



DIRECTORS' **REPORT**



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Bismillahir Rahmanir Rahim

Honorable Shareholders

As-salamu alaikum,

I am pleased to present AB Bank's Annual Report of 2021 in which we show how we continue to create sustainable growth and stakeholders' value amidst an extraordinary year. In recent years, we have continued to build on our resiliency. The strategic actions taken by the current management team enabled us to continue our support to our customers and stakeholders during these challenging times.

The COVID-19 pandemic has virtually affected all industries and economies. As the outbreak rapidly spread, movement restrictions and social distancing measures were widely implemented, affecting businesses and economic activities. The pandemic put a strain on global financial conditions with sharp declines in prices of financial assets, vulnerabilities in credit markets and dampened loans growth.

As containment measures gradually eased from the second quarter, economic activities partially resumed and economic indicators started to improve. COVID-19-resilient industries experienced quicker recovery, supported by a global surge in digitalization and a shift in consumer preferences.

Our commitment to value creation extends beyond creating profits. We consider the impact of our organizational decision-making on all our stakeholders, now and into the future. With uncertainties expected in 2021, our focus is to provide adequate support to help our customers, employees, suppliers, and communities navigate the impact of COVID-19.

Dear Shareholders,

With this backdrop I, on behalf of The Board of Directors of AB Bank Limited, am presenting to you the Directors' Report for the year ended 31 December 2021 which summarizes the global and local macroeconomic trends, projections, outlook and presents AB Bank's business highlights and key financial indicators of 2021.

Russia-Ukraine Conflict

The Russian invasion of Ukraine has already begun to affect the global economy through economic uncertainty and disruptions in supply of essential food staples and essential inputs, such as energy and fertilizers. The consequent shortage has led to inflation, globally. Recent COVID-19 lockdowns in Shanghai, China, and export bans in many countries, such as India and Indonesia, have exacerbated the problems further.

Global Economy

Region	Real GDP growth rate		
	2020	2021	2022 (projected)
World	-3.2	6.1	3.6
Advanced Economies	1.6	5.2	3.3
United States	-3.5	5.7	3.7
Euro Area	-6.5	5.3	2.8
Emerging Market and Developing Economies	-2.1	6.8	4.4
India	-7.3	8.9	8.2
China	2.3	8.1	4.4

Source: WEO, IMF

International Monetary Fund (IMF) significantly revised down the forecasted GDP growth rates of 2022 because of the Russia-Ukraine conflict. Previously, world output was expected to grow by 4.9% and now it is projected to grow only by 3.6%.

The World Bank (WB) has identified three channels through which the Russia/Ukraine conflict can affect the global economy: 1) Commodity and financial markets 2) Migration and trade links 3) Business/consumer confidence.

The economic shocks resulting from Russia-Ukraine conflict are worsening the negative effects of the COVID-19 pandemic. Fuel and food prices have increased rapidly and are adversely affecting vulnerable populations in low-income countries. Economic uncertainty arising from the conflict has already caused many countries to turn inwards and ban exports of major food staples in order to avoid any shortage/crisis.

Experts are advocating the strengthening of investment channels, social safety nets, and improving energy efficiency to mitigate the negative effects of the crisis.

Bangladesh Economy

	FY19-20	FY20-21	FY21-22 (forecasted)
Real GDP growth rate	3.4	6.9	6.4

Source: WB website

Bangladesh's economy grew by 6.9% in FY20-21, a much larger rate than the estimated 5.2%. The growth was driven by excellent vaccine coverage and resurgence of manufacturing and service sectors. WB has forecasted that the economy will grow by 6.4% in FY21-22.

The Russia-Ukraine conflict and associated sanctions may lead to a higher current account deficit and rising inflation as global commodity prices surge. Public debt remains sustainable, and the March 2022 joint World Bank-IMF Debt Sustainability Analysis assessed that Bangladesh remained at low risk of external and public debt distress. The debt crisis in Sri Lanka can affect investor and consumer confidence.

Global inflation has resulted in increased demand for the US dollars and, hence, the Bangladeshi taka, like many other currencies in the world, has recently began losing value. Meanwhile, the higher dollar expenditure for imports and other necessities is putting pressure on foreign exchange reserves.

International Food Policy Research Institute (IFPRI) notes that the Russia-Ukraine conflict may cause a food crisis in Bangladesh. The government of Bangladesh will need to take prompt decisions and actions to avert any such crisis.

Banking Sector

The banking sector of Bangladesh will play a pivotal role in the economy's recovery from the COVID-19 pandemic as well as mitigating adverse effects from the Russia-Ukraine conflict.

Bangladesh Bank (BB) reassured in MPS 21-22 that it would provide adequate financing support to all the priority and vulnerable sectors while maintaining price stability. BB will continue its ongoing pro-growth expansionary monetary policy to support investment and employment generating activities.

BB's FY21-22 monetary program is based on the government's targeted real GDP growth rate of 7.2% and general inflation ceiling of 5.3%. The programed growth of broad money (M2) is set at 15.0%. The annual public and private sector credit growth rates are projected to be 32.6% and 14.8%, respectively, in June-22. In case of any unexpected developments, BB has reassured that it will take necessary measures.

	Year-on-year growth rates (in %)			
	Actual		Planned	
	Dec-20	Jun-21	Dec-21	Jun-22
Domestic credit	9.7	10.3	14.1	17.8
Public sector	17.2	21.2	30.6	32.6
Private sector	8.4	8.4	11	14.8
Broad money	14.3	13.6	13.8	15.0
Reserve money	21.3	22.4	14.0	10.0

Source: MPS21-22, BB

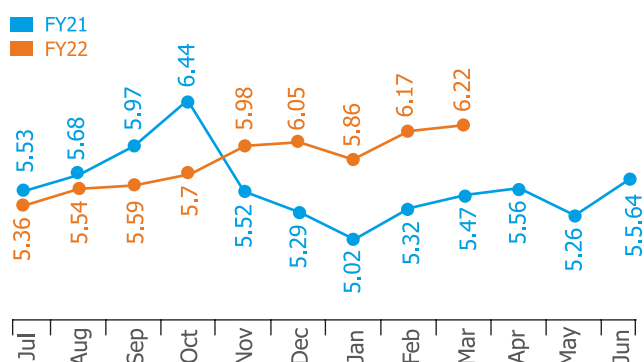
The amount of excess liquidity in the country's banking sector reached a record high of Tk. 2,315 billion in June 2021 which decreased to Tk. 1,866 billion at the end of April 2022.

Year-on-year deposit growth rate in the banking system was more than 12% in January 2020 and the rate was around 14% in the first half of 2021. The growth rate, however, dropped to 9.05% in March 2022 and plunged further to 7.55% in May 2022.

Non-performing loans (NPLs) in the country's banking sector increased by 16.38% year-on-year to Tk. 1,03,274 crore in 2021 from Tk. 88,700.34 crore a year before.

In 2021, rescheduling of non-performing loans (NPLs) was at its lowest since 2015. Analysts described the declining loan rescheduling as a welcoming trend for the banking sector but cautioned that there is no scope to be complacent.

Inflation



Inflation rate in FY21 and FY22 (Source: Bangladesh Bank)

The inflation rate (point-to-point) came down to 5.86% in January 2022 from 6.05% the month before, but it rose again to 6.17% in February and 6.22% in March. In April 2022, the inflation rate stood at 6.29% - the highest since October 2020. This was largely driven by increasing prices of food items. Prices of food items rose by 6.34% whereas prices of non-food items increased by 6.04% in March 2022.

Export and Import

Export and import increased by 15.1% and 19.7% in FY20-21 respectively. The country's export earnings during FY20-21 was \$45.37 billion. Knitwear and woven commodities were the major export earners with 37.4% and 32% of the total export earnings respectively. Copperware, engineering products and handicrafts underwent the largest percentage increases in export earnings.

The country's import payments during FY20-21 was \$7.21 billion. The major imported commodities were: cotton (all types), cotton yarn/thread and cotton fabrics, mineral fuels, mineral oils and products of their distillation bituminous substances, mineral waxes, nuclear reactors, boilers, machinery and mechanical appliances parts thereof, iron and steel, plastics and articles thereof, electrical machineries and equipment, and cereals.

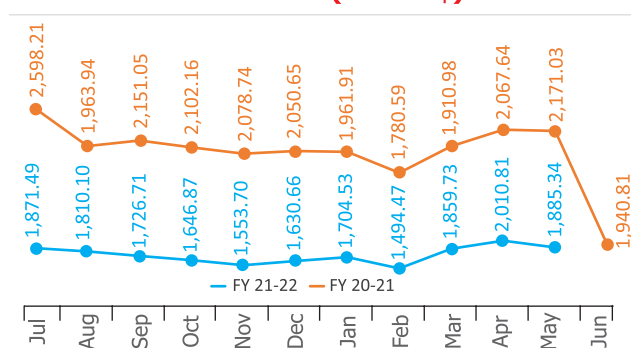
Recently, Bangladesh's trade deficit has been growing. In the first nine months of FY21-22, the trade deficit was about \$25 billion. This deficit was around 64% more than the July-March period of last year.

The export-import gap for agricultural products is concerning, especially, because of the ongoing Russia-Ukraine conflict; Bangladesh's food grains import is worth around \$10 billion while our export is just around \$1 billion.

Although Bangladesh's overall export earnings from Russia and Ukraine was only 1.72% of total in FY 2019-20, Russia-Ukraine conflict can harm export to other European countries if the conflict escalates further; 64% of the exports of the RMG sector are generated from countries in the European Union.

Remittance

Remittance (Million \$)



Source: Statistics Department, BB

The wage earners' remittance picked up in the second half of FY20-21. Since then it was being on a declining trend until Feb 2022. The remittance earnings have increased sharply in the first half of 2022. KSA, USA, UK and UAE continue to be the main source of foreign remittances for Bangladesh. In FY20-21, 55% of the remittances came from these four destinations.

BUSINESS OVERVIEW 2021

Corporate Banking

To meet the diverse financial needs of the corporates, the Bank provides a broad spectrum of products and services. With expertise, innovation and customization,

the Bank simplifies the complexities of the financial world for the clients and helps them attaining their desired objectives. The prime focus is on building and maintaining long-term mutually beneficial relationship with the clients and being a part of their journey towards development and growth. AB Bank has always been supporting the Corporate customers through a wide range of conventional Corporate and Islamic Banking Products and Services along with cutting edge solutions through a focused approach. On many occasions, AB's innovative and insightful support has transformed a good number of corporate customers, who with the passage of time, have developed themselves as the market leaders.

Like 2020, 2021 was also a very challenging year for the country due to the pandemic. As with all other business segments, corporate customers were also subjected to promote and hardships of the Bank. However, timely steps taken by Government and Bangladesh Bank through declaration of incentive package and continuous support by AB Bank helped the customers to overcome the difficult time. AB Bank supported the customers in the form of various stimulus packages that helped customers to sustain in the difficulties of the pandemic. In 2020-21, to cover the losses of corporate clients during Covid-19 period, AB disbursed total loan to the tune of Tk. 253.00 crore as working capital and Tk.102.60 crore to pay 04 months' salary to the worker of export oriented industries under Govt. declared stimulus package.

Business Highlight

Exposure in the Corporate Banking Segment accounted for BDT 25,229 or 87% of the Bank's total loan portfolio as at December 31, 2021. Exposure is largely concentrated in the following 03 (three) Sectors: a) Textile and RMG-17% b) Steel Manufacturing Industry-11% c) Ship Building and breaking-9%. This amply demonstrate the Bank's involvement in such sectors which are key to our economy. The Bank continues to have long standing relationships with country's prime names in the corporate sector.

Retail Banking

AB Bank, the first private sector commercial bank of Bangladesh, has been continuously developing flexible and customized retail products on modern technology platforms for all generations. The Bank with its expanded branch network, efficient workforce, Direct Sales Executives and Alternative Delivery Channels (ADCs) is bringing banking services at the doorsteps of the customers.

After the reinvention of Retail Banking Department in 2020, AB Retail picked up its pace in 2021 by achieving remarkable milestones in various products. With a brighter and blazing focus on retail last year, AB Retail continues to climb the ladder of success.

Pre-approved Credit Card

To accelerate the Credit Card business, many Pre-approved propositions were developed and offered in the market like, Pre-approved Credit Card for Bankers, SME and Retail clients, Agent outlets, Locker users etc.



Digitalization with Telco companies

AB Retail has signed exclusive agreements with Grameenphone, Banglalink and Robi Axiata Ltd for digitalization through which customers are offered digital gifts of internet data on various occasions. These Telco companies also committed to help in providing digital services to our customers.

Tie up with merchant outlets

AB Bank has established partnership with leading hotels and resorts, restaurants, super shops, airlines companies and service providers. These tie ups benefit the customers by ensuring a better and luxurious lifestyle through numerous offers and discounts in the merchant outlets.



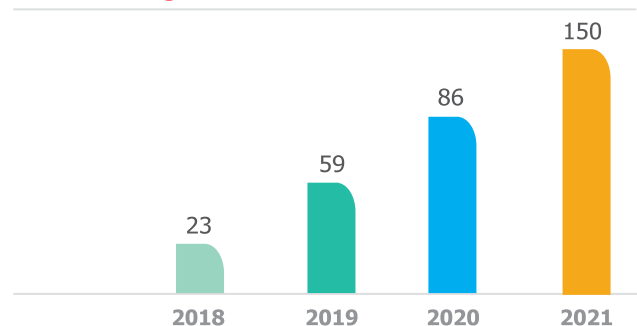
Agent Banking

Since inception of AB Bank Agent Banking, the goal has been to work for financial inclusion for the unbanked population as well as creating opportunities for entrepreneurship. The customers of Agent Banking Outlets are able to avail all basic banking services at all the agent outlets as well as at all the AB Bank Branches across the country. AB Bank is committed to establish this as the Economic Hub of the community so that the true spirit of Digital Bangladesh can be well supported by bringing the unbanked population of the nation under a banking platform through this innovative financial inclusion.

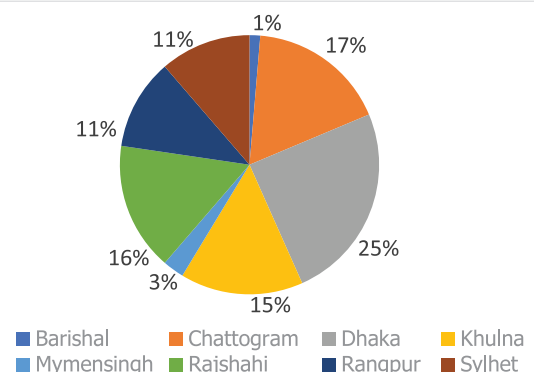
The Bank is trying its best to reduce the risks associated with delivering services and to develop technological capabilities to ensure seamless services. The Bank hopes to incorporate all the services for its customers including loan financing in the upcoming years.

Business Trend

Agent Outlet Growth Trend



Number of Outlets: division wise



SME Banking

Small and medium enterprises (SMEs) are playing increasingly important role as engines of economic growth of Bangladesh. There is a broad consensus that a vibrant SME sector is one of the principal driving forces in the development of the economy of Bangladesh. SMEs stipulate private ownership and entrepreneurial skills and can adapt quickly to change market situation, generate employment, help diversity economic activities and make significant contribution to exports and trade. Keeping pace with the ongoing progressive changes in SME sector in Bangladesh, AB has been relentlessly serving the entrepreneurs establishing a separate division named "SME Banking Division" since 2008 to give emphasis on SME financing, to ensure regulation, supervision and monitoring of SME's. SME Division is the focal point of all SME related issues, programs and projects and responsible for providing best financial solution to its customers. Management's strong commitment towards SME Banking, appropriate policy guideline, customized products for customers, consolidated database, compliance culture lead the SME Division to further higher platform of SME Banking in the country. Like other economic players, the pandemic-Covid-19, severely hit SME businesses-the larger source of growth and employment of Bangladesh by disrupting national and international business networks, supply chain, and demand. In 2020-21, AB disbursed Tk. 254 crore SME Loan under Govt. declared CMSME Stimulus Packages.

SME Facilities and Products:

OVERDRAFT

TERM LOAN

TIME LOAN

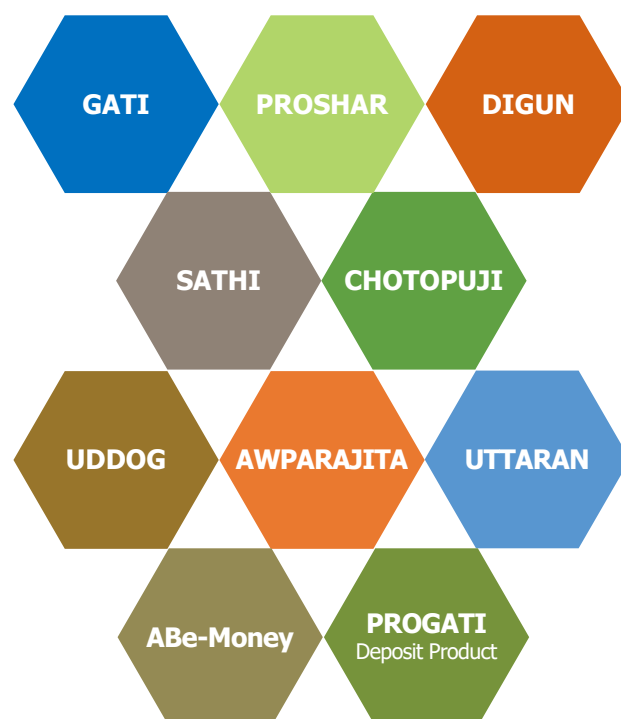
LETTER OF CREDIT

LETTER OF GUARANTEE

TRUST RECEIPT

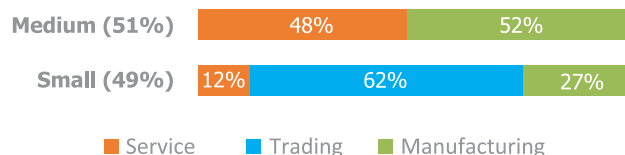
FOREIGN BILL PURCHASES

LOAN AGAINST ACCEPTED BILL

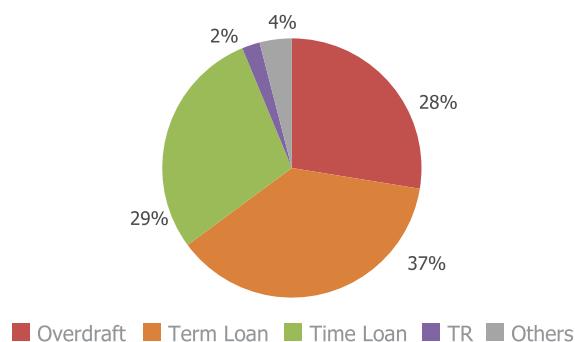


SME Portfolio Mix

SME Portfolio



SME Portfolio Segmentation



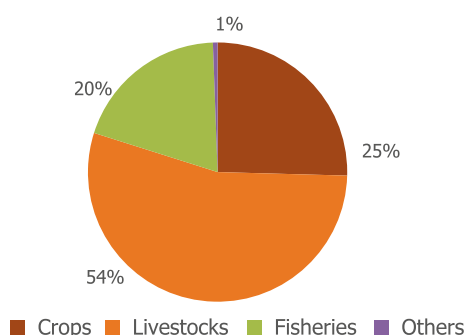
SME Delivery Channels



Agricultural and Rural Credit:

AB has gradually increased its portfolio in agricultural and rural credit. The financing are fundamentally in Crop, Fisheries and Livestock areas. AB also financed in agricultural credit at concessional interest rate for the purpose of cultivation of pulses, oil, seeds, spices and maize. Total outstanding in Agri. Loans as of December 2021 was Tk.325.40 crore.

Agricultural Portfolio



Information Technology (IT)

IT Division of the Bank is relentless in its pursuit of ensuring smooth execution of technology-related operations. The diligent team also continually strives for improvement and automation to address business/operation needs.

Initiatives of IT Department:

- **FB Teller Rollout:** Fusion Banking Teller – a modern replacement of existing teller solution – has been successfully rolled out to all 104 AB branches along with SigCap signature management solution. FB Teller simplifies the user experience and encourages cash management best practices. SigCap better captures operating instructions for joint / partnership accounts and enforces them during transactions.
- **Mumbai Go-Live:** SWIFT STP was a mandate from RBI and this has been successfully met by deploying FB Equation and FB Trade Innovation in AB Bank Mumbai (India) Branch.

- **AB Trade Portal:** It is a break-through in customer service where they can initiate LC requests online through a designated portal. Respective branch users can use this portal for providing responses and requesting additional data from customers as required.
- **Transfer to Nagad:** Now AB Direct customers can top-up any Nagad wallet from their bank accounts using our popular Internet Banking solution.
- **AB Utility:** Statement generation through AB Utility has been available to branches for quite some time. The solution has been enhancements for easy viewing of past transactions (up to 3 years) and printing for bank's internal use as well as meeting audit and regulatory demands. This shall facilitate faster decision making and compliance.
- **ACS integration:** AB Bank has integrated with the A-Challan System from both branch and online. AB customers can pay their taxes and fees from home using their AB Direct credentials.
- **Credit Card Information in IB/Mobile App:** Credit card holders can view card details, balances, outstanding transactions, dues etc. from AB Direct which increases customer convenience and satisfaction.
- **Retail loan SMS Alert:** AB retail loan customers get SMS alerts on disbursement, upcoming dues and outstanding payments. This has enhanced customer follow-up and better collection of repayments.
- **RemitBook Integrations:** API integration with exchange houses (RIA, GULF Exchange) and local agencies (BRAC Saajan) for direct customer credit and OTC payments from abroad.
- **Automation of Dispute Management:** Branch and Call Center can initiate customer disputes for different channels which eBiz can process for faster resolution.
- **Balance Confirmation via Email and SMS:** Customers will get balance confirmation report via both SMS and email thus enhancing customer service.

AB Bank Alternate Delivery Channel

AB Bank Limited is a strong brand in the banking arena with a country wide network of ATMs located in urban and rural areas. At present, the Bank's Electronic Business (eBiz) Division is enriched with Visa Debit Cards, MasterCard Credit Cards, ATMs, SMS Banking, Branch POS and Internet Banking Mobile App with a 24-hour Call Center.

International Debit Cards-First-time in Bangladesh

AB Bank proudly introduced International Debit Card (under the VISA network) – a first of its kind in Bangladesh. Using this card, customers can use their savings account tagged with their debit cards (after proper endorsement) outside the country. This brings in the convenience of using one's own account balance for foreign travel without resorting to applying for credit cards and the hassle associated with them.

Debit Cards

With the opening of any personal account, the customer is issued with a Debit Card. At all the AB Bank ATMs, this card can be used without any transaction fee. AB Bank Debit cardholders can also use their cards at all Visa labeled POS terminals around the country for purchasing goods and services.

Automated Teller Machines (ATMs)

AB Bank now has the fourth largest ATM network with 254 ATMs located across the country. The increase of ATMs is changing the conventional banking trend. For cash withdrawal and some other banking services, the customers are using AB Bank ATMs as their banking channel of choice. Bank already implemented the Online Bills Collection of DESCO and Mobile Top-up using AB Bank Visa debit cards in ATM.

Any Visa or MasterCard cardholder around the globe can enjoy the AB Bank ATM facilities too. AB Bank has also joined in the National Payment Switch of Bangladesh (NPSB) which is operated by Bangladesh Bank. Through this arrangement, any member bank's cardholder can withdraw money from AB Bank's ATMs as well as AB Bank's cardholders can withdraw money from other NPSB member banks' ATMs. Nearly 3.87 million transactions were made via AB Bank ATMs last year. Interestingly, other banks' cardholders use AB Bank's ATMs more due to high availability and consistent uptime.

AB Bank is also ready with MFS integration via NPSB and will be able to serve its customers when this facility is launched by Bangladesh Bank.

Credit Card



AB Credit Cards come in Gold, Titanium and World variants. With discounts at 5000 Plus merchant outlets, numerous Zero Interest Installment offers and "Buy One Get One Free" offers at prestigious hotels and restaurants, AB Credit Card is a mandatory requirement for the customers who value earning benefits from their card. With unlimited access to complimentary Lounge and Meet and Greet facilities at Hazrat Shahjalal International Airport, our cardholders are assured of premium access and privileges when travelling abroad. Our customer's credit card outstanding is also insured for death and permanent disabilities.

With competitive interest rates, market leading benefits, insured spending and superior global acceptability, AB Bank Credit Card is the perfect card for any credit card user.



AB Bank Contact Center was upgraded with dedicated Interactive Voice Response (IVR) in December 2020. This new system ensures better connectivity and full automation of call routing. Customers can now easily reach us to get banking services by dialing 16207. People from abroad can also get services by calling at +8809678916207.

We have also launched a state of the art complaint module for Contact Center to capture customer's complaint/feedback so that we can address customers' issues efficiently to ensure market leading customer service and satisfaction.

Discount and EMI Programs

AB Bank, in partnership with leading merchants and Service Providers, have introduced discount and 0%-interest EMI programs in the fields of Health Care, Hotels and Resorts, Airlines and Tourism, Electronics, Life Style, Dining etc. The discount programs are available in both Visa Debit and MasterCard Credit Cards whereas EMI programs are available via Credit Cards.

SMS Banking

AB Bank SMS Banking allows day to day banking on the mobile 24 hours a day. An SMS Banking customer needs to send a text message to AB Bank short code (16207) and for their desired service requirement – no hassle, no queue and easy to use.

Internet Banking and Mobile App

To facilitate modern banking services, AB Bank revamped its Internet Banking offering and introduced Mobile App under the umbrella of AB Direct. Internet Banking is browser and device independent and the Mobile App is available for Android and Apple iOS.

“Banking everywhere, never at a bank” – believing in this mantra, AB Bank brings its new Internet Banking with following benefits:

- Instant access to account information and account balance
- Print or electronically save transaction history
- Transfer funds to any Bank account within Bangladesh through EFT and Instant Transfer
- Pay utility bills (e.g. Dhaka WASA, DESCO, DPDC, and others)

Corporate Internet Banking

As its 2nd phase of AB Direct initiative, AB Bank has introduced Internet Banking services for its corporate customers as well. Company and business customers can use a highly specialized version of the Internet Banking solution for real time access to their accounts for balance information and making payments using various channels i.e. BEFTN, RTGS, pay utility bills etc. This version has a strong multi-layer authentication workflow for payments with payment delegation hierarchy. This version also supports bulk payment processing for salary disbursements, etc. Customers can also view transaction histories and download them in Excel format for further automated consumption at their end.

Branch POS (Chequeless Transaction)

AB Bank introduced Branch POS (Point of Sale) Services to consolidate its position in the market in terms of technology based retail banking product offers. This service was introduced to facilitate AB Bank Visa Debit cardholders for the higher cash withdrawal facility through POS terminals in any AB Bank Branches.

Investment Banking Department (IBD)

Investment Banking Department (IBD) was established in 2006 to manage the Bank’s investments in the capital market. There is also a Custodian Unit which operates under IBD which provides one-stop services to NRB’s and Foreign Investors interested to invest in Capital Market in Bangladesh. Besides IBD also plays a monitoring and supervisory role to AB Investment Limited and AB Securities Limited.

Keeping in pace with AB’s vision of innovative banking, IBD focuses on diversifying service horizons from that of conventional Merchant Banking services. IBD also extends services for the Portfolio Management needs of Non Resident Bangladeshi (NRBs) and foreign investors and also facilitates remittance in the local capital market through NRB-IDA, FC and NITA account. As a value-added option IBD also has a Custodian Wing under a separate license.

AML and CFT Compliance Division (ACCD)

Combating money laundering and financing of terrorism

In accordance with regulatory guidelines, AB Bank has implemented its AML/CFT Policy to mitigate money laundering and terrorist financing risks. AB understands that the fight against money laundering and terrorist financing requires individual as well as collective effort and as such knowledge on AML and CFT is essential for all staffs of the Bank.

Amid COVID-19 lockdown situation AB Bank continued with day long sessions on AML/CFT through its online platform WebEx and was able to impart training to more numbers of officials than it was originally planned to be provided through class room training.

With a dedicated team of officials, concerned Division of AB Bank could achieve planned number of visits to Branches to perform activity review of AML/CFT practices amid difficulty in movement due to COVID-19 situation. Internal Audit team also visited Branches to review AML/CFT status during those difficult days.

AB Bank continued its endeavor of monitoring transactions on a regular basis and reported sizable numbers of STRs/SARs. Bank also ensured timely submission of its reports and information to regulators and correspondents against their queries.

Bank took the initiative to ensure effective implementation of Prevention of Trade Based Money Laundering across all AD Branches as per regulatory guidelines.

Country wide Agent outlets are also being kept under monitoring from AML/CFT point of view. Agent outlet officials are also being trained and made aware on ML/TF related risks and their mitigation.

Off-shore Banking Unit (OBU)

AB Bank introduced OBU operation located in EPZ Branch, CEPZ, Chattogram. Since inception OBU extended Banking facilities to a substantial number of foreign owned companies as well as Corporate resident Customers with due permission from the regulatory body. On May 31, 2016 OBU was declared as a separate branch. Subsequently, an Offshore Banking Division was



created for the purpose of supervising Off-shore Banking Operations of the Bank. A dedicated Branch Anti Money Laundering Compliance Officer (BAMCLO) has been assigned to OBU to comply with Anti Money Laundering Policies and relevant regulations. Enhanced screening mechanism has been established for screening customers and transactions of OBU in compliance with OFAC, UN, EU and UK provided Sanctions Lists. Total Deposit and LDOs of OBU as of 31 December, 2021 was USD 155,680 and USD 69,915,775 respectively.

Department of Internal Control and Compliance (DICC)

The Department of Internal Control and Compliance (DICC) is comprised of the following division:

- Audit and Inspection Division
- Compliance Division, and
- Monitoring Division

Audit and Inspection Division conducted Risk-Based Audit and Annual Comprehensive Audit on the Branches and Departments/Divisions/Units of Head Office including concurrent audit on FIT Division. Special audits on some specific issues like year-end Branches Cash Position, Security Stock Verification, Cash Incentive Cases, and AML and CFT issues are also conducted audit by the Division and also carry out investigation works as and when required basis. The Division also summarizes the major audit finding detected by the internal audit and inspection teams during audit and inspection and presents these before the Board Audit Committee periodically for their kind perusal. It also prepares the Annual Integrated Health Report of the Bank and submits it to Bangladesh Bank after taking approval from the Board of Directors.

The Compliance Division ensures compliance of Internal, External, and Bangladesh Bank (BB) inspection Reports on Head Office, Branches, and Core Risk Areas. It arranges special Board Meetings for review and discussion of the BB comprehensive inspection report and maintains constant liaison with the Central Bank regarding compliance issues. The division monitors the operational performances of various branches and divisions thorough inspection reports. Regular following-up of inspection reports for mitigation of irregularities detected in the branches and departments, advice non-repetition of similar nature of lapses for reducing the risks. The division also archiving of all circulars, instructions, guidelines, manuals, etc.

Monitoring Division monitors operational activities of the Branches through Internal Control Tools viz. DCFCL, LDCL, and QOR. The division verifies the effectiveness of the internal control system and operational activities by ensuring the implementation of DCFCL, QOR, LDCL, and Self-Assessment on AML and CFT at the branch level. The Division conducts surprise visits of Branches as and when

necessitated and also summarizes the decisions of Board Audit Committee (BAC) Meetings quarterly and submits the same to the Board Audit Committee along with the status of compliance.

In the year 2021, DICC conducted the following audit and inspections activities:

Operations Department

General Banking Operations

General Banking Operations (GBO) is responsible to set certain standards in delivery of products and services within a regulated framework. It continuously monitors Branch activities to mitigate risks and ensures regulatory compliance and also provides necessary support all Branches as and when required.

In 2021, the Department undertook quite a few initiatives to ensure a) superior service standards b) effective operational controls c) improved process flows besides taking steps for combating COVID-19 related health hazards. Like previous years the Division undertook different initiatives as follows:

- "A-Challan" has been introduced to receive Govt. Treasury Challan Payments wherein all Government payments e.g. Taxes, Fees, Service Charges, VAT, Penalties etc. can be deposited to Government accounts through Automated Challan System (ACS) from all ABBL branches.
- To improve service quality the Division has implemented AB 360° Customer Service in 18 branches through which customers will receive all banking services from a single desk. All large and mid-size branches of the Bank will be covered in phases.
- Awareness build up activities continued during the year as an on-going exercise to prevent occurrence of any operational lapses.
- To save cost and ensure green banking, the Division introduced paperless approval system through e-mail on different operational processes.

COVID-19 pandemic initiatives:

- Ensure 'No Mask No Service' at all levels.
- Customers were informed about limited banking services/regular banking services through SMS, e-mail, bank's website and social media.
- Customers were encouraged to use ATMs, Cards and Internet banking as alternative channels to avail banking services.
- Guided the Branch Management to ensure uninterrupted customer service.

Department of Human Resource Management and Development

Even though the year 2021 was a very difficult year for AB Bank due to break-out of COVID-19 with its new Omicron variant, AB Bank and its employees together had a praiseworthy growth and positive impact.

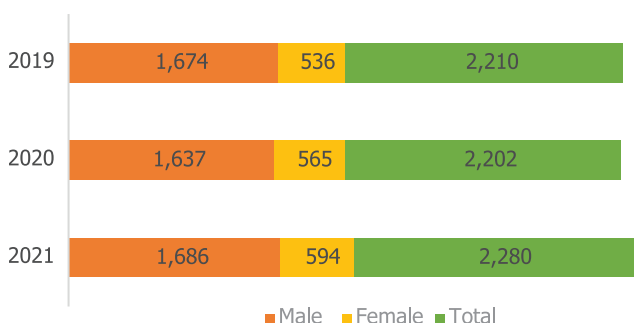
Glimpse of HR initiatives in the Year-2021 are presented below:

- Foster High Performance Work culture by effective Performance Management System and Job allocation delegation, constant focus on serving Customers in each and every horizon.
- Implement HR Systems and Practices.
- Create awareness of our competitive advantage, working with teams from different backgrounds as an integrated AB Family.
- Increase performance along with training and development.
- Employee Motivation through Reward and Recognition (Promotion, Increment, Incentives, etc.) on the basis of Performance, Employee Engagement Events, skill and competency development.
- Develop a work environment in which employees will choose to be motivated / contributing,
- Manpower planning through right-sizing and Assessment Strategy aligned with mission, goals, and organizational objectives and strategic plans and budgets.
- Identifying high-value talent as well as succession planning as a key element of business continuity strategy.

Training Data

Training	# of Courses	# of Participants
ABTA Training	106	3,985
External Training	95	383
Total	201	4,368

Gender Diversity of Employee



Age Group Wise Employee Ratio

Age Group	31.12.2021	
	Number	Mix (%)
Up to 30 years	298	13.07%
Above 30 years to up to 40 years	768	33.68%
Above 40 years to up to 50 years	796	34.91%
Above 50 years to up to 60 years	411	18.03%
Above 60 years	7	0.31%
Total	2,280	100.00%

Financial Institutions and Treasury

Treasury Functions

The strategic function of any Treasury Division is effective management of such risks as Liquidity Risk, Interest Rate Risk and Foreign Exchange Risk. Being an integrated Treasury unit, AB Bank Treasury is engaged in managing these risks within the laid down different internal policies and guidelines of Bangladesh Bank. Functions of Treasury Division are divided among ALM desk, Fixed Income desk, Money Market desk, Foreign Exchange desk and Primary Dealership (PD) desk. Core responsibility of Treasury operations is the maintenance of statutory requirements i.e. CRR, SLR and Liquidity Ratios. In the process of liquidity risk management, Treasury arranges fund both in Local Currency and Foreign Currency. As an interest rate risk manager, Treasury focuses on maturity management of both Loans and Deposits in line with Bank's risk appetite. As a Primary Dealer, AB Bank performs its responsibility as an underwriter to Govt. securities. AB Bank Treasury is capable of providing all possible treasury solutions through an array of treasury products at better prices and superior services with a dynamic and innovative work force.

Highlights of 2021

- Income from Foreign Exchange increased to BDT 302.40 million in 2021 from BDT 270.00 million in 2020.
- Interest income on Money Market Product stood at BDT 116.20 million in 2021 compared to BDT 279.80 million in 2020.
- Investment income was BDT 4,452.70 million in 2021 compared to BDT 5,969.50 million in 2020.

Financial Institutions

AB Bank's Financial Institutions (FI) Division is mainly engaged in expanding and maintaining correspondent banking relationships with local and foreign Banks, Financial Institutions and Exchange Houses. AB's foreign

correspondent relationship covers most of the important Banks and Financial Institutions in the world. AB Bank's Correspondent Banking Platform is comprised of 306 correspondents. This strong platform helps expanding international trade business of AB Bank Limited and providing better customer service to its customers.

International Trade

During 2021, AB experienced significant growth in both import and export business compared to previous year.

Import Business increased by 48.78% to Tk. 4,862 crore in 2021 from Tk. 3,268 crore in 2020. Import business of AB covers areas like industrial raw materials, food items, chemicals, medicines, textiles, capital machineries etc.

Export Business also experienced a positive growth of 18.78% percent in the year 2021 compared to the previous year. Total Export was Tk. 5,559 crore at the end of the year 2021 which was Tk. 4,680 crore in 2020. Export business was concentrated in frozen fish, readymade garments, knitwear and other indigenous products.

FI Marketing

A dedicated FI Marketing Team facilitates trade business activities originating from different Banks in Bangladesh. FI Marketing Team procures foreign trade related business i.e. Reimbursement Authorities/Payment Instructions, advising of documentary credits and confirmation to L/Cs of different Banks in Bangladesh on behalf of AB Bank Limited, Mumbai Branch and AB International Finance Limited (ABIFL), Hong Kong. During the year 2021, our FI Marketing Team collected considerable number of Reimbursement Authorities/Payment Instructions and provided great support in advising a significant number of L/Cs from different Commercial Banks in Bangladesh through our Mumbai Branch, India and ABIFL, Hong Kong.

Remittance Initiatives

AB has been using state-of-the-art API enabled remittance software for excellence in remittance operation of the Bank. AB strengthened its remittance relationship with various renowned exchange houses in 2021. AB is focusing on excellence in customer service through the existing Branch network and agents. A dedicated "Remittance Hub" backed by advanced technology platform helps expanding the Bank's service to the doorstep of the customers. Corporate clients of AB remained another major source of foreign currency. Bank is also trying to broaden its base through solicitation of indigenous export clients. Total remittance at the end of the year 2021 was USD 379 million compared to USD 215 million in 2020.

Overseas Operations

Mumbai Branch

AB Bank Limited, Mumbai Branch is the only Bangladeshi Bank's Branch in Mumbai to cater Indo-Bangla Trade. Since its inception in the year 1996, it was engaged in handling of Letter of Credit and document of export from India to Bangladesh in addition to retail banking activities. The branch also provides confirmation, negotiation and discounting services to its customers.

At present, our Mumbai Branch is maintaining VOSTRO accounts of 44 Bangladeshi Banks. Mumbai Branch's Operating Profit at the year-end of 2021 was INR 159.16 Million.

Highlights of Mumbai Branch Business

INR in Million	2021	2020	2019
Total Assets	2,891.24	2,914.70	2,576.59
Total Loans and Advances	510.43	468.00	566.93
Total Deposits	1,974.08	1,827.52	1,451.26
CRAR – Overall	36.93%	36.65%	36.51%
CRAR – Tier I	36.49%	36.25%	36.30%
CRAR – Tier II	0.43%	0.40%	0.21%
Fee based income to Total income	86.69%	82.24%	82.73%
Return on Total Assets	3.33%	1.50%	3.60%

Highlights of Mumbai Branch Business

INR in Million	2021	2020	2019
Operating Profit	159.16	21.33	159.28
Profit after Tax (PAT)	96.57	41.14	92.15
Return on Assets (%)	3.33	1.50	3.60
Return on Equity (%)	10.64	4.15	9.59

Credit Risk Management (CRM)

CRM Division manages the credit risks of the Bank as per the CRM Policy formulated in accordance with guidelines, manuals and other related circulars issued by Bangladesh Bank from time to time. The Division implements specific risk mitigating tools that include understanding customers [KYC], their past track record, financial soundness, management ability, outlook of business and industry, collateral arrangement etc. AB has diversified its credit portfolio into Corporate, SME and Retail. There are separate policies for each such segment with clearly defined tools for risk management in line with exposure, purpose, type, industry etc. A uniform Credit processing matrix is in place which has been disseminated to the Branch level. Clear segregation of Credit Relationship and Credit Administration streams across the Bank has been

established to ensure effective credit risk management. This setup has also ensured sound practices in overall credit management viz. credit processing/appraisal, approval, documentation, disbursement, monitoring and control. The Division regularly reviews and updates Credit Risk Management Policy and Lending Guidelines as and when warranted to accommodate the continuous changes in the business, economic, market conditions, social and political environments, government policy, industry demand, central bank regulation and experience of the bank for better management credit risks.

Credit Administration Management (CAM)

Credit Administration and Management (CAM) Division safeguards the total asset of the Bank. This Division is focused in complying with post-approval credit processes relating to Corporate, SME and Retail loans which includes documentation, disbursement, returns and compliance. In carrying out its responsibilities it keeps continuous liaison with Branch Managers, Business, Risk Management, Senior Management, and the Board as well as with the Regulatory authorities.

The CAM Division usually supports the bank directly and indirectly to manage the level of credit risk exposure having its five wings those are related to the complying of (1) Generating to the CIB Reports (2) Preparing Sanctions after getting approval and loading the limit (3) Limit Activation and Authorization after completion of documentation formalities as per Sanction Terms and Conditions (4) Loan Disbursement under the approved limits and finally (5) Returns and Compliance comprising loan irregularities report both to the in-house Management and Regulatory Authorities. Besides these, CAM Division typically keeps providing essential data, information and necessary counselling to the respective divisions to strengthen and to make precision the supervision of Loan Disbursement, Overview the loan Documentation, Monitoring and Controlling of Loan Delinquency and Reporting the above all status to the Board of Directors, Senior Management, Business Divisions and Branches.

Department of Accounts and Finance (A&F)

Department of Accounts and Finance works towards achieving high standards as befitting for the institution. It also ensures operations of the Bank within the compliance framework.

The Department primarily focuses on developing and maintaining a service-oriented culture. It performs the key roles of controllership financial reporting, budgeting, forecasting, financial analysis, business performance monitoring, decision support, procurement (Payment Cell) and provides support for effective risk management. In addition, the Department also provides relevant MIS to Management and the Board for facilitating strategic

decisions.

Corporate Social Responsibility (CSR)

AB believes Corporate Social Responsibility (CSR) is the first and foremost meant to contribute to the society for improving the quality of lives of people, particularly for that segment of the people who are underprivileged and less fortunate in terms of basic needs such as food, health, education etc. CSR is a self-regulating business model that helps a company be socially accountable - to itself, its stakeholders, and the public. AB Bank feels obligated towards the community in which it operates. It has long been active in a wide range socially responsible initiatives.

The Bank promotes the country's rich heritage of arts, culture and sports. The Bank always responds to the crying needs of the society and to stand beside the affected ones in times of national crisis. Besides addressing the basic social needs of the under privileged people of the country, AB believes that CSR can be a genuine platform to address growing environmental concerns also.

Risk Management Department (RMD)

Risk Management acts as one of the main operational activities in every sphere of operations for any Bank. It is the fundamental part for a bank to ensure its profitability and soundness. It also serves as essential auxiliary tools to board strategic plans towards achieving bank's overall objectives. AB Bank Limited recognizes the need for risk management to feature as a consideration in strategic and operational planning. As per Bangladesh Bank guidelines, AB Bank is having effective Risk Management Department (RMD) equipped with adequate resources and infrastructure. The fundamental objective of this Department is to protect the organization from unexpected losses caused by unfavorable downgrade in financial areas and reputational issues through early flag raising, and there-by to ensure sustainability in growth. The RMD is constantly considering and applying efforts to develop organization wide Risk Management structure and processes to rip out its outcomes in all areas of the Bank in compliance with Bangladesh Bank's risk related directives and procedures.

RMD is performing an effective role in leading the Supervisory Review Process and holding SRP-SREP dialogue on ICAAP. RMD also provides the Bank's Risk Appetite Framework in the light of Bank's strategic plan comprising Key Risk Indicators (KRIs) from different segments of the Bank. It also provides training to AB Bank officials on Risk Management issues focusing on Management Action Trigger (MAT), Comprehensive Risk Rating (CRR) with a view to enhance the level of understanding on risk management, its importance and its application.

AB Subsidiaries

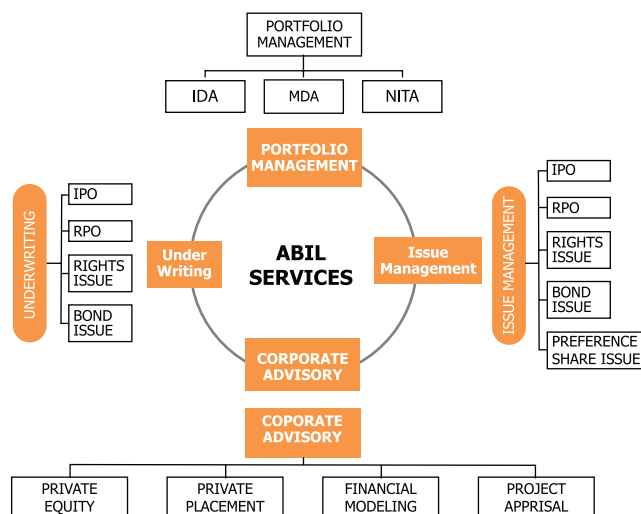
AB International Finance Limited

AB International Finance Limited (ABIFL), Hong Kong, a wholly owned subsidiary of AB Bank Limited, has started its operation in the year of 1995. ABIFL is primarily engaged in advising, adding confirmation to documentary credits, negotiation and discounting of bills under Letter of Credit. ABIFL's performance in 2021 is presented below:

Particulars	2021	2020	2019
Operating Profit-HKD Million	10.12	7.90	11.97
Profit after tax (PAT)-HKD Million	8.62	6.84	10.18
Return on assets (%)	6.91	6.38	9.82
Return on equity (%)	51.12	38.81	53.56
Earnings per share-HKD	86.17	68.45	101.76

AB Investment Limited

After incorporation on 24th day of December 2009 AB Investment Limited (ABIL), a wholly owned subsidiary company of AB Bank Limited, started its operation on the 10th day of March, 2010. ABIL provides the following services:



The number of clients of AB Investment Limited is about 2,306 and it comprises of Local Individual and Institutional clients along with NRBs and Foreign Individuals. ABIL has 7 (seven) panel brokers to perform trading of its clients and of own portfolio. Total portfolio of ABIL was more than Tk. 7.59 billion in 2021 which is 0.14% (approx.) of the total market capitalization. Currently, ABIL operates from its Head Office in Dhaka and two branch offices in Chittagong and Sylhet.

Particulars	2021	2020	2019
Number of Clients (in number)	2,306	2,326	2,349
Margin Loan provided to Clients (mn)	7,257	6,957	6,752
Operating Income (mn)	449	175	57
Operating Profit (mn)	376	100	9
Net Profit (mn)	67	(4)	(58)
Earnings Per Share (Tk.)	0.10	(0.006)	(0.089)

*Restated EPS

AB Securities Limited (ABSL)

AB Securities Limited (ABSL), a wholly owned subsidiary company of AB Bank Limited, was incorporated on 24th December 2009 and started its operation on 2nd August, 2010. ABSL is a corporate TREC Holder of both Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

The number of clients of ABSL is around 3,347 and it comprises of local individual and institutional along with NRBs and foreign individuals. ABSL also acts as Agent Broker of AB Investment Limited.

Currently, ABSL is operating from its Head Office in Dhaka and two branch offices in Chittagong and Sylhet. In the year 2021, total turnover of ABSL was around Tk. 76.10 billion.

For Foreign Nationals and Non-Resident Bangladeshis, ABSL provides one stop stock broking services including assistance in opening Foreign Currency (FC) Account and Non-Resident Investor's Taka Account (NITA), BO Account opening and trading at DSE and CSE.

Performance of ABSL

Particulars	2021	2020	2019
Number of Clients (in number)	3,347	3,117	2,942
Margin Loan provided to Clients (mn)	762	919.0	931
Operating Income (mn)	164	152	28
Operating Profit (mn)	92	70	(20)
Earnings Per Share-EPS (Tk.)	0.23	0.16	0.01
Total Turnover-Trade (Billion Tk.)	76	46	18

Cashlink Bangladesh Limited (CBL)

CBL is a subsidiary of AB Bank Limited. CBL incorporated on 24th September 2008 with the following objectives:

- To carry on the business of providing integrated electronic financial payment to AB and other member Banks
- To do Transaction Processing solutions in Bangladesh, including coordination and deployment of independent branded automated teller machines (ATM)
- To facilitate Electronic Fund Transfer through Points of Sale (EFT POS) and provide pre-paid Card
- Debit Card, Credit Card processing services, etc.
- To facilitate E-commerce facility to our clients

Performance of Cashlink

BDT in Lac

Particulars	2021	2020	2019
Total Operating Income	30.73	40.31	135.55
Total Operating Expense	4.41	4.19	4.53
Profit After Tax	18.42	24.38	127.37
Total Shareholder's Equity	787.46	769.04	744.66
Total Asset	882.73	856.41	823.94

Arab Bangladesh Bank Foundation (ABBF)

Arab Bangladesh Bank Foundation (ABBF) is a platform for philanthropic activities of the Bank.

Financial Performance Highlights

As one of the most highly regulated industries in the world, investors have some level of assurance in the soundness of the banking system. As a result, investors can focus most of their efforts on how a bank will perform in different economic environments. In 2021, as with other sectors, the Banking Sector as a whole experienced adverse effect of COVID 19 pandemic. Within these challenging economic and business environment, the Bank registered following financials:

BDT in crore

Particulars	Consolidated		Change %	Solo		Change %
	2021	2020		2021	2020	
Interest Income/Profit on Investments	2,059.72	2,442.69	-16%	2,038.41	2,429.15	-16%
Interest Paid/Profit on Deposits and Borrowings, etc.	1,583.00	2,017.16	-22%	1,582.20	2,013.46	-21%
Net Interest Income	476.72	425.53	12%	456.21	415.68	10%
Other Income	776.69	825.90	-6%	728.14	798.95	-9%
Operating Expenses	591.39	586.21	1%	571.07	567.93	1%
Operating Profit	662.02	665.22	0.005%	613.29	646.70	-5%
Provisions for Loans and Others	465.71	531.99	-12%	432.66	514.49	-16%
Profit before Taxation	196.30	133.23	47%	180.63	132.21	37%
Provisions for Tax	124.62	93.80	33%	116.49	93.07	25%
Profit after Tax	71.68	39.43	82%	64.14	39.14	64%
Earnings Per Share (BDT)	0.86	0.47	0.39	0.77	0.47	0.30

In the year 2021, Interest Income and Interest Expenses decreased by 16% and 22% respectively. Net Interest Income increased by 12% and 10% on consolidated and solo basis. Gain from Treasury bills and bonds was reduced during the year as a result, other income has decreased by 6% and 9% on consolidated and solo basis. Operating expense of the Bank was managed prudently. As a result, there was a minimum growth in operating expenses both in consolidated and solo basis. However, at the end, Bank registered 82% and 64% growth in Profit after Tax and stood at BDT 72 crore and BDT 64 crore in consolidated and solo basis respectively.



Asset Quality

BDT in crore

Particulars	Consolidated		Change %	Solo		Change %
	2021	2020		2021	2020	
Total Loans and advances	29,904.34	28,290.09	5.71%	29,045.98	27,482.99	5.69%
Unclassified	25,793.40	23,674.63	8.95%	24,935.04	22,867.53	9.04%
Standard	25,038.88	22,010.99	13.76%	24,180.52	21,203.89	14.04%
Special mention Account	754.52	1,663.64	-54.65%	754.52	1,663.64	-54.65%
Classified	4,110.94	4,615.46	-10.93%	4,110.94	4,615.46	-10.93%
Sub-standard	51.91	234.57	-77.87%	51.91	234.57	-77.87%
Doubtful	313.88	309.68	1.36%	313.88	309.68	1.36%
Bad Loss	3,745.15	4,071.21	-8.01%	3,745.15	4,071.21	-8.01%

It is main challenge of the Bank to keep the assets quality at optimum level. In 2021, Bank was able to reduce classified loans by BDT 505 crore. As a result, CL ratio stood at 14.15% in 2021 from 16.79% of 2020. Improving the asset quality, recovering classified and written off loans, restructuring loan portfolio in order to improve the profitability are the prime focus of the Board.

Capital Position

BDT in crore

Particulars	Consolidated		Change %	Solo		Change %
	2021	2020		2021	2020	
Risk Weighted Assets	33,337.93	34,461.71	-3.26%	32,966.60	34,105.67	-3.34%
Credit Risk	30,043.53	31,751.21	-5.38%	29,808.53	31,556.50	-5.54%
Market Risk	1,182.00	835.96	41.39%	1,107.10	726.80	52.32%
Operational Risk	2,112.40	1,874.54	12.69%	2,050.97	1,822.36	12.54%
Regulatory Requirement	12.50%	12.50%		12.50%	12.50%	
Capital Requirement	4,167.24	4,307.71		4,120.82	4,263.21	
Capital Maintained	3,805.93	3,905.10	-2.54%	3,539.51	3,696.60	-4.25%
Tier-1	2,472.41	2,067.39	19.59%	2,345.80	1,957.01	19.87%
CET-I	2,031.41	2,067.39	-1.74%	1,904.80	1,957.01	-2.67%
Add. Tier-I	441.00	-	100%	441.00	-	100%
Tier-2	1,333.52	1,837.70	-27.44%	1,193.71	1,739.59	-31.38%
Capital Surplus/ (deficit)	(361.31)	(402.62)		(581.31)	(566.61)	
Capital to Risk Weighted Asset Ratio (CRAR)	11.42%	11.33%		10.74%	10.84%	
Tier-I	7.42%	6.00%		7.12%	5.74%	
Tier-II	4.00%	5.33%		3.62%	5.10%	

At the end of 2021, Bank was able to maintain CRAR @11.42% and 10.74% on consolidated and solo basis respectively against 12.50% (10% minimum and 2.50% capital conservation buffer) regulatory requirement. Risk Weighted Assets of the Bank was decreased near about 3% and capital decreased approximately 4%. However, issuance of Perpetual bonds of BDT 600 crore is in process and within 2021 BDT 441 crore has been subscribed.

Cash Flow Position

BDT in crore

Particulars	Consolidated		Change %	Solo		Change %
	2021	2020		2021	2020	
Net cash flow from operating activities	254.24	(367.19)	169.24%	300.75	(382.93)	178.54%
Net cash flow from investing activities	74.79	(178.80)	-141.83%	59.03	(194.24)	-130.39%
Net cash flow from financing activities	354.94	366.02	-3.03%	354.94	366.02	3.03%
Net decrease in cash	683.97	(179.97)	-480.04%	714.72	(211.15)	438.49%
Net Operating Cash Flow Per Share (NOCFPS) (BDT)	3.04	(4.39)	7.43	3.60	(4.58)	8.18

Major component of net cash flow from operating activities was operating profit after elimination of the effect of depreciation and provision and non-cash items in Profit and Loss Account. Changes in operating assets and liabilities i.e. changes in loans, deposits and short term borrowing mainly affected the cash flow from operating activities. Net Operating Cash Flow Per Share increased than last year.

Key Ratio

Particulars	2021	2020
Capital to Risk Weighted Assets Ratio	10.74%	10.84%
Loan Deposit Ratio	86.27%	85.26%
Cost income ratio	48.22%	46.71%
CL Ratio	14.15%	16.79%
Return on investment (ROI)	8.47%	10.34%
Return on assets (ROA)	0.16%	0.10%
Return on equity (ROE)	2.63%	1.65%
Assets Utilization Ratio	79.82%	78.62%
Operating Profit Per Employee (Lac/Taka)	26.90	29.37

Shareholding Pattern

Shareholding pattern of the Bank is disclosed as below following the requirements of Section 1.5 (xxiii) of BSEC Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018:

- a) Parent / Subsidiary / Associated Companies and other related parties: Not Applicable
- b) As of December 31, 2021, shares held by Directors including nominating Individual and Institutions, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and their Spouses and Minor Children are as follows:

Name of the Directors, CEO, CS, CFO and HIAC	Status	No. of Shares	%	Name of the Spouses	No. of Shares	%
Mr. Muhammad A. (Rumee) Ali Nominated by Pacific Traders Ltd.	Chairman	83,454,592	9.9845%	Ms. Tamara R. Ali	-	-
Mr. Feroz Ahmed	Director	17,342,538	2.0749%	Ms. Salvana Ahmed	342,321	0.0410%
Mr. Shajir Ahmed Nominated by Hexagon Chemical Complex Ltd	Director	22,894,393	2.7391%	Ms. Fahmida Islam	-	-
Mr. Khairul Alam Choudhury Nominated by Pacific Industries Ltd.	Director	81,758,976	9.7817%	Ms. Mariya Rakhi Chowdhury	-	-
Mr. Md. Maqsoodul Huq Khan Nominated by Emkay Holdings Ltd.	Director	17,088,750	2.0445%	Ms. Kazi Homaira Nirjhar	-	-
Mr. Shafiqul Alam	Independent Director	-	-	Ms. Najma Shafiq	-	-
Mr. Tarique Afzal	President and Managing Director	-	-	Ms. Ornita Afzal	-	-
Mr. K.M. Mohiuddin Ahmed	Chief Financial Officer	-	-	Dr. Khairun Nessa	-	-
Mr. Mohiuddin Ahmed Chowdhury	Head of Internal Control and Compliance(In-charge)	-	-	Ms. Tasmina Hoque	-	-
Mr. Md. Jasim Uddin ACS	Company Secretary (In-charge)	-	-	Ms. Jannatul Bakia	-	-

- c) As of December 31, 2021, shares held by top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, and Head of Internal Audit.

Sl. No	Employee Name	Designation	No. of Shares
1	Mr. Sajjad Hussain	Additional Managing Director	-
2	Mr. Abdur Rahman	Deputy Managing Director	-
3	Mr. Mahmudul Alam	Deputy Managing Director	-
4	Mr. Syed Mizanur Rahman	Sr. Executive Vice President	-
5	Mr. Mahadev Sarker Sumon	Sr. Executive Vice President	-

d) Shareholders holding ten percent or more voting interest in the company: Nil

Dividend

The Board in its 732nd Meeting held on April 26, 2022 recommended 3.00% Stock Dividend and 2% Cash Dividend to all the Shareholders. Stock and Cash Dividend is subject to Shareholders approval in the 40th Annual General Meeting scheduled to be held on July 06, 2022, Wednesday through Digital platform. Record Date has been fixed on May 24, 2022, Tuesday.

In compliance with Code no: 1.5 (XXI) of the Corporate Governance Code -2018 issued by Bangladesh Securities and Exchange Commission, Board confirms that no bonus share or stock dividend has been declared as interim dividend.

Board of Directors

At present, AB Board comprises 7 (seven) members including President and Managing Director. The Board has three Committees in operation viz. Audit Committee, Executive Committee and Risk Management Committee in compliance with Bangladesh Bank BRPD circular no: 11 dated October 27, 2013 on Formation and Responsibilities of Board of Directors of a Bank Company. These Committees are operating according to their TOR set by the Board or Bangladesh Bank as the case may be.

Present composition of the Board is as below:

1. Mr. Muhammad A. (Rume) Ali, Chairman, nominated by Pacific Traders Limited
2. Mr. Feroz Ahmed, Director
3. Mr. Shajir Ahmed, Director, nominated by Hexagon Chemical Complex Limited
4. Mr. Khairul Alam Choudhury, Director, nominated by Pacific Industries Limited
5. Mr. Shafiqul Alam, Independent Director
6. Mr. Md. Maqsubul Huq Khan, Director, nominated by Emkay Holdings Limited
7. Mr. Tarique Afzal, President and Managing Director

Board Meeting/Committees Meeting and Attendance

Board Meeting

23 (twenty three) Board Meeting held during the year 2021. Below is the table of Directors' attendance in the meeting based on their tenure (appointment, retirement and resignation):

Name of Directors	Designation	Attendance in Board Meeting of the Bank	
		Number of meeting held during the year	Number of meeting attended during the year
Mr. Muhammad A. (Rume) Ali	Chairman	23	23
Mr. Feroz Ahmed	Director	23	22
Mr. Shajir Ahmed	Director	23	21
Mr. Khairul Alam Choudhury	Director	23	23
Mr. Shafiqul Alam	Independent Director	23	23
Mr. Md. Maqsubul Huq Khan*	Director	22	20
Mr. Kaiser A. Chowdhury**	Ex-Independent Director	01	01
Mr. Tarique Afzal***	President and Managing Director	21	21

Total number of Board Meeting held = 23 (twenty three)

* Mr. Md. Maqsubul Huq Khan was re-appointed as Director in 702nd Board Meeting held on January 18, 2021.

** Mr. Kaiser A. Chowdhury, Independent Director submitted his resignation in 702nd Board Meeting held on January 18, 2021.

*** Mr. Tarique Afzal, President and Managing Director was in Medical leave during the 713th and 714th Board Meeting. Mr. Sajjad Hussain, Ex-Additional Managing Director attended those meetings as President and Managing Director (Current Charge)

Audit Committee Meeting

08 (Eight) Meeting of the Audit Committee were held during the year 2021. Details:

Name of Directors	Status	Number of Meeting	
		Held	Attended
Mr. Shafiqul Alam	Chairman	08	08
Mr. Shajir Ahmed	Member	08	07
Mr. Md. Maqsubul Huq Khan*	Member	07	07

Total number of Audit Committee Meeting held = 08 (Eight)

* Mr. Md. Maqsubul Huq Khan was elected as Member of the Committee in 703rd Board Meeting held on January 28, 2021

Risk Management Committee Meeting

08 (Eight) Meeting of the Risk Management Committee were held during the year 2021. Details:

Name of Directors	Status	Number of Meeting	
		Held	Attended
Mr. Shafiqul Alam	Chairman	08	08
Mr. Feroz Ahmed	Member	08	07
Mr. Md. Maqsubul Huq Khan*	Member	07	07

Total number of Audit Committee Meeting held = 08 (Eight)

*Mr. Md. Maqsubul Huq Khan was elected as Member of the Committee in 703rd Board Meeting held on January 28, 2021

Remuneration paid to Directors

During the year 2021, total remuneration paid to the Directors including Independent Director was Tk. 1,589,600 (Taka fifteen lakh eighty nine thousand six hundred).

Election of Directors

According to the Articles of Association of the Bank and regulation 79 of Schedule-I of the Companies Act, 1994; at each Annual General Meeting, at least one third of the Directors other than the President and Managing Director has to retire. Mr. Muhammad A. (Rumee) Ali, Chairman of the Bank, nominated by Pacific Traders Limited and Mr. Shajir Ahmed nominated by Hexagon Chemical Complex Limited will retire in the following 40th Annual General Meeting and eligible for re-appointment.

Protection to Minority Shareholders

AB Bank operates in accordance with the Articles of Association of the Bank and all applicable laws and regulations of the land to ensure the best interest of all shareholders including minor shareholders. Bank is committed to ensure sound governance practices based on integrity, openness, fairness, professionalism and accountability in building confidence among stakeholders. The Bank strongly believes in equitable treatment of every shareholder. Any complaint received at the AGM or through the year from any shareholder is resolved on a priority basis, even as we are committed to address grievances/queries within the timeframe.

Related Party Transaction Disclosure

A party is related to the company if:

- 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;
 - the party is an associate;
 - the party is a joint venture;
 - the party is a member of the key management personnel of the Company or its parent;
 - the party is a close member of the family of any individual referred to in (i) or (iv);
 - 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
 - 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 Savar Branch of AB	Pacific Industries Ltd	Mr. Khairul Alam Choudhury	Nominated Director of Pacific Industries Ltd. In ABBL Board

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.	Name of the 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

Credit Rating

Surveillance Rating (2021)	Long Term	Short Term
	AA-	ST-2
Rating Agency	ARGUS Credit Rating Services Limited (ACRSL)	
Date of Rating	December 28, 2021	
Date of Validity	December 27, 2022	

Long Term: Commercial Banks rated 'AA-' have very High Credit Quality and minimal expectation of credit risk. It indicates the obligor has very strong capacity to meet its financial obligations and is unlikely to be impacted adversely by foreseeable events.

Short Term: Commercial Banks rated ST-2 category are considered to have high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

40th Annual General Meeting

Shareholders whose names appeared in the Register of Members of the Bank or the Depository System on the Record Date i.e. May 24, 2022, Tuesday, are eligible to attend the AGM and entitled to receive the Dividend.

The 40th Annual General Meeting will be held on July 06, 2022 (Wednesday) through Digital Platform at 12:30 p.m.

A Member entitled to attend and vote at the Annual General Meeting can appoint a proxy to attend and on a poll to vote on it/his/her behalf. Proxy Form duly stamped must be deposited at the Bank's Registered Office or through email at cs@abbl.com at least forty-eight hours before the time fixed for the meeting otherwise Proxy Form will not be treated as valid.

Country Outlook

In March 2022, Moody's credit rating agency affirmed Bangladesh's credit rating at 'Ba3' with a stable outlook noting healthy export growth and the strong macroeconomic stability provided by remittances throughout the pandemic.

The Economist Intelligence Unit (EIU) predicts that Bangladesh economy will continue to recover, but anticipated slowdowns in economic activities in Europe and the US (Bangladesh's leading export markets) will exert a mild drag on GDP growth in FY21-22 compared to the previous year.

Gratitude

It is the privilege of the Members of the Board of Directors of the Bank to express appreciation and gratitude to all the valued Shareholders, Clients, Patrons and well-wishers for their unwavering support and co-operation extended over the years. The Board is also indebted to the Government of Bangladesh, Bangladesh Bank, BSEC, DSE, CSE, Registrar of Joint Stock Companies and Firms and other related entities for their continued guidance and support. The Board also takes this opportunity to recognize and appreciate the effort and dedication of the frontlines including bankers who risked their lives for a greater cause during the pandemic.

AB Bank will remain committed to its vision and towards the creation of Shareholders' value. The Bank will also continue its efforts to improve the lot of the people of Bangladesh and to contribute towards the sustainable and inclusive socio-economic development of the country.



Muhammad A. (Rume) Ali
Chairman