limited	18,310,431	18,937,439
AB International Finance Limited	449,894	498,034
AB Securities Limited	8,505,512	7,847,721
Cashlink Bangladesh Limited (CBL)	-	-
	691,863,995	729,314,539
35. Other expenses		
Contractual service	401,356,212	491,530,952
Petrol, oil and lubricant	67,308,965	48,187,703
Software expenses	194,856,243	211,014,944
Entertainment	33,007,202	28,366,072
Travelling	13,312,386	9,601,923
Subscription, membership and sponsorship	15,803,399	40,063,417
Training, seminar and workshop	7,037,044	6,780,480
Local conveyance	13,496,217	8,337,014
Professional charges	75,352,572	65,423,479
Books, newspapers and periodicals	911,542	1,169,721
Finance charge under lease liability	46,777,916	67,427,783
Donation	78,091,098	172,734,854
Bank Charges	13,291,927	10,507,695
Sundry expenses (*)	184,879,103	274,127,959
	1,145,481,825	1,435,273,997

(*) Sundry expenses includes business promotion, rebate to foreign correspondents and dress of support staff etc.

	2021 Taka	2020 Taka
35(a). Consolidated other expenses		
AB Bank Limited	1,145,481,825	1,435,273,997
AB Investment Limited	20,230,256	35,399,586
AB International Finance Limited	725,817	437,568
AB Securities Limited	34,803,397	22,917,406
Cashlink Bangladesh Limited (CBL)	89,850	67,171
	1,201,331,145	1,494,095,729
Less: Inter company transactions	1,045,092	2,136,438
	1,200,286,054	1,491,959,291
36. Provision against loans and advances		
On un-classified loans	1,340,345,179	2,961,357,853
On classified loans	2,450,000,000	1,963,700,000
	3,790,345,179	4,925,057,853
36(a). Consolidated provision against loans and advances		
AB Bank Limited	3,790,345,179	4,925,057,853
AB Investment Limited	280,000,000	135,000,000
AB International Finance Limited	-	-
AB Securities Limited	44,500,000	40,000,000
Cashlink Bangladesh Limited (CBL)	-	-
	4,114,845,179	5,100,057,853
37. Provisions for investments		
Provision for quoted shares in Bangladesh operations	320,000,000	-
Provision for Pinnacle Global Fund Pte Limited	130,000,000	140,000,000
Provision for Amana Bank Plc	-	-
Provision for investment in treasury Bills by Mumbai Branch	398,805	-
Total provision for investments	450,398,805	140,000,000
37(a). Consolidated provisions for diminution in value of investments		
AB Bank Limited	450,398,805	140,000,000
AB Investment Limited	6,082,949	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	456,481,754	140,000,000
38. Other provision		
Provision for off balance sheet items	60,000,000	-
Provision for Other assets	25,815,033	15,172,949
Start-up Fund*	-	64,669,774
	85,815,033	79,842,723
* Start-up Fund has been maintained as per Bangladesh Bank SMESPD circular no. 04 and 05 dated 29 March 2021 and 26 April 2021 respectively. In prior year the fund was created based on operating profit but as per latest circular, base for the fund was changed to net profit during the year. Bank created the fund by debiting the Profit and Loss account in 2020 and retained earnings from 2021 respectively.		
Provision for other assets included prepaid legal expenses, protested bills and others has been made as per Bangladesh Bank BRPD Circular # 14 dated 25 June 2001.		
38(a). Consolidated other provisions		
AB Bank Limited	85,815,033	79,842,723
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	85,815,033	79,842,723

	31.12.2021 Taka	31.12.2020 Taka
39. Appropriations		
Retained earnings - brought forward	5,686,625,747	5,817,160,875
<u>Add:</u> Post-tax profit for the year	641,384,540	391,416,392
	6,328,010,287	6,208,577,266
<u>Less:</u> Dividend-Bonus shares issued	398,018,410	379,065,150
	5,929,991,877	5,829,512,116
Transferred to		
Statutory reserve	341,379,078	281,750,388
Specific Provision	3,500,000,000	-
Start-up Fund	6,413,845	-
	3,847,792,924	281,750,388
Retained earnings	2,082,198,953	5,547,761,728
<u>Add:</u> Transferred from Assets Revaluation Reserve	2,244,694,460	2,158,304
<u>Add/</u> Less: Adjustment during the year	486,412,206	147,709,892
<u>Add:</u> Foreign Exchange translation gain/(Loss)	(1,715,763)	(11,004,177)
	4,811,589,856	5,686,625,747
	2021 Taka	2020 Taka
40 Basic Earnings Per Share (EPS)		
Profit after taxation	641,384,540	391,416,392
Number of ordinary shares outstanding	835,838,671	835,838,671
Basic Earnings Per Share	0.77	0.47
Earnings per share (EPS) increased due to significant increase of commission, exchange and brokerage income, net interest income and decrease of provision against loans and advances during the year.		
40.(a) Consolidated Basic Earnings Per Share		
Net Profit/(Loss) attributable to the shareholders of parent company	716,608,115	394,080,618
Number of ordinary shares outstanding	835,838,671	835,838,671
Consolidated Basic Earnings Per Share	0.86	0.47
Earnings Per Share (EPS) has been computed in accordance with International Accounting Standard (IAS)-33 by dividing the basic earnings by the number of ordinary shares outstanding as of December 31, 2021.		
41. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	5,234,040,121	6,326,888,272
Exchange earnings	378,518,116	321,575,586
Recoveries on telex, telephone, fax, etc.	26,914,440	29,673,586
Recoveries on courier, postage, stamp, etc.	5,798,973	5,566,912
Non-operating income	56,825,615	21,518,134
Others	5,888,988	36,328,741
	5,707,986,253	6,741,551,232
42. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	944,785,355	927,825,057
Postage, stamps, telecommunication, etc.	91,831,750	87,203,322
Repairs of Bank's assets	158,959,323	188,840,540
Legal expenses	10,102,950	13,232,598
Auditor's fees	3,806,081	2,338,550
Directors' fees	1,995,463	1,109,890
Other Expenses	1,098,703,910	1,330,080,871
	2,310,184,832	2,550,630,827
43. Increased/(Decrease) in other assets		
Investment in subsidiaries	6,229,114,922	6,229,114,922
Advance rent and advertisement	234,153,083	279,232,998
Stationery, stamps, printing materials, etc.	76,152,250	33,323,414
Security deposits	70,201,100	73,046,316
Commission and brokerage receivable on shares and debentures, and other income receivables	1,710,681,112	1,221,859,948
Accounts receivable	1,298,999,895	1,586,836,210
Preliminary, formation, organizational, renovation, development and prepaid expenses	597,885,133	757,841,435
Exchange for clearing	1,433,998,879	1,580,837,111
Arab Bangladesh Bank Foundation	19,920,000	19,920,000
	11,671,106,374	11,782,012,355
Net (Decrease)/ Increase	(110,905,981)	1,695,382,143

44. Increase/(decrease) in other liabilities

Accumulated provision against loans and advances	27,300,595,344	20,224,381,003
Provision for current tax	1,537,622,211	1,649,440,346
Interest suspense account	13,171,406,144	16,114,355,797
Accounts payable - Bangladesh Bank	31,762,059	69,049,890
Provision against other assets	374,459,106	348,873,106
Accrued expenses	88,551,502	133,009,666
Provision against investments	1,854,724,984	1,689,603,000
Provision against off balance sheet items	330,000,000	270,000,000
Others	785,808,868	845,599,643
	45,474,930,218	41,344,312,451
<u>Less: Adjustment for provision and others</u>	<u>32,124,714,975</u>	<u>24,968,962,509</u>
	13,350,215,243	16,375,349,943
Net Increase/(Decrease)	(3,025,134,699)	(2,079,503,473)

45. Net Operating Cash Flow Per Share (NOCFPS)

Net Operating Cash Flow	3,007,507,958	(3,829,318,087)
Weighted average number of shares	835,838,671	835,838,671
Net Operating Cash Flow Per Share (NOCFPS)	3.60	(4.58)

Net Operating Cash Flow Per Share (NOCFPS) has been increased to Tk. 3.60 from Tk. (4.58) due to the increase of fees and commission income and short-term borrowing. Decrease of income tax paid and other operating activities also contributed to the improvement of NOCFPS.

45(a) Consolidated Net Operating Cash Flow Per Share (NOCFPS)

Net Operating Cash Flow	2,542,398,171	(3,671,899,568)
Weighted average number of shares	835,838,671	835,838,671
Net Operating Cash Flow Per Share (NOCFPS)	3.04	(4.39)

46 Net Asset Value Per Share (NAVPS)

Net Asset Value	24,307,403,496	24,486,938,234
Number of shares outstanding at the end of the period	835,838,671	835,838,671
Net Asset Value Per Share (NAVPS)	29.08	29.30

Net Asset Value Per Share (NAVPS) has been decreased due to the transfer of retained earnings to specific loan provision as per Bangladesh Bank instruction.

46(a) Consolidated Net Asset Value Per Share (NAVPS)

Net Asset Value	25,564,304,856	25,677,210,495
Number of shares outstanding at the end of the period	835,838,671	835,838,671
Net Asset Value Per Share (NAVPS)	30.59	30.72

47. Reconciliation of Net Profit after Taxation & Operating Profit before changes in operating assets & liabilities**Cash flows from operating activities**

Net Profit after Taxation	641,384,540	391,416,392
Provision for Tax	1,164,914,966	930,660,427
Provision for Loans, Investment and others	4,326,559,017	5,144,900,576
Increase in interest receivable	(7,401,614,138)	(10,541,821,749)
(Decrease)/Increase interest Payable on Deposits	(324,295,532)	(1,521,250,258)
Non cash items, Lease impact and others	220,251,974	293,579,928
Income tax paid	(1,814,495,333)	(2,329,156,442)
Effect of exchange rate changes on cash & cash equivalents	(29,322,754)	(7,693,939)
Operating Profit before changes in operating assets & liabilities	(3,216,617,260)	(7,639,365,065)

48. Conversion Rates

Assets and liabilities as at December 31, 2021 denominated in foreign currencies have been converted to local currency Bangladesh Taka (BDT) at the following exchange rates:

Currency	Abbreviation	Unit	Equivalent to BDT
British Pound Sterling	GBP	1.00	115.7270
European Currency	EURO	1.00	97.3830
Indian Rupee	INR	1.00	1.1506
US Dollar	USD	1.00	85.8000

49. Highlights of the overall activities of the Bank

(Amount in Taka)

Sl no.	Particulars	31 Dec 2021	31 Dec 2020
1	Paid-up capital	8,358,386,710	7,960,368,300
2	Total capital	35,395,189,374	36,965,972,064
3	Capital surplus/(shortfall)	(5,813,066,617)	(5,666,113,847)
4	Total assets	410,316,706,779	386,085,725,196
5	Total deposits	298,372,561,654	290,719,342,438
6	Total loans and advances	290,459,816,948	274,829,861,346
7	Total contingent liabilities and commitments	42,322,775,528	59,191,446,731
8	Credit-deposit ratio*	86.27%	85.26%
9	Ratio of classified loans against total loans and advances	14.15%	16.79%
10	Profit after tax and provision	641,384,540	391,416,392
11	Loans classified during the Year	1,783,520,791	678,221,000
12	Provision kept against classified loans	20,953,453,433	8,957,579,956
13	Provision surplus/ (deficit)	12,379,091	17,305,614
14	Cost of fund	6.76%	8.35%
15	Interest earning assets	327,505,726,943	303,599,690,328
16	Non-interest earning assets	82,810,979,836	82,486,034,868
17	Return on investments (ROI)	8.47%	10.34%
18	Return on assets (ROA)	0.16%	0.10%
19	Income from investments	5,463,219,963	6,464,470,219
20	Earnings per share	0.77	0.47
21	Net Income per share	0.77	0.47
22	Price-earnings ratio (Times)	17.59	22.21

* Credit-deposit ratio calculation has been done as per Bangladesh Bank guidelines.

-Sd- Tarique Afzal	-Sd- Khairul Alam Choudhury	-Sd- Shafiqul Alam	-Sd- Muhammad A. (Rumee) Ali
President & Managing Director	Director	Independent Director	Chairman

Annexure-A**AB Bank Limited
Currency wise Balances**

Name of the bank	Location	Name of currency	As at 31 December 2021		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in BDT
The Bank of Tokyo Mitsubishi Limited	Tokyo	JPY	3,393,375	0.7464	2,532,815
MFT,Yangon	Myanmar	ACU	1,000	85.8000	85,800
JP Morgan Chase Bank	Newyork	USD	17,876,504	85.8000	1,533,804,047
Sonali Bank (Kolkata)	India	ACU	48,586	85.8000	4,168,721
Myanmar Economic Bank	Myanmar	ACU	410	85.8000	35,178
Citibank, NA	Newyork	USD	3,035,012	85.8000	260,404,066
Hatton National Bank Limited	Colombo	ACU	44,030	85.8000	3,777,748
Commerz Bank AG	Germany	EUR	22,118	97.3830	2,153,873
NIB Bank Limited	Karachi	ACU	45,527	85.8000	3,906,193
Mashreq Bank Psc	Newyork	USD	35,465,807	85.8000	3,042,966,241
Nepal Bangladesh Bank Limited	Nepal	USD	32,910	85.8000	2,823,657
Habib America Bank	Newyork	USD	1,091,475	85.8000	93,648,589
Commerz Bank AG	Germany	USD	40,312	85.8000	3,458,743
Habib Metro Bank	Karachi	ACU	99,772	85.8000	8,560,438
Commerz Bank AG	Germany	CAD	14,016	67.0837	940,232
Commerz Bank AG	Germany	CHF	34,239	93.8012	3,211,627
JP Morgan Chase Bank	Newyork	USD	2,933,551	85.8000	251,698,693
Standard Chartered Bank, NY, USA	Newyork	USD	93,822	85.8000	8,049,967
Standard Chartered Bank, Singapore	Singapur	SGD	258	63.4428	16,381
Standard Chartered Bank, UK,GBP	London	GBP	24,106	115.7270	2,789,715
Reserve Bank of India	Mumbai	ACU	68,016,848	1.1506	78,259,965
Commerz Bank AG	Germany	EUR	14,151	97.3830	1,378,039
HDFC Bank CSGL	India	INR	4,274,020	1.1506	4,917,674
HDFC Bank Limited	India	INR	234,294,279	1.1506	269,578,238
Kotak Mahindra Bank	India	INR	14,350,224	1.1506	16,511,321
JP Morgan Chase	Newyork	USD	608,999	85.8000	52,252,133
Habib American	Newyork	USD	11,284	85.8000	968,126
JP Chase ACU	Newyork	USD	17,911,736	85.8000	1,536,826,908
Total			7,189,725,129		

AB Bank Limited
Investment in Shares
As at 31 December 2021

Amount in Taka

Particulars	Number of shares	Market price per share	Total market price	Cost per Share	Total cost
Quoted ordinary share					
IFIC Bank Limited	1,217,950	16.90	20,583,355	17.34	21,122,333
National Bank Limited	5,602,825	7.50	42,021,188	13.51	75,675,365
First Janata Bank Mutual Fund	322,865	6.20	2,001,763	8.30	2,679,780
AB Bank 1st Mutual Fund	37,086,435	5.50	203,975,393	6.27	232,672,073
Green Delta Mutual Fund	3,255,663	7.40	24,091,906	8.18	26,622,003
LR Global Bangladesh Mutual Fund One	10,369,343	6.90	71,548,467	9.64	100,000,001
Popular Life First Mutual Fund	748,479	5.40	4,041,787	5.12	3,829,325
Trust Bank 1st Mutual Fund	1,920,904	5.70	10,949,153	6.45	12,385,876
Dhaka Electric Supply Company Limited	7,023,760	35.50	249,343,480	87.73	616,189,388
Khulna Power Company Limited	345,865	29.90	10,341,364	88.49	30,606,883
Padma Oil Company Limited	347,094	212.50	73,757,475	299.66	104,010,918
Powergrid Company of Bangladesh Limited	5,036,500	59.60	300,175,400	77.25	389,078,095
Active Fine Chemicals Limited	149,714	25.60	3,832,678	29.96	4,485,511
Beximco Pharmaceuticals Limited	894,147	192.70	172,302,127	193.39	172,917,392
Orion Pharma Limited	3,089,294	91.10	281,434,683	95.60	295,334,819
BBS Cables Limited	1,524,922	55.90	85,243,140	87.60	133,584,799
Bangladesh Building Systems Limited	116,054	18.30	2,123,788	25.08	2,910,878
BSRM Steels Limited	2,454,160	71.10	174,490,776	98.32	241,287,030
GPH Ispat Limited	616,566	53.00	32,677,998	64.20	39,586,288
IFAD Autos Limited	1,012,099	47.30	47,872,283	83.47	84,481,704
Mostafa Metal Industries Limited	26,960	10.70	288,472	10.00	269,600
Olympic Industries Limited	138,542	160.60	22,249,845	222.14	30,776,387
Heidelberg Cement Bangladesh Limited	66,720	272.40	18,174,528	555.88	37,088,160
Union Capital Limited	2,440,006	9.90	24,156,059	61.08	149,037,209
Krishibid Feed Limited	86,526	10.00	865,260	10.00	865,260
Master feed Agrotec Ltd.	26,649	9.60	255,830	10.00	266,490
Oryza Agro Industries Ltd.	13,622	10.40	141,669	10.00	136,220
Sonali Life Insurance Company Ltd.	9,308	63.20	588,266	10.00	93,080
SAIF Powertec Limited.	2,556,431	38.30	97,911,307	42.48	108,597,057
Argon Denims Limited	2,077,395	17.50	36,354,413	34.71	72,096,990
Ring Shine Textiles Limited	502	9.60	4,819	7.62	3,814
Shasha Denims Limited	1,935,378	24.50	47,416,761	38.52	74,546,499
Union Insurance Company Limited	4,643	10.00	46,430	10.00	46,430
Total			2,061,261,862		3,063,283,657

Quoted (Under special fund and investment policy as per DOS Circular no.01/2020)

Particulars	Number of shares	Market price per share	Total market price	Cost per Share	Total cost
Premier Bank Limited	1,144,739	14.90	17,056,611	14.56	16,669,832
Grameen One : Scheme 2	3,865,039	15.40	59,521,601	18.29	70,707,495
NLI First Mutual Fund	600,000	13.70	8,220,000	15.81	9,485,212
Beximco Pharmaceuticals Limited	1,380,004	192.70	265,926,771	216.90	299,325,379
Orion Pharma Limited	1,185,948	91.10	108,039,863	94.64	112,237,981
LankaBangla Finance Ltd.	443,055	37.30	16,525,952	40.70	18,033,222
Powergrid Company of Bangladesh Limited	820,891	59.60	48,925,104	63.49	52,115,583
SAIF Powertec Limited	575,468	38.30	22,040,424	41.37	23,809,077
BBS Cables Limited	1,028,048	55.90	57,467,883	59.08	60,740,708
GPH Ispat Limited	1,293,141	53.00	68,536,473	62.09	80,294,014
Beximco Green Sukuk Al Istisna'a	7,000,000	100.00	700,000,000	100.00	700,000,000
			1,372,260,681		1,443,418,503

Shares (unquoted)

Particulars	Number of shares	Cost per Share	Book Value/Cost
CDBL	5,000,000	2.00	10,000,000
CDBL (Placement)	711,804	8.00	5,694,430
IIDFCL	2,667,923	6.16	16,421,700
Bangladesh Fund	2,000,000	100.00	200,000,000

Total un-quoted shares (b)**232,116,130****Strategic Investment:**

Particulars	Number of shares	Cost price	Book Value
Amana Bank Limited PLC, Srilanka	187,784,490	616,735,915	351,613,930
Total Strategic Investment (c)	187,784,490	616,735,915	351,613,930
Total investment (a+b+c)			5,090,432,220

AB Bank Limited
Schedule of Fixed Assets
As of 31 December 2021

								Amount in Taka
Particulars	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Intangible Assets	Right of Use Assets	Total
<u>Cost/ Revaluation</u>								
Balance at 01 January 2021	2,962,553,953	252,394,773	65,411,270	1,933,469,203	838,058,314	783,812,339	1,329,421,828	8,165,121,679
Addition during the year	-	95,442,870	841,897	162,740,098	-	126,731,511		385,756,376
Less: Disposal/Adjustment during the year	691,382,608	884,295	432,400	8,708,519	514,326,044	-		1,215,733,866
Adjustment for USD/ INR Rate Fluctuation	-	6,381	10,304	47,515	7,094	2,209		73,503
At 31 December 2021	2,271,171,345	346,946,966	65,810,463	2,087,453,267	323,725,176	910,541,640	1,329,421,828	7,335,070,686
<u>Accumulated Depreciation</u>								
Balance at 01 January 2021	173,547,733	169,446,916	57,439,787	1,486,573,725	665,706,026	657,838,233	465,577,871	3,676,130,291
Addition during the year	15,170,838	10,841,321	1,716,722	123,797,963	40,360,137	56,151,866	257,599,988	505,638,836
Less: Disposal/Adjustment during the year	2,271,070	798,550	424,296	8,588,803	466,735,917	-		478,818,636
Adjustment for USD/ INR Rate Fluctuation	-	5,881	10,030	(307,655)	6,178	353,330		67,764
At 31 December 2021	186,447,501	179,483,806	58,722,183	1,602,090,540	239,324,068	713,636,770	723,177,858	3,702,882,726
<u>Net Book Value</u>								
At 31 December 2021	2,084,723,844	167,463,160	7,088,280	485,362,727	84,401,108	196,904,871	606,243,970	3,632,187,959

As of 31 December 2020

Particulars	Land and Building	Furniture and Fixtures	Office Appliances	Electrical Appliances	Motor Vehicles	Intangible Assets	Right of Use Assets	Total
<u>Cost/ Revaluation</u>								
Balance at 01 January 2020	2,968,097,272	250,083,132	64,178,283	1,901,779,739	781,076,228	758,525,505	1,329,421,828	8,053,161,986
Addition during the year	-	2,705,090	1,384,145	46,393,108	59,759,500	25,879,116	-	136,120,959
Less: Disposal/Adjustment during the year	5,543,319	300,000		14,004,721	2,574,000	-	-	22,422,040
Adjustment for USD/ INR Rate Fluctuation	-	93,449	151,158	698,923	203,414	592,282	-	1,739,226
At 31 December 2020	2,962,553,953	252,394,773	65,411,271	1,933,469,202	838,058,314	783,812,337	1,329,421,828	8,165,121,677
<u>Accumulated Depreciation</u>								
Balance at 01 January 2020	158,812,694	160,111,385	55,757,837	1,385,607,361	593,728,559	619,956,024	207,977,884	3,181,951,744
Addition during the year	15,615,159	9,694,696	1,823,601	115,689,964	74,689,848	38,077,552	257,599,987	513,190,807
Less: Disposal/Adjustment during the year	880,121	278,330	-	13,822,273	2,573,998	-	-	17,554,722
Adjustment for USD/ INR Rate Fluctuation	-	80,835	141,651	901,327	138,383	195,342	-	1,457,538
At 31 December 2020	173,547,733	169,446,916	57,439,787	1,486,573,725	665,706,026	657,838,233	465,577,871	3,676,130,287
<u>Net Book Value</u>								
At 31 December 2020	2,789,006,220	82,947,857	7,971,484	446,895,477	172,352,288	125,974,104	863,843,957	4,488,991,390

AB Bank Limited
Detailed of Risk Weighted Assets under Basel III

As at 31 December 2021

Risk Weighted Assets (RWA) for	31.12.2021		31.12.2020	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit Risk				
On- Balance sheet (as shown below)	364,550,391,211	285,780,334,686	354,874,524,692	302,078,775,686
Off-Balance sheet (as shown below)	17,565,290,543	12,305,030,565	14,947,910,227	13,486,261,747
B. Market Risk	-	11,071,010,409	-	7,268,033,562
C. Operational Risk	-	20,509,672,267	-	18,223,616,289
Total RWA (A+B+C)	382,115,681,754	329,666,047,926	369,822,434,920	341,056,687,284

Credit Risk - On Balance Sheet

Sl.	Exposure Type	31.12.2021		31.12.2020	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and Cash Equivalents	1,291,715,032	-	1,011,279,186	-
b)	Claims on Bangladesh Government and Bangladesh Bank	59,701,136,104	-	56,620,510,177	-
c)	Claims on other Sovereigns & Central Banks*	530,883,782	265,441,891	466,011,300	233,005,650
d)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-	-	-
e)	Claims on Multilateral Development Banks (MDBs)	-	-	-	-
f)	Claims on Public Sector Entities (other than Government) in Bangladesh	-	-	-	-
g)	Claims on Banks and Non-bank Financial Institution (NBFI)				
	i) Original maturity over 3 months	289,248,649	78,270,949	433,183,756	116,785,116
	ii) Maturity less than 3 months	12,952,223,339	2,590,444,668	7,449,963,040	1,489,992,608
h)	Claims on Corporate (excluding equity exposure)	188,314,821,995	190,703,375,211	163,943,625,193	165,496,078,730
i)	Claims on SME	24,736,655,913	20,355,818,791	24,946,589,167	21,657,669,903
j)	Claims under Credit Risk Mitigation ☑	9,145,269,940	4,016,384,204	8,186,664,702	3,574,453,006
	Fixed Risk Weight Groups:				
k)	Claims categorized as retail portfolio (excluding consumer loan)	748,497,036	561,372,777	706,795,517	530,096,638
l)	Consumer Loan	1,917,249,737	1,917,249,737	834,387,519	834,387,519
m)	Claims fully secured by residential property	544,492,671	272,246,335	659,603,576	329,801,788
n)	Claims fully secured by commercial real estate	10,259,091,499	10,259,091,499	6,486,980,000	6,486,980,000
o)	Past Due Claims (Risk weights are to be assigned net of specific provision)	27,646,631,144	30,084,808,194	53,778,531,689	77,093,210,863
p)	Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there-against is less than 20% of outstanding amount	54,500,000	54,500,000	54,847,992	54,847,992
q)	Investments in venture capital	469,821,302	469,821,302	474,821,302	474,821,302
r)	Claim on Capital Market Exposure	1,265,627,948	1,582,034,935	1,216,107,955	1,520,134,943
s)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	10,911,329,750	13,639,162,188	10,011,329,750	12,514,162,188
t)	Investments in premises, plant and equipment and all other fixed assets	2,926,711,270	2,926,711,270	3,674,641,701	3,674,641,701
u)	Claims on all fixed assets under operating lease	-	-	-	-
v)	All other assets	10,844,484,100	6,003,600,737	13,918,651,169	5,997,705,738
	Total	364,550,391,211	285,780,334,686	354,874,524,692	302,078,775,686

AB Bank Limited

Detailed of Risk Weighted Assets under Basel III
As at 31 December 2021

Credit Risk - Off Balance Sheet

Sl.	Exposure Type	31.12.2021		31.12.2020	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
1	2	3	4	5	6
a)	Claims on Bangladesh Government and Bangladesh Bank	-	-	-	-
b)	Claims on other Sovereigns & Central Banks	-	-	-	-
c)	Claims on Bank for International Settlements, International Monetary Fund and European Central Bank	-	-	-	-
d)	Claims on Multilateral Development Banks (MDBs):	-	-	-	-
e)	Claims on Public Sector Entities (other than Government) in Bangladesh	-	-	-	-
f)	Claims on Banks:	-	-	-	-
	i) Maturity over 3 months	-	-	-	-
	ii) Maturity less than 3 months	28,678,127	5,735,625	49,615,377	9,923,075
g)	Claims on Corporate (excluding equity exposure)	13,628,238,244	9,267,878,732	11,679,169,693	10,788,265,650
h)	Against retail portfolio (excluding consumer loan)	124,588,433	93,441,325	160,218,132	120,163,599
hi)	Claims on SME	3,783,785,738	2,937,974,882	3,058,907,024	2,567,909,423
i)	Consumer Loan	-	-	-	-
j)	Claims fully secured by residential property	-	-	-	-
k)	Claims fully secured by commercial real estate	-	-	-	-
l)	Investments in venture capital	-	-	-	-
m)	All other assets	-	-	-	-
Total		17,565,290,543	12,305,030,565	14,947,910,227	13,486,261,747

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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

These disclosures have been made in accordance with the Bangladesh Bank BRPD Circular no. 18 dated 21 December 2014 as to guidelines on 'Risk Based Capital Adequacy for Banks' in line with Basel III.

1. Capital adequacy under Basel-III

To cope with the international best practices and to make the Bank's capital more risk sensitive as well as more shock resilient, 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' (revised regulatory capital framework in line with Basel III) have been introduced from 01 January 2015. The guidelines were issued by Bangladesh Bank (BB) under section 13 and section 45 of the Bank Company Act, 1991 (amendment up to date).

Basel III guidelines are structured on the following aspects:

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

2. Scope of application

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

- Solo Basis refers to all position of the Bank and its local and overseas branches/offices; and
- Consolidated basis refers to all position of the bank (including its local and overseas branches/offices) and its subsidiary company(ies) engaged in financial (excluding insurance) activities like Merchant banks, Brokerage Firms, Discount Houses, etc. (if any).

AB Bank followed the scope narrated above. Bank has Tier 1 capital (going concern) and Tier 2 capital (gone concern) structure at the moment.

3. Capital base

Regulatory capital has been categorised into following way:

- 1) Tier 1 capital (going concern capital)
 - a) Common equity Tier I
 - b) Additional Tier I
- 2) Tier 2 capital (gone concern)

1. (a) Common Equity Tier 1 Capital

For the local Banks, Common Equity Tier 1 (CET1) capital shall consist of sum of the following items:

- a) Paid up capital
- b) Non repayable share premium account
- c) Statutory reserve
- d) General reserve
- e) Retained earnings
- f) Dividend equalization reserve
- g) Noncontrolling interest in subsidiaries

Less: Regulatory adjustments applicable on CET1

**Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021**

1. (b) Additional Tier 1 Capital

For the local Banks, Additional Tier 1 (AT1) capital shall consist of the following items:

- a) Instruments issued by the banks that meet the qualifying criteria for AT1
- b) Noncontrolling Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only);

Less: Regulatory adjustments applicable on AT1 Capital

2. Tier 2 Capital

Tier 2 capital, also called 'gone-concern capital', represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank. For the local banks, Tier 2 capital shall consist of the following items:

- a) General provisions
- b) Subordinated debt / Instruments issued by the Banks that meet the qualifying criteria for Tier 2 capital;
- c) Noncontrolling Interest i.e. Tier 2 capital issued by consolidated subsidiaries to third parties as specified

Less: Regulatory adjustments applicable on Tier 2 capital;

4. Limits (Minima and Maxima)

These instructions will be adopted in a phased manner starting from the January 2015, with full implementation of capital ratios from the beginning of 2019. Banks will be required to maintain the following ratios on an ongoing basis:

- a) Common equity Tier 1 of at least 4.5% of the total RWA.
- b) Tier 1 capital will be at least 6.0% of the total RWA.
- c) Minimum CRAR of 10% of the total RWA.
- d) Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher (For the purpose of calculating Tier 1 capital and CRAR, the excess Additional Tier 1 capital and Tier-2 capital can only be recognized if the bank has CET1 ratio in excess of the minimum requirement of 7.0% (i.e. 4.5% plus capital conservation buffer of 2.5%). Further, any excess Additional Tier 1 and Tier 2 capital will be recognized in the same proportion as stipulated above i.e. the recognition of excess Additional Tier 1 (above 1.5%) is limited to the extent of 33.3% (1.5/4.5) of the CET1 in excess of 7.0% requirement. Similarly, the excess Tier 2 capital (above 4.0%) shall be recognized to the extent of 88.89% (4.0/4.5) of the CET1 in excess of 7.0% requirement.)
- e) Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher
- f) In addition to minimum CRAR, Capital Conservation Buffer (CCB) of 2.5% of the total RWA is being introduced which will be maintained in the form of CET1.

Following is the phase-in arrangement for the implementation of minimum capital requirements

Phase-in arrangement of minimum capital requirements

Particulars	2015	2016	2017	2018
Minimum Common Equity Tier-1 Capital Ratio	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%
Minimum CET-1 plus Capital Conservation Buffer	4.50%	5.13%	5.75%	6.38%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

5. Capital conservation buffer

Banks are required to maintain a capital conservation buffer of 2.5%, comprised of Common Equity Tier 1 capital, above the regulatory minimum capital requirement of 10%. Banks should not distribute capital (i.e. pay dividends or bonuses in any form) in case capital level falls within this range. However, they will be able to conduct business as normal when their capital levels fall into the conservation range as they experience losses.

Therefore, the constraints imposed are related to the distributions only and are not related to the operations of banks. The distribution constraints imposed on Banks when their capital levels fall into the range increase as the Banks' capital levels approach the minimum requirements. The table below shows the minimum capital conservation ratios a Bank must meet at various levels of the Common Equity Tier 1 capital ratios.

Bank's minimum capital conservation standards

CET-1 ratio	Minimum capital conservation ratio (expressed as percentage of earnings)
4.5% - 5.125%	100%
>5.125% - 5.75%	80%
>5.75% - 6.375%	60%
>6.375% - 7.0%	40%
>7.0%	0%

6 Regulatory adjustments / deductions

In order to arrive at the eligible regulatory capital for the purpose of calculating CRAR, Banks are required to make the following deductions from CET1/capital:

- Shortfall in provisions against NPLs and investments
- Goodwill and all other intangible assets
- Deferred tax assets (DTA)
- Defined benefit pension fund assets
- Gain on sale related to securitisation transactions
- Investment in own shares
- Investments in the capital of Banking, Financial and Insurance entities
(Reciprocal crossholdings in the Capital of Banking, Financial and Insurance entities)

Transitional arrangements for capital deductions

Currently, 10% of revaluation reserves for equity instruments and 50% of revaluation reserves for fixed assets and securities are eligible for Tier 2 capital. However, Bangladesh Bank, in the light of Basel III proposals, has harmonised deductions from capital which will mostly be applied at the level of Tier 2. The regulatory capital adjustment will start in a phased manner from January 2015 in the following manner:

Transitional Arrangements for Capital Deductions:

Phase-in of deductions from Tier 2	2015	2016	2017	2018	2019
RR for Fixed Assets	20%	40%	60%	80%	100%
RR for Securities	20%	40%	60%	80%	100%
RR for Equity Securities	20%	40%	60%	80%	100%

Bank complied with the conditions as embodied in this respect wherever applicable.

7. Leverage Ratio

A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level

The banks will maintain leverage ratio on quarterly basis. The calculation at the end of each calendar quarter will be submitted to BB showing the average of the month end leverage ratios based on the following definition of capital and total exposure.

$$\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$$

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

Transitional arrangements

The parallel run period for leverage ratio will commence from January, 2015 and run until December 31, 2016. During this period, the leverage ratio and its components will be tracked to assess whether the design and calibration of the minimum Tier 1 leverage ratio of 3% is appropriate over a credit cycle and for different types of business models, including its behavior relative to the risk based requirements.

Bank level disclosure of the leverage ratio and its components will start from 01 January 2015. However, Banks should report their Tier 1 leverage ratio to the BB (Department of Off-Site Supervision) along with CRAR report from the quarter ending March, 2015. Based on the results of the parallel run period, any final adjustments to the definition and calibration of the leverage ratio will be made by BB in 2017, with a view to setting the leverage ratio requirements as a separate capital standard from 01 January 2018.

Bank complied with the conditions as embodied in this respect wherever applicable.

8. a) Credit Risk

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

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

b) Methodology

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

c) Credit risk mitigation

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

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

9. a) Market Risk

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The market risk positions subject to this requirement are:

- i) The risks pertaining to interest rate related instruments and equities in the trading book; and
- ii) Foreign exchange risk and commodities risk throughout the Bank (both in the Banking and in the trading book).

b) Methodology

In Standardized Approach, the capital requirement for various market risks (interest rate risk, equity price risk, commodity price risk, and foreign exchange risk) is determined separately. The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories. The methodology to calculate capital requirement under Standardized Approach for each of these market risk categories is as follows:

AB Bank Limited

Disclosures on Risk Based Capital (Basel III) Based on 31 December 2021

- a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.
- c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk
- d) Capital Charge for Commodity Position Risk = Capital Charge for General Market Risk

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

10. a) Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputation risk.

b) Measurement methodology

Banks operating in Bangladesh shall compute the capital requirements for operational risk under the Basic Indicator Approach (BIA). Under BIA, the capital charge for operational risk is a fixed percentage, denoted by (alpha), of average positive annual gross income of the bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.

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

11. Disclosure under Pillar III

Disclosure given below as specified by RBCA guidelines dated 21 December 2014:

A) Scope of application

Qualitative disclosure

(a) The name of the top corporate entity in the group to which this guidelines applies.	AB Bank Limited
(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	<p>The consolidated financial statements of the Bank include the financial statements of (a) AB Bank Limited (b) AB Investment Limited (c) AB Securities Limited (d) Cash Link Bangladesh Limited and (e) AB International Finance Limited. A brief description of these are given below:</p> <p><u>AB Bank Limited (ABBL)</u></p> <p>AB Bank Limited is one of the first generation private commercial banks (PCBs), incorporated in Bangladesh on 31 December 1981 as a public limited company under the Companies Act 1913, subsequently replaced by the Companies Act 1994, and governed by the Bank Company Act 1991 (amendment up to date) . 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 105 Branches including 1 Islami Banking Branch, 1 Overseas Branch in Mumbai, India. The Bank has five (05) subsidiary companies, AB Investment Limited (ABIL), AB Securities Limited (ABSL), CashLink Bangladesh Limited (CBL), AB International Finance Limited (ABIFL), incorporated in Hong Kong, and Arab Bangladesh Bank Foundation (ABBF).</p>

AB Bank Limited

Disclosures on Risk Based Capital (Basel III)

Based on 31 December 2021

Qualitative disclosure

<p>(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).</p>	<p><u>AB Investment Limited</u> AB Investment Limited (ABIL), a Subsidiary of AB Bank Limited was incorporated under the Companies Act, 1994 on 24 December 2009 with a view to run and manage the operations of Merchant Banking Wing of AB Bank Limited independently. AB Investment Limited started its operation on 10 March 2010. AB Investment Limited has achieved an unparalleled reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationship. ABIL's Registered Office is located at WW Tower (Level 7), 68 Motijheel C.A., Dhaka. ABIL has two branch offices at Agrabad, Chittagong and Chowhatta, Sylhet.</p> <p><u>AB Securities Limited</u> Brokerage business of Arab Bangladesh Bank Foundation has been transferred to the newly formed AB Securities Limited (ABSL) vide Bangladesh Bank approval letter BRPD(R-1)717/2009-493 dated 08 November 2009. Main objective of the company is to act as a stock broker to buy and sell Securities, Bond, Debenture, etc. on behalf of clients. ABSL also manages its own portfolio under Stock Dealer License. ABSL is a member of both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. ABSL started its operation independently on 02 August 2010, before that it was operated under the ABBF License.</p> <p><u>Cashlink Bangladesh Limited</u> Cashlink Bangladesh Limited (CBL) was incorporated on 24 September 2008 in Bangladesh under the Companies Act 1994 as a private company limited. AB Bank Limited presently holds 90% shares in CBL. The principal activity of the company is to install and operate a switched Automated Teller Machines (ATM) and Point of Sales (POS) network on behalf of a number of local and foreign banks.</p> <p><u>AB International Finance Limited</u> 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 Room 1608, 16th Floor, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, Hong Kong.</p> <p><u>Arab Bangladesh Bank Foundation</u> Bank also has a Subsidiary (99.60% owned by AB Bank) for philanthropic/ CSR activities known as Arab Bangladesh Bank Foundation (ABBF). This has not been included in the consolidation as ABBF operated only for philanthropic purpose and its profit is not distributable to the shareholders. Thus, for ensuring the fair presentation of the financial statements of the parent company (the Bank), the Financial Statements of ABBF has not been consolidated.</p>
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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

(c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not Applicable
(d)	The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Aggregate amount of Capital: BDT. 20,000,000 Name of subsidiary: Arab Bangladesh Bank Foundation (ABBF)

B) Capital structure

Qualitative disclosure

(a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET 1, Additional Tier 1 or Tier 2.	<p>The terms and conditions of the main features of all capital instruments have been segregated in line with of the eligibility criteria set forth vide BRPD circular no. 18 dated 21 December 2014 and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows:</p> <p>Common Equity Tier 1 capital instruments</p> <p>Paid-up share capital: Issued, subscribed and fully paid up share capital of the Bank. It represents Paid up Capital, Right Shares as well as Bonus Shares issued from time to time.</p> <p>Statutory reserve: As per Section 24(1) of the Bank Company Act, 1991 (amendment up to date), an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund.</p> <p>General reserve: General Reserve created for fulfilling any purpose of the Bank.</p> <p>Retained earnings: Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.</p> <p>In this respect, Bank is complied.</p> <p>Additional Tier 1 Capital Bank has no any type of Additional Tier I Capital.</p> <p>Tier 2 Capital a) General provisions b) Subordinated debt / instruments issued by the banks that meet the qualifying criteria for Tier 2 capital c) Noncontrolling interest i.e. Tier 2 issued by consolidated subsidiaries to third parties as specified Less: Regulatory adjustments applicable on Tier 2 capital</p>
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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

		BDT in Crore			
		31.12.2021		31.12.2020	
		Solo	Conso	Solo	Conso
(b) The amount of Regulatory capital, with separate disclosure of: CET 1 Capital	> Paid up Capital	836	836	796	796
	> Non- repayable share premium account	-	-	-	-
	> Statutory reserve	748	748	714	714
	> General reserve	285	302	230	238
	> Retained earnings	481	591	569	671
	> Non- Controlling Interest	-	1	-	1
	> Non- cumulative irredeemable preference shares	-	-	-	-
	> Dividend equalization account	-	-	-	-
		2,351	2,478	2,309	2,421
	Additional Tier 1 Capital	441	441	-	-
Total Tier 1 Capital		2,792	2,919	2,309	2,421
Tier 2 Capital		1,194	1,334	1,740	1,838
(c) Capital adequacy	Regulatory Adjustments/Deductions from capital	446	447	352	353
	(d) Total eligible capital	3,540	3,806	3,697	3,905
(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.		Capital adequacy is the cushion required to be maintained for covering the Credit Risk, Market Risk and Operational Risk so as to protect the depositors and general creditors interest against such losses. In line with BRPD circular no. 18 dated 21 December, 2014, the Bank has adopted standardised approach for credit risk, standardised (rule based) Approach for Market Risk and Basic Indicator Approach for Operational Risk for computing capital adequacy.			
		Taka in Crore			
		31.12.2021		31.12.2020	
		Solo	Conso	Solo	Conso
(b)	Capital requirement for Credit Risk:	2,980.85	3,004.35	3,155.65	3,175.12
(c)	Capital requirement for Market Risk:	110.71	118.20	72.68	83.60
(d)	Capital requirement for Operational	205.10	211.24	182.24	187.45
(e) Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:					
Total minimum capital requirement @10%		3,296.66	3,333.79	3,410.57	3,446.17
Total capital maintained		3,539.52	3,805.93	3,696.60	3,905.10
Minimum Tier 1 capital requirement		6.00%	6.00%	6.00%	6.00%
Common Equity Tier-I capital maintained		5.78%	6.09%	5.74%	6.00%
Additional Tier-I capital maintained		1.34%	1.32%	-	-
Tier 2 capital ratio maintained		3.62%	4.00%	5.10%	5.33%
Min. total capital plus capital conservation buffer requirement		12.50%	12.50%	12.50%	12.50%
Min. total capital plus capital conservation buffer maintained		10.74%	11.42%	10.84%	11.33%
(f) Capital Conservation Buffer					
Capital conservation buffer requirement		2.50%	2.50%	2.50%	2.50%
Capital conservation buffer maintained		-	0.09%	-	-
(g) Available Capital under Pillar 2 requirement		242.86	472.14	286.03	458.92

Provision against loans and advances has been maintained as per Bangladesh Bank letter no. DBI-3/101/2022-397 dated 15 March 2022 and DOS(CAMS)1157-41(Dividend)/2022-2004 dated 13 April 2022 respectively. According to those letters, there is a provision shortfall of Tk. 5,116.85 crore (Tk. 4,632.03 for unclassified loans including rescheduled loans and Tk. 484.82 crore for Classified loans) against loans and advances which requires to be kept in 8 years equally from 2022-2029.

D) Credit Risk

Qualitative disclosure

<div>(a) The general qualitative disclosure requirement with respect to credit</div> <div>> Definitions of past due and impaired (for accounting purposes)</div>	<div>Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and Non Performing Loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect,</div> <div>Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Whereas, In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date.</div> <div>Classified loan is categorized under following 03 (three) categories:</div> <div>> Sub-standard</div> <div>> Doubtful</div> <div>> Bad/Loss</div> <div>> A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)".</div> <div>> "A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)".</div> <div>> 'A Continuous loan, Demand loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)".</div>																																																							
<div>Description of approaches followed for specific and general allowances and statistical methods</div> <div>></div>	<div>Provision for loans and advances is made on the basis of quarter-end review by the management and as per instructions contained in BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 05 dated 29 May 2013, BRPD Circular No. 04 dated 29 January 2015, BRPD Circular No. 08 dated 02 August 2015, BRPD Circular No. 12 dated 20 August 2017, BRPD Circular No. 15 dated 27 September 2017, BRPD Circular No. 01/2018 dated 20 February 2018, BRPD Circular No. 07 dated 21 June 2018, BRPD Circular # 13 dated 18.10.2018, BRPD Circular No. 03 dated 21 April 2019, BRPD Circular # 16 dated 21.07.2020, BRPD Circular # 17 dated 28.09.2020, BRPD Circular letter # 52 dated 20.10.2020 and BRPD Circular letter # 56 dated 10.12.2020, BRPD Circular # 19 dated 26.08.2021 and BRPD Circular letter # 53 dated 30.12.2021. The rates for provisions are stated below:</div> <table><tr><th colspan="2" rowspan="2">Particulars</th><th rowspan="2">Short Term Agri Credit</th><th colspan="4">Consumer Financing</th><th rowspan="2">SMEF</th><th rowspan="2">I B</th></tr><tr><th>Other than HF, LP</th><th>HF</th><th>LP</th><th>Credit Card</th></tr><tr><td rowspan="2">UC</td><td>Standard</td><td>1%</td><td>2%</td><td>1%</td><td>2%</td><td>2%</td><td>0.25%</td><td></td></tr><tr><td>SMA</td><td>-</td><td>2%</td><td>1%</td><td>2%</td><td>2%</td><td>0.25%</td><td></td></tr><tr><td rowspan="3">Classified</td><td>SS</td><td>5%</td><td>20%</td><td>20%</td><td>20%</td><td>20%</td><td>5%, 20%</td><td></td></tr><tr><td>DF</td><td>5%</td><td>50%</td><td>50%</td><td>50%</td><td>50%</td><td>20%, 50%</td><td></td></tr><tr><td>BL</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td></td></tr></table> <div>2% Special General Provision for COVID-19 has been kept as per BRPD circular letter no. 56 dated 10 December 2020.</div>	Particulars		Short Term Agri Credit	Consumer Financing				SMEF	I B	Other than HF, LP	HF	LP	Credit Card	UC	Standard	1%	2%	1%	2%	2%	0.25%		SMA	-	2%	1%	2%	2%	0.25%		Classified	SS	5%	20%	20%	20%	20%	5%, 20%		DF	5%	50%	50%	50%	50%	20%, 50%		BL	100%	100%	100%	100%	100%	100%	
Particulars					Short Term Agri Credit	Consumer Financing					SMEF	I B																																												
		Other than HF, LP	HF	LP		Credit Card																																																		
UC	Standard	1%	2%	1%	2%	2%	0.25%																																																	
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Classified	SS	5%	20%	20%	20%	20%	5%, 20%																																																	
	DF	5%	50%	50%	50%	50%	20%, 50%																																																	
	BL	100%	100%	100%	100%	100%	100%																																																	

D) Credit Risk

Qualitative disclosure (cont.)

> Discussion of the Bank's credit risk management policy	The Board approves the credit policy keeping in view relevant Bangladesh Bank guidelines to ensure best practice in credit risk management and maintain quality of assets. Authorities are properly delegated in ensuring check and balance in credit operation at every stage i.e. screening, assessing risk, identification, management and mitigation of credit risk as well as monitoring, supervision and recovery of loans with provision for early warning system. There is a separate Credit Risk Management Division for ensuring proper risk management of Loans and Credit Administration Management Division for monitoring and recovery of irregular loans. Internal control and compliance division independently assess quality of loans and compliance status at least once in a year. Adequate provision is maintained against classified loans as per Bangladesh Bank guidelines. Status of loans are regularly reported to the Board/ Board Audit Committee. Besides, credit risk management process involves focus on monitoring of large loans, sectoral exposures etc. among others limit.
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		31.12.2021		31.12.2020	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	6.36%	1,846	6.77%	1,860
	Cash credit	0.01%	4	0.01%	3
	Time loan	15.84%	4,602	16.64%	4,573
	Term loan	69.28%	20,123	67.80%	18,632
	Forced loan	3.27%	950	4.71%	1,296
	Bills under LC	0.06%	16	0.01%	4
	Trust receipt	2.24%	651	2.26%	622
	Packing credit	0.03%	8	0.03%	10
	Loan against accepted bills	0.02%	7	0.02%	5
	Loan-EDF	1.36%	396	0.56%	155
	Consumer Loan	0.87%	251	0.50%	136
	Staff loan	0.44%	129	0.48%	131
	Bills purchased and discounted	0.22%	63	0.21%	57
	Total	100%	29,046	100%	27,483
		31.12.2021		31.12.2020	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(C) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure	Urban branches				
	Dhaka	74.56%	21,437	66.16%	18,023
	Chattogram	14.86%	4,271	19.85%	5,409
	Khulna	4.85%	1,395	5.02%	1,369
	Sylhet	0.42%	121	0.80%	218
	Barishal	0.14%	40	0.15%	41
	Rajshahi	1.61%	462	3.23%	879
	Rangpur	1.98%	568	2.99%	815
	Mymensingh	1.58%	454	1.80%	490
		100%	28,750	100%	27,243
	Rural branches				
	Dhaka	67.75%	161	56.58%	105
	Chittagong	25.41%	60	34.92%	65
	Khulna	0.00%	-	0.00%	-
	Sylhet	4.75%	11	5.89%	11
	Barisal	0.00%	-	0.00%	-
	Rajshahi	0.00%	0.002	0.00%	0
	Rangpur	0.02%	0.06	0.03%	0
	Mymensingh	2.07%	5	2.57%	5
		100%	237	100%	186
	Outside Bangladesh				
	ABBL, Mumbai branch	0.20%	59	0.20%	54
		100%	29,046	100%	27,483

Qualitative Disclosure

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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021
Qualitative Disclosure (cont.)

> discussion of important policies covering the valuation and accounting of equity holdings in the Banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices	Quoted shares are valued at cost. Necessary provision is maintained if market price fall below the cost price. Unquoted shares are valued at cost.
(b) Value disclosed in the balance sheet of investment, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	Not applicable
(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period (2021)	<u>BDT in Crore</u> 47.63
(d) > Total unrealized gains (losses) > Total latent revaluation gains (losses) > Any amounts of the above included in Tier 2 capital	(107.32) Nil Nil
(e) Capital requirements broken down by appropriate equity grouping, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements	Nil

F) Interest Rate Risk in the Banking Book (IRRBB)
Qualitative Disclosure

(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	Interest rate risk is the potential that the value of the On Balance Sheet and the Off Balance Sheet position of the Bank would be negatively effected with the change in the interest rate. The vulnerability of an institution towards the advance movement of the interest rate can be gauged by using duration GAP under Stress Testing Analysis. AB Bank has also been exercising the Stress Testing using the duration GAP for measuring the Interest Rate Risk on its On Balance Sheet exposure for estimating the impact of the net change in the market value of equity on the Capital to Risk Weighted Assets Ratio (CRAR) due to change in interest rates only on its On Balance Sheet position (as the Bank holds no interest bearing Off Balance Sheet positions and or Derivatives). Under the assumption of three different interest rate changes i.e. 1%, 2% and 3%.
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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

Quantitative Disclosure (cont.)

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).		BDT in Crore	
		31.12.21	31.12.20
	Market value of assets	41,589	39,268
	Market value of liability	38,902	36,532
	Weighted avg. duration GAP	0.71	0.58
	CRAR after different level of Shocks:		
	Minor level	9.98%	10.27%
	Moderate level	9.21%	9.69%
	Major level	8.43%	9.10%

G) Market Risk

Qualitative Disclosure

(a) > Views of BOD on trading/ investment activities	The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding last year to finance asset growth and trade related transaction.														
> Methods used to measure Market risk	Standardised approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk'.														
> Market risk management system	The Treasury Division manage market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.														
> Policies and process for mitigating market risk	There are approved limits for Market risk related instruments both on-balance sheet and off-balance sheet items. The limits are monitored and enforced on a regular basis to protect against market risks. The exchange rate committee of the Bank meets on a daily basis to review the prevailing market condition, exchange rate, forex position and transactions to mitigate foreign exchange risks.														
(b) The capital requirements for:	<table> <tr> <th colspan="2">BDT in Crore</th></tr> <tr> <th>31.12.21</th><th>31.12.20</th></tr> <tr> <td>Interest rate risk</td><td>26.87</td></tr> <tr> <td>Equity position risk</td><td>68.76</td></tr> <tr> <td>Foreign exchange risk</td><td>15.08</td></tr> <tr> <td>Commodity risk</td><td>-</td></tr> <tr> <td>110.71</td><td>72.68</td></tr> </table>	BDT in Crore		31.12.21	31.12.20	Interest rate risk	26.87	Equity position risk	68.76	Foreign exchange risk	15.08	Commodity risk	-	110.71	72.68
BDT in Crore															
31.12.21	31.12.20														
Interest rate risk	26.87														
Equity position risk	68.76														
Foreign exchange risk	15.08														
Commodity risk	-														
110.71	72.68														

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021
H) Operational Risk**Qualitative Disclosure**

(a) > Views of BOD on system to reduce Operational Risk	The policy for operational risks including internal control and compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board oversees the activities of Internal Control and Compliance Division (ICCD) to protect against all operational risk.						
> Performance gap of executives and staffs	AB has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. AB's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.						
> Potential external events	No potential external events is expected to expose the Bank to significant operational risk.						
> Policies and processes for mitigating operational risk	The policy for operational risks including internal control and compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Policy guidelines on Risk Based Internal Audit system is in operation as per RBA branches are rated according to their risk status and branches scoring more on risk status are subjected to more frequent audit by Internal Control and Compliance Division (ICCD). It is the policy of the bank to put all the branches of the bank under any form of audit at least once in a year. ICCD directly reports to Audit Committee of the Board. In addition there is a Vigilance Cell established in 2009 to reinforce operational risk management of the bank. Bank's Anti-Money laundering activities are headed by CAMELCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.						
> Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.						
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: right;">BDT in Crore</th></tr> <tr> <th style="text-align: right;">31.12.21</th><th style="text-align: right;">31.12.20</th></tr> </thead> <tbody> <tr> <td style="text-align: right;">(b) The capital requirements for Operational Risk</td><td style="text-align: right;">205.10 182.24</td></tr> </tbody> </table>		BDT in Crore		31.12.21	31.12.20	(b) The capital requirements for Operational Risk	205.10 182.24
BDT in Crore							
31.12.21	31.12.20						
(b) The capital requirements for Operational Risk	205.10 182.24						

I) Liquidity Ratio**Qualitative Disclosure**

(a) > Views of BOD on system to reduce liquidity Risk	<p>Liquidity risk is the potential for loss to the bank arising from either its inability to meet its obligations of depositors as they fall due or to fund in increased assets as per commitment.</p> <p>To mitigate liquidity risk Bank assesses its risk appetite and manage the risk within a structured frame work. Professional resources are deployed to set the limits and procedures and get them approved by the Board.</p> <p>To reduce the liquidity Risk in a structured way, Bank monitors various indicators like regulatory indicators(CRR, SLR, MTFR, MCO, ADR, LCR, NSFR) and uses internal monitoring tools (WBG, CLP and MAT)</p>
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Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

(a)	> Methods used to measure Liquidity risk	<p>Liquidity measurement involves forecasting the Bank's cash inflows against its outflows to identify the potential for any net shortfalls going forward. For measuring Bank uses some simple techniques as mentioned below:</p> <p>>Bank prepares Structural Liquidity Profile (SLP) on monthly basis. SLP is used to estimate the Bank's cash inflows and outflows and thus net deficit or surplus (GAP) over a series of specified time periods. Bank focuses on the maturity of its assets and liabilities in different tenors. Excessive longer tenor lending against shorter-term borrowing is monitored as this can put the Bank's balance sheet in a very critical and risky position.</p> <p>> Bank has a Contingency Funding Plan (CFP) in place. Contingency Funding Plan (CFP)is a set of policies and procedures that serves as a blueprint for the Bank to meet its funding needs in a timely manner and at a reasonable cost. Bank maintains sufficient high quality liquid assets to meet the liquidity crisis period.</p> <p>> Bank estimates the funding requirement both in normal and stress conditions arising from on and off balance sheet exposures. Bank monitors its products which are interest rate sensitive. Those are taken care of at the time of interest rate movement in the market based on behavior of clients and other competitors.</p> <p>> Bank monitors liability concentration level. Highly concentrated deposits means bank is relying on too few providers or funding sources. Bank has to be ready for arranging fund if concentrated deposits are withdrawn at a time or Bank place this fund for short term lending.</p> <p>> Bank uses variety of ratios to quantify the liquidity and interpret them taking into account the qualitative factors.</p>								
	> Liquidity risk management system	<p>The Management of the Bank measures the liquidity risk and manage them under the Board approved guidelines and policies. Bank prepares extensive reports for monitoring the balance sheet movement on daily basis. Bank also monitors the market information of the country and global market. Bank has an Asset Liability Committee (ALCO).</p> <p>ALCO is a senior management level committee responsible for supervision and management of liquidity and other risks using different monitoring tools. They monitor the limit for indicators set by Bangladesh Bank as well as Bank's Board.</p> <p>Key elements of an effective liquidity risk management process include an efficient MIS to measure, monitor and control existing as well as future liquidity risks and reporting them to senior management and the Board. Bank is therefore working for continuous improvement of MIS.</p>								
	> Policies and processes for mitigating liquidity risk	<p>Bank has set of policies duly approved by the Board for mitigating liquidity risk. These policies are supported by effective procedures to measure, achieve and maintain liquidity. The ALCO recommends the policies for liquidity risk which is reviewed and approved by the Board.</p> <p>Operating liquidity is managed by the Bank for day to day fund requirements. And for managing the crisis period Bank follows the CFP approved by the Board.</p> <p>For regulatory purposes the Bank maintains specific amount of assets classed as "liquid", based on its liabilities. In addition, the Bank has to maintain excess liquid assets as per CFP.</p>								
(b)		<table><tr><td>BDT/Cr.</td></tr><tr><td>31.12.2021</td></tr><tr><td>Liquidity Coverage Ratio</td></tr><tr><td>Net Stable Funding Ratio (NSFR)</td></tr><tr><td>Stock of high quality liquid assets</td></tr><tr><td>Total net cash outflows over the next 30 calendar days</td></tr><tr><td>Available amount of stable funding</td></tr><tr><td>Required amount of stable funding</td></tr></table>	BDT/Cr.	31.12.2021	Liquidity Coverage Ratio	Net Stable Funding Ratio (NSFR)	Stock of high quality liquid assets	Total net cash outflows over the next 30 calendar days	Available amount of stable funding	Required amount of stable funding
BDT/Cr.										
31.12.2021										
Liquidity Coverage Ratio										
Net Stable Funding Ratio (NSFR)										
Stock of high quality liquid assets										
Total net cash outflows over the next 30 calendar days										
Available amount of stable funding										
Required amount of stable funding										

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

J) Leverage Ratio

Qualitative Disclosure

<p>(a) > Views of BOD on system to reduce excessive leverage</p>	<p>For reducing the leverage up to an optimum level, the Board of Directors of the Bank always keen to focus on the capital strength and the quality of the assets. Board is always concern to maximise the core capital portion and keep the growth of on and off balance sheet exposures at a favourable level.</p> <p>Key initiatives of the Board:</p> <ul style="list-style-type: none"> • Emphasised to keep LD ratio at the optimal level/budgeted level • Stressed to keep the interest rate spread at the optimal level for ensuring the profitability of the Bank • Market competitive Cost of Fund must be maintained • Non-funded business i.e. import, export and bank guarantee to be expedited as per budget • Operational expenses must be reduced at rational level • Decentralisation of portfolio in SME and retail business • Special Mentioned Account (SMA) and classified loans are to be closely monitored for ensuring asset quality, and • Recovery cell must ensure the monitoring of risk assets frequently to maintain the asset quality.
<p>> Policies and processes for managing excessive on and off-balance sheet leverage</p>	<p>Primary principle of the Board is to enhance the core capital of the Bank. To keep the leverage at a reduced level, Board emphasised Management to build strong internal control system specifically in the risk points by putting dual control in each phase. Apart from this, by the instruction of the Board, Management formed different Committees to work under specific Terms of Reference (ToR) and to report to the Board.</p> <p>All these above measures as a whole, helps the Management to keep the exposures at sound level.</p>
<p>> Approach for calculating exposure</p>	<p>The exposure calculation for the leverage ratio is generally followed the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following is applied by the bank:</p> <p>i. On balance sheet and non-derivative exposures are net of specific provisions and valuation adjustments (e.g. surplus/deficit on Available for sale (AFS)/Held-for-trading (HFT) positions).</p> <p>ii. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure.</p> <p>iii. Netting of loans and deposits is not allowed.</p> <p><u>On Balance Sheet Items</u></p> <p>Bank included items using their accounting balance sheet for the purposes of the leverage ratio. In addition, the exposure measure is included the following treatments for Securities Financing Transactions (e.g. repo, reverse repo etc.)</p> <p><u>Repurchase agreements and securities financing:</u></p> <p>Securities Financing Transactions (SFT) are a form of secured funding and therefore an important source of balance sheet leverage that included in the leverage ratio. Therefore Banks calculate SFT for the purposes of leverage ratio by applying:</p> <ul style="list-style-type: none"> • The accounting measure of exposure; and • Without netting various long and short positions with the same counterparty

Disclosures on Risk Based Capital (Basel III)
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	Off Balance Sheet Items			
	Bank calculates the Off-Balance Sheet (OBS) items specified in Risk based Capital Adequacy Guidelines issued by Bangladesh Bank vide BRPD circular no. 18 dated 21 December 2014. OBS exposures calculation is given below for considering Leverage Ratio of the Bank:			
	Exposures Types	CCF	Notional amount	Exposure
			BDT/Cr.	BDT/Cr.
	Direct credit substitutes	100%	926	926
	Performance related contingencies	50%	1,091	546
	Short-term self-liquidating trade letters of credit	20%	864	173
	Lending of securities or posting of securities as collateral	100%	-	-
	Other commitments with certain drawdown	100%	-	-
	Commitments with original maturity of one year or less	20%	561	112
	Commitments with original maturity of over one year	50%	-	-
	Other commitments that can be unconditionally cancelled by any time	0%	1,625	-
	Market related Off-Balance sheet exposure	1%	21.39	0.214
	Total		5,089	1,757
(b)				
		BDT/Cr.		
		31.12.2021		
Leverage Ratio		5.81%		
On balance sheet exposure		38,936		
Off balance sheet exposure		1,919		
Total deduction from On and Off-Balance Sheet Exposure		446		
Total exposure		40,409		

K) Remuneration

Qualitative Disclosure

(a) Information relating to the bodies that oversees remuneration.	
> Name of the bodies that oversees remuneration	The primary body that currently oversees remuneration practices includes: In charge of remuneration & payroll, Head of HR, and Managing Director of the Bank.
> Name, composition and mandate of the main body overseeing remuneration.	Board of Directors of the bank is the main body which approves the remuneration proposals/changes as when needed based on the recommendation of the primary body
> External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the	Periodically services of external consultants are sought in the process of remuneration update/survey in every 2/3 years to ensure competitive effectiveness of remuneration structure. Survey focuses on gross remuneration package in each job grade i.e. minimum, mid point and maximum in the given scale. Gross salary includes different elements like Basic pay and other admissible emoluments.

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

	> A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.	Key objective of the remuneration policy is to offer competitive remuneration package to employees in each job grade commensurate with job responsibilities irrespective of any location/region. It is done through periodical remuneration survey with local comparators engaging consultant. Similarly, for foreign subsidiaries, it is done in context of specific country remuneration market status to remain competitive in the foreign market that ensures attracting and retention of the best performers.
	> A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	Divisional Heads, Departmental Heads, Senior Members of Management, Head of Branches/Business Units supported by SMT are the material risk takers in business.
(b) Information relating to the design and structure of remuneration processes.		
	> An overview of the key features and objectives of remuneration policy.	A scale of salary structure with a minimum – mid point and maximum package for each job grade is available The package includes: Basic pay, Housing, Medical, conveyance (when car is not allowed), Utilities, Maintenance, Leave fare assistance, Personal pay (in appropriate cases) etc. Salary progression in the form of annual merit pay linked to individual performance within the scale etc. Service benefits like Provident Fund, Gratuity, Group term insurance, festival bonus, car facilities and related cost as per bank's service rules are components of total compensation.
		Objective of remuneration policy is to pay competitively within industry norms in order to attract and retain good employees, Pay for performance link to merit measured in terms of delivery of set KPI annually (annual merit pay) Bank's service rules stands as a guide besides instructions and guidance from the Board from time to time
	> Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.	Remuneration structure is updated periodically usually in an interval of 2/3 years to remain competitive in the market with the approval of the Board of Directors of the Bank. No major change made in the recent past
	> A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	Risks and compliance employees carry out their job independently as per terms of reference. In respect of remuneration, they are treated equally in line with other regular employees

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(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes.	
	> An overview of the key risks that the bank takes into account when implementing remuneration measures.	The business risks including credit/default risk, compliance and reputational risk, financial and liquidity risk are considered while implementing remuneration measures for each employee/group of employees.
	> An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure	Different set of measures are in practice based on nature of business lines/segments etc. these measures are primarily focused on the business targets/goals set for each area of operation, branch vis-à-vis actual results achieved as of the reporting date. The most important tools and indicators used for measuring the risks are asset quality (NPL ration), LD ratio, Net Interest Margin (NIM), provision coverage ratio, cost income ratio, cost of fund, growth of net profit as well as non-financial indicators i.e. compliance status with regulatory norms/instructions, service delivery etc. are brought to all concerned of the bank from time to time.
	> A discussion of the ways in which these measures affect remuneration.	Individual employee's performance standards are set in term of financial and non-financial indicators (KPI) early each year which are expected to be delivered by them individually. Performance evaluation at the end of year results in variation in performance outcome (KPI fully achieved, partially achieved and not achieved) leading to variation in performance reward (annual merit pay) thus affects in remuneration.
(d)	> A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	Based on differentiating performance outcome employees are rewarded annually. Differentiating reward i.e. good, better and best impact on competitive motivation at work as usual. No material change in remuneration package.
	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	
	> An overview of main performance metrics for bank, top-level business lines and individuals.	Performance matrix in terms of broad KPI is set by the Board for the Management covering business lines/different segments of businesses each year. The Management in turn develops strategies and set performance KPI for individual employees across functions/business to activate and achieve the set targets/KPI in delivering business results. The most common KPIs are loan deposit ratio, cost of fund, cost income ratio, yield on loan, quality of asset, profit target, provision coverage ration, capital to risk weighted ratio, ROE, ROA, Liquidity position, maintenance of CRR and SLR etc. beside non-financial KPI.
	> A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	Annual merit pay i.e. merit increment of employees are linked to performance outcome based on individual performance criteria (KPI). Merit increase is also linked to other elements of remuneration package, so aggregate of all employees has reasonable impact on the remuneration package and not insignificant.
(d)	> A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak	No documented criteria as such is available to adjust remuneration of employees in the event of weak business performance matrix. If profit target is not met in a given year, generally annual merit increment is lower.

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

(e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.
	<div data-bbox="345 247 649 657"> <p>> A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.</p> </div> <div data-bbox="649 247 1536 657"> <p>The concept of variable remuneration or for that matter deferred payment system is not in practice. A share of profit in the form of incentive bonus is allowed to employees as approved by the board when profit target is favourably met.</p> </div>
	<div data-bbox="345 657 649 947"> <p>> A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.</p> </div> <div data-bbox="649 657 1536 947"> <p>Not applicable</p> </div>
(f)	Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms.
	<div data-bbox="345 1014 649 1247"> <p>> An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms</p> </div> <div data-bbox="649 1014 1536 1247"> <p>Not applicable</p> </div>
	<div data-bbox="345 1247 649 1648"> <p>> A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.</p> </div> <div data-bbox="649 1247 1536 1648"> <p>Not applicable</p> </div>

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

Quantitative Disclosure

(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	The main body that oversees remunerations organizes meeting as & when needed to discuss issues arising in the process of administration.
	> Number of employees having received a variable remuneration award during the financial year.	Not applicable (Variable remuneration practice is not available)
	> Number and total amount of guaranteed bonuses awarded during the financial year.	Bank has disbursed 02 (two) festival bonus among the employees amounting to taka 179,762,064.67 during the year 2021.
	> Number and total amount of sign-on awards made during the financial year.	Not applicable
	> Number and total amount of severance payments made during the financial year	None during the financial year
	> Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Not applicable
	> Total amount of deferred remuneration paid out in the financial year.	Not applicable
(h)	Breakdown of amount of remuneration awards for the financial year to show:	
	> Fixed and variable	BDT 306.50 crore (Fixed including annual merit pay)
	> Deferred and non-deferred.	Not applicable
	> Different forms used (cash, shares and share linked instruments, other forms).	Not applicable

Disclosures on Risk Based Capital (Basel III)
Based on 31 December 2021

Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration:

i)	> Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Not applicable
	> Total amount of reductions during the financial year due to ex post explicit adjustments.	Not applicable
	> Total amount of reductions during the financial year due to ex post implicit adjustments.	Not applicable

Mumbai Branch
Balance Sheet
As at 31 December 2021

	31.12.2021	31.12.2020
	INR	INR
PROPERTY AND ASSETS		
Cash	71,495,395	49,099,278
In hand (including foreign currencies)	3,478,547	2,975,111
Balance with Reserve Bank India (including foreign currencies)	68,016,848	46,124,167
Balance with other banks and financial institutions	1,630,496,102	1,467,013,519
In India	252,918,523	210,346,687
Outside India	1,377,577,578	1,256,666,832
Money at call and on short notice	20,000,000	360,000,000
Investments	461,398,644	404,174,970
Government	461,398,644	404,174,970
Loans and advances	510,431,904	467,995,126
Loans, cash credits, overdrafts, etc.	32,127,463	29,377,189
Bills purchased and discounted	478,304,442	438,617,937
Fixed assets including premises, furniture and fixtures	3,636,259	4,932,319
Other assets	193,778,146	161,485,475
Total Assets	2,891,236,451	2,914,700,687
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, FIs and agents	-	-
Deposits and other accounts	1,974,075,622	1,827,518,908
Current deposits	1,846,034,204	1,657,348,235
Demand deposits	1,286,871	123,609
Bills payable	120,638	110,148
Savings deposits	12,654,663	21,305,255
Fixed deposits	113,979,246	148,631,661
Other liabilities	113,499,059	75,436,396
Total Liabilities	2,087,574,681	1,902,955,303
Capital/Shareholders' Equity		
Total Shareholders' Equity	803,661,770	1,011,745,384
Paid-up capital	369,822,602	369,822,602
Statutory reserve	300,320,407	281,039,231
Other reserve	4,208,447	3,861,892
Retained earnings	129,310,314	357,021,659
Total Liabilities and Shareholders' Equity	2,891,236,451	2,914,700,687

AB Bank Limited**Mumbai Branch****Balance Sheet****As at 31 December 2021****Off-Balance Sheet Items****Contingent liabilities**

Acceptances and endorsements

Letters of guarantee

Bills for collection

Other commitments**Total**

	31.12.2021	31.12.2020
	INR	INR
Contingent liabilities	6,131,376,369	26,096,215,667
Acceptances and endorsements	236,940,396	172,716,881
Letters of guarantee	11,298,846	5,660,514
Bills for collection	5,883,137,127	25,917,838,272
Other commitments	-	-
Total	<u>6,131,376,369</u>	<u>26,096,215,667</u>

Mumbai Branch**Profit and Loss Account****For the year ended 31 December 2021**

	2021 INR	2020 INR
Operating Income		
Interest income	25,769,542	33,970,764
Interest paid on deposits and borrowings, etc.	(8,725,441)	(11,174,395)
Net interest income	17,044,102	22,796,369
Investment income	25,658,347	23,567,619
Commission, exchange and brokerage	285,547,143	219,673,239
Other operating income	1,145,245	1,070,871
	312,350,735	244,311,729
Total operating income (a)	329,394,837	267,108,098
Operating Expenses		
Salary and allowances	15,540,938	15,680,733
Rent, taxes, insurance, electricity, etc.	20,035,984	21,132,480
Legal expenses	-	7,085
Postage, stamps, telecommunication, etc.	4,029,476	4,054,805
Stationery, printing, advertisement, etc.	1,215,785	1,173,778
Auditors' fees	1,043,880	649,640
Depreciation and repairs of Bank's assets	4,614,048	2,658,334
Other expenses	123,755,900	200,425,551
Total operating expenses (b)	170,236,009	245,782,405
Profit before provision (c = a-b)	159,158,828	21,325,693
Provision against loans and advances	300,000	(550,000)
Provision for investments	346,607	-
Other provisions	199,056	150,000
Total provision (d)	845,663	(400,000)
Profit before taxation (c-d)	158,313,165	21,725,693
Provision for taxation	61,740,820	(19,416,938)
Current tax	61,627,756	(19,593,336)
Deferred tax	113,064	176,397
Net profit after taxation (PAT)	96,572,345	41,142,631

Annexure-F

31.12.2021 Taka	31.12.2020 Taka
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262,910,222	268,250,549
4,697,362	4,933,125
258,212,861	263,317,424
582,958,789	1,348,247,393
582,958,789	1,348,247,393
515,190,000	397,800,000
515,190,000	397,800,000
6,804,061,967	6,510,299,811
6,507,698	6,685,044
124,383,540	99,243,204
8,296,012,215	8,630,526,001

- 816,485,540

7,908,658,239 7,436,081,443

192,105,833	137,255,111
6,378,579,166	5,444,950,896
1,292,505,844	1,804,024,982
30,421,074	40,223,141
15,046,322	9,627,313

387.353.977 377.959.018

8,296,012,215	8,630,526,001
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AB Bank Limited**Islami Banking Branch
Balance Sheet
As at 31 December 2021**

	31.12.2021 Taka	31.12.2020 Taka
Contingent Liabilities		
Letter of Guarantee	5,952,727	19,806,054
Irrevocable Letters of Credit (including Back to Back Bills)	2,403,150	58,861,855
	8,355,877	78,667,909
Other Commitments	-	-
Total Off-Balance Sheet items including Contingent Liabilities	8,355,877	78,667,909

Islami Banking Branch
Profit and Loss Account
For the year ended 31 December 2021

	2021 Taka	2020 Taka
Investment Income	492,730,429	632,085,776
Profit paid on Deposits	467,222,446	610,282,050
Net Investment Income	25,507,983	21,803,726
Income from Investments in Shares/Securities	8,218,200	12,391,069
Commission, Exchange and Brokerage	995,665	2,397,793
Other Operating Income	238,017	223,250
Total Operating Income	34,959,864	36,815,838
Operating Expenses		
Salaries and Allowances	20,466,771	20,787,688
Rent, Taxes, Insurance, Electricity etc.	1,274,473	1,440,142
Postage, Stamps, Telecommunication etc.	252,606	240,570
Stationeries, Printing and Advertisement etc.	391,885	407,504
Shariah Supervisory Committee's Fees & Expenses	117,000	98,320
Depreciation and repair to Bank's Assets	865,105	1,100,186
Other Expenses	7,626,906	6,547,846
Total Operating Expenses	30,994,745	30,622,256
Operating Profit	3,965,119	6,193,583

Islami Banking Branch
Profit paid on deposits

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

In the year 2021 final profit has been paid to the depositors as per following weightage and rates:

Types of Deposit	Weightage	Provisional Profit Rate	Final Rate
1. Mudaraba Savings Deposits	0.21-0.29	2.50-3.50	2.51-3.51
2. Mudaraba Savings Deposits (School Banking)	0.46-0.67	5.50-8.00	5.51-8.01
3. Mudaraba Special Notice Deposits			
a. General	0.13-0.21	1.50-2.50	1.51-2.51
b. Inter - Bank	0.15-0.46	1.75-5.50	1.75-5.50
4. Mudaraba Term Deposits (Core deposit)			
24 Months	0.52-0.83	6.25-10.00	6.26-10.01
12 Months	0.52-0.83	6.25-10.00	6.26-10.01
9 Months	0.46-0.60	5.50-7.25	5.51-7.26
6 Months	0.42-0.75	5.00-9.00	5.01-9.01
4 Months	0.44-0.63	5.25-7.50	5.26-7.51
3 Months	0.44-0.69	5.25-8.25	5.26-8.26
1 Month	0.21-0.33	2.50-4.00	2.51-4.01
5. Mudaraba Hajj Deposit Scheme	0.54-0.96	6.50-11.50	6.51-11.51
6. Mudaraba Pension Deposit Scheme	0.50-01.00	6.00-12.00	6.01-12.01
7. Mudaraba Monthly Profit Payment Scheme	0.46-0.96	5.50-11.50	5.51-11.51
8. Mudaraba Cash WAQF Deposit	0.52-0.73	6.25-8.75	6.26-8.76

A competent Shariah Supervisory Committee consisting of Islamic scholars, Ulema, Fuqaha and Islamic bankers headed by **Mr. Justice Siddiqur Rahman Miah**, a prominent Islamic scholar guides the Islamic banking operations. Side by side an expert banker who is the divisional head looking after the Kakrail Islami Banking Branch (KIBB). During the year 2021, Shariah Supervisory Committee met in 02 (Two) number of meetings and reviewed different operational issues. The Committee also audited the branch operations through its Muraqib and reviewed the audit report in its regular meeting. Shariah Supervisory Committee observed that both the officials and clients of the Branch became more cautious about the compliance of Shariah Principles.

**Custodian Wing
Balance Sheet
As at 31 December 2021**

	31.12.2021 Taka	31.12.2020 Taka
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	32,198	52,528
Total Non Current Assets	32,198	52,528
Current Assets		
Accounts Receivables	12,494,889	12,494,889
Total Current Assets	12,494,889	12,494,889
Total Assets	12,527,087	12,547,418
LIABILITIES		
Non-Current Liabilities	-	-
Current Liabilities		
Payable to AB Bank	5,385,004	5,405,334
Accounts Payable	7,092,083	7,092,083
Provision for Audit Fees	50,000	50,000
Total Current Liabilities	12,527,087	12,547,418
Total Liabilities	12,527,087	12,547,418

Custodian Wing
Profit and Loss Account
For the year ended 31 December 2021

	2021 Taka	2020 Taka
Operating Income		
Commission, exchange and brokerage	39,541	16,520
Total Operating Income	39,541	16,520
Operating Expenses		
Rent, taxes and insurance	345,000	11,500
Auditor's fees	50,000	57,500
Depreciation and repair of bank's assets	20,331	8,471
Other expenses	194,260	182,162
Total operating expenses	609,591	259,633
Operating Profit	(570,050)	(243,113)

Off-Shore Banking Unit (OBU)

Balance Sheet

As at 31 December 2021

	31.12.2021 Taka	31.12.2021 USD	31.12.2020 Taka	31.12.2020 USD
PROPERTY AND ASSETS				
Cash	-	-	-	-
Balance with Other Banks and FIs'	253,116,862	2,950,080	6,640,740	78,310
In Bangladesh	40,130	468	183,351	2,162
Outside Bangladesh	253,076,732	2,949,612	6,457,389	76,148
Money at call and on short notice (Placement)	1,256,541,000	14,644,999	964,604,550	11,375,000
Investment	1,657,230,432	19,315,038	1,637,923,118	19,315,041
Loans and Advances:	5,998,774,096	69,915,775	6,109,181,062	72,041,892
Loans & Advances - Regular	2,699,120,750	31,458,281	2,847,969,831	33,584,392
Loans & Advances - Classified	3,299,653,346	38,457,494	3,261,211,230	38,457,499
Premises and Fixed Assets (WDV)	-	-	-	-
Other Assets:	3,311,992	38,601	813,310	9,591
Accrued Interest	3,224,269	37,579	746,527	8,803
Pre-paid Advances	87,723	1,022	66,784	788
Miscellaneous	-	-	-	-
Total Assets	9,168,974,381	106,864,493	8,719,162,780	102,819,834
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from Bank & FIs'	9,384,995,139	109,382,217	8,966,465,025	105,736,120
In Bangladesh	9,384,995,139	109,382,217	8,966,465,025	105,736,120
Outside Bangladesh	-	-	-	-
Deposits and Other Accounts	13,357,389	155,681	13,261,591	156,386
Demand Deposits	11,264,777	131,291	11,193,359	131,997
Demand Deposits - Others	2,092,612	24,389	2,068,233	24,389
Other Deposits	-	-	-	-
Other Liabilities	192,957,018	2,248,916	190,709,001	2,248,916
Total Liabilities	9,591,309,546	111,786,813	9,170,435,617	108,141,422
Capital and Shareholders' Equity				
Profit/(Loss)	(422,335,165)	(4,922,321)	(451,272,837)	(5,321,589)
Total Shareholders' Equity	(422,335,165)	(4,922,321)	(451,272,837)	(5,321,589)
Total Liabilities and Shareholders' Equity	9,168,974,381	106,864,493	8,719,162,780	102,819,834

Off-Shore Banking Unit (OBU)
Profit and Loss Account
For the year ended 31 December 2021

	2021 Taka	2021 USD	2020 Taka	2020 USD
Interest income	144,512,369	1,697,380	158,003,805	1,861,820
Interest paid on deposits and borrowing etc.	106,651,734	1,252,685	253,296,559	2,984,692
Net Interest income	37,860,635	444,695	(95,292,754)	(1,122,872)
Commission, exchange and brokerage	(104,887)	(1,232)	125,968	1,484
Total operating income	37,755,748	443,463	(95,166,786)	(1,121,387)
Salaries and allowances	2,969,844	34,883	2,808,354	33,092
Rent, taxes, insurance, electricity etc.	1,891	22	5,559	65
Postage, stamps, telecommunication etc.	38,570	453	41,396	488
Stationeries, printing, advertisement etc.	51,230	602	37,760	445
Depreciation and repair of bank's assets	19,539	230	257,168	3,030
Other expenses	318,904	3,801	331,720	3,964
Total operating expenses	3,399,979	39,990	3,481,957	41,084
Operating Profit/(Loss)	34,355,769	403,473	(98,648,743)	(1,162,472)

Myanmar Representative Office
Statement of Receipts and Payments
For the year ended 31 December 2021

Annexure-J

Receipts	Total		Payments	Total	
	USD	BDT		USD	BDT
Opening Balance	66,423	5,054,986	Bank Charges (Nostro & Others)	26	2,221
Received during the year	21,700	1,860,976	Other Allowances-Officers	7,994	681,416
			Internet	295	25,121
			Repair & Maintenance	49	4,160
			Water and Sewerage	7	596
			Stationery Others	16	1,358
			Mobile Bill	16	1,366
			Local Conveyance	67	5,718
			Other Fees and Taxes	52	4,435
			Other Audit fees	1,300	110,958
			Misc. Contract Service-Tea boys & cleaners	18	1,533
			Postage & Shipping	63	5,379
			Other Professional Service	100	8,480
			Electricity Bill	9	771
			Non Caps Office Appliance	47	4,033
			Advance rent	9,300	797,940
			Stamps Judicial non- Judicial	99	8,446
			Closing Balance	68,665	5,252,031
Total	88,123	6,915,961	Closing Balance	88,123	6,915,961

AB Investment Limited
(A Subsidiary of AB Bank Limited)

Annexure-K

Statement of Financial Position
As at 31 December 2021

	31.12.2021 Taka	31.12.2020 Taka
ASSETS		
Non-current assets	604,084,591	568,369,010
Property, Plant and Equipment	208,670,290	216,694,350
Investment Property	302,434,943	312,241,848
Deferred Tax Assets	92,979,358	39,432,812
Current Assets	8,398,608,084	8,052,324,539
Investment in shares	379,619,416	551,741,963
Loan to Clients & Others	7,263,220,175	6,957,399,993
Advances, Deposits and Prepayments	668,000	556,400
Receivable from Brokers	410,552,535	236,523,208
Advance Income Tax	164,731,847	170,076,236
Cash and Cash Equivalents	179,816,111	136,026,739
TOTAL ASSETS	9,002,692,676	8,620,693,549
EQUITY AND LIABILITIES		
Equity	6,810,708,097	6,743,523,992
Share Capital	6,456,899,810	6,456,899,810
Retained Earnings	353,808,287	286,624,182
Liabilities		
Non-current liabilities	17,367,474	15,048,050
Provident Fund and Gratuity Fund	17,367,474	15,048,050
Current liabilities	2,174,617,105	1,862,121,507
Borrowing from Banks	756,465,516	755,898,828
Liabilities for Expenses	7,349,403	834,601
Provision for Taxation	197,248,781	183,159,276
Provision for Diminution Value of Investment	1,190,901,188	904,818,239
Payable to Clients	22,652,217	17,410,563
Total liabilities	2,191,984,579	1,877,169,557
TOTAL EQUITY AND LIABILITIES	9,002,692,676	8,620,693,549

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	2021	2020
	Taka	Taka
Operating Income	448,883,502	175,213,628
Interest Income	143,495,686	59,982,280
Management Fee	5,067,467	4,568,307
Transaction/ Settlement Fee	76,115,225	36,857,934
Investment Income	214,124,354	63,705,087
Other Operating Income	10,080,770	10,100,020
Operating Expenses	72,673,435	75,431,121
Salaries and Allowances	29,779,203	17,182,331
Audit and Consultancy Fees	162,500	272,050
Administrative Expenses	42,562,503	57,881,438
Financial Expenses	169,229	95,302
Profit before Provision and Tax	376,210,067	99,782,507
Provision for margin loans	280,000,000	135,000,000
Provision for investment	6,082,949	-
Net Profit/(Loss) before Tax for the year	90,127,118	(35,217,493)
Income Tax Expenses	22,943,014	(31,375,765)
Current Tax	76,489,560	19,494,887
Deferred Tax	(53,546,546)	(50,870,652)
Net Profit/(Loss) after Tax for the year	67,184,105	(3,841,728)
Other Comprehensive Income	-	-
Total Comprehensive Income	67,184,105	(3,841,728)

Statement of Financial Position
As at 31 December 2021

	31.12.2021 Taka	31.12.2020 Taka
I Sources of Fund		
A) <u>Shareholders' Equity:</u>	520,731,739	514,345,408
Share Capital	272,041,880	272,041,880
Revaluation Reserve	85,986,590	85,986,590
Retained Earnings	162,703,269	156,316,938
B) <u>Non-Current Liabilities:</u>	181,306,763	210,989,474
Liabilities for Other Finance	160,000,000	190,000,000
Provision for Gratuity	8,001,870	7,930,439
Provision for Provident Fund	11,811,999	11,602,235
Lease liabilities-Long-term	1,492,894	1,456,800
Total Source of Fund (A+B)	702,038,501	725,334,882
II Application of Fund		
A) <u>Non Current Assets:</u>	12,498,514	17,016,225
Property, Plant & Equipment	10,099,669	14,427,041
Security Deposit	609,517	609,517
Deferred Tax Assets	1,789,327	1,979,667
B) <u>Investments:</u>	110,473,320	103,575,886
C) <u>Current Assets:</u>	1,474,415,410	1,516,387,305
Cash and Cash Equivalents	538,538,465	456,742,020
Advance, Deposit & Prepayments	24,437,930	16,767,100
Advance Income Tax	82,838,578	43,083,808
Accounts Receivable	63,383,183	80,788,114
Loans & Advances	765,217,254	919,006,263
D) <u>Current Liabilities and Provisions:</u>	895,348,742	911,644,534
Accounts Payable	392,278,278	494,550,750
Bank Overdraft	157,548,501	167,548,561
Liabilities for Expense	20,990,000	6,548,349
Provision for Income Tax	87,136,616	46,292,599
Other Liabilities	235,918,093	191,418,093
Lease Liabilities- Short-term	1,477,254	5,286,182
E) Net Current Assets (C-D)	579,066,668	604,742,770
Total Application of Fund (A+B+E)	702,038,501	725,334,882

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021**

	2021 Taka	2020 Taka
A) Operating Income	164,412,009	152,376,185
Brokerage Commission	130,177,423	91,988,986
Interest Income	13,898,426	18,943,715
Investment Income	16,100,199	38,553,642
Other Operating Income	4,235,961	2,889,843
B) Operating & Other Expense	72,491,321	82,111,980
Operating Expenses	63,318,458	50,361,435
Other Financial Expenses	1,590,278	24,651,811
Depreciation on Property, Plant & Equipment	7,582,585	7,098,734
C) Profit before Provision (A-B)	91,920,688	70,264,205
D) Provision	44,500,000	40,000,000
For Diminution in Value of Loan	44,500,000	40,000,000
E) Profit before Taxation (C-D)	47,420,687	30,264,205
F) Provision for Taxation	41,034,357	25,948,873
Current Tax	40,844,017	25,662,970
Deferred Tax	190,340	285,903
Net Profit After Taxation (E-F)	6,386,331	4,315,332
Earnings Per Share (EPS)	0.23	0.16

Statement of Financial Position
As at 31 December 2021

	31.12.2021 Taka	31.12.2020 Taka
ASSETS		
Non Current Assets		
Property, Plant and Equipment	-	3
	<u>-</u>	<u>3</u>
Current Assets		
Cash & Bank Balances	285,869	1,242,062
Investment in Fixed Deposits	46,959,040	44,118,875
Investment in Shares	1,000	1,000
Advance, Deposit & Prepayment	39,242,063	38,248,978
Other Receivable	1,784,994	2,030,210
	<u>88,272,966</u>	<u>85,641,125</u>
Total Assets	<u>88,272,966</u>	<u>85,641,128</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Earnings	(163,453,325)	(165,295,612)
Total Equity	<u>78,746,675</u>	<u>76,904,388</u>
Liabilities		
Current Liabilities		
Accrued Expenses	28,750	28,750
Provision for Taxation	9,497,541	8,707,990
	<u>9,526,291</u>	<u>8,736,740</u>
Total Liabilities	<u>9,526,291</u>	<u>8,736,740</u>
Total Equity and Liabilities	<u>88,272,966</u>	<u>85,641,128</u>

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	2021 Taka	2020 Taka
Revenue	-	-
Less: General and Administration Expenses	441,300	419,155
Operating Loss	(441,300)	(419,155)
Add: Other Income	3,073,139	4,031,392
Profit Before Provision & Tax	2,631,838	3,612,237
Provision for taxation	789,552	1,173,977
Net Profit After Tax	1,842,287	2,438,260
Other Comprehensive Income	-	-
Total Comprehensive Income	1,842,287	2,438,260
Earnings Per Share (EPS)	0.08	0.10

Statement of Financial Position
As at 31 December 2021

	31.12.2021 HK\$	31.12.2020 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	4,259	11,936
CURRENT ASSETS		
Discounted bills receivable	133,712,940	102,262,201
Deposits, prepayments and other receivable	4,314,414	4,362,558
Tax refundable	-	734,081
Cash and bank balances	378,358	2,383,320
	138,405,712	109,742,160
CURRENT LIABILITIES		
Accrued liabilities and other payables	5,666,162	4,667,123
Deferred interest income	941,395	837,511
Provision for long service payments	415,189	350,117
Amount due to ultimate holding company	113,205,850	87,928,750
Income tax payable	438,507	-
	120,667,103	93,783,501
NET CURRENT ASSETS	17,738,609	15,958,659
NET ASSETS	17,742,868	15,970,595
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	8,617,005	6,844,732
Capital Reserve	7,561,960	7,561,960
	17,742,868	15,970,595

**Statement of Comprehensive Income and Retained Earnings
For the year ended 31 December 2021**

	2021 HK\$	2020 HK\$
Interest income	5,255,367	3,602,766
Interest expenses	(1,177,418)	(578,108)
Net interest income	4,077,949	3,024,658
Other income	10,849,995	9,590,478
Administrative expenses	(4,803,729)	(4,711,701)
Profit before tax	10,124,215	7,903,435
Income tax expense	(1,507,210)	(1,058,703)
Profit for the year	8,617,005	6,844,732
Retained earnings at the beginning of the year	563,904	563,904
Dividend	(8,617,005)	(6,844,732)
Retained earnings at the end of the year	563,904	563,904

Statement of Financial Position

As at 31 December 2021

	31.12.2021 Taka	31.12.2020 Taka
ASSETS		
Non Current Assets	37,284,808	37,893,534
Property, Plant & Equipment	37,283,808	37,892,534
Investment in share	1,000	1,000
Current Assets	513,169,323	492,324,968
Loan to ABSL	160,000,000	190,000,000
Investment in FDR	110,844,005	105,915,271
Accrued Income	75,338	75,338
Advance Tax	31,084,912	23,405,346
Cash and Cash Equivalents	211,165,068	172,929,013
TOTAL ASSETS	550,454,132	530,218,502
EQUITY AND LIABILITIES		
Shareholders' Equity	513,386,477	499,290,836
Share Capital	20,000,000	20,000,000
Retained Earnings	493,386,477	479,290,836
Non-Current Liabilities	-	-
Current Liabilities	37,067,655	30,927,666
Provision for Income Tax	36,852,655	30,811,666
Provision for Expenses	215,000	116,000
TOTAL EQUITY AND LIABILITIES	550,454,132	530,218,502

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	2021 Taka	2020 Taka
Income		
Operating Income	21,317,505	29,376,192
Interest Income	20,413,453	28,472,140
Rental Income	904,052	904,052
Less : Operating & Other Expenses	1,180,876	2,812,484
Operating expenses	1,180,876	1,212,484
Other expenses	-	1,600,000
Profit before Tax	20,136,629	26,563,708
Less: Provision for Tax	6,040,989	8,633,205
Profit carried forward	14,095,640	17,930,503

Name of the Directors and entities in which had interest as on December 31, 2021

Sl. No.	Name	Status	Name of Firms/Companies in which interested as proprietor/partner/director/managing agent/guarantor/employees etc.
1	Mr. Muhammad A. (Rumee) Ali	Chairman	1. Finnova Technologies Limited, Chairman 2. Finaction Bangladesh Limited, Chairman 3. Finnovation Limited, Director 4. Bangladesh International Arbitration Centre (BIAC), Chief Executive Officer 5. Banglalink Digital Communications Limited, Director 6. Eastland Insurance Company Limited, Independent Director 7. Friendship Bangladesh, Vice Chairman 8. AB International Finance Ltd, Hong Kong, Chairman, Nominated by AB Bank Limited 9. Cashlink Bangladesh Limited, Chairman, Nominated by AB Bank Limited
2	Mr. Feroz Ahmed	Director	1. Hexagon Chemical Complex Ltd; Chairman 2. Elite Paint & Chemical Ind. Ltd; Chairman 3. Elite International Ltd; Managing Director 4. FDN Energy Ltd; Managing Director 5. Ahmed Securities Services Ltd; Managing Director 6. Bangladesh General Insurance Company Ltd; Shareholder 7. FM Trading & Travels, Proprietor 8. AB Bank Foundation, Chairman, Nominated by AB Bank Limited
3	Mr. Khairul Alam Choudhury	Director	1. Cashlink Bangladesh Ltd, Director, Nominated by AB Bank Limited 2. AB Securities Ltd, Director, Nominated by AB Bank Limited 3. AB Investment Ltd, Director, Nominated by AB Bank Limited
4	Mr. Shajir Ahmed	Director	1. Elite Paint & Chemical Industries Limited, Director 2. Super Refinery (Pvt.) Limited, Director 3. Super Silica Bangladesh Limited, Director 4. Super Share & Securities Limited, Director 5. Elite Super Plastic Ind. (Pvt.) Limited, Director 6. Super Sea Fish (Pvt.) Limited, Director 7. Super Tel Limited, Director 8. Elite Properties Management Ltd., Director 9. Aurora Décor Limited, Director 10. Broast Foods Ind (Pvt) Limited, Director 11. Elite Food Industries Limited, Director
5	Mr. Shafiqul Alam	Independent Director	1. AB Investment Ltd, Director, Nominated by AB Bank Limited 2. AB Securities Ltd, Director, Nominated by AB Bank Limited 3. AB International Finance Ltd, Hong Kong, Director, Nominated by AB Bank Limited
6	Mr. Maqsoodul Huq Khan	Director	Nil
7	Mr. Tarique Afzal	President & Managing Director	1. AB Investment Ltd, Director, Nominated by AB Bank Limited 2. AB Securities Ltd, Director, Nominated by AB Bank Limited 3. AB International Finance Ltd, Hong Kong, Director, Nominated by AB Bank Limited 4. Cashlink Bangladesh Limited, Director, Nominated by AB Bank Limited 5. AB Bank Foundation, Member, Nominated by AB Bank Limited