

AB Bank Limited and Its Subsidiaries

Consolidated & Separate Financial Statements For the year ended 31 December 2022



ACNABIN

Chartered Accountants

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NETWORK MEMBER

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 2022 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 2022, 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 320,411 million (2021: BDT 299,043 million) and provision for loans and advances of BDT 28,740 million (2021: BDT 28,712 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 requirements as per circulars and instructions given by Bangladesh Bank from time to time and communicated the provision requirements with the management and those charged with governance and the representatives of Bangladesh Bank, 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 2022 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 3,562 million (2021: 4,105 million) as at 31 December 2022. 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.

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 2022 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 including the re-estimation and loan flexibility given to the borrowers through different circulars and instructions given by Bangladesh Bank from time to time, 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 up to 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 9,228 million, BDT 1,982 million, BDT 90 million, BDT 1,350 million and BDT 569 million respectively as at 31 December 2022 and total revenue of BDT 223 million, BDT 131 million, BDT 2 million, BDT 189 million and BDT 20 million respectively for the year ended 31 December 2022. 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. provisions have been made for loans & advance and other assets as per Bangladesh Bank's DBI letter no: DBI-3/101/2023-741 dated 26 April 2023, and as per forbearance letter vide: DOS(CAMS)1157/41(Dividend)/2023-2200 dated 30 April 2023, which are in our opinion, doubtful of recovery as explained in Note 15.1;
- 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 7,252 person hours; and
- xii. Capital to Risk-weighted Asset Ratio (CRAR) has been maintained during the year based on Bangladesh Bank's forbearance letter ref: DOS(CAMS)1157/41(Dividend)/2023-2200 dated 30 April 2023 against the requirement as explained in notes 15.1 and 16.6 (as explained in Annexure-D).

Dhaka,
30 April 2023

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md. Moniruzzaman, FCA
Partner

ICAB Enrollment No. 787

DVC: 2304300787AS719317

AB Bank Limited & Its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2022

	Notes	31.12.2022 Taka	31.12.2021 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	3(a)	20,667,871,690	22,779,626,496
In hand (including foreign currencies)	3.1(a)	1,727,135,791	1,289,979,089
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2(a)	18,940,735,899	21,489,647,407
Balance with other banks and financial institutions	4(a)	5,515,123,076	8,317,340,674
In Bangladesh	4.1(a)	1,187,972,612	1,123,970,264
Outside Bangladesh	4.2(a)	4,327,150,465	7,193,370,410
Money at call and on short notice	5(a)	922,406,358	3,094,606,108
Investments	6(a)	52,466,839,645	65,704,665,106
Government	6.1(a)	38,724,461,083	52,770,903,951
Others	6.2(a)	13,742,378,561	12,933,761,155
Loans, advances and lease/investments		320,410,664,586	299,043,372,049
Loans, cash credits, overdrafts, etc./Investments	7(a)	318,459,654,413	296,947,226,466
Bills purchased and discounted	8(a)	1,951,010,172	2,096,145,583
Fixed assets including premises, furniture and fixtures	9(a)	3,750,552,029	4,153,439,656
Other assets	10(a)	8,479,453,791	9,930,538,296
Non-banking assets	11	334,171,836	334,171,836
Total Assets		412,547,083,011	413,357,760,224
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	12(a)	10,750,218,784	29,832,208,485
Bonds	13	11,497,500,000	11,810,000,000
Deposits and other accounts	14(a)	316,269,218,590	298,078,995,964
Current account and other accounts		46,910,479,125	30,921,208,319
Bills payable		1,887,785,146	10,973,625,337
Savings bank deposits		41,660,803,630	41,190,067,103
Fixed deposits		141,943,695,828	138,759,330,196
Other deposits		83,866,454,861	76,234,765,008
Other liabilities	15(a)	48,256,952,343	48,060,125,289
Total liabilities		386,773,889,717	387,781,329,736
Capital/Shareholders' equity			
Equity attributable to equity holders of the parent company		25,760,909,681	25,564,304,856
Paid-up capital	16	8,609,138,310	8,358,386,710
Statutory reserve	17	8,050,124,639	7,484,909,773
Other reserve	18(a)	3,856,208,923	3,814,574,816
Retained earnings	19(a)	5,245,437,808	5,906,433,556
Non- controlling interest	19(b)	12,283,617	12,125,636
Total equity		25,773,193,298	25,576,430,492
Total Liabilities and Shareholders' Equity		412,547,083,011	413,357,760,224

	Notes	31.12.2022 Taka	31.12.2021 Taka
Off-Balance Sheet Items			
Contingent liabilities	20	52,641,472,323	42,322,775,528
Acceptances and endorsements		8,065,947,969	9,164,910,843
Letters of guarantee	20.1	14,285,640,393	14,218,055,620
Irrevocable letters of credit		6,949,812,040	9,365,430,608
Bills for collection		8,403,053,218	9,360,524,214
Other contingent liabilities		14,937,018,703	213,854,243
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		52,641,472,323	42,322,775,528

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Md. Eskandar Miah
Independent Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Khairul Alam Choudhury
Chairman

This is the Consolidated Balance Sheet referred to in our separate report of even date.

Dhaka,
30 April 2023

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787
DVC: 2304300787AS719317

AB Bank Limited and Its Subsidiaries

Consolidated Profit and Loss Account For the year ended 31 December 2022

	Notes	2022 Taka	2021 Taka
OPERATING INCOME			
Interest income/profit on investments	22(a)	21,639,730,544	20,597,240,974
Interest/profit paid on deposits and borrowings, etc.	23(a)	(17,080,619,531)	(15,830,035,663)
Net interest income		4,559,111,013	4,767,205,311
Investment income	24(a)	3,976,352,040	5,599,175,296
Commission, exchange and brokerage	25(a)	2,874,655,734	1,949,838,243
Other operating income	26(a)	494,906,959	217,873,572
		7,345,914,732	7,766,887,110
Total operating income (a)		11,905,025,746	12,534,092,422
OPERATING EXPENSES			
Salary and allowances	27(a)	3,247,679,962	3,148,233,710
Rent, taxes, insurance, electricity, etc.	28(a)	631,053,682	617,254,604
Legal expenses	29(a)	24,123,289	10,203,815
Postage, stamps, telecommunication, etc.	30(a)	114,709,213	104,683,114
Stationery, printing, advertisement, etc.	31(a)	128,052,812	117,047,038
Chief executive's salary and fees	27.1	18,958,549	16,341,129
Directors' fees	32(a)	3,054,670	3,338,419
Auditors' fees	33(a)	3,710,113	4,658,568
Depreciation and repairs of Bank's assets	34(a)	742,489,335	691,863,995
Other expenses	35(a)	1,273,208,447	1,200,286,054
Total operating expenses (b)		6,187,040,072	5,913,910,446
Profit before provision (c = (a-b))		5,717,985,674	6,620,181,975
Provision against loans and advances	36(a)	2,214,861,712	4,114,845,179
Provision for investments	37(a)	576,280,660	456,481,754
Other provisions	38(a)	80,500,000	85,815,033
Total provision (d)		2,871,642,372	4,657,141,965
Profit before tax (c-d)		2,846,343,302	1,963,040,010
Provision for taxation		2,131,989,347	1,246,241,915
Current tax		2,194,307,943	2,213,720,051
Deferred tax		(62,318,597)	(967,478,136)
Net profit after tax		714,353,956	716,798,095
Appropriations			
Statutory reserve		535,933,103	341,379,078
Start-up Fund		6,772,387	6,413,845
Coupon payment for Perpetual Bonds		351,368,346	-
		894,073,836	347,792,924
Retained surplus		(179,719,880)	369,005,171
Non- controlling interest		157,979	189,980
Net (Loss)/Profit attributable to the shareholders of parent company		(179,877,859)	368,815,191
Consolidated Basic Earnings Per Share (EPS)	40(a)	0.83	0.83

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

-Sd- Tarique Afzal President & Managing Director	-Sd- Md. Eskandar Miah Independent Director	-Sd- Shafiqul Alam Independent Director	-Sd- Khairul Alam Choudhury Chairman
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This is the Consolidated Profit and Loss Account referred to in our separate report of even date.

Dhaka,
30 April 2023

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787
DVC: 2304300787AS719317

AB Bank Limited and Its Subsidiaries

Consolidated Cash Flow Statement For the year ended 31 December 2022

	2022 Taka	2021 Taka
Cash Flows from Operating Activities		
Interest receipts	16,348,354,323	13,195,626,836
Interest payments	(16,780,253,459)	(16,154,331,195)
Dividend receipts	168,610,250	174,151,756
Fee and commission receipts	1,615,419,585	1,540,829,204
Recoveries on loans previously written off	354,617,876	56,589,943
Payments to employees	(3,266,638,511)	(3,164,574,839)
Payments to suppliers	(128,052,812)	(117,047,038)
Income taxes paid	(1,927,700,198)	(1,855,243,190)
Receipts from other operating activities	5,561,884,898	6,051,906,150
Payments for other operating activities	(2,565,639,820)	(2,433,006,641)
Operating loss before changes in operating assets & liabilities	(619,397,869)	(2,705,099,013)
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(17,718,112,078)	(8,986,169,113)
Other assets	1,671,052,189	(43,735,071)
Deposits from other banks	1,760,969,742	842,550,394
Deposits from customers	16,128,886,812	7,013,580,661
Trading liabilities (short-term borrowings)	(17,383,748,837)	9,634,498,137
Other liabilities	(630,112,948)	(3,213,227,824)
	(16,171,065,120)	5,247,497,184
Net cash (used in)/ flow from operating activities (a)	(16,790,462,989)	2,542,398,171
Cash Flows from Investing Activities		
Sale of government securities	14,061,357,478	997,491,616
Purchase of trading securities, shares, bonds, etc.	(808,617,406)	(2,341,711,566)
(Purchase)/Sale of fixed assets including premises, furniture and fixtures	(190,906,165)	2,092,113,733
Net cash flow from investing activities (b)	13,061,833,907	747,893,783
Cash Flows from Financing Activities		
(Decrease)/Increase of long-term borrowings	(2,010,740,864)	3,549,844,100
Dividend paid including coupon payment of perpetual bond	(519,257,430)	(480,587)
Net cash (used in)/flow from Financing activities (c)	(2,529,998,294)	3,549,363,513
Net (decrease)/increase in cash (a+b+c)	(6,258,627,375)	6,839,655,467
Effects of exchange rate changes on cash and cash equivalents	(827,921,179)	29,322,754
Cash and cash equivalents at beginning of the year	34,193,477,378	27,324,499,158
Cash and cash equivalents at end of the year (*)	27,106,928,824	34,193,477,378
(*) Cash and cash equivalents:		
Cash	1,727,135,791	1,289,979,089
Prize bonds	1,527,700	1,904,100
Money at call and on short notice	922,406,358	3,094,606,108
Balance with Bangladesh Bank and its agent bank(s)	18,940,735,899	21,489,647,407
Balance with other banks and financial institutions	5,515,123,076	8,317,340,674
	27,106,928,824	34,193,477,378
Net Operating Cash Flow Per Share (NOCFPS)	(19.50)	2.95

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

-Sd-
Tarique Afzal
President & Managing Director
Dhaka,
30 April 2023

-Sd-
Md. Eskandar Miah
Independent Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Khairul Alam Choudhury
Chairman

AB Bank Limited and Its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

(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 2022	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
Bonus share issued for 2021	250,751,600	-	-	-	-	-	-	(250,751,600)	-
Cash Dividend paid for 2021	-	-	-	-	-	-	-	(167,167,734)	(167,167,734)
Net profit after taxation for the year	-	-	-	-	-	-	157,979	714,195,976	714,353,956
Addition/(Adjustment) made during the year	-	535,933,103	-	(17,129)	-	15,291,011	-	(920,025,330)	(368,818,345)
Foreign exchange rate fluctuation	-	29,281,763	17,123,364	-	9,236,862	-	-	(37,247,061)	18,394,928
Balance at 31 December 2022	8,609,138,310	8,050,124,639	2,952,407,375	758,153,907	2,299,187	143,348,455	12,283,617	5,245,437,808	25,773,193,298

For the year ended 31 December 2021

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
Bonus share issued 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

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Md. Eskandar Miah
Independent Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Khairul Alam Choudhury
Chairman

Dhaka,
30 April 2023

AB Bank Limited
Balance Sheet
As at 31 December 2022

	Notes	31.12.2022 Taka	31.12.2021 Taka
<u>PROPERTY AND ASSETS</u>			
Cash	3	20,667,539,978	22,779,458,339
In hand (including foreign currencies)	3.1	1,726,804,079	1,289,810,932
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	3.2	18,940,735,899	21,489,647,407
Balance with other banks and financial institutions	4	4,830,559,266	7,839,527,106
In Bangladesh		525,610,648	649,801,976
Outside Bangladesh		4,304,948,618	7,189,725,129
Money at call and on short notice	5	1,929,552,107	4,351,147,108
Investments	6	51,812,774,278	65,214,572,370
Government	6.1	38,724,461,083	52,770,903,951
Others	6.2	13,088,313,195	12,443,668,419
Loans, advances and lease/investments	7	312,068,149,520	290,459,816,948
Loans, cash credits, overdrafts, etc./Investments		311,356,394,628	289,832,803,054
Bills purchased and discounted	8	711,754,892	627,013,894
Fixed assets including premises, furniture and fixtures	9	3,249,162,881	3,632,187,959
Other assets	10	14,193,450,527	15,705,825,113
Non-banking assets	11	334,171,836	334,171,836
Total Assets		409,085,360,391	410,316,706,779
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	10,750,218,784	29,832,208,485
Bonds	13	11,497,500,000	11,810,000,000
Deposits and other accounts	14	316,697,269,309	298,372,561,654
Current accounts and other accounts		46,923,030,071	30,921,676,210
Bills payable		1,887,785,146	10,973,625,337
Savings bank deposits		41,660,803,631	41,190,067,103
Fixed deposits		141,978,941,534	138,796,924,187
Other deposits		84,246,708,928	76,490,268,817
Other liabilities	15	45,714,434,841	45,994,533,144
Total liabilities		384,659,422,934	386,009,303,282
Capital/Shareholders' equity			
Shareholders' equity		24,425,937,456	24,307,403,496
Paid-up capital	16	8,609,138,310	8,358,386,710
Statutory reserve	17	8,050,124,639	7,484,909,773
Other reserve	18	3,667,791,039	3,652,517,157
Retained earnings	19	4,098,883,468	4,811,589,856
Total Liabilities and Shareholders' Equity		409,085,360,391	410,316,706,779

	Notes	31.12.2022 Taka	31.12.2021 Taka
Off-Balance Sheet Items			
Contingent liabilities	20	51,667,743,668	42,322,775,528
Acceptances and endorsements		8,065,947,969	9,164,910,843
Letters of guarantee	20.1	14,285,640,393	14,218,055,620
Irrevocable letters of credit		6,949,812,040	9,365,430,608
Bills for collection		7,429,324,563	9,360,524,214
Other contingent liabilities		14,937,018,703	213,854,243
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		51,667,743,668	42,322,775,528

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

-Sd- Tarique Afzal President & Managing Director	-Sd- Md. Eskandar Miah Independent Director	-Sd- Shafiqul Alam Independent Director	-Sd- Khairul Alam Choudhury Chairman
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This is the Balance Sheet referred to in our separate report of even date.

Dhaka,
30 April 2023

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787
DVC: 2304300787AS719317

AB Bank Limited
Profit and Loss Account
For the year ended 31 December 2022

	Notes	2022 Taka	2021 Taka
OPERATING INCOME			
Interest income/profit on investments	22	21,455,624,090	20,384,114,425
Interest paid/profit on deposits and borrowings, etc.	23	(17,073,891,844)	(15,821,971,753)
Net interest income		4,381,732,245	4,562,142,671
Investment income	24	4,015,765,616	5,463,219,963
Commission, exchange and brokerage	25	2,664,287,768	1,666,143,721
Other operating income	26	418,902,916	152,017,959
		7,098,956,300	7,281,381,643
Total operating income (a)		11,480,688,545	11,843,524,315
OPERATING EXPENSES			
Salary and allowances	27	3,134,167,707	3,048,690,830
Rent, taxes, insurance, electricity, etc.	28	624,962,498	612,620,578
Legal expenses	29	23,687,189	10,102,950
Postage, stamps, telecommunication, etc.	30	99,621,626	91,831,750
Stationery, printing, advertisement, etc.	31	126,798,999	115,197,027
Chief executive's salary and fees	27.1	18,958,549	16,341,129
Directors' fees	32	1,772,449	1,995,463
Auditors' fees	33	2,857,078	3,806,081
Depreciation and repairs of Bank's assets	34	716,542,206	664,598,158
Other expenses	35	1,249,465,558	1,145,481,825
Total operating expenses (b)		5,998,833,861	5,710,665,792
Profit before provision (c = (a-b))		5,481,854,684	6,132,858,523
Provision against loans and advances	36	2,146,178,398	3,790,345,179
Provision for investments	37	506,247,806	450,398,805
Other provisions	38	80,500,000	85,815,033
Total provision (d)		2,732,926,204	4,326,559,017
Profit before taxation (c-d)		2,748,928,481	1,806,299,506
Provision for taxation		2,071,689,766	1,164,914,966
Current tax		2,075,375,711	2,079,036,895
Deferred tax		(3,685,946)	(914,121,930)
Net profit after taxation		677,238,715	641,384,540
Appropriations			
Statutory reserve		535,933,103	341,379,078
Start-up Fund		6,772,387	6,413,845
Coupon payment for Perpetual Bonds		351,368,346	-
		894,073,836	347,792,924
Retained surplus		(216,835,121)	293,591,616
Earnings Per Share (EPS)	40	0.79	0.75

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

-Sd- Tarique Afzal President & Managing Director	-Sd- Md. Eskandar Miah Independent Director	-Sd- Shafiqul Alam Independent Director	-Sd- Khairul Alam Choudhury Chairman
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This is the Profit and Loss Account referred to in our separate report of even date.

Dhaka,
30 April 2023

Signed for & on behalf of
ACNABIN
Chartered Accountants

-Sd-
Md. Moniruzzaman, FCA
Partner
ICAB Enrollment No. 787
DVC: 2304300787AS71931

AB Bank Limited
Cash Flow Statement
For the year ended 31 December 2022

	Notes	2022 Taka	2021 Taka
Cash flows from Operating Activities			
Interest receipts		16,164,247,869	12,982,500,286
Interest payments		(16,773,525,772)	(16,146,267,285)
Dividend receipts		477,321,497	229,179,842
Fees and commission receipts		1,409,011,169	1,258,302,852
Recoveries on loans previously written off		354,617,876	56,589,943
Payments to employees		(3,153,126,256)	(3,065,031,959)
Payments to suppliers		(126,798,999)	(115,197,027)
Income taxes paid		(1,874,135,760)	(1,814,495,333)
Receipts from other operating activities	41	5,685,926,938	5,707,986,253
Payments for other operating activities	42	(2,447,397,672)	(2,310,184,832)
Operating loss before changes in operating assets & liabilities		(283,859,112)	(3,216,617,260)
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(17,959,152,113)	(8,473,659,356)
Other assets		1,039,364,662	110,905,981
Deposits from other banks		1,760,969,742	842,550,394
Deposits from customers		16,263,371,842	7,134,964,354
Trading liabilities (short-term borrowings)		(17,383,748,836)	9,634,498,543
Other liabilities		(861,740,156)	(3,025,134,699)
		(17,140,934,860)	6,224,125,218
Net cash (used in)/flow from operating activities (a)		(17,424,793,972)	3,007,507,958
Cash Flows from Investing Activities			
Sale of government securities		14,061,357,478	997,491,616
Purchase of trading securities, shares, bonds, etc.		(644,644,776)	(2,506,936,680)
(Purchase)/sale of fixed assets incl. premises, furniture and fixtures		(176,856,859)	2,099,776,246
Net cash flow from investing activities (b)		13,239,855,843	590,331,183
Cash Flows from Financing Activities			
(Decrease)/Increase of long-term borrowings		(2,010,740,864)	3,549,844,100
Dividend paid including coupon payment of perpetual bond		(519,257,430)	(480,587)
Net cash (used in) / flow from Financing activities (c)		(2,529,998,294)	3,549,363,513
Net decrease in cash (a+b+c)		(6,714,936,422)	7,147,202,654
Effects of exchange rate changes on cash and cash equivalents		(827,921,179)	29,322,754
Cash and cash equivalents at beginning of the year		34,972,036,653	27,795,511,245
Cash and cash equivalents at end of the year (*)		27,429,179,051	34,972,036,653
(*) Cash and cash equivalents:			
Cash		1,726,804,079	1,289,810,932
Prize bonds		1,527,700	1,904,100
Money at call and on short notice		1,929,552,107	4,351,147,108
Balance with Bangladesh Bank and its agent bank(s)		18,940,735,899	21,489,647,407
Balance with other banks and financial institutions		4,830,559,265	7,839,527,106
		27,429,179,051	34,972,036,653
Net Operating Cash Flow Per Share (NOCFPS)	45	(20.24)	3.49

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

-Sd-
Tarique Afzal
President & Managing Director
Dhaka,
30 April 2023

-Sd-
Md. Eskandar Miah
Independent Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Khairul Alam Choudhury
Chairman

AB Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2022

(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 2022	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
Bonus share issued for 2021	250,751,600					(250,751,600)	-
Cash Dividend paid for 2021						(167,167,734)	(167,167,734)
Net profit after taxation for the year	-	-	-	-	-	677,238,715	677,238,715
Addition/(Adjustment) made during the year	-	535,933,103	-	(17,129)	15,291,011	(920,027,660)	(368,820,675)
Foreign exchange rate fluctuation	-	29,281,763	-	-	-	(51,998,109)	(22,716,346)
Balance at 31 December 2022	8,609,138,310	8,050,124,639	2,852,199,200	758,153,907	57,437,932	4,098,883,468	24,425,937,456

For the year ended 31 December 2021

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
Bonus share issued 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

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Md. Eskandar Miah
Independent Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Khairul Alam Choudhury
Chairman

Dhaka,
30 April 2023

AB Bank Limited
Liquidity Statement
Analysis of Maturity of Assets and Liabilities
As at 31 December 2022

(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	8,177,368,806	-	-	-	12,490,171,172	20,667,539,978
Balance with other banks and financial institutions	4,540,535,266	290,024,000	-	-	-	4,830,559,266
Money at call and on short notice	290,511,775	1,627,295,927	11,744,405	-	-	1,929,552,107
Investments	823,433,052	5,351,901,634	2,972,866,924	22,089,294,903	20,575,277,765	51,812,774,278
Loans, advances and lease/investments	35,051,953,900	87,523,799,034	135,236,268,008	43,086,698,813	11,169,429,766	312,068,149,520
Fixed assets including premises, furniture and fixtures	-	-	-	-	3,249,162,881	3,249,162,881
Other assets	1,230,483,681	1,250,003,209	4,890,412,731	4,851,959,236	1,970,591,670	14,193,450,527
Non-banking assets	-	-	-	334,171,836	-	334,171,836
Total Assets	50,114,286,480	96,043,023,804	143,111,292,068	70,362,124,788	49,454,633,254	409,085,360,391
Liabilities						
Borrowing from Bangladesh Bank, other banks, financial institutions and agents	5,935,242,939	2,189,713,347	6,972,112,950	1,659,510,869	5,491,138,679	22,247,718,784
Deposit and other accounts	37,528,765,173	82,674,210,062	149,794,910,252	44,169,176,286	2,530,207,536	316,697,269,309
Provision and other liabilities	1,517,890,524	1,001,235,612	1,135,564,827	6,624,639,548	35,435,104,330	45,714,434,841
Total Liabilities	44,981,898,636	85,865,159,022	157,902,588,029	52,453,326,703	43,456,450,544	384,659,422,934
Net liquidity excess/(shortage)	5,132,387,844	10,177,864,783	(14,791,295,960)	17,908,798,086	5,998,182,710	24,425,937,456

For and on behalf of the Board of Directors of AB Bank Limited

-Sd-
Tarique Afzal
 President & Managing Director

-Sd-
Md. Eskandar Miah
 Independent Director

-Sd-
Shafiqul Alam
 Independent Director

-Sd-
Khairul Alam Choudhury
 Chairman

Dhaka,
 30 April 2023

AB Bank Limited and Its Subsidiaries

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2022

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, 2022 in accordance with the measurement and recognition requirements of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh.

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 2022.

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 2022 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 Bank 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 2022 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 2022.
- 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 letter # 53 dated 30.12.2021 and BRPD Circular letter # 53 dated 22.12.2022 and other circulars and instructions issued by Bangladesh Bank from time to time. The rates for provisions are stated below:

Particulars		Short Term Agri Credit	Consumer Financing				SMEF	Loans to BHs/MBs /SDs	All Other Credit	Off Balance Sheet Exposures
			Other than HF, LP	HF	LP	Credit Card				
UC	Standard	1%	2%	1%	2%	2%	0.25%	2%	1%	1%
	SMA	-	2%	1%	2%	2%	0.25%	2%	1%	
Classified	SS	5%	20%	20%	20%	20%	5%, 20%	20%	20%	
	DF	5%	50%	50%	50%	50%	20%, 50%	50%	50%	
	BL	100%	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 changes
Treasury Bill / Bond (HFT)	Cost	Market value	Loss to Profit and Loss Account (P&L), gain to revaluation reserve
Treasury Bill / Bond (HTM)	Cost	Amortised value	Increase in value to equity and decrease in value to P&L
Debenture	Face value	None	None
Prize bond	Cost	None	None
Shares	Cost	Lower of cost and market value	Realised gain or loss, recognised in P&L
			Unrealized gain is not recognized in accounts. Provision is maintained for 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 3,620 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), at least 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 2022 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 year ended 31 December 2022

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)		
Profit and loss account											
Interest income/profit on investment	2,109.85	47.41	-	15.56	4.94	2,145.56	11.72	1.85	0.25	6.90	2,163.97
Int. paid/profit on deposits & borrowings	1,667.43	45.59	23.58	2.01	0.76	1,707.39	-	0.89	-	2.09	1,708.06
Net interest income	442.42	1.82	(23.58)	13.55	4.18	438.17	11.72	0.95	0.25	4.82	455.91
Investment income	377.71	1.95	17.94	-	3.98	401.58	4.93	2.15	-	-	397.64
Commission, exchange and brokerage	231.64	0.09	-	(0.01)	34.71	266.43	4.62	9.50	-	7.06	287.47
Other operating income	41.66	0.02	-	-	0.21	41.89	1.03	0.44	-	7.04	49.49
Total operating income	1,093.42	3.89	(5.65)	13.54	43.08	1,148.07	22.30	13.05	0.25	18.92	1,190.50
Operating Expenses											
Salary and allowances	311.42	1.78	-	0.32	1.79	315.31	3.64	4.48	-	3.23	326.66
Rent, taxes, insurance, electricity, etc.	60.35	0.10	0.00	0.00	2.04	62.50	0.26	0.33	-	0.93	63.11
Legal expenses	2.36	-	-	-	0.00	2.37	-	0.01	0.00	0.03	2.41
Postage, stamps, telecom., etc.	9.41	0.02	-	0.00	0.52	9.96	0.08	0.17	0.00	1.26	11.47
Stationery, printing, advertisement, etc.	12.50	0.07	-	0.01	0.10	12.68	0.04	0.07	-	0.02	12.81
Directors' fees	0.16	0.01	-	-	-	0.18	0.03	0.04	0.02	0.05	0.31
Auditors' fees	0.19	-	-	-	0.10	0.29	0.02	0.01	0.00	0.06	0.37
Depreciation & repairs of Bank's assets	71.08	0.11	-	0.00	0.47	71.65	1.77	0.78	-	0.04	74.25
Other expenses	108.55	1.07	0.32	0.03	14.97	124.95	0.89	1.51	0.01	0.11	127.32
Total operating expenses	576.04	3.16	0.32	0.37	20.00	599.88	6.72	7.40	0.03	5.73	618.70
Profit before provision	517.38	0.73	(5.97)	13.18	23.09	548.19	15.57	5.65	0.21	13.20	571.80
Provision against loans and advances						214.62					221.49
Provision for investments						50.62					57.63
Other provisions						8.05					8.05
Total provision						273.29					287.16
Profit before taxation						274.89					284.63
Provision for taxation						207.17					213.20
Net profit after taxation						67.72					71.44

AB Bank Limited

**Notes to the Financial Statements
As at 31 December 2022**

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	2,041.84	24.51	-	-	0.41	2,066.75	0.00	0.00	0.00	0.03	2,066.79
Balance with other banks & fin.institution	235.94	40.18	-	3.70	211.74	483.06	12.52	90.59	4.54	3.46	551.51
Money at call and on short notice	1,063.54	-	-	100.71	69.94	192.96	-	-	-	-	92.24
Investments	4,543.26	47.52	322.45	199.52	68.54	5,181.28	51.93	13.47	-	-	5,246.68
Loans and advances	29,742.50	689.42	-	725.72	77.15	31,206.81	728.10	73.64	-	123.93	32,041.07
Fixed assets	319.70	1.13	-	-	0.64	324.92	49.37	0.76	-	0.01	375.06
Other assets	2,579.45	16.23	44.07	0.06	25.43	1,419.35	56.32	10.56	3.50	5.58	847.95
Non-banking assets	33.42	-	-	-	-	33.42	-	-	-	-	33.42
Total Assets	40,559.64	819.00	366.52	1,029.72	453.84	40,908.54	898.25	189.02	8.03	133.00	41,254.71

LIABILITIES AND CAPITAL

Liabilities

Borrowings from other banks, financial institutions and agents	2,572.99	76.34	-	1,041.37	-	2,224.77	75.65	15.76	-	100.13	2,224.77
Deposits and other accounts	30,692.77	704.45	0.00	1.78	278.71	31,669.73	-	-	-	-	31,626.92
Other liabilities	4,592.56	38.21	363.90	23.23	16.04	4,571.44	138.25	120.91	0.00	8.37	4,825.70
Total Liabilities	37,858.32	819.00	363.90	1,066.38	294.76	38,465.94	213.90	136.66	0.00	108.50	38,677.39
Total Shareholders' Equity	2,701.32	-	2.62	(36.66)	159.08	2,442.59	684.35	52.35	8.03	24.50	2,576.09
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	1.23
Total Liabilities & Shareholders' Equity	40,559.64	819.00	366.52	1,029.72	453.84	40,908.54	898.25	189.02	8.03	133.00	41,254.71

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:

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

1.14 Reporting period

Sl no.	Name of the entity/segment	Reporting period
1	AB Bank Limited	01 January 2022 to 31 December 2022
2	Off Shore Banking Unit	01 January 2022 to 31 December 2022
3	Mumbai Branch, India	01 January 2022 to 31 December 2022
4	AB Investment Limited	01 January 2022 to 31 December 2022
5	AB Securities Limited	01 January 2022 to 31 December 2022
6	Cashlink Bangladesh Limited	01 January 2022 to 31 December 2022
7	AB International Finance Limited	01 January 2022 to 31 December 2022
8	Arab Bangladesh Bank Foundation	01 January 2022 to 31 December 2022

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 2021 & Jan-Sep 2022	December 26, 2022	AA-	ST-2
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

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 authorized for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- b) those that are indicative of conditions that arose after the reporting period (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, Barrister-at-law	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	16,939,851

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	756,515,861
02	AB Securities Limited	99.91% owned Subsidiary	Loans and advances	157,599,191
03	AB International Finance Limited	Fully owned (100%) Subsidiary	Placement through OBU	1,007,145,750
Total loans/placement to subsidiary				1,921,260,802

d) **Key Management personnel compensation**

Transactions with Key Management personnel of the Bank for the period January – December 2022 is given below:

Particulars	Amount in BDT
Short-term employee benefit	130,060,616
Post-employment benefits	-
Other long-term employee benefits	-
Termination benefits	-

Key Management personnel includes President and Managing Director, 04 nos. Deputy Managing Director including Chief Financial Officer, 08 nos Senior Executive Vice President, Company Secretary and Head of Internal Control & Compliance Division.

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 31.12.2022 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
4	Mr. Md. Eskandar Miah	Independent Director	Member	Since October 27, 2022	MSS in Economics

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

ii) Meeting held with Audit Committee

During the year 2022, the Audit Committee conducted 07 (Seven) meeting in which, among others, focused on the following activities (not an exhaustive test):

- Reviewed Internal Audit Plan for the year 2022
- 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 2022 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	Mr. Justice Siddiquir Rahman Miah	Chairman	L.L.B, Dhaka University. President of Governing body, Islamic Foundation Bangladesh. Former Justice (Appellate Division) Bangladesh Supreme Court and Chairman, DSE.
2	Mr. Tarique Afzal, President & Managing Director , ABBL	Vice-Chairman	Masters of Business Administration - MBA (Major: Finance & Marketing), Victoria University, Melbourne, Australia
3	Mr. Kaiser A. Chowdhury	Member	Masters of Arts (Economics), Dhaka University
4	Mr. Feroz Ahmed, Director, AB Bank Ltd.	Member	B.Com (Hons.) Accounting, Chittagong University
5	Mr. Najmul Ehsan, Chief of Credit Review and Process Management, AB Bank Ltd.	Member	MBA, Institute of Business Administration, Dhaka University
6	Mr. Iftekhar Enam Awal, Head of Buseness	Member	M. Com.(Finance), Dhaka University
7	Mr. 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 2022, 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 2022, are:

- Reviewing the Yearly Shariah Audit Report (January-December, 2021) of Islami Banking Branch and its observations.
- Approving the Final Accounts, 2021 of Islami Banking Branch.
- Approving the Annual Report of Shariah Supervisory Committee for the year 2021 on Islamic banking operation of the Bank.
- Approved the Branding for AB Bank Islamic Banking Operation in the name as "Ahlan"
- Expantion of Islamic Banking activities through window operations.

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 has Signed MOU with ICAB and got the master access on the DVS on July 28, 2022. In 2022 the bank has checked 37% of total loan using the DVS tools.

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 Bank Company 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 2022 has been authorized by the Board of Directors as on 30 April 2023.

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.
- 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

		31.12.2022 Taka	31.12.2021 Taka
Cash in hand	(Note 3.1)	1,726,804,079	1,289,810,932
Balance with Bangladesh Bank and its agent bank(s)	(Note 3.2)	18,940,735,899	21,489,647,407
		20,667,539,978	22,779,458,339

3(a) Consolidated Cash

AB Bank Limited	20,667,539,978	22,779,458,339
AB Investments Limited	25,000	25,000
AB International Finance Limited	287,235	120,042
AB Securities Limited	12,522	17,096
Cashlink Bangladesh Limited (CBL)	6,954	6,019
	20,667,871,690	22,779,626,496

3.1 Cash in hand

In local currency	1,704,473,030	1,255,130,723
In foreign currency	22,331,050	34,680,209
	1,726,804,079	1,289,810,932

3.1(a) Consolidated Cash in hand

AB Bank Limited	1,726,804,079	1,289,810,932
AB Investments Limited	25,000	25,000
AB International Finance Limited	287,235	120,042
AB Securities Limited	12,522	17,096
Cashlink Bangladesh Limited (CBL)	6,954	6,019
	1,727,135,791	1,289,979,089

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

Balance with Bangladesh Bank		
In local currency	15,720,873,458	17,879,065,521
In foreign currency	2,800,610,324	3,254,015,241
	18,521,483,782	21,133,080,763
Sonali Bank Limited	419,252,117	356,566,644
(as an agent bank of Bangladesh Bank) - local currency	18,940,735,899	21,489,647,407

3.2.1 Balance with Bangladesh Bank- local currency

Balance as per Bank Ledger	15,720,873,458	17,879,065,521
<u>Unresponded debit entries</u>	14,273,823	22,766,388
Bangladesh Bank statement	13,780,757	22,467,440
AB Bank's ledger	493,066	298,948
<u>Unresponded credit entries</u>	219,123,057	4,613,915
Bangladesh Bank statement	215,311,176	4,613,915
AB Bank's ledger	3,811,881	-
	15,925,722,692	17,860,913,048

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 2022 is given below:

Year of Unreconciliation	Number of unresponded entry		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	6	8	13,973,823	219,123,057
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	1	-	300,000	-
Total	7	8	14,273,823	219,123,057

3.2.2 Balance with Bangladesh Bank-foreign currency

	31.12.2022 Taka	31.12.2021 Taka
Balance as per Bank Ledger	2,800,610,324	3,254,015,241
<u>Unresponded debit entries</u>	-	-
Bangladesh Bank statement	-	-
AB Bank's ledger	-	-
<u>Unresponded credit entries</u>	9,260,755	73,763,840
Bangladesh Bank statement	1,945,894	71,759,717
AB Bank's ledger	7,314,860	2,004,122
Balance as per Bangladesh Bank Statement	2,809,871,078	3,327,779,081

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 2022 is given below:

Period of unreconciliation	Number of unresponded		Unresponded BDT	
	Debit	Credit	Debit	Credit
Less than 3 months	-	9	-	9,260,755
3 months to less than 6 months	-	-	-	-
6 months to less than 12 months	-	-	-	-
12 months and more	-	-	-	-
Total	-	9	-	9,260,755

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

AB Bank Limited	18,940,735,899	21,489,647,407
AB Investments Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	18,940,735,899	21,489,647,407

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.

	31.12.2022 Taka	31.12.2021 Taka
i. Daily position as on the reporting date		
Required reserve	12,248,798,960	11,158,289,055
Actual reserve maintained	15,670,959,659	17,589,309,366
Surplus	3,422,160,699	6,431,020,311

As per Bank ledger, balance with Bangladesh Bank (local currency) is BDT 15,479,501,246. while as per Bangladesh Bank Statements balance is BDT 15,670,959,659. 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)	208,229,582,320	189,690,913,935
Actual reserve maintained	224,646,227,376	204,566,811,328
Surplus	16,416,645,056	14,875,897,393

(b) Statutory Liquidity Ratio (SLR)

Required reserve (13% of total time & demand liabilities)	39,809,786,250	36,265,447,270
Actual reserve maintained	43,808,148,257	60,323,920,093
Total surplus	3,998,362,007	24,058,472,823

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 @ 5.12% and @ 14.31% respectively at the year end.

(c) Components of Statutory Liquidity Ratio (SLR)

Cash in hand	1,718,992,057	1,281,111,166
Balance with Sonali Bank	419,252,117	356,566,644
HTM Securities	29,158,588,438	37,086,534,652
HFT Securities	8,933,844,945	15,013,377,320
Other Eligible Securities	155,310,000	155,310,000
Excess Reserve of CRR	3,422,160,699	6,431,020,311
	43,808,148,257	60,323,920,093

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 2018) 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 (BGII), 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:

	31.12.2022 Taka	31.12.2021 Taka
(a) Cash Reserve Requirement (CRR)		
Required reserve	229,083,000	257,903,000
Actual reserve maintained	243,763,034	260,603,682
Surplus	14,680,034	2,700,682

(b) Statutory Liquidity Ratio (SLR)		
Total required reserve	314,989,000	354,617,000
Total actual reserve held	475,190,000	522,588,000
Total surplus	160,201,000	167,971,000

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 Bank Company 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 31.12.2021 & 4.50 % for 31.12.2022 and has been calculated and maintained with RBI in current account while statutory liquidity ratio of 18.00% for 31.12.2021 & 18.00% for 31.12.2022 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	9,896,173	7,597,390
Actual reserve maintained	75,704,662	78,260,139
Surplus	85,600,835	70,662,749

(b) Statutory Liquidity Ratio (SLR)		
Required reserve	386,125,480	381,067,488
Actual reserve maintained	863,871,375	880,892,166
Surplus	477,745,895	499,824,678
Total required reserve	396,021,653	388,664,878
Total actual reserve held	939,576,038	959,152,305
Surplus	543,554,384	570,487,427

4. Balance with other banks and financial institutions

In Bangladesh	(Note: 4.1)	525,610,648	649,801,976
Outside Bangladesh	(Note: 4.2)	4,304,948,618	7,189,725,129
		4,830,559,266	7,839,527,106

	31.12.2022 Taka	31.12.2021 Taka
4(a) Consolidated balance with other banks and financial institutions		
In Bangladesh	1,187,972,612	1,123,970,264
Outside Bangladesh (Nostro Accounts)	4,327,150,465	7,193,370,410
	5,515,123,076	8,317,340,674

4.1 In Bangladesh

Current Deposits

Agrani Bank Ltd., Bhairab Bazar Branch	534	534
Agrani Bank Ltd., Local Office, Dhaka	24,885	24,885
Agrani Bank Ltd., Mymensingh Branch	-	6,310
Agrani Bank Ltd., Shaheb Bazar Branch, Rajshahi	5,000	5,000
Agrani Bank Ltd., Thana Road Branch, Bogura	58,242	58,242
Islami Bank Bangladesh Ltd., Local Office	17,277	17,277
Janata Bank Ltd., Chapai Nawabganj Branch	6,814	5,341
Janata Bank Ltd., Corporate Branch, Bogura	381	4,201
Janata Bank Ltd., Jessore Branch	1,845	2,535
Janata Bank Ltd., Rajshahi Branch	5,000	5,000
Janata Bank Ltd., Rangpur Branch	1,598,027	25,868,457
Janata Bank Ltd., Sirajgonj Branch	27	487
Premier Bank Ltd., Motijheel Branch	66,839,454	-
RAKUB, Bogura Branch	5,166	6,029
Rupali Bank Ltd., Bogura Branch	5,260	5,260
Rupali Bank Ltd., Rajshahi Branch	11,264	11,310
Rupali Bank Ltd., Rangpur Branch	284,175	324,865
Standard Chartered Bank, Dhaka City Centre Branch	-	44,274,408
Trust Bank Ltd., Mymensingh Branch	15,096	30,786
	68,878,445	70,650,924

Special Notice Deposits

Agrani Bank Ltd., Barisal Branch	73,746	77,895
Agrani Bank Ltd., Bogra Branch	7,530	7,530
Agrani Bank Ltd., Jessore Branch	26,606	34,606
Agrani Bank Ltd., Jhikargachha Branch	30,030,055	18,098,360
Agrani Bank Ltd., Moulvi Bazar Branch	61,468	561,118
Agrani Bank Ltd., Naogaon Branch	24,612	3,524,612
Agrani Bank Ltd., Pabna Branch	1,000	1,000
Agrani Bank Ltd., Principal Branch, Dhaka	3,467,847	3,224,202
Agrani Bank Ltd., Rangpur Branch	19,756,806	304,634
Agrani Bank Ltd., Saidpur Branch	850	-
Agrani Bank Ltd., Satkhira Branch	753,619	2,929,818
Agrani Bank Ltd., Sir Iqbal Road, Khulna Br.	5,544	21,644
Agrani Bank Ltd., Sirajgonj Branch	80,788	3,585,402
Agrani Bank Ltd., VIP Road Branch, Sylhet	4,985	4,887
Al-Arafah Islami Bank Ltd, Dilkusha Branch	59,779	2,557,218
Bangladesh Krishi Bank, Barisal Branch	12,523	6,729
Bank Alfalah Ltd, Main Branch, Dhaka	15,250	16,378
Bank Asia Ltd., Islami Banking Window, Shantinagar Branch	39,378	39,699
First Security Islami Bank Ltd, Dilkusha Br.	483,059	469,878
Islami Bank Bangladesh Ltd., Head Office Complex Corp. Br.	604,333	594,788
Janata Bank Ltd., Barisal Branch	80,718	78,752
Janata Bank Ltd., Pabna Branch	1,000	1,000
Shahjalal Islami Bank Ltd, Dhaka Main Branch	12,650	12,485
Standard Chartered Bank, Dhaka City Centre Branch	-	1,038,033
The City Bank Ltd, Islamic Banking Br, Paltan, Dhaka	357,088	353,772

	31.12.2022 Taka	31.12.2021 Taka
Agrani Bank Ltd., Islami Banking Window, Amin Court	283,694	316,501
EXIM Bank Ltd, Motijheel Branch	217,026	214,402
Jamuna Bank Ltd., Islami Banking Br, Nayabazar	6,041	7,130
Premier Bank Ltd., Islami Banking Br, Mohakhali	719,252	708,282
Pubali Bank Ltd., Islamic Branch, 26 Dilkusha, Dhaka	32,459	33,009
Southeast Bank Ltd., Islami Banking Br, Motijheel	52,688	53,353
Union Bank Ltd., Dilkusha Branch	214,556	193,926
	57,486,948	39,071,043

Savings Deposits

Social Islami Bank Ltd. Principal Branch	9,217,159	51,683
ICB Islamic Bank Ltd., Principal Br, Motijheel	4,096	4,326
	9,221,255	56,009

Fixed Deposits

Hajj Finance Company Ltd.	35,014,000	35,014,000
Phoenix Finance and Investment Ltd.	230,000,000	230,000,000
Exim Bank Ltd.	-	-
Union Capital Ltd.	125,010,000	125,010,000
IDLC Finance Ltd.	-	-
IIDFC	-	-
IPDC Finance Ltd.	-	-
Islami Finance Ltd.	-	150,000,000
BD Finance Ltd.	-	-
	390,024,000	540,024,000
	525,610,648	649,801,976

4.1.a Consolidated In Bangladesh

AB Bank Limited	525,610,648	649,801,976
AB Investment Limited	125,210,863	179,791,111
AB International Finance Limited	-	-
AB Securities Limited	905,891,350	538,521,369
Cashlink Bangladesh Limited (CBL)	45,354,290	47,239,890
	1,602,067,150	1,415,354,346
<u>Less:</u> Inter company transaction	414,094,538	291,384,083
	1,187,972,612	1,123,970,264

4.2 Outside Bangladesh

Current Deposits

The Bank of Tokyo Mitsubishi Limited	6,428,747	2,532,815
MFT, Yangon	103,297	85,800
JP Morgan Chase Bank	793,127,357	1,533,804,047
Sonali Bank (Kolkata)	1,406,729	4,168,721
Myanmar Economic Bank	42,352	35,178
Citibank NA	52,130,559	260,404,066
Hatton National Bank Limited	4,470,621	3,777,748
Commerz Bank AG	33,932,589	2,153,873
MCB Bank Ltd	4,702,775	3,906,193
Mashreq Bank Psc	1,213,735,046	3,042,966,241
Nabil Bank Limited	229,087	2,823,657

	31.12.2022	31.12.2021
	Taka	Taka
Habib America Bank	115,197,543	93,648,589
Commerz Bank AG	3,323,763	3,458,743
Habib Metro Bank	821,583	8,560,438
Commerz Bank CAD	3,117,961	940,232
Commerz Bank CHF	2,727,758	3,211,627
JPMC NY	35,334,915	303,950,826
Commerz Bank AG	1,541,493	1,378,039
Reserve Bank of India	75,704,734	78,259,965
HDFC Bank CSDL	9,822,447	4,917,674
HDFC Bank Limited	93,105,898	269,578,238
Kotak Mahindra Bank	10,551,731	16,511,321
Habib American Bank Limited	28,273,731	968,126
JP CHASE ACU	1,813,941,858	1,536,826,908
Standard Chartered Bank, NY, USA	-	8,049,967
Standard Chartered Bank, Singapore	-	16,381
Standard Chartered Bank, UK, GBP	-	2,789,715
Zhei Chou Commercial Bank Co. Ltd.	1,174,046	-
	4,304,948,618	7,189,725,129

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

4.2.a Consolidated Outside Bangladesh (Nostro Accounts)

AB Bank Limited	4,304,948,618	7,189,725,129
AB Investment Limited	-	-
AB International Finance Limited	34,609,250	4,037,054
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	4,339,557,868	7,193,762,184
<u>Less: Inter company transactions</u>	12,407,403	391,774
	4,327,150,465	7,193,370,410

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

Current deposits	4,373,827,063	7,260,376,054
Savings deposits	9,221,255	56,009
Short-Notice Deposits	57,486,948	39,071,043
Fixed deposits	390,024,000	540,024,000
	4,830,559,266	7,839,527,106

4.4 Maturity grouping of balance with other banks

Repayable – on demand	4,440,535,266	7,260,376,054
– up to 3 months	390,024,000	579,151,052
– over 3 months but below 1 year	-	-
– over 1 year but below 5 years	-	-
– over 5 years	-	-
	4,830,559,266	7,839,527,106

	31.12.2022 Taka	31.12.2021 Taka
5. Money at call and on short notice		
In Bangladesh	-	2,870,000,000
Outside Bangladesh	1,929,552,107	1,481,147,108
	1,929,552,107	4,351,147,108
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
South Bangla Agriculture & Commerce Bank Limited	-	530,000,000
The City Bank Limited	-	490,000,000
Community Bank Bangladesh Limited	-	200,000,000
	-	2,870,000,000
<u>Foreign Currency:</u>	-	-
<u>With non-banking financial institutions</u>	-	-
	-	2,870,000,000
<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
South Bangla Agriculture & Commerce Bank Limited	-	530,000,000
The City Bank Limited	-	490,000,000
Community Bank Bangladesh Limited	-	200,000,000
	-	2,870,000,000
5.2 Outside Bangladesh		
AB International Finance Limited	1,007,145,750	1,256,541,000
Commerz Bank, AG	-	23,371,893
Commerzbank AG CHF	223,031,246	178,222,280
SVC Bank	62,404,925	-
Qata National Bank	62,404,925	-
Kotak Mahindra Bank	262,100,684	-
HDFC Bank Limited	312,464,577	23,011,935
	1,929,552,107	1,481,147,108
5(a) Consolidated money at call and on short notice		
AB Bank Limited	1,929,552,107	4,351,147,108
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	1,929,552,107	4,351,147,108
<u>Less: Inter-group transaction</u>	<u>(1,007,145,750)</u>	<u>(1,256,541,000)</u>
	922,406,358	3,094,606,108

	31.12.2022 Taka	31.12.2021 Taka
6. Investments	51,812,774,278	65,214,572,370
Nature wise (Bangladesh operation)		
Held for Trading	8,933,844,945	15,013,377,320
Held to Maturity	29,158,588,438	37,085,122,531
Other Eligible Securities	155,310,000	155,310,000
Others	12,879,678,138	12,429,878,737
	51,127,421,522	64,683,688,588
Nature wise (Mumbai branch)		
Held for Trading/Available for Sale	368,182,816	242,111,296
Held to Maturity	317,169,940	288,772,486
Others	-	-
	685,352,757	530,883,782
Claim wise		
Government securities (Note 6.1)	38,724,461,083	52,770,903,951
Other investments (Note 6.2)	13,088,313,195	12,443,668,419
	51,812,774,278	65,214,572,370
6 (a) Consolidated investments		
AB Bank Limited	51,812,774,278	65,214,572,370
AB International Finance Limited	-	-
AB Investment Limited	519,327,763	379,619,416
AB Securities Limited	134,737,603	110,473,320
Cashlink Bangladesh Limited (CBL)	-	-
	52,466,839,645	65,704,665,106
6.1 Government securities		
T.Bill-Local-RE.REPO	-	737,244,750
T.Bill	1,541,305,390	3,687,334,698
Treasury bonds	36,551,127,993	47,673,920,403
Bangladesh Government Investment Sukuk	155,310,000	155,310,000
Bangladesh Bank Islami Investment bonds	475,190,000	515,190,000
Prize bonds	1,527,700	1,904,100
	38,724,461,083	52,770,903,951
6.1.1 Maturity wise Treasury Bonds		
(a) 30 Days Bangladesh Bank Bill	-	-
(b) Treasury Bill		
(i) 91 Days Treasury Bill	-	-
(ii) 182 Days Treasury Bill	338,788,800	949,756,799
(iii) 364 Days Treasury Bill	1,202,516,590	2,737,577,899
Total Treasury Bill	1,541,305,390	3,687,334,698
Treasury Bond		
(i) 02 Years Treasury Bond	1,622,779,060	4,747,677,036
(ii) 05 Years Treasury Bond	5,342,597,035	8,101,761,078
(iii) 10 Years Treasury Bond	13,711,177,059	18,620,257,343
(iv) 15 Years Treasury Bond	8,758,910,976	9,126,090,975
(v) 20 Years Treasury Bond	7,115,663,863	7,078,133,971
Total Treasury Bond	36,551,127,992	47,673,920,403
6.1(a) Consolidated Government securities		
AB Bank Limited	38,724,461,083	52,770,903,951
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	38,724,461,083	52,770,903,951

		31.12.2022 Taka	31.12.2021 Taka
6.2 Other investments			
Shares	(Note 6.2.1)	5,307,774,752	5,355,554,205
Bond	(Note 6.2.2)	5,100,000,000	4,900,000,000
Pinnacle Global Fund Pte Limited	(Note 6.2.3)	1,995,185,687	1,657,230,432
		12,402,960,438	11,912,784,637
Investments -ABBL, Mumbai branch			
Treasury bills		685,352,757	530,883,782
		685,352,757	530,883,782
		13,088,313,195	12,443,668,419

6.2 (a) Consolidated other investments

AB Bank Limited	13,088,313,195	12,443,668,419
AB Investment Limited	519,327,763	379,619,416
AB International Finance Limited	-	-
AB Securities Limited	134,737,603	110,473,320
Cashlink Bangladesh Limited (CBL)	-	-
	13,742,378,561	12,933,761,155

6.2.1 Investments in shares

Quoted (Publicly traded)	4,458,922,707	4,506,702,160
Unquoted	848,852,045	848,852,045
	5,307,774,752	5,355,554,205

(Annex-B)

6.2.2 Investment in Bonds

Investment in subordinated bonds	2,400,000,000	3,200,000,000
Investment in perpetual bonds	2,700,000,000	1,700,000,000
	5,100,000,000	4,900,000,000

6.2.2.1 Investment in subordinated bonds

United Commercial Bank Ltd.	1,650,000,000	2,200,000,000
National Bank Ltd.	750,000,000	1,000,000,000
	2,400,000,000	3,200,000,000

6.2.2.2 Investment in Perpetual bonds

ONE Bank Limited	1,700,000,000	1,700,000,000
Pubali Bank Limited	1,000,000,000	-
	2,700,000,000	1,700,000,000

6.2.3 Pinnacle Global Fund Pte Limited

1,995,185,687 **1,657,230,432**

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	6,175,334,686	11,748,941,924
– over 3 months but below 1 year	2,972,866,924	10,521,863,640
– over 1 year but below 5 years	22,089,294,903	20,158,488,834
– over 5 years	20,575,277,765	22,785,277,971
	51,812,774,278	65,214,572,370

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 2022:

Counter party name	Agreement date	Reversal date	Amount (1st leg cash consideration)
Bangladesh Bank	26-Dec-22	2-Jan-23	5,254,447,378

31.12.2022
Taka

31.12.2021
Taka

(ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2022:

Counter party name	Agreement date	Reversal date	1st leg cash consideration
NIL			

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	-	11,351,210,000	2,033,968,740
ii) with other banks & FIS	-	12,711,000,000	2,836,933,123
Securities purchased under reverse repo:			
i) from Bangladesh Bank	-	-	-
ii) from other banks & FIS	-	3,943,864,831	214,454,295

7. Loans, advances and lease/investments **312,068,149,520** **290,459,816,948**

7.1 Maturity grouping

Repayable – on demand	1,726,060,512	1,875,233,294
– upto 3 months	121,164,788,543	109,027,122,915
– over 3 months but below 1 year	134,921,171,886	129,607,866,407
– over 1 year but below 5 years	43,086,698,813	35,271,426,300
– over 5 years	11,169,429,766	14,678,168,032
	312,068,149,520	290,459,816,948

7.2 Broad category-wise breakup excluding bills purchased and discounted

In Bangladesh

Loans	293,241,077,481	271,332,345,258
Overdrafts	18,043,083,499	18,463,492,041
Cash credits	-	-
	311,284,160,980	289,795,837,299

Outside Bangladesh: ABBL, Mumbai branch

Loans	6,370,811	433,367
Overdrafts	-	-
Cash credits	65,862,837	36,532,387
	72,233,648	36,965,755
	311,356,394,628	289,832,803,054

	31.12.2022 Taka	31.12.2021 Taka
7.3 Product wise loans and advances		
Overdraft	17,082,813,602	18,463,492,041
Cash Credit	65,862,837	36,532,387
Time loan	49,602,721,689	46,018,716,208
Term loan	223,022,752,116	201,230,679,277
Forced loan	7,355,753,354	9,502,031,859
Bills under LC	18,521,469	159,841,103
Trust Receipt	5,745,625,406	6,509,169,095
Packing credit	-	84,345,637
Loan against accepted bills	28,348,649	67,217,235
Loan-EDF	4,531,624,272	3,959,972,733
Consumer Loan	2,742,062,663	2,513,840,193
Staff loan	1,160,308,571	1,286,965,284
Bills purchased & discounted	711,754,892	627,013,894
	312,068,149,520	290,459,816,948
7.4 Net loans, advances and lease/investments		
Gross loans and advances	312,068,149,520	290,459,816,948
Less:		
Interest suspense	11,773,479,961	13,171,406,144
Provision for loans and advances	27,260,466,185	27,300,595,344
	39,033,946,146	40,472,001,489
	273,034,203,374	249,987,815,460
7.5 Significant concentration		
Advances to industries	190,875,738,492	172,526,938,821
Advances to customer groups	111,679,730,960	108,565,033,686
Advances to allied concerns of Directors	9,512,680,068	9,367,654,391
Advances to Chief Executive	-	190,050
	312,068,149,520	290,459,816,948
7.6 Advances to customers for more than 10% of Bank's total capital		
Total capital of the Bank	36,195,251,975	35,395,189,374
Number of clients	24	25
Amount of outstanding advances	158,288,188,102	145,833,500,000
Amount of classified advances	20,104,126,643	13,228,183,325
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	4,110,490,113	4,277,151,869
Large and medium scale industry	106,307,345,833	98,946,375,201
Working capital	72,606,267,216	67,578,838,524
Export	5,502,836,121	1,653,738,274
Commercial lending	64,321,459,328	59,867,690,218
Small and cottage industry	6,794,908,246	6,324,412,820
Others	52,424,842,663	51,811,610,042
	312,068,149,520	290,459,816,948

7.8 Geographical location-wise (division) distribution

In Bangladesh

Urban branches

	31.12.2022 Taka	31.12.2021 Taka
Dhaka	228,070,853,119	214,369,570,586
Chattagram	48,285,420,278	42,712,260,227
Khulna	14,271,146,285	13,948,377,342
Sylhet	1,329,336,143	1,214,378,431
Barishal	492,482,467	402,455,835
Rajshahi	5,132,378,415	4,624,973,198
Rangpur	6,157,870,007	5,684,054,408
Mymensingh	4,978,396,856	4,541,457,932
	308,717,883,570	287,497,527,959

Rural branches

Dhaka	1,714,435,552	1,609,008,234
Chattagram	682,279,722	603,530,193
Khulna	-	
Sylhet	123,463,857	112,787,007
Barishal	-	
Rajshahi	18,746	19,451
Rangpur	601,245	590,698
Mymensingh	58,011,946	49,052,111
	2,578,811,068	2,374,987,696

Outside Bangladesh

ABBL, Mumbai branch	771,454,882	587,301,293
	312,068,149,520	290,459,816,948

7.9 Classification of loans, advances and lease/investments

In Bangladesh

Unclassified

Standard	242,013,059,024	241,217,931,079
Special Mention Account	6,161,735,613	7,545,178,084
	248,174,794,637	248,763,109,163

Classified

Sub-Standard	180,200,000	519,098,584
Doubtful	3,245,000,000	3,138,789,132
Bad/Loss	59,696,700,000	37,451,518,777
	63,121,900,000	41,109,406,493
	311,296,694,637	289,872,515,655

Outside Bangladesh-Mumbai Branch

Unclassified Loan	771,454,882	587,301,293
Classified Loan	-	-
	771,454,882	587,301,293
	312,068,149,520	290,459,816,948

Classification of Loans and advances have been made as per Bangladesh Bank Letter no. DBI-3/101/2023-741 dated 26 April 2023.

7.10 Particulars of loans, advances and lease/investments

	31.12.2022 Taka	31.12.2021 Taka
(i) Loans considered good in respect of which the Bank is fully secured	285,993,646,545	251,184,772,569
(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	26,074,502,975	39,275,044,378
(iv) Loans adversely classified but provision not maintained there against	-	-
	312,068,149,520	290,459,816,948
(v) Loans due by directors or officers of the Bank or any of them either separately or jointly with any other persons	1,160,308,571	1,286,965,284
(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)]	1,272,630,318	1,322,333,367
(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)	1,242,385,788	12,681,390,945
(b) Amount of loan written off	1,642,195,762	245,317,892
(c) Amount realised against loan previously written off	354,617,876	56,589,943
(d) Provision kept against loans classified as bad /loss on the date of preparing the balance sheet	19,907,964,423	19,907,964,423
(e) Interest creditable to interest suspense account	203,861,016	87,847,328
(xi) Written off loan:		
Opening written off loan	17,206,171,496	16,960,853,604
Add: Written off during the year	1,642,195,762	245,317,892
Cumulative Written off loans	18,848,367,258	17,206,171,496
Less: Adjustments/ recoveries/ Settlement up to the year	4,241,107,104	3,802,546,864
Closing Balance of Written off loan	14,607,260,155	13,403,624,633
The amount of written off loans for which lawsuits have been filed for its recovery	14,566,407,480	13,211,585,913

7.10 (a) The amount represents loans Tk. 1,272,630,318 due by the employees of the Bank.

31.12.2022 Taka	31.12.2021 Taka
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7.11 Securities wise loans, advances and lease/investments

Nature of security

Collateral of movable/immovable assets	255,690,467,739	237,985,858,438
Cash collateral	6,028,942,758	5,611,484,583
Banks and financial institutions guarantee	-	-
Personal guarantee	13,568,095,564	12,628,608,719
Corporate guarantee	9,994,886,820	9,302,817,351
Other securities	26,785,756,640	24,931,047,857
	312,068,149,520	290,459,816,948

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
Beximco Ltd.	Term Loan	29-Jun-2027	1,282,953,451
Beximco Ltd.	Term Loan	29-Jun-2027	564,847,897
International Knitwear & Apparels Ltd.	Term Loan	29-Jun-2028	841,495,135
New Dacca Industries Ltd.	Term Loan	29-Jun-2027	3,426,963,673
			6,116,260,156

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

AB Bank Limited	311,356,394,628	289,832,803,054
AB Investment Limited	7,281,007,296	7,263,220,175
AB International Finance Limited	-	-
AB Securities Limited	736,367,542	765,217,254
Cashlink Bangladesh Limited (CBL)	-	-
	319,373,769,465	297,861,240,483
<u>Less: Inter company transaction</u>	<u>914,115,052</u>	<u>914,014,017</u>
	318,459,654,413	296,947,226,466

8 Bills purchased and discounted

In Bangladesh	12,533,657	76,678,356
Outside Bangladesh - ABBL, Mumbai Branch	699,221,235	550,335,538
	711,754,892	627,013,894

8 (a) Consolidated Bills purchased and discounted

AB Bank Limited	711,754,892	627,013,894
AB Investment Limited	-	-
AB International Finance Limited	1,239,255,280	1,469,131,688
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	1,951,010,172	2,096,145,583

8.1 Maturity grouping of Bills Purchased and discounted

Repayable – within 1 month
– over 1 month but within 3 months
– over 3 months but within 6 months
– over 6 months

31.12.2022 Taka	31.12.2021 Taka
189,327,470	101,545,688
207,331,301	244,815,229
315,096,121	280,652,978
-	-
711,754,892	627,013,894

9. Fixed assets including premises, furniture and fixtures**Cost:**

Land and Building
Furniture and fixtures
Office appliances
Electrical appliances
Motor vehicles
Intangible Assets
Right of Use Assets

2,271,171,345	2,271,171,345
349,155,773	346,946,966
63,105,254	65,810,464
2,155,441,495	2,087,453,267
260,944,343	323,725,176
982,430,450	910,541,640
1,329,421,828	1,329,421,828
7,411,670,487	7,335,070,686
4,162,507,606	3,702,882,726
3,249,162,881	3,632,187,959

Less: Accumulated depreciation and amortization

A schedule of fixed assets is given in **Annexure-C**

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

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

7,411,670,487	7,335,070,686
687,679,476	687,498,447
5,864,554	4,798,753
65,395,047	60,255,084
-	81,471,369
8,170,609,564	8,169,094,339

Accumulated depreciation:

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

4,162,507,606	3,702,882,726
193,985,222	176,393,213
5,770,600	4,751,960
57,794,107	50,155,415
-	81,471,369
4,420,057,536	4,015,654,684
3,750,552,029	4,153,439,656

10 Other Assets:**Income generating-Equity Investment****In Bangladesh:**

AB Investment Limited
(99.99% owned subsidiary company of ABBL)
AB Securities Limited
(99.91% owned subsidiary company of ABBL)
Cashlink Bangladesh Limited (CBL)
(90% owned subsidiary company of ABBL)

5,811,431,750	5,811,431,750
199,898,000	199,898,000
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

	31.12.2022 Taka	31.12.2021 Taka
Non-income generating		
Arab Bangladesh Bank Foundation (99.60% owned subsidiary company of ABBL)	19,920,000	19,920,000
Net deferred tax assets (Note 10.1)	3,562,297,871	4,104,604,016
Accounts receivable	1,667,622,589	1,298,999,895
Preliminary, formation, organisational, renovation, development, prepaid expenses and others	533,005,552	597,885,133
Exchange for clearing	663,210,910	1,433,998,879
Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	1,214,753,020	1,710,681,112
Security deposits	72,623,086	70,201,100
Advance rent and advertisement (Note 10.2)	159,292,739	164,267,806
Stationery, stamps, printing materials, etc.	71,462,423	76,152,250
Inter-branch adjustment	147,414	-
	7,964,335,605	9,476,710,190
	14,193,450,527	15,705,825,113

10(a) Consolidated Other assets

AB Bank Limited	14,193,450,527	15,705,825,113
AB Investment Limited	563,197,489	471,682,959
AB International Finance Limited	55,757,677	47,403,357
AB Securities Limited	105,574,309	88,430,631
Cashlink Bangladesh Limited (CBL)	34,974,457	31,529,515
	14,952,954,459	16,344,871,575
<u>Less:</u> Inter-group transaction	6,473,500,658	6,414,333,269
	8,479,453,791	9,930,538,296

10.1 Deferred tax assets

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

Opening Deferred Tax Assets	4,197,545,038	3,359,092,484
<u>Add:</u> Deferred Tax Income during the year	-	918,750,000
<u>Less:</u> Write-Off adjustment	546,192,117	80,297,446
Less. Adjustment during the year	-	-
Closing deferred tax assets	3,651,352,921	4,197,545,038

b) Deferred tax liabilities against property, plant & equipment

Balance at 01 January	92,941,021	88,307,764
<u>Add:</u> Provision made during the year	(3,685,946)	4,628,070
<u>Add/(Less):</u> Adjustment for Rate Fluctuation during the year	(200,026)	5,189
Closing deferred tax liabilities	89,055,050	92,941,021

Net Deferred Tax Assets (a-b)

3,562,297,871	4,104,604,016
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Net Deferred Tax Income during the year

3,685,946	914,121,930
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Deferred tax liabilities against Property, Plant & Equipment

Accounting base of Property, Plant & Equipment	2,892,265,617	2,974,556,147
Tax base of Property, Plant & Equipment	2,651,226,386	2,720,418,850
Difference	241,039,231	254,137,297
Taxable Temporary Difference	241,039,231	254,137,297
Effective Tax Rate	37.50%	37.50%
Deferred Tax (Assets)/Liabilities	90,389,712	95,301,486
Deferred Tax (Assets)/Liabilities of Mumbai Branch	(1,334,662)	(2,360,465)
Closing Deferred Tax Liabilities	89,055,050	92,941,021

	31.12.2022 Taka	31.12.2021 Taka
10.1.1 Consolidated deferred tax liabilities		
AB Bank Limited	89,055,050	92,941,021
AB Investment Limited	-	-
	89,055,050	92,941,021
10.1.2 Consolidated deferred tax assets		
AB Bank Limited	3,651,352,921	4,197,545,038
AB Securities Limited	1,708,138	1,789,327
AB Investment Limited	151,693,198	92,979,358
	3,804,754,257	4,292,313,723

10.2 Advance rent and advertisement

Advance rent BDT 589,056 as on 31 December 2022 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	Type	Non-Banking Asset (a)			
		Income generating		Non-income generating	
		No.	Value	No.	Taka
1	Land	-	-	11	271,599,253
2	Building	-	-	5	62,572,583
	Total	-	-	16	334,171,836

12. Borrowings from other banks, financial institutions and agents

In Bangladesh	(Note 12.1)	10,750,218,784	29,832,208,485
Outside Bangladesh		-	-
		10,750,218,784	29,832,208,485

12.1 In Bangladesh:

12.1.1 Bangladesh Bank

Export Development Fund	3,856,632,492	3,524,187,185
Islamic Investment Bond	503,159,722	-
Refinance against IPFF	190,938,429	207,807,237
Refinance against Women Entr., Small Enterprise, ETP, COVID-19 & Others	1,340,566,790	3,021,938,847
	5,891,297,433	6,753,933,268

12.1.2 Call & Term Borrowing from

NCC Bank Limited	-	1,000,000,000
Basic Bank Limited	1,200,000,000	1,543,200,000
Agrani Bank Limited	2,300,000,000	5,800,000,000
Sonali Bank Limited	-	1,700,000,000
Janata Bank Limited	-	1,000,000,000
Shimanto Bank Limited	350,000,000	-
Uttara Bank Limited	-	1,900,000,000
Bank Asia Limited	-	5,000,000,000
Rupali Bank Limited	500,000,000	3,000,000,000
National Bank Limited	-	128,700,000
Community Bank Limited	-	140,000,000
Dhaka Bank Limited	-	500,000,000

	31.12.2022	31.12.2021
	Taka	Taka
One Bank Limited	500,000,000	500,000,000
NRB Bank Limited	-	300,000,000
Premier Bank Limited	-	300,000,000
Prime Bank Limited	-	85,800,000
Bangladesh Development Bank Limited	-	128,700,000
Accrued interest	3,868,444	51,875,217
Accrued Interest Repo-Other Bank	5,052,907	-
	4,858,921,351	23,078,275,217
Total in Bangladesh	10,750,218,784	29,832,208,485

12.2 Analysis by security

Secured (assets pledge as security for liabilities)	-	-
Unsecured	10,750,218,784	29,832,208,485
	10,750,218,784	29,832,208,485

12.3 Repayment pattern

Repayable on demand	-	1,900,000,000
Repayable on maturity	10,750,218,784	27,932,208,485
	10,750,218,784	29,832,208,485

(Note 12.3.1)

12.3.1 Repayable on maturity

Bangladesh Bank :

Export Development Fund	3,856,632,492	3,524,187,185
Islamic Investment Bond	503,159,722	-
Refinance against IPFF	190,938,429	207,807,237
Refinance against Women Entr., Small Ent., ETP & Others	1,340,566,790	3,021,938,847
	5,891,297,433	6,753,933,268

Term borrowings:

Agrani Bank Limited	2,300,000,000	5,800,000,000
NCC Bank Limited	-	1,000,000,000
Uttara Bank Limited	-	1,700,000,000
Bank Asia Limited	-	5,000,000,000
Rupali Bank Limited	500,000,000	3,000,000,000
Shimanto Bank Limited	350,000,000	-
Prime Bank Limited	-	85,800,000
Dhaka Bank Limited	-	500,000,000
Basic Bank Limited	1,200,000,000	1,543,200,000
NRB Bank Limited	-	300,000,000
Janata Bank Limited	-	1,000,000,000
National Bank Limited	-	128,700,000
Community Bank Bangladesh Limited	-	140,000,000
Bangladesh Development Bank Limited	-	128,700,000
One Bank Limited	500,000,000	500,000,000
Premier Bank Limited	-	300,000,000
Accrued interest	8,921,351	51,875,217
	4,858,921,351	21,178,275,217
	10,750,218,784	27,932,208,485

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

AB Bank Limited	10,750,218,784	29,832,208,485
AB Investment Limited	756,515,861	756,465,516
AB International Finance Limited	1,001,325,144	1,246,944,704
AB Securities Limited	157,599,191	157,548,501
Cashlink Bangladesh Limited (CBL)	-	-
	12,665,658,980	31,993,167,207
<u>Less: Intercompany transactions</u>	1,915,440,196	2,160,958,722
	10,750,218,784	29,832,208,485

	31.12.2022 Taka	31.12.2021 Taka
13 Bond		
Tier-II subordinated bond (note-13.1)	6,097,500,000	7,400,000,000
Perpetual bond - additional Tier-I capital (note-13.2)	5,400,000,000	4,410,000,000
	11,497,500,000	11,810,000,000

13.1 Tier-II subordinated bond

AB Bank Subordinated Bond-I	-	-
AB Bank Subordinated Bond-II	-	800,000,000
AB Bank Subordinated Bond-III	2,847,500,000	3,350,000,000
AB Bank Subordinated Bond-IV	3,250,000,000	3,250,000,000
	6,097,500,000	7,400,000,000

Bank has issued 7 years Sub-Ordinated bonds in four phases. AB Bank Subordinated Bond-I for BDT 250 crore was issued in August 2014 and AB Bank Subordinated Bond-II for BDT 400 crore was issued in September 2015. Both of these instruments have been fully redeemed. AB Bank Subordinated Bond-III for BDT 400 crore was issued in May 2018 and AB Bank Subordinated Bond-IV for BDT 325 crore was issued in December 2020 through Private Placement under the 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	1,955,000,000	2,300,000,000
Sonali Bank Limited	1,500,000,000	1,700,000,000
National Credit & Commerce Bank Limited	892,500,000	1,050,000,000
Janata Bank Limited	1,000,000,000	1,100,000,000
Agrani Bank Limited	750,000,000	850,000,000
Rupali Bank Limited	-	200,000,000
BRAC Bank Limited	-	60,000,000
NRB Commercial Bank Limited	-	60,000,000
Uttara Bank Limited	-	60,000,000
National Life Insurance Co. Limited	-	20,000,000
	6,097,500,000	7,400,000,000

13.2 Perpetual bond - additional Tier-I capital

The Bank issued BDT 540 crore Additional Tier-I equivalent Perpetual Bonds through private placement under the Debt Securities Rules, 2021, where total issue size of the bond is BDT 600 crore (BDT60 crore through public issuance). 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:

Premier Bank Limited	1,050,000,000	1,050,000,000
IFIC Bank Limited	1,000,000,000	1,000,000,000
NCC Bank Limited	650,000,000	650,000,000
Trust Bank Limited	890,000,000	-
Uttara Bank Limited	100,000,000	-
Subscribers other than Banks	1,710,000,000	1,710,000,000
	5,400,000,000	4,410,000,000

14. Deposit and other accounts

Inter-bank deposits
Other deposits

31.12.2022 Taka	31.12.2021 Taka
7,795,040,252	6,034,070,510
308,902,229,058	292,338,491,144
316,697,269,309	298,372,561,654

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

316,697,269,309	298,372,561,654
-	-
-	-
-	-
-	-
316,697,269,309	298,372,561,654
428,050,718	293,565,690
316,269,218,590	298,078,995,964

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

3,489,541,703	1,957,009,483
2,030,265,628	2,863,401,060
2,232,158,607	972,052,249
43,074,314	241,607,718
-	-
-	-
-	-
7,795,040,252	6,034,070,510

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

2,959,098,975	3,453,924,187
29,049,858,867	24,552,069,657
80,442,051,455	78,605,620,117
149,751,835,938	138,304,655,340
44,169,176,286	44,620,197,206
2,530,207,536	2,802,024,636
308,902,229,058	292,338,491,144

	31.12.2022 Taka	31.12.2021 Taka
14.3 Demand and time deposits		
a) Demand Deposits	52,560,287,543	45,602,407,586
Current accounts and other accounts	46,923,030,071	30,921,676,210
Savings Deposits (9%)	3,749,472,327	3,707,106,039
Bills Payable	1,887,785,146	10,973,625,337
b) Time Deposits	264,136,981,766	252,770,154,068
Savings Deposits (91%)	37,911,331,304	37,482,961,064
Short Notice Deposits	27,860,915,473	30,873,599,074
Fixed Deposits	141,978,941,534	138,796,924,187
Other Deposits	56,385,793,454	45,616,669,743
Total Demand and Time Deposits	316,697,269,309	298,372,561,654

14.4 Sector-wise break up of deposits and other accounts

Government	7,801,504,055	2,302,755,443
Deposit money Banks	7,262,920,670	6,034,070,510
Autonomous & Semi-Autonomous Bodies	6,537,183,639	7,145,574,126
Public Non-Financial Organisation	44,502,030,527	55,101,099,817
Other Public	4,002,210,784	3,441,150,572
Foreign Currency	28,457,989,800	16,164,007,473
Private	218,133,429,834	208,183,903,712
	316,697,269,309	298,372,561,654

15. Other liabilities

Accumulated provision against loans and advances	(Note 15.1)	27,260,466,185	27,300,595,344
Inter-branch adjustment		-	484,281
Provision for current tax (net of advance tax)	(Note 15.2)	1,126,116,056	1,537,622,211
Interest suspense account	(Note 15.3)	11,773,479,961	13,171,406,144
Provision against other assets	(Note 15.4)	334,959,106	374,459,106
Accounts payable - Bangladesh Bank		17,503,601	31,762,059
Accrued expenses		117,779,412	88,551,502
Lease Liabilities	(Note 15.5)	317,024,275	508,571,819
Provision for off balance sheet items	(Note 15.6)	1,180,000,000	330,000,000
Provision against investments	(Note 15.7)	2,358,476,593	1,854,724,984
Start-up Fund *		17,100,551	10,328,009
Unclaimed Dividend Account		4,466,473	218,819
Others **		1,207,062,630	785,808,868
		45,714,434,841	45,994,533,144

* 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.

**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		20,953,453,433	8,957,579,956
Fully provided debts written off during the period	(-)	(1,456,512,311)	(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	(+)	2,144,306,250	2,450,000,000
		687,793,939	11,995,873,477
Closing Balance		21,641,247,373	20,953,453,433
Provision made by ABBL, Mumbai Branch		-	-
Total provision on classified loans and advances		21,641,247,373	20,953,453,433

		31.12.2022	31.12.2021
		Taka	Taka
<u>On unclassified loans</u>			
Opening Balance		6,344,725,658	11,264,725,658
Transferred to Off-Balance Sheet provisions	(+)	(730,000,000)	-
Transfer to specific provisions	(-)	-	(6,260,000,000)
General provision made during the period	(+)	-	1,340,000,000
		<u>(730,000,000)</u>	<u>(4,920,000,000)</u>
Closing Balance		5,614,725,658	6,344,725,658
Provision made by ABBL, Mumbai Branch		4,493,155	2,416,253
Total provision on un-classified loans and advances		5,619,218,812	6,347,141,911
Total provision on loans and advances		27,260,466,185	27,300,595,344

Provision against loans and advances has been maintained as per Bangladesh Bank letter no. DBI-3/101/2022-741 dated 26 April 2023 and DOS(CAMS)1157/41(Dividend)/2023-2200 dated 30 April 2023 respectively. According to those letters, there is a provision shortfall of Tk. 6,128.05 crore (Total requirement is BDT 8,854.10 crore and total maintained is BDT 2,726.05 crore) against loans and advances which requires to be kept within 2029.

15.1a Break-up of provision on un-classified loans and advances

Special General Provision -COVID-19	(Note 15.1.1)	370,514,704	407,246,074
Provision against write cases		3,316,004,108	2,352,200,000
Provision against unclassified loans		1,932,700,000	3,587,695,837
		5,619,218,812	6,347,141,911

15.1.1 Special General Provision -COVID-19

370,514,704 **407,246,074**

Special General Provision-COVID-19 has been kept as per Bangladesh Bank, BRPD circular no. 56 dated 10 December 2020, BRPD circular no. 19, 52 and 53 dated 26 August 2021, 29 and 30 December 2021 respectively and BRPD circular no. 14, 51 and 53 dated 22 June 2022, 18 and 22 December 2022 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 kept for loans and advances

General Provision	5,617,266,497	6,347,141,911
Standard	5,494,065,308	6,134,854,227
Special Mention Account	123,201,190	212,287,684
Specific Provision	21,638,734,690	20,953,453,433
Substandard	12,082,938	48,609,547
Doubtful	923,650,005	996,879,464
Bad/Loss	20,703,001,747	19,907,964,423

15.2 Provision for current tax (net of advance tax)

Current Tax	(note 15.2.1)	8,701,098,195	7,264,807,866
Advance Income Tax	(note 15.2.2)	7,574,982,140	5,727,185,656
Provision for current tax (net of advance tax)		1,126,116,056	1,537,622,211

15.2.1 Provision for current tax

Opening Balance	7,180,209,315	5,561,731,999
Add: Provision made during the year	1,958,916,186	2,008,128,199
Less: Adjustment/transferred during the year	-	(309,353,437)
Less: Write-off adjustment	(546,192,117)	(80,297,446)
Closing Balance	8,592,933,385	7,180,209,315
Provision held by ABBL, Mumbai Branch	108,164,809	84,598,550
	8,701,098,195	7,264,807,866

Corporate income tax assessment of the Bank is completed up to the income year ended 31 December 2021 (Assessment Year 2022-23). Corporate income tax return for the year 2020 and 2021 submitted under section 82BB corresponding to Assessment Years 2021-22 and 2022-2023. 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.

	31.12.2022 Taka	31.12.2021 Taka
15.2.1a Reconciliation of Provision for Current Tax made during the period (Bangladesh Operation)		
Income tax @ 37.50% on estimated taxable Business Profit	1,806,586,157	1,821,839,979
Income tax @ 20.00% on Dividend Income	73,422,242	26,982,124
Income tax @ 10% on Capital Gain on Sale of Shares	31,097,787	95,325,043
Estimated Total Provision Required	1,911,106,186	1,944,147,146
Effective Tax Rate on Profit before Provision	34.86%	31.70%

15.2.2 Advance corporate income tax

In Bangladesh:

Opening Balance	5,602,298,832	3,866,952,852
Paid during the year	1,832,331,682	1,735,345,980
Closing balance (Bangladesh operations)	7,434,630,513	5,602,298,832
Advance tax of ABBL, Mumbai Branch	140,351,627	124,886,824
	7,574,982,140	5,727,185,656

15.3 Interest suspense account

Balance at 01 January	13,171,406,144	16,114,355,797
Add. Transferred during the the year	203,861,016	87,847,328
Less: Recovery/adjustment/waivered during the year	(1,416,103,748)	(2,999,605,612)
Less: Written off during the year	(185,683,451)	(31,191,369)
Balance at 31 December	11,773,479,961	13,171,406,144

15.4 Provision against other assets

Provision for

Prepaid legal expenses	156,626,000	160,616,000
Protested bills	73,875,678	74,355,678
Others	104,457,428	139,487,428
	334,959,106	374,459,106

Provision against other assets was made as per BRPD Circular # 04 dated 12 April 2022 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.	177,857,638	42,474,851	50%	21,237,426	21,237,426
		135,382,787	100%	135,382,787	135,388,574
Protested bills	73,868,895	73,868,895	100%	73,868,895	73,875,678
		5,697,424	50%	2,848,712	2,848,712
Others	107,276,088	101,578,663	100%	101,578,663	101,608,716
Required provision for other assets				334,916,483	334,959,106
Total provision requirement					334,916,483
Total provision maintained					334,959,106
Excess provision maintained at the reporting date					42,623

15.5 Leasehold Liabilities

Opening balance of present value of lease liability	508,571,819	688,375,584
Finance Cost @ 8%	35,034,137	46,777,916
Rental payment during the period	226,581,681	226,581,681
Closing balance of lease liability	317,024,275	508,571,819

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.

	31.12.2022 Taka	31.12.2021 Taka
15.6 Provision for off balance sheet items		
Opening balance	330,000,000	270,000,000
Add: Addition during the year and Trans. from Gen. Provision	850,000,000	60,000,000
	1,180,000,000	330,000,000

15.6.1 Particulars of required provision for Off-Balance Sheet Items

	Base for Provision	Rate (%)	31 Dec 2022	31 Dec 2021
Acceptances and endorsement	7,968,216,417	1%	79,682,164	90,188,777
Letters of guarantee*	14,284,607,903	1%	881,149,528	142,163,450
Irrevocable letters of credit	6,949,812,040	1%	69,498,120	93,654,306
Others	14,937,018,703	1%	149,370,187	2,138,542
Total Off Balance Sheet Items & required provision	44,139,655,064		1,179,700,000	328,145,076
Total provision maintained			1,180,000,000	330,000,000
Excess provision at the reporting date			300,000	1,854,924

Provision is not required against Off Balance Sheet items of Mumbai Branch BDT 5,432,332,089 as per Reserve Bank of India (RBI) guidelines. * Provision Requirement for Letter of Gurantee in excess 1% is determined as per BB letter no. DBI-3/101/2023-741 dated 26 april 2023.

15.7 Provision against investments

Provision against quoted shares:

Opening balance	940,353,000	1,170,353,000
Less: Transferred to General Reserve during the year	-	(550,000,000)
Add: Provision made at the end of the year	141,698,075	320,000,000
	1,082,051,075	940,353,000
Total provision maintained for Investment in quoted shares	1,082,051,075	940,353,000
Total provision requirement for Investment in quoted shares	1,082,051,075	940,228,743
Excess provision	-	124,257

Provision for Pinnacle Global Fund Pte Limited:

Opening balance	649,250,000	519,250,000
Add: Provision made during the year	170,750,136	130,000,000
	820,000,136	649,250,000

Provision for Pinnacle Global Fund Pte Limited of BDT 117.51 crore has been deferred as per Bangladesh Bank letters no. DBI-3/101/2022-741 dated 26 April 2023 and DOS(CAMS)1157/41(Dividend)/2023-2200 dated 30 April 2023 respectively. This provision shortfall requires to be kept within 2029.

Provision for Amana Bank Limited, Srilanka:

Opening balance	265,121,984	324,074,944
Add: Provision made during the year	191,303,398	(58,952,960)
	456,425,382	265,121,984

Total Provision maintained against investment:

Provision against quoted shares	1,082,051,075	940,353,000
Provision for Pinnacle Global Fund Pte Limited	820,000,136	649,250,000
Provision for Amana Bank Limited, Srilanka	456,425,382	265,121,984
	2,358,476,593	1,854,724,984

15(a) Consolidated Other liabilities

AB Bank Limited	45,714,434,841	45,994,533,144
AB Investment Limited	1,382,478,229	1,238,270,282
AB International Finance Limited	83,653,804	78,849,666
AB Securities Limited	1,209,050,766	834,479,098
Cashlink Bangladesh Limited (CBL)	34,500	28,750
	48,389,652,139	48,146,160,940
Less: Inter-group transaction	132,699,796	86,035,651
	48,256,952,343	48,060,125,289

	31.12.2022 Taka	31.12.2021 Taka
16. Share Capital	8,609,138,310	8,358,386,710
16.1 Authorised Capital	15,000,000,000	15,000,000,000
1,500,000,000 ordinary shares of BDT 10 each		
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
845,913,831 ordinary shares of BDT 10 each issued as bonus shares	8,459,138,310	8,208,386,710
	8,609,138,310	8,358,386,710

16.3 Percentage of shareholding

	As at 31 December 2022		As at 31 December 2021	
	No. of shares	%	No. of shares	%
Sponsors & public	855,978,990	99.43	831,047,563	99.43
Govt.	4,934,841	0.57	4,791,108	0.57
	860,913,831	100.00	835,838,671	100.00

16.4 Classification of shareholders by holding

Holding	No. of holders		% of total holding	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Upto 500	25,495	27,087	42.25	43.27
501 to 5,000	24,644	25,777	40.84	41.18
5,001 to 10,000	4,476	4,358	7.42	6.96
10,001 to 20,000	2,761	2,585	4.58	4.13
20,001 to 30,000	1,019	929	1.69	1.48
30,001 to 40,000	515	466	0.85	0.74
40,001 to 50,000	294	341	0.49	0.54
50,001 to 100,000	596	557	0.99	0.89
100,001 to 1,000,000	482	439	0.80	0.70
Over 1,000,000	64	61	0.11	0.10
	60,346	62,600	100	100

16.5 Names of the Directors and their shareholding as at 31 December 2022

Name of the Director	Status	No. of Shareholding including nominating institution/individual	
		31 Dec 2022	31 Dec 2021
Barrister Khairul Alam Choudhury Nominated by Pacific Industries	Chairman	84,211,744	81,758,976
Mr. Feroz Ahmed	Director	17,862,814	17,342,538
Mr. Shajir Ahmed Nominated by Hexagon Cehmical Complex Ltd.	Director	23,581,224	22,894,393
Mr. Md. Maqsubul Huq Khan Nominated by Emkay Holdings Limited	Director	17,601,412	17,088,750
Mr. Shafiqul Alam	Independent Director	-	-
Mr. Md. Eskandar Miah	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, 2022 is Taka 44,399,853,753 as against available Total Tier-I Capital of Taka 26,403,601,833 and Total Tier-2 Capital available of Taka 12,658,187,141 that is, a total of Taka 39,061,788,975 thereby showing a deficit capital of Taka 5,338,064,778 at that date. Details are shown below:

	31.12.2022 Taka	31.12.2021 Taka
<u>Tier I Capital (Going-Concern Capital)</u>		
<u>Common Equity Tier-I Capital</u>		
Fully Paid-up Capital/Capital Deposited with BB	8,609,138,310	8,358,386,710
Statutory Reserve	8,050,124,639	7,484,909,773
Non-repayable share premium account	-	-
General Reserve	3,038,393,964	3,021,270,601
Retained earnings	5,245,437,808	5,906,433,556
Minority interest in Subsidiaries	12,283,616	12,125,635
Non-Cumulative irredeemable Preference shares	-	-
Dividend Equalization Account	-	-
	24,955,378,338	24,783,126,275
Regulatory adjustment:		
Goodwill and all other Intangible Assets	191,381,492	196,904,870
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)	3,651,352,921	4,197,545,038
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	27,064,542	64,588,169
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	-	-
	3,879,758,955	4,468,998,077
Total Common Equity Tier-I Capital	21,075,619,383	20,314,128,199
Additional Tier-I Capital		
Perpetual bond	5,400,000,000	4,410,000,000
Maximum limit of additional Tier 1 capital	5,327,982,450	5,000,689,219
Excess amount over maximum limit of AT 1	72,017,550	-
Total Admissible additional Tier 1 capital	5,327,982,450	4,410,000,000
Total Tier-1 Capital	26,403,601,833	24,724,128,199
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	8,279,147,141	8,088,386,926
All other preference shares	-	-
Subordinated debt issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)	4,389,000,000	5,260,000,000
Minority Interest	-	-
HO borr. in for. Curr. Rec. that meet the criteria of T 2 debt capital	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	12,668,147,141	13,348,386,926

	31.12.2022 Taka	31.12.2021 Taka
Regulatory Adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity	-	-
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	12,658,187,141	13,338,426,926
Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is Lower)	14,207,953,201	13,335,171,251
Excess amount over maximum limit of Tier-2 Capital	-	3,255,676
Total admissible Tier 2 Capital	12,658,187,141	13,335,171,251
Total Eligible Capital	39,061,788,975	38,059,299,449
Total assets including off-Balance Sheet items	465,188,555,334	455,680,535,752
Total risk-weighted assets (RWA)	355,198,830,022	333,379,281,265
B. Total required capital (12.50% of Total RWA)	44,399,853,753	41,672,410,158
Capital Shortfall [A-B]	(5,338,064,778)	(3,613,110,709)
Capital to Risk Weighted Assets Ratio (CRAR)	11.00%	11.42%

Solo - Capital to Risk Weighted Assets Ratio (CRAR)

In terms of section 13(2) of the Bank Company Act, 1991 (Amendment up to 2018) 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 2022 is BDT 43,887,387,500 as against available Common Equity Tier-I capital of BDT 25,007,033,162 and Total Tier-2 Capital Available capital of BDT 11,188,218,812 that is, a total of BDT 36,195,251,975 thereby showing a deficit capital of BDT 7,692,135,525 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	8,609,138,310	8,358,386,710
Statutory Reserve	8,050,124,639	7,484,909,773
Non-repayable share premium account	-	-
General Reserve	2,852,199,200	2,852,199,200
Retained earnings	4,098,883,468	4,811,589,856
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-
	23,610,345,617	23,507,085,539

Regulatory adjustment :

Goodwill and all other Intangible Assets	191,381,492	196,904,870
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.	-	-

	31.12.2022 Taka	31.12.2021 Taka
Deferred Tax Assets (DTA)	3,651,352,921	4,197,545,038
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	27,064,542	64,588,169
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	-	-
	3,869,798,955	4,459,038,077
Total Common Equity Tier-I Capital	19,740,546,662	19,048,047,463
Additional Tier-I Capital		
Perpetual bond	5,400,000,000	4,410,000,000
Maximum limit of additional Tier 1 capital	5,266,486,500	4,944,990,719
Excess amount over maximum limit of AT 1	133,513,500	-
Total Admissible additional Tier 1 capital	5,266,486,500	4,410,000,000
Total Tier-1 Capital	25,007,033,162	23,458,047,463
Tier-2 Capital (Gone concern Capital)		
General Provision/General loan-loss reserve	6,799,218,812	6,677,141,911
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)	4,389,000,000	5,260,000,000
Non-controlling interest	-	-
HO borrowings in foreign currency received that meet the criteria of Tier 2 debt capital	-	-
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	11,188,218,812	11,937,141,911
Regulatory adjustments:		
Revaluation Reserves for Fixed Assets, Securities & Equity	-	-
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	11,188,218,812	11,937,141,911
Maximum limit of Tier-2 Capital (Tier 2 Capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is Lower)	14,043,964,000	13,186,641,917
Excess amount over maximum limit of Tier 2 Capital	-	-
Total admissible Tier 2 Capital	11,188,218,812	11,937,141,911
Total Eligible Capital	36,195,251,975	35,395,189,374
Total assets including off-Balance Sheet items	460,753,104,058	452,639,482,307
Total risk-weighted assets (RWA)	351,099,099,998	329,666,047,926
B. Total required capital (12.50% of Total RWA)	43,887,387,500	41,208,255,991
Capital Shortfall [A-B]	(7,692,135,525)	(5,813,066,617)
Capital to Risk Weighted Assets Ratio (CRAR)	10.31%	10.74%

		31.12.2022 Taka	31.12.2021 Taka
17. Statutory reserve			
In Bangladesh			
Opening balance		7,139,362,087	6,820,167,867
Add: Addition during the year		504,596,869	319,194,220
		7,643,958,957	7,139,362,087
Outside Bangladesh - ABBL, Mumbai Branch			
Opening balance		345,547,686	324,036,537
Add: Addition during the year		31,336,234	22,184,858
Add/(Less): Adjustment for Foreign Exchange Rate Fluctuation		29,281,763	(673,710)
		406,165,683	345,547,686
		8,050,124,639	7,484,909,773
18. Other reserve			
General reserve	(Note 18.1)	2,852,199,200	2,852,199,200
Assets revaluation reserve	(Note 18.2)	758,153,907	758,171,036
Investment revaluation reserve		57,437,932	42,146,921
		3,667,791,039	3,652,517,157
18.1 General reserve		2,852,199,200	2,852,199,200
Opening balance		2,852,199,200	2,302,199,200
Addition/(adjustment) during the year		-	550,000,000
		2,852,199,200	2,852,199,200
18.2 Assets revaluation reserve			
Opening balance		758,171,036	1,294,532,425
Add: Addition/(adjustment) during the year		-	1,708,333,071
Less: Transferred to retained earnings		(17,129)	(2,244,694,460)
		758,153,907	758,171,036
18.3 Investment revaluation reserve (T.Bills & T.Bonds)			
In Bangladesh			
Revaluation Reserve for:			
Held to Maturity (HTM)	Note (18.3.1)	17,365,671	3,622,914
Held for Trading (HFT)	Note (18.3.2)	32,323,508	33,681,782
		49,689,179	37,304,696
Outside Bangladesh			
ABBL, Mumbai Branch		7,748,753	4,842,225
		57,437,932	42,146,921
18.3.1 Revaluation Reserve for Held to Maturity (HTM)			
Opening balance		3,622,914	5,601,811
Add: Addition during the year		15,629,130	1,032,895
		19,252,044	6,634,706
Less: Adjustment during the year		1,886,373	3,011,792
		17,365,671	3,622,914
18.3.2 Revaluation Reserve for Held for Trading (HFT)			
Opening balance		33,681,782	88,953,608
Add: Addition during the year		427,169,416	14,615,585
		460,851,198	103,569,193
Less: Adjustment during the year		428,527,690	69,887,411
		32,323,508	33,681,782
18(a) Consolidated Other reserve			
AB Bank Limited		3,667,791,039	3,652,517,157
AB Investment Limited		-	-
AB International Finance Limited		102,507,362	76,147,136
AB Securities Limited		85,910,523	85,910,523
Cashlink Bangladesh Limited (CBL)		-	-
		3,856,208,923	3,814,574,816

	31.12.2022 Taka	31.12.2021 Taka
19. Retained earnings		
Opening balance	4,811,589,856	5,686,625,747
<u>Add:</u> Post-tax profit for the year	677,238,715	641,384,540
<u>Less:</u> Transfer to statutory reserve	(535,933,103)	(341,379,078)
Bonus Share Issued	(250,751,600)	(398,018,410)
Cash dividend Paid	(167,167,734)	-
Start-up Fund	(6,772,387)	(6,413,845)
	4,528,203,746	5,582,198,953
<u>Add:</u> Transferred from Assets Revaluation Reserve	17,129	2,244,694,460
<u>Add:</u> Adjustment made during the year	(377,339,298)	486,412,206
<u>Less:</u> Transfer to Specific Provision as per BB Instruction	-	(3,500,000,000)
<u>Less:</u> Foreign Exchange Translation loss	(51,998,109)	(1,715,763)
	4,098,883,468	4,811,589,856
19(a) Consolidated Retained earnings		
AB Bank Limited	4,098,883,468	4,811,589,856
AB Investment Limited	386,568,765	353,808,287
AB International Finance Limited	131,564,660	100,872,547
AB Securities Limited	165,505,837	162,703,269
Cashlink Bangladesh Limited (CBL)	(161,898,799)	(163,453,326)
	4,620,623,931	5,265,520,632
<u>Add/(Less):</u> Adjustment made during the year	608,770,996	624,712,061
Non-controlling Interest	16,042,881	16,200,863
	5,245,437,808	5,906,433,556
19(b) Non-controlling interest		
AB Investment Limited	10,355	10,305
AB Securities Limited	463,141	460,662
Cashlink Bangladesh Limited	11,810,120	11,654,667
	12,283,617	12,125,636
20. Contingent liabilities	51,667,743,668	42,322,775,528
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	24,002,638	28,678,127
Others	14,261,637,755	14,189,377,493
	14,285,640,393	14,218,055,620
	2022	2021
	Taka	Taka
21. Profit and loss account		
<u>Income:</u>		
Interest, discount and similar income	25,442,986,562	24,585,793,960
Dividend income	226,123,112	222,542,650
Dividend on Perpetual Bonds	251,198,385	6,637,192
Fee, commission and brokerage	1,409,011,169	1,258,302,852
Gains less losses arising from investment securities	155,488,934	476,266,053
Gains less losses arising from dealing in foreign currencies	1,255,276,599	407,840,869
Other operating income	418,902,916	152,017,959
Net Gain/(lose) arising from dealing securities	(604,407,287)	556,094,533
	28,554,580,390	27,665,496,068
<u>Expenses:</u>		
Interest, fee and commission	17,073,891,844	15,821,971,753
Administrative expenses	4,189,226,730	4,059,545,132
Other operating expenses	1,249,465,558	1,145,481,825
Depreciation and amortization on banking assets	560,141,573	505,638,835
	23,072,725,706	21,532,637,545
	5,481,854,684	6,132,858,523

	2022 Taka	2021 Taka
22. Interest income/profit on investments		
Interest on loans and advances:		
Loans and advances	21,278,501,118	20,262,012,128
Bills purchased and discounted	14,348,790	22,829,613
	21,292,849,908	20,284,841,741
Interest on:		
Calls and placements	110,702,653	90,035,449
Balance with foreign banks	36,617,776	1,090,327
Reverse Repo	10,306,268	421,601
Balance with Bangladesh Bank	5,147,485	7,725,307
	162,774,182	99,272,684
	21,455,624,090	20,384,114,425
22(a). Consolidated Interest income/profit on investments		
AB Bank Limited	21,455,624,090	20,384,114,425
AB International Finance Limited	69,038,538	57,530,226
AB Investment Limited	117,208,906	143,495,686
AB Securities Limited	18,466,461	25,414,390
Cashlink Bangladesh Limited (CBL)	2,460,618	3,073,970
	21,662,798,612	20,613,628,697
<u>Less:</u> Intercompany transactions	23,068,068	16,387,722
	21,639,730,544	20,597,240,974
23. Interest/profit paid on deposits, borrowings, etc.		
Interest on deposits:		
Fixed deposits	8,493,768,392	7,376,925,144
Savings deposits	1,048,699,600	1,070,435,629
Special notice deposits	1,413,417,147	1,501,648,798
Other deposits	4,137,903,506	4,348,332,724
	15,093,788,645	14,297,342,295
Interest on borrowings:		
Local banks, financial institutions including BB	1,425,862,635	806,360,076
Subordinated Bond	554,240,564	718,269,383
	17,073,891,844	15,821,971,753
23(a). Consolidated Interest/profit paid on deposits, borrowings, etc.		
AB Bank Limited	17,073,891,844	15,821,971,753
AB Investment Limited	-	-
AB International Finance Limited	20,862,620	12,889,132
AB Securities Limited	8,933,135	11,562,500
Cashlink Bangladesh Limited (CBL)	-	-
	17,103,687,599	15,846,423,385
<u>Less:</u> Intercompany transactions	23,068,068	16,387,722
	17,080,619,531	15,830,035,663
24. Investment income		
Capital gain on sale of shares	155,488,934	476,266,053
Interest on treasury bills	158,728,143	37,448,014
Dividend on shares	226,123,112	229,179,842
Dividend on Perpetual Bonds	251,198,385	6,637,192
Interest on treasury bonds	3,529,889,064	3,888,729,383
Gain/(Loss) on treasury bills and treasury bonds	(604,407,287)	556,094,533
Interest on other bonds & others	298,745,266	268,864,947
	4,015,765,616	5,463,219,963
24(a). Consolidated Investment income		
AB Bank Limited	4,015,765,616	5,463,219,963
AB Investment Limited	49,276,035	214,124,354
AB International Finance Limited	-	-
AB Securities Limited	21,520,675	16,100,199
Cashlink Bangladesh Limited (CBL)	-	-
	4,086,562,326	5,693,444,517
<u>Less:</u> Intercompany transactions	110,210,286	94,269,221
	3,976,352,040	5,599,175,296

	2022 Taka	2021 Taka
25. Commission, exchange and brokerage		
Other fees, commission and service charges	890,552,342	740,329,428
Commission on letters of credit	419,998,937	426,042,108
Commission on letters of guarantee	98,459,890	91,931,316
Exchange gains less losses arising from dealings in foreign currencies	1,255,276,599	407,840,869
	2,664,287,768	1,666,143,721
25(a). Consolidated Commission, exchange and brokerage		
AB Bank Limited	2,664,287,768	1,666,143,721
AB Investment Limited	46,177,019	81,182,692
AB International Finance Limited	70,644,059	58,165,460
AB Securities Limited	94,997,928	145,391,462
Cashlink Bangladesh Limited (CBL)	-	-
	2,876,106,774	1,950,883,335
<u>Less:</u> Intercompany transactions	(1,451,039)	(1,045,092)
	2,874,655,734	1,949,838,243
26. Other Income		
Locker rent, insurance claim and others	8,211,686	5,888,988
Recoveries on loans previously written off	354,617,876	56,589,943
Recoveries on telex, telephone, fax, etc.	23,578,545	26,914,440
Recoveries on courier, postage, stamp, etc.	5,708,068	5,798,973
Non-operating income (*)	26,786,741	56,825,615
	418,902,916	152,017,959
(*) Non-operating income includes sale of scrap items, Gain on sale of properties etc.		
26(a). Consolidated other income		
AB Bank Limited	418,902,916	152,017,959
AB Investment Limited	10,293,970	10,080,770
AB International Finance Limited	70,394,064	60,608,866
AB Securities Limited	4,432,529	4,282,497
Cashlink Bangladesh Limited (CBL)	-	-
	504,023,479	226,990,092
<u>Less:</u> Inter company transactions	9,116,520	9,116,520
	494,906,959	217,873,572
27. Salary and allowances		
Basic salary, provident fund contribution and all other allowances	2,954,039,920	2,870,451,265
Festival and incentive bonus	180,127,787	178,239,565
	3,134,167,707	3,048,690,830
27.1 Chief executive's salary and fees	18,958,549	16,341,129
27(a). Consolidated salary and allowances		
AB Bank Limited	3,134,167,707	3,048,690,830
AB Investment Limited	36,403,945	29,794,743
AB International Finance Limited	32,322,011	31,429,318
AB Securities Limited	44,786,298	38,169,340
Cashlink Bangladesh Limited (CBL)	-	149,480
	3,247,679,962	3,148,233,710
28. Rent, taxes, insurance, electricity, etc.		
Rent, rates and taxes	(Note 28.1) 317,103,178	312,812,598
Electricity, gas, water, etc.	98,716,027	95,894,930
Insurance	209,143,293	203,913,051
	624,962,498	612,620,578
28.1 Rent, rates and taxes		

Right of Use (ROU) assets has been calculated for the period ended 31 December 2022 as per IFRS-16 leases considering monthly rental expenses excluding low value assets.

	2022 Taka	2021 Taka
28(a). Consolidated Rent, taxes, insurance, electricity, etc.		
AB Bank Limited	624,962,498	612,620,578
AB Investment Limited	2,592,123	2,516,810
AB International Finance Limited	9,331,583	8,559,824
AB Securities Limited	3,283,998	2,673,912
Cashlink Bangladesh Limited (CBL)	-	-
	640,170,202	626,371,124
<u>Less: Inter company transactions</u>	<u>9,116,520</u>	<u>9,116,520</u>
	<u>631,053,682</u>	<u>617,254,604</u>
29. Legal expenses		
Legal expenses	<u>23,687,189</u>	<u>10,102,950</u>
29(a). Consolidated legal expenses		
AB Bank Limited	23,687,189	10,102,950
AB Investment Limited	-	-
AB International Finance Limited	292,249	100,145
AB Securities Limited	140,250	-
Cashlink Bangladesh Limited (CBL)	3,600	720
	<u>24,123,289</u>	<u>10,203,815</u>
30. Postage, stamp, telecommunication, etc.		
Telex, fax, internet, wireless link, SWIFT, etc.	75,896,394	71,990,967
Telephone	6,477,515	6,164,623
Postage, stamp and shipping	17,247,717	13,676,160
	<u>99,621,626</u>	<u>91,831,750</u>
30(a). Consolidated Postage, stamp, telecommunication, etc.		
AB Bank Limited	99,621,626	91,831,750
AB Investment Limited	801,319	907,051
AB International Finance Limited	12,606,741	10,196,324
AB Securities Limited	1,679,327	1,747,989
Cashlink Bangladesh Limited (CBL)	200	-
	<u>114,709,213</u>	<u>104,683,114</u>
31. Stationery, printing, advertisements, etc.		
Printing and stationery	112,103,172	100,657,149
Publicity, advertisement, etc.	14,695,828	14,539,879
	<u>126,798,999</u>	<u>115,197,027</u>
31(a). Consolidated Stationery, printing, advertisements, etc.		
AB Bank Limited	126,798,999	115,197,027
AB Investment Limited	357,245	329,962
AB International Finance Limited	229,844	415,130
AB Securities Limited	666,724	1,104,919
Cashlink Bangladesh Limited (CBL)	-	-
	<u>128,052,812</u>	<u>117,047,038</u>
32. Directors' fees		
Directors' fees	1,537,600	1,589,600
Meeting expenses	234,849	405,863
	<u>1,772,449</u>	<u>1,995,463</u>
Directors' fees includes fees for attending the meeting of the Board, Executive Committee, Audit Committee, Risk Management Committee and Shariah Council.		

	2022 Taka	2021 Taka
32(a). Consolidated Directors' fees		
AB Bank Limited	1,772,449	1,995,463
AB Investment Limited	256,676	421,682
AB International Finance Limited	451,878	217,108
AB Securities Limited	366,667	531,666
Cashlink Bangladesh Limited (CBL)	207,000	172,500
	3,054,670	3,338,419
33. Auditors' fees		
Statutory	1,460,524	1,376,200
Others	1,396,554	2,429,881
	2,857,078	3,806,081
33(a). Consolidated Auditors' fees		
AB Bank Limited	2,857,078	3,806,081
AB Investment Limited	161,000	162,500
AB International Finance Limited	569,535	492,613
AB Securities Limited	88,000	168,625
Cashlink Bangladesh Limited (CBL)	34,500	28,750
	3,710,113	4,658,568
34. Depreciation and repairs of Bank's assets		
<u>Depreciation :</u>		
Electrical appliances	128,350,471	123,797,964
Furniture and fixtures	18,383,090	10,841,320
Office appliances	1,601,311	1,716,722
Building	14,683,495	15,170,838
Motor vehicles	32,767,889	40,360,137
	195,786,256	191,886,981
Depreciation of ROU (Right Of Use) assets	289,199,987	257,599,987
<u>Repairs:</u>		
Motor vehicles	9,886,622	13,716,880
Electrical appliances	58,567,167	59,142,483
Office premises and others	80,417,300	79,211,834
Furniture and fixtures	2,282,649	1,378,677
Office appliances	5,246,895	5,509,448
	156,400,634	158,959,323
	641,386,877	608,446,292
Amortization of Intangible Assets	75,155,330	56,151,866
	716,542,206	664,598,158
34(a). Consolidated Depreciation and repairs of Bank's assets		
AB Bank Limited	716,542,206	664,598,158
AB Investment Limited	17,736,661	18,310,431
AB International Finance Limited	408,453	449,894
AB Securities Limited	7,802,014	8,505,512
Cashlink Bangladesh Limited (CBL)	-	-
	742,489,335	691,863,995
35. Other expenses		
Contractual service	439,710,298	401,356,212
Petrol, oil and lubricant	78,872,394	67,308,965
Software expenses	200,836,832	194,856,243
Entertainment	39,039,485	33,007,202
Travelling	13,341,032	13,312,386
Subscription, membership and sponsorship	12,967,724	15,803,399
Training, seminar and workshop	7,055,931	7,037,044
Local conveyance	11,587,188	13,496,217
Professional charges	39,733,958	75,352,572
Books, newspapers and periodicals	1,084,271	911,542
Finance charge under lease liability	35,034,137	46,777,916
Donation	139,924,849	78,091,098
Bank Charges	14,569,279	13,291,927
Sundry expenses (*)	215,708,181	184,879,103
	1,249,465,558	1,145,481,825

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

	2022 Taka	2021 Taka
35(a). Consolidated other expenses		
AB Bank Limited	1,249,465,558	1,145,481,825
AB Investment Limited	8,929,589	20,230,256
AB International Finance Limited	1,050,648	725,817
AB Securities Limited	15,142,546	34,803,397
Cashlink Bangladesh Limited (CBL)	71,145	89,850
	1,274,659,486	1,201,331,145
Less: Inter company transactions	1,451,039	1,045,092
	1,273,208,447	1,200,286,054
36. Provision against loans and advances		
On un-classified loans	1,872,148	1,340,345,179
On classified loans	2,144,306,250	2,450,000,000
	2,146,178,398	3,790,345,179
36(a). Consolidated provision against loans and advances		
AB Bank Limited	2,146,178,398	3,790,345,179
AB Investment Limited	65,000,000	280,000,000
AB International Finance Limited	-	-
AB Securities Limited	3,683,314	44,500,000
Cashlink Bangladesh Limited (CBL)	-	-
	2,214,861,712	4,114,845,179
37. Provisions for investments		
Provision for quoted shares in Bangladesh operations	141,698,075	320,000,000
Provision for Pinnacle Global Fund Pte Limited	170,750,136	130,000,000
Provision for Amana Bank Plc	191,303,398	-
Provision for investment in treasury Bills by Mumbai Branch	2,496,197	398,805
Total provision for investments	506,247,806	450,398,805
37(a). Consolidated provisions for diminution in value of investments		
AB Bank Limited	506,247,806	450,398,805
AB Investment Limited	68,716,168	6,082,949
AB International Finance Limited	-	-
AB Securities Limited	1,316,686	-
Cashlink Bangladesh Limited (CBL)	-	-
	576,280,660	456,481,754
38. Other provision		
Provision for off balance sheet items	120,000,000	60,000,000
Provision for Other assets	(39,500,000)	25,815,033
	80,500,000	85,815,033
Provision against other assets was made as per BRPD Circular # 04 dated 12 April 2022 issued by Bangladesh Bank.		
38(a). Consolidated other provisions		
AB Bank Limited	80,500,000	85,815,033
AB Investment Limited	-	-
AB International Finance Limited	-	-
AB Securities Limited	-	-
Cashlink Bangladesh Limited (CBL)	-	-
	80,500,000	85,815,033

	31.12.2022 Taka	31.12.2021 Taka
39. Appropriations		
Retained earnings - brought forward	4,811,589,856	5,686,625,747
<u>Add:</u> Post-tax profit for the year	677,238,715	641,384,540
	5,488,828,571	6,328,010,287
<u>Less:</u> Cash dividend	167,167,734	-
<u>Less:</u> Dividend-Bonus shares issued	250,751,600	398,018,410
	5,070,909,237	5,929,991,877
Transferred to		
Statutory reserve	535,933,103	341,379,078
Transfer to Specific Provision	-	3,500,000,000
Start-up Fund	6,772,387	6,413,845
	542,705,490	3,847,792,924
Retained earnings	4,528,203,746	2,082,198,953
<u>Add:</u> Transferred from Assets Revaluation Reserve	17,129	2,244,694,460
<u>Add/Less:</u> Addition/Adjustment during the year	(377,339,298)	486,412,206
<u>Add:</u> Foreign Exchange translation gain/(Loss)	(51,998,109)	(1,715,763)
	4,098,883,468	4,811,589,856
	2022	2021
	Taka	Taka
40 Basic Earnings Per Share (EPS)		
Profit after taxation	677,238,715	641,384,540
Number of ordinary shares outstanding	860,913,831	860,913,831
Basic Earnings Per Share	0.79	0.75
Earnings per share (EPS) increased due to significant increase of commission, exchange and brokerage income and decrease of provision against loans and advances during the year.		
40.(a) Consolidated Basic Earnings Per Share		
Net (Loss)/Profit attributable to the shareholders of parent company	714,195,976	716,608,115
Number of ordinary shares outstanding	860,913,831	860,913,831
Consolidated Basic Earnings Per Share	0.83	0.83
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, 2022.		
41. Receipts from other operating activities		
Interest on treasury bills, bonds, debenture and others	3,538,444,119	5,234,040,121
Exchange earnings	2,083,197,778	378,518,116
Recoveries on telex, telephone, fax, etc.	23,578,545	26,914,440
Recoveries on courier, postage, stamp, etc.	5,708,068	5,798,973
Non-operating income	26,786,741	56,825,615
Others	8,211,686	5,888,988
	5,685,926,938	5,707,986,253
42. Payments for other operating activities		
Rent, taxes, insurance, electricity, etc.	948,627,275	944,785,355
Postage, stamps, telecommunication, etc.	99,621,626	91,831,750
Repairs of Bank's assets	156,400,634	158,959,323
Legal expenses	23,687,189	10,102,950
Auditors' fees	2,857,078	3,806,081
Directors' fees	1,772,449	1,995,463
Other Expenses	1,214,431,421	1,098,703,910
	2,447,397,672	2,310,184,832
43. Increased/(Decrease) in other assets		
Investment in subsidiaries	6,229,114,922	6,229,114,922
Advance rent and advertisement	159,881,795	234,153,083
Stationery, stamps, printing materials, etc.	71,462,423	76,152,250
Security deposits	72,623,086	70,201,100
Commission and brokerage receivable on shares and debentures, and other income receivables	1,214,753,020	1,710,681,112
Accounts receivable	1,667,622,589	1,298,999,895
Preliminary, formation, organizational, renovation, development and prepaid expenses	533,005,552	597,885,133
Exchange for clearing	663,210,910	1,433,998,879
Inter-branch adjustment	147,414	-
Arab Bangladesh Bank Foundation	19,920,000	19,920,000
	10,631,741,712	11,671,106,374
Net Decrease	(1,039,364,662)	(110,905,981)

	2022 Taka	2021 Taka	
44. Increase/(decrease) in other liabilities			
Accumulated provision against loans and advances	27,260,466,185	27,300,595,344	
Provision for current tax	1,126,116,056	1,537,622,211	
Interest suspense account	11,773,479,961	13,171,406,144	
Accounts payable - Bangladesh Bank	17,503,601	31,762,059	
Provision against other assets	334,959,106	374,459,106	
Accrued expenses	117,779,412	88,551,502	
Provision against investments	2,358,476,593	1,854,724,984	
Provision against off balance sheet items	1,180,000,000	330,000,000	
Others	1,207,062,630	785,808,868	
	45,375,843,544	45,474,930,218	
<u>Less:</u> Adjustment for provision and others	32,921,768,458	32,124,714,975	
Net Decrease	(896,140,156)	(3,025,134,699)	
45. Net Operating Cash Flow Per Share (NOCFPS)			
Net Operating Cash Flow	(17,424,793,972)	3,007,507,958	
Weighted average number of shares	860,913,831	860,913,831	
Net Operating Cash Flow Per Share (NOCFPS)	(20.24)	3.49	
45(a) Consolidated Net Operating Cash Flow Per Share (NOCFPS)			
Net Operating Cash Flow	(16,790,462,989)	2,542,398,171	
Weighted average number of shares	860,913,831	860,913,831	
Net Operating Cash Flow Per Share (NOCFPS)	(19.50)	2.95	
46 Net Asset Value Per Share (NAVPS)			
Net Asset Value	24,425,937,456	24,307,403,496	
Number of shares outstanding a the end of the period	860,913,831	860,913,831	
Net Asset Value Per Share (NAVPS)	28.37	28.23	
46(a) Consolidated Net Asset Value Per Share (NAVPS)			
Net Asset Value	25,760,909,681	25,564,304,856	
Number of shares outstanding a the end of the period	860,913,831	860,913,831	
Net Asset Value Per Share (NAVPS)	29.92	29.69	
47. Reconciliation of Net Profit after Taxation & Operating Profit before changes in operating assets & liabilities			
Cash flows from operating activities			
Net Profit after Taxation	677,238,715	641,384,540	
Provision for Tax	2,071,689,766	1,164,914,966	
Provision for Loans, Investment and others	2,732,926,204	4,326,559,017	
Increase in interest receivable	(5,291,376,221)	(7,401,614,138)	
(Decrease)/Increase interest Payable on Deposits	300,366,073	(324,295,532)	
Non cash items, Lease impact and others	271,510,933	220,251,974	
Income tax paid	(1,874,135,760)	(1,814,495,333)	
Effect of exchange rate changes on cash & cash equivalents	827,921,179	(29,322,754)	
Operating Profit before changes in operating assets & liabilities	(283,859,112)	(3,216,617,260)	
48. Conversion Rates			
Assets and liabilities as at December 31, 2022 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	124.1113
European Currency	EURO	1.00	109.5981
Indian Rupee	INR	1.00	1.2481
US Dollar	USD	1.00	103.2970

49. Highlights of the overall activities of the Bank

(Amount in Taka)

Sl no.	Particulars	31 Dec 2022	31 Dec 2021
1	Paid-up capital	8,609,138,310	8,358,386,710
2	Total capital	36,195,251,975	35,395,189,374
3	Capital shortfall	(7,692,135,525)	(5,813,066,617)
4	Total assets	409,085,360,391	410,316,706,779
5	Total deposits	316,697,269,309	298,372,561,654
6	Total loans and advances	312,068,149,520	290,459,816,948
7	Total contingent liabilities and commitments	51,667,743,668	42,322,775,528
8	Credit-deposit ratio*	92.26%	86.27%
9	Ratio of classified loans against total loans and advances	20.23%	14.15%
10	Profit after tax and provision	677,238,715	641,384,540
11	Loans classified during the Year	23,983,274,544	1,783,520,791
12	Provision kept against classified loans	21,641,247,373	20,953,453,433
13	Provision surplus/ (deficit)	-	-
14	Cost of fund	6.85%	6.76%
15	Interest earning assets	310,658,053,495	327,505,726,943
16	Non-interest earning assets	98,427,306,896	82,810,979,836
17	Return on investments (ROI)	6.86%	8.47%
18	Return on assets (ROA)	0.17%	0.16%
19	Income from investments	4,015,765,616	5,463,219,963
20	Earnings per share	0.79	0.75
21	Net Income per share	0.79	0.75
22	Price-earnings ratio (Times)	12.58	17.59

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

-Sd-
Tarique Afzal
President & Managing Director

-Sd-
Md. Eskandar Miah
Independent Director

-Sd-
Shafiqul Alam
Independent Director

-Sd-
Khairul Alam Choudhury
Chairman

Dhaka,
30 April 2023

AB Bank Limited
Currency wise Balances

Name of the bank	Location	Name of currency	As at December 31, 2022		
			Amounts in foreign currency	Conversion rate	Equivalent amounts in BDT
The Bank of Tokyo Mitsubishi Ltd.	Tokyo	JPY	8,368,585	0.7682	6,428,747
MFT,Yangon	Myanmar	ACU	1,000	103.2970	103,297
JP Morgan Chase Bank	Newyork	USD	7,678,126	103.2970	793,127,357
Sonali Bank (Kolkata)	India	ACU	13,618	103.2970	1,406,729
Myanmar Economic Bank	Myanmar	ACU	410	103.2970	42,352
Citibank, NA	Newyork	USD	504,667	103.2970	52,130,559
Hatton National Bank Limited	Colombo	ACU	43,279	103.2970	4,470,621
Commerz Bank AG	Germany	EUR	309,609	109.5981	33,932,589
Habib Metro Bank	Karachi	ACU	7,954	103.2970	821,583
Mashreq Bank Psc	Newyork	USD	11,749,954	103.2970	1,213,735,046
Nabil Bank Limited	Nepal	USD	2,218	103.2970	229,087
Habib America Bank	Newyork	USD	273,713	103.2970	28,273,731
Commerz Bank AG	Germany	USD	32,177	103.2970	3,323,763
MCB Bank Limited	Karachi	ACU	45,527	103.2970	4,702,775
Commerz Bank AG	Germany	CAD	41,081	75.8979	3,117,961
Commerz Bank AG	Germany	CHF	24,529	111.2036	2,727,758
JP Morgan Chase Bank	Newyork	USD	342,071	103.2970	35,334,915
Zhei Chou Commercial Bank Co. Ltd.	China	CNY	79,318	14.8018	1,174,046
Commerz Bank AG	Germany	EUR	14,065	109.5981	1,541,493
Reserve Bank of India	Mumbai	ACU	60,656,057	1.2481	75,704,734
HDFC Bank CSGL	India	INR	7,869,929	1.2481	9,822,447
HDFC Bank Limited	India	INR	74,598,197	1.2481	93,105,898
Kotak Mahindra Bank	India	INR	8,454,246	1.2481	10,551,731
Habib American	Newyork	USD	1,115,207	103.2970	115,197,543
JP Chase ACU	Newyork	USD	17,560,451	103.2970	1,813,941,858
Total			4,304,948,618		

AB Bank Limited
Investment in Shares
As at 31 December 2022

(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	5,915,452	11.50	68,027,698	16.14	95,477,656
National Bank Limited	5,602,825	8.30	46,503,448	13.51	75,675,365
Premier Bank Limited	2,776,770	13.30	36,931,041	13.04	36,211,323
First Janata Bank Mutual Fund	322,865	6.10	1,969,477	8.30	2,679,780
AB Bank 1st Mutual Fund	37,086,435	5.20	192,849,462	6.27	232,672,073
Green Delta Mutual Fund	3,255,663	6.90	22,464,075	8.18	26,622,003
LR Global Bangladesh Mutual Fund One	10,369,343	6.40	66,363,795	9.64	100,000,001
Popular Life First Mutual Fund	748,477	5.10	3,817,233	5.12	3,829,325
Trust Bank 1st Mutual Fund	1,920,904	5.60	10,757,062	6.45	12,385,876
Dhaka Electric Supply Company Limited	7,023,759	36.60	257,069,579	87.73	616,189,378
Khulna Power Company Limited	345,865	26.60	9,200,009	88.49	30,606,883
Padma Oil Company Limited	347,094	209.20	72,612,065	299.66	104,010,918
Powergrid Company of Bangladesh Limited	4,936,500	52.40	258,672,600	77.25	381,352,923
Islami Commercial Insurance Company Ltd.	8,798	28.10	247,224	10.00	87,980
Sonali Life Insurance Company Ltd.	9,308	59.60	554,757	10.00	93,080
Beximco Pharmaceuticals Limited	849,147	146.20	124,145,291	193.39	164,214,927
Orion Pharma Limited	1,568,827	82.70	129,741,993	97.11	152,343,429
BBS Cables Limited	1,681,226	49.90	83,893,177	79.46	133,584,799
BSRM Steels Limited	2,454,160	63.90	156,820,824	98.32	241,287,030
GPH Ispat Limited	504,524	44.80	22,602,675	54.39	27,441,421
IFAD Autos Limited	1,062,703	44.10	46,865,202	79.50	84,481,704
Olympic Industries Limited	138,542	124.00	17,179,208	222.14	30,776,387
Heidelberg Cement Bangladesh Limited	66,720	179.10	11,949,552	555.88	37,088,160
Argon Denims Limited	2,181,264	18.20	39,699,005	33.05	72,096,990
Ring Shine Textiles Limited	502	9.80	4,920	7.62	3,823
Shasha Denims Limited	1,935,378	27.00	52,255,206	38.52	74,546,499
Union Capital Limited	2,440,006	9.90	24,156,059	61.08	149,037,209
SAIF Powertec Limited.	2,741,567	29.70	81,424,540	39.24	107,576,104
Total			1,838,777,177		2,992,373,046

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
Grameen One : Scheme 2	3,865,039	15.20	58,748,593	18.29	70,707,495
NLI First Mutual Fund	600,000	14.40	8,640,000	15.81	9,485,212
Beximco Pharmaceuticals Limited	1,500,004	146.20	219,300,585	215.50	323,246,983
Orion Pharma Limited	713,090	82.70	58,972,543	117.07	83,483,199
Silco Pharmaceuticals Limited	1,879,272	23.40	43,974,965	25.57	48,044,879
Beximco Green Sukuk Al Istisna'a	5,434,344	89.00	483,656,616	100.00	543,434,400
Bangladesh Export Import Company Ltd.	1,566,995	115.60	181,144,622	86.70	135,858,500
LankaBangla Finance Ltd.	1,016,972	26.00	26,441,272	39.86	40,540,232
Powergrid Company of Bangladesh Limited	589,264	52.40	30,877,434	63.00	37,123,697
BBS Cables Limited	356,839	49.90	17,806,266	56.20	20,054,845
GPH Ispat Limited	2,817,567	44.80	126,227,002	52.63	148,282,898
Argon Denims Limited	333,954	18.20	6,077,963	18.83	6,287,321
			1,261,867,860		1,466,549,661

Shares/Bond (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	616,735,915
Total Strategic Investment (c)	187,784,490	616,735,915	616,735,915
Total investment (a+b+c)			5,307,774,752

AB Bank Limited
Schedule of Fixed Assets
As of 31 December 2022

								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 2022	2,271,171,345	346,946,966	65,810,463	2,087,453,267	323,725,176	910,541,641	1,329,421,828	7,335,070,685
Addition during the year	-	3,763,250	1,477,000	94,137,957	10,147,500	69,588,664	-	179,114,371
Less: Disposal/Adjustment during the year	-	1,813,968	2,054,355	30,744,057	73,216,856	-	-	107,829,236
Adjustment for USD/ INR Rate Fluctuation	-	259,524	(2,127,854)	4,594,327	288,523	2,300,148	-	5,314,668
At 31 December 2022	2,271,171,345	349,155,773	63,105,254	2,155,441,495	260,944,343	982,430,450	1,329,421,828	7,411,670,487
<u>Accumulated Depreciation</u>								
Balance at 01 January 2022	186,447,501	179,483,806	58,722,183	1,602,090,540	239,324,068	713,636,770	723,177,857	3,702,882,725
Addition during the year	14,683,495	18,383,090	1,601,310	128,350,472	32,767,889	75,155,330	289,199,987	560,141,572
Less: Disposal/Adjustment during the year	-	1,382,289	2,013,519	28,959,095	73,216,822	-	-	105,571,725
Adjustment for USD/ INR Rate Fluctuation	-	242,456	(2,102,739)	4,384,972	273,486	2,256,858	-	5,055,033
At 31 December 2022	201,130,996	196,727,063	56,207,235	1,705,866,889	199,148,621	791,048,958	1,012,377,844	4,162,507,606
<u>Net Book Value</u>								
At 31 December 2022	2,070,040,349	152,428,709	6,898,019	449,574,605	61,795,722	191,381,495	317,043,984	3,249,162,881

As of 31 December 2021

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

AB Bank Limited

Detailed of Risk Weighted Assets under Basel III
As at 31 December 2022

Risk Weighted Assets (RWA) for	31.12.2022		31.12.2021	
	Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
A. Credit Risk				
On- Balance sheet (as shown below)	367,919,626,951	314,237,657,505	364,550,391,211	285,780,334,686
Off-Balance sheet (as shown below)	13,471,011,058	8,929,573,136	17,565,290,543	12,305,030,565
B. Market Risk	-	9,952,748,917	-	11,071,010,409
C. Operational Risk	-	17,979,120,440	-	20,509,672,267
Total RWA (A+B+C)	381,390,638,009	351,099,099,998	382,115,681,754	329,666,047,926

Credit Risk - On Balance Sheet

Sl.	Exposure Type	31.12.2022		31.12.2021	
		Exposure	Risk Weighted Asset	Exposure	Risk Weighted Asset
a)	Cash and Cash Equivalents	1,728,331,779	-	1,291,715,032	-
b)	Claims on Bangladesh Government and Bangladesh Bank	48,368,383,104	-	59,701,136,104	-
c)	Claims on other Sovereigns & Central Banks*	685,352,757	342,676,378	530,883,782	265,441,891
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 (NBFIs)				
	i) Original maturity over 3 months	693,644,731	197,762,750	289,248,649	78,270,949
	ii) Maturity less than 3 months	7,225,822,300	1,445,164,460	12,952,223,339	2,590,444,668
h)	Claims on Corporate (excluding equity exposure)	185,554,313,796	186,642,212,550	188,314,821,995	190,703,375,211
i)	Claims on SME	25,414,106,256	21,903,294,952	24,736,655,913	20,355,818,791
j)	Claims under Credit Risk Mitigation	10,965,277,528	4,225,218,179	9,145,269,940	4,016,384,204
	Fixed Risk Weight Groups:				
k)	Claims categorized as retail portfolio (excluding consumer loan)	885,172,071	663,879,053	748,497,036	561,372,777
l)	Consumer Loan	2,380,865,472	2,380,865,472	1,917,249,737	1,917,249,737
m)	Claims fully secured by residential property	411,027,678	205,513,839	544,492,671	272,246,335
n)	Claims fully secured by commercial real estate	10,591,615,185	10,591,615,185	10,259,091,499	10,259,091,499
o)	Past Due Claims (Risk weights are to be assigned net of specific provision)	47,586,820,869	60,710,411,578	27,646,631,144	30,084,808,194
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	55,605,000	55,605,000	54,500,000	54,500,000
q)	Investments in venture capital	469,821,302	469,821,302	469,821,302	469,821,302
r)	Claim on Capital Market Exposure	1,074,425,585	1,343,031,981	1,265,627,948	1,582,034,935
s)	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	11,111,329,750	13,889,162,188	10,911,329,750	13,639,162,188
t)	Investments in premises, plant and equipment and all other fixed assets	2,740,757,114	2,740,757,114	2,926,711,270	2,926,711,270
u)	Claims on all fixed assets under operating lease	-	-	-	-
v)	All other assets	9,976,954,673	6,430,665,524	10,844,484,100	6,003,600,737
	Total	367,919,626,951	314,237,657,505	364,550,391,211	285,780,334,686

AB Bank Limited

Detailed of Risk Weighted Assets under Basel III
As at 31 December 2022

Credit Risk - Off Balance Sheet

Sl.	Exposure Type	31.12.2022		31.12.2021	
		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	24,002,638	4,800,528	28,678,127	5,735,625
g)	Claims on Corporate (excluding equity exposure)	10,113,311,951	6,598,912,888	13,628,238,244	9,267,878,732
h)	Against retail portfolio (excluding consumer loan)	125,595,858	94,196,894	124,588,433	93,441,325
hi)	Claims on SME	3,208,100,611	2,231,662,827	3,783,785,738	2,937,974,882
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		13,471,011,058	8,929,573,136	17,565,290,543	12,305,030,565

BDT

AB Bank Limited**Disclosures on Risk Based Capital (Basel III)****As at 31 December 2022**

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)

As at 31 December 2022

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) Non-controlling 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

Minimum capital requirements of the BASEL III:

Particulars	2022
Minimum Common Equity Tier-1 Capital Ratio	4.50%
Capital Conservation Buffer	2.50%
Minimum CET-1 plus Capital Conservation Buffer	7.00%
Minimum T-1 Capital Ratio	6.00%
Minimum Total Capital Ratio	10.00%
Minimum Total Capital plus Capital Conservation Buffer	12.50%

Disclosures on Risk Based Capital (Basel III)
As at 31 December 2022

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)
As at 31 December 2022

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:

- 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.

Disclosures on Risk Based Capital (Basel III)

As at 31 December 2022

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>
(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><u>AB Investment Limited</u></p> <p>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 unparallel 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>

AB Bank Limited

Disclosures on Risk Based Capital (Basel III)

As at 31 December 2022

(b)		<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>
(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.	<p>Aggregate amount of Capital: BDT. 20,000,000</p> <p>Name of subsidiary: Arab Bangladesh Bank Foundation (ABBF)</p>

Disclosures on Risk Based Capital (Basel III)
As at 31 December 2022

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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AB Bank Limited

Disclosures on Risk Based Capital (Basel III)
As at 31 December 2022

		BDT in Crore			
		31.12.2022		31.12.2021	
		Solo	Conso	Solo	Conso
(b) The amount of Regulatory capital, with separate disclosure of: CET 1 Capital	> Paid up Capital	861	861	836	836
	> Non- repayable share premium account	-	-	-	-
	> Statutory reserve	805	805	748	748
	> General reserve	285	304	285	302
	> Retained earnings	410	525	481	591
	> Non- Controlling Interest	-	1	-	1
	> Non- cumulative irredeemable preference shares	-	-	-	-
	> Dividend equalization account	-	-	-	-
		2,361	2,496	2,351	2,478
Additional Tier 1 Capital		527	533	441	441
Total Tier 1 Capital		2,888	3,028	2,792	2,919
Tier 2 Capital		1,119	1,266	1,194	1,334
(c) Regulatory Adjustments/Deductions from capital		387	388	446	447
(d) Total eligible capital		3,620	3,906	3,540	3,806

C) Capital adequacy

Qualitative Disclosure

(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			
	31.12.2022		31.12.2021	
	Solo	Conso	Solo	Conso
(b) Capital requirement for Credit Risk:	3,231.67	3,255.89	2,980.85	3,004.35
(c) Capital requirement for Market Risk:	99.53	108.89	110.71	118.20
(d) Capital requirement for Operational	179.79	187.21	205.10	211.24
(e) Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio: Total minimum capital requirement @10% Total capital maintained Minimum Tier 1 capital requirement Common Equity Tier-I capital maintained Additional Tier-I capital maintained Tier 2 capital ratio maintained Min. total capital plus capital conservation buffer requirement Min. total capital plus capital conservation buffer maintained				
	3,510.99	3,551.99	3,296.66	3,333.79
	3,619.53	3,906.18	3,539.52	3,805.93
	6.00%	6.00%	6.00%	6.00%
	5.62%	5.93%	5.78%	6.09%
	1.50%	1.50%	0.01	0.01
	7.12%	7.43%	3.62%	4.00%
	12.50%	12.50%	12.50%	12.50%
	10.31%	11.00%	10.74%	11.42%
(f) Capital Conservation Buffer Capital conservation buffer requirement Capital conservation buffer maintained				
	2.50%	2.50%	2.50%	2.50%
	-	0.00%	-	0.09%
(g) Available Capital under Pillar 2 requirement	108.53	354.19	242.86	472.14

Provision against loans and advances has been maintained as per Bangladesh Bank letter no. DBI-3/101/2022-741 dated 26 April 2023 and DOS(CAMS)1157/41(Dividend)/2023-2200 dated 30 April 2023 respectively. According to those letters, there is a provision shortfall of Tk. 6,128.05 crore (Total requirement is BDT 8,854.10 crore and total maintained is BDT 2,726.05 crore) against loans and advances and BDT 117.51 crore provision shortfall against investment which requires to be kept within 2029.

Disclosures on Risk Based Capital (Basel III)

As at 31 December 2022

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>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 letter # 53 dated 30.12.2021 and BRPD Circular letter # 53 dated 22.12.2022. The rates for provisions are stated below:</div> <table><tr><th rowspan="2">Particulars</th><th rowspan="2"></th><th rowspan="2">Short Term Agri Credit</th><th colspan="4">Consumer Financing</th><th rowspan="2">SMEF</th><th rowspan="2">Loans to BHs/MBs /SDs</th><th rowspan="2">All Other Credit</th><th rowspan="2">Off Balance Sheet Exposures</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>2%</td><td>1%</td><td rowspan="5">1%</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>2%</td><td>1%</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>20%</td><td>20%</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>50%</td><td>50%</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>100%</td><td>100%</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 and BRPD circular letter no. 50 dated 14 December 2021 respectively.</div>	Particulars		Short Term Agri Credit	Consumer Financing				SMEF	Loans to BHs/MBs /SDs	All Other Credit	Off Balance Sheet Exposures	Other than HF, LP	HF	LP	Credit Card	UC	Standard	1%	2%	1%	2%	2%	0.25%	2%	1%	1%	SMA	-	2%	1%	2%	2%	0.25%	2%	1%	Classified	SS	5%	20%	20%	20%	20%	5%, 20%	20%	20%	DF	5%	50%	50%	50%	50%	20%, 50%	50%	50%	BL	100%	100%	100%	100%	100%	100%	100%	100%
Particulars					Short Term Agri Credit	Consumer Financing							SMEF	Loans to BHs/MBs /SDs	All Other Credit	Off Balance Sheet Exposures																																																
		Other than HF, LP	HF	LP		Credit Card																																																										
UC	Standard	1%	2%	1%	2%	2%	0.25%	2%	1%	1%																																																						
	SMA	-	2%	1%	2%	2%	0.25%	2%	1%																																																							
Classified	SS	5%	20%	20%	20%	20%	5%, 20%	20%	20%																																																							
	DF	5%	50%	50%	50%	50%	20%, 50%	50%	50%																																																							
	BL	100%	100%	100%	100%	100%	100%	100%	100%																																																							

AB Bank Limited
Disclosures on Risk Based Capital (Basel III)
As at 31 December 2022

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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		31.12.2022		31.12.2021	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(b) Total gross credit risk exposures broken down by major types of credit exposure	Overdraft	5.47%	1,708	6.36%	1,846
	Cash credit	0.02%	7	0.01%	4
	Time loan	15.89%	4,960	15.84%	4,602
	Term loan	71.47%	22,302	69.28%	20,123
	Forced loan	2.36%	736	3.27%	950
	Bills under LC	0.01%	2	0.06%	16
	Trust receipt	1.84%	575	2.24%	651
	Packing credit	0.00%	-	0.03%	8
	Loan against accepted bills	0.01%	3	0.02%	7
	Loan-EDF	1.45%	453	1.36%	396
	Consumer Loan	0.88%	274	0.87%	251
	Staff loan	0.37%	116	0.44%	129
	Bills purchased and discounted	0.23%	71	0.22%	63
Total		100%	31,207	100%	29,046
		31.12.2022		31.12.2021	
		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	73.88%	22,807	74.56%	21,437
	Chattogram	15.64%	4,829	14.86%	4,271
	Khulna	4.62%	1,427	4.85%	1,395
	Sylhet	0.43%	133	0.42%	121
	Barishal	0.16%	49	0.14%	40
	Rajshahi	1.66%	513	1.61%	462
	Rangpur	1.99%	616	1.98%	568
	Mymensingh	1.61%	498	1.58%	454
		100%	30,872	100%	28,750
	Rural branches				
	Dhaka	66.48%	171	67.75%	161
	Chittagong	26.46%	68	25.41%	60
	Khulna	0.00%	-	0.00%	-
	Sylhet	4.79%	12	4.75%	11
	Barisal	0.00%	-	0.00%	-
	Rajshahi	0.00%	0.002	0.00%	0
	Rangpur	0.02%	0.06	0.02%	0
	Mymensingh	2.25%	6	2.07%	5
		100%	258	100%	237
	Outside Bangladesh				
	ABBL, Mumbai branch	0.25%	77	0.20%	59
		100%	31,207	100%	29,046

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		31.12.2022		31.12.2021	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Agriculture	1.32%	411	1.47%	428
	Large and medium scale indus.	34.07%	10,631	34.07%	9,895
	Working capital	23.27%	7,261	23.27%	6,758
	Export	1.76%	550	0.57%	165
	Commercial lending	20.61%	6,432	20.61%	5,987
	Small and cottage industry	2.18%	679	2.18%	632
	Others	16.80%	5,242	17.84%	5,181
		100%	31,207	100%	29,046
(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Repayable – on demand	0.55%	173	0.65%	188
	– upto 3 months	38.83%	12,116	37.54%	10,903
	– over 3 months but below 1 year	43.23%	13,492	44.62%	12,961
	– over 1 year but below 5 years	13.81%	4,309	12.14%	3,527
	– over 5 years	3.58%	1,117	5.05%	1,468
		100%	31,207	100%	29,046
		31.12.2022		31.12.2021	
		In (%)	BDT/Cr.	In (%)	BDT/Cr.
(f) By major industry or counterparty type:					
i. Amount of impaired loans and if available, past due loans, provided separately		20.23%	6,312	14.15%	4,111
ii. Specific and general provisions		-	2,726	-	2,730
iii. Charges for specific allowances and charge-offs during the period		-	214	-	245
(g) Gross Non Performing Assets (NPAs) (NPAs) to outstanding Loans & advances				2022	2021
				BDT/Cr.	BDT/Cr.
	Non Performing Assets (NPAs)			6,312	4,111
	NPAs to outstanding loans and advances			20.23%	14.15%
	Movement of NPAs Bangladesh Operations:				
	Opening balance			4,110.95	4,615.46
	Additions			2,398.33	178.35
	Reductions			197.09	682.87
	Closing balance			6,312.19	4,110.95
	Movement of specific provision for NPAs				
	Opening balance			2,095.35	895.76
	Provision made during the period			214.43	1,221.00
	Write-off			(145.65)	(21.41)
	Closing balance			2,164.13	2,095.35

E) Equities: Disclosures for Banking book positions

Qualitative Disclosure

(a) The general qualitative disclosure requirement with respect to the equity risk, including:	
> differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons	Investment in equity mainly for capital gain purpose but Bank has some investment for relationship and strategic reasons.

AB Bank Limited

**Disclosures on Risk Based Capital (Basel III)
As at 31 December 2022**

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 (2022)	<u>BDT in Crore</u> 15.55
(d) > Total unrealized gains (losses) > Total latent revaluation gains (losses) > Any amounts of the above included in Tier 2 capital	(135.83) 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)
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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	
	31.12.22	31.12.21
Market value of assets	40,907	41,589
Market value of liability	38,464	38,902
Weighted avg. duration GAP	0.77	0.71
CRAR after different level of Shocks:		
Minor level	9.55%	9.98%
Moderate level	8.77%	9.21%
Major level	7.99%	8.43%

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:	BDT in Crore
	31.12.22 31.12.21
Interest rate risk	28.43 26.87
Equity position risk	62.01 68.76
Foreign exchange risk	9.09 15.08
Commodity risk	- -
	99.53 110.71

Disclosures on Risk Based Capital (Basel III)
As at 31 December 2022

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"> <thead> <tr> <th colspan="2">BDT in Crore</th></tr> <tr> <th>31.12.22</th><th>31.12.21</th></tr> </thead> <tbody> <tr> <td>179.79</td><td>205.10</td></tr> </tbody> </table>		BDT in Crore		31.12.22	31.12.21	179.79	205.10
BDT in Crore							
31.12.22	31.12.21						
179.79	205.10						
(b) The capital requirements for Operational Risk							

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)
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(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>31.12.2022</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.	31.12.2022	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.										
31.12.2022										
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)
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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

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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%	800	800
	Performance related contingencies	50%	682	341
	Short-term self-liquidating trade letters of credit	20%	505	101
	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%	450	90
	Commitments with original maturity of over one year	50%	-	-
	Other commitments that can be unconditionally cancelled by any time	0%	1,484	-
	Market related Off-Balance sheet exposure	1%	1,494	15
	Total		5,415	1,347
(b)				
		BDT/Cr.		
		31.12.2022		
Leverage Ratio		6.27%		
On balance sheet exposure		38,744		
Off balance sheet exposure		1,495		
Total deduction from On and Off-Balance Sheet Exposure		387		
Total exposure		39,853		

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.

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	> A description of the scope of the bank's remuneration policy (e.g. 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.	<p>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.</p> <p>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.</p>
		<p>Objective of remuneration policy is to pay competitively within industry norms in order to attract and retain good employees,</p> <p>Pay for performance link to merit measured in terms of delivery of set KPI annually (annual merit pay)</p> <p>Bank's service rules stands as a guide besides instructions and guidance from the Board from time to time</p>
	> 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.
	> 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.
(d)	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.
	> 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.

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(e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.
	<div> <div data-bbox="345 344 649 751"> <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="649 344 1536 751"> <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>
	<div> <div data-bbox="345 751 649 1045"> <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="649 751 1536 1045"> <p>Not applicable</p> </div> </div>
(f)	Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms.
	<div> <div data-bbox="345 1119 649 1346"> <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 1119 1536 1346"> <p>Not applicable</p> </div> </div>
	<div> <div data-bbox="345 1346 649 1745"> <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 1346 1536 1745"> <p>Not applicable</p> </div> </div>

Disclosures on Risk Based Capital (Basel III)
As at 31 December 2022

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 181,925,287.40 during the year 2022.
	> 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 315.31 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)
As at 31 December 2022

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

AB Bank Limited
Annexure-E
Mumbai Branch
Balance Sheet
As at 31 December 2022

	31.12.2022 INR	31.12.2021 INR
PROPERTY AND ASSETS		
Cash	63,904,970	71,495,395
In hand (including foreign currencies)	3,248,913	3,478,547
Balance with Reserve Bank India (including foreign currencies)	60,656,057	68,016,848
Balance with other banks and financial institutions	1,635,866,146	1,630,496,102
In India	90,922,372	252,918,523
Outside India	1,544,943,773	1,377,577,578
Money at call and on short notice	560,352,499	20,000,000
Investments	549,117,524	461,398,644
Government	549,117,524	461,398,644
Loans and advances	618,104,167	510,431,904
Loans, cash credits, overdrafts, etc.	57,874,958	32,127,463
Bills purchased and discounted	560,229,210	478,304,442
Fixed assets including premises, furniture and fixtures	5,137,163	3,636,259
Other assets	203,734,812	193,778,146
Total Assets	3,636,217,280	2,891,236,451
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, FIs and agents	-	-
Deposits and other accounts	2,233,089,367	1,974,075,622
Current deposits	2,103,239,563	1,846,034,204
Demand deposits	1,122,177	1,286,871
Bills payable	110,409	120,638
Savings deposits	18,856,655	12,654,663
Fixed deposits	109,760,563	113,979,246
Other liabilities	128,507,393	113,499,059
Total Liabilities	2,361,596,760	2,087,574,681
Capital/Shareholders' Equity		
Total Shareholders' Equity	1,274,620,520	803,661,770
Paid-up capital	741,282,602	369,822,602
Statutory reserve	325,427,587	300,320,407
Other reserve	6,208,447	4,208,447
Retained earnings	201,701,884	129,310,314
Total Liabilities and Shareholders' Equity	3,636,217,280	2,891,236,451

AB Bank Limited**Mumbai Branch****Balance Sheet****As at 31 December 2022**

	31.12.2022 INR	31.12.2021 INR
Off-Balance Sheet Items		
Contingent liabilities	4,452,287,658	6,131,376,369
Acceptances and endorsements	78,304,358	236,940,396
Letters of guarantee	11,746,867	11,298,846
Bills for collection	4,362,236,433	5,883,137,127
Other commitments	-	-
Total	<u>4,452,287,658</u>	<u>6,131,376,369</u>

AB Bank Limited
Annexure-E-1
Mumbai Branch
Profit and Loss Account
For the year ended 31 December 2022

	2022	2021
	INR	INR
Operating Income		
Interest income	41,546,860	25,769,542
Interest paid on deposits and borrowings, etc.	(7,440,982)	(8,725,441)
Net interest income	34,105,878	17,044,102
Investment income	33,482,201	25,658,347
Commission, exchange and brokerage	291,834,627	285,547,143
Other operating income	1,762,672	1,145,245
	327,079,501	312,350,735
Total operating income (a)	361,185,379	329,394,837
Operating Expenses		
Salary and allowances	14,908,819	15,540,938
Rent, taxes, insurance, electricity, etc.	17,167,135	20,035,984
Legal expenses	36,200	-
Postage, stamps, telecommunication, etc.	4,412,812	4,029,476
Stationery, printing, advertisement, etc.	806,223	1,215,785
Auditors' fees	837,748	1,043,880
Depreciation and repairs of Bank's assets	3,934,227	4,614,048
Other expenses	124,948,904	123,755,900
Total operating expenses (b)	167,052,069	170,236,009
Profit before provision (c = a-b)	194,133,310	159,158,828
Provision against loans and advances	1,500,000	300,000
Provision for investments	2,000,000	346,607
Other provisions	-	199,056
Total provision (d)	3,500,000	845,663
Profit before taxation (c-d)	190,633,310	158,313,165
Provision for taxation	94,250,329	61,740,820
Current tax	93,886,917	61,627,756
Deferred tax	363,412	113,064
Net profit after taxation (PAT)	96,382,981	96,572,345

Annexure-F

PROPERTY AND ASSETS

Cash in hand	245,129,271	262,910,222
Cash in Hand (Including foreign currencies)	3,757,059	4,697,362
Balance with Bangladesh Bank and its Agent Banks (Incl. FC)	241,372,212	258,212,861
Balance with Other Banks and Financial Institutions	402,612,699	582,958,789
In Bangladesh	402,612,699	582,958,789
Investment in shares & other financial institutions	475,190,000	515,190,000
Government (BGIIB For SLR)	475,190,000	515,190,000
Investments	6,894,219,834	6,804,061,967
Fixed Assets	11,343,835	6,507,698
Other Assets	162,276,449	124,383,540
	8,190,772,089	8,296,012,215

Liabilities

Placement from Banks (BGIIB)& Other Financial Institutions	764,159,722	-
Deposits and Other Accounts	7,044,498,217	7,908,658,239
Mudaraba Savings Deposits	161,260,633	192,105,833
Mudaraba Term Deposits	5,433,012,831	6,378,579,166
Other Mudaraba Deposits	1,341,802,570	1,292,505,844
Al-Wadeeah Current and Other Deposit Accounts	82,769,944	30,421,074
Bills Payable	25,652,238	15,046,322
Other Liabilities	382,114,150	387,353,977
Total Liabilities	8,190,772,089	8,296,012,215

AB Bank Limited**Islami Banking Branch
Balance Sheet
As at 31 December 2022**

	31.12.2022	31.12.2021
	Taka	Taka
Off-Balance Sheet Items		
Contingent Liabilities		
Letter of Guarantee	6,733,184	5,952,727
Irrevocable Letters of Credit (including Back to Back Bills)	1,197,027	2,403,150
Total	7,930,211	8,355,877
Other Commitments	-	-
Total Off-Balance Sheet items including Contingent Liabilities	7,930,211	8,355,877

Islami Banking Branch
Profit and Loss Account
For the year ended 31 December 2022

	2022 Taka	2021 Taka
Investment Income	474,096,941	492,730,429
Profit paid on Deposits	455,881,964	467,222,446
Net Investment Income	18,214,977	25,507,983
Income from Investments in Shares/Securities	19,528,000	8,218,200
Commission, Exchange and Brokerage	939,598	995,665
Other Operating Income	227,450	238,017
Total Operating Income	38,910,025	34,959,864
Operating Expenses		
Salaries and Allowances	17,783,342	20,466,771
Rent, Taxes, Insurance, Electricity etc.	1,014,500	1,274,473
Postage, Stamps, Telecommunication etc.	231,357	252,606
Stationeries, Printing and Advertisement etc.	742,362	391,885
Shariah Supervisory Committee's Fees & Expenses	124,263	117,000
Depreciation and repair to Bank's Assets	1,071,132	865,105
Other Expenses	10,656,929	7,626,906
Total Operating Expenses	31,623,885	30,994,745
Operating Profit	7,286,141	3,965,119

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 2022 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	2.50-3.50
2. Mudaraba Savings Deposits (School Banking)	0.27-0.46	3.25-5.50	3.25-5.50
3. Mudaraba Special Notice Deposits			
a. General	0.13-0.21	1.50-2.50	1.50-2.50
b. Inter - Bank	0.15-0.44	1.75-5.25	1.75-5.25
4. Mudaraba Term Deposits (Core deposit)			
24 Months	0.47-0.81	5.60-9.75	5.60-9.75
12 Months	0.46-0.63	5.50-7.50	5.50-7.50
9 Months	0.46-0.46	5.50-5.50	5.50-5.50
6 Months	0.42-0.63	5.00-7.50	5.00-7.50
4 Months	0.44-0.50	5.25-6.00	5.25-6.00
3 Months	0.42-0.60	5.00-7.25	5.00-7.25
1 Month	0.21-0.25	2.50-3.00	2.50-3.00
5. Mudaraba Hajj Deposit Scheme	0.54-0.96	6.50-11.50	6.50-11.50
6. Mudaraba Pension Deposit Scheme	0.50-0.96	6.00-11.50	6.00-11.50
7. Mudaraba Monthly Profit Payment Scheme	0.46-0.96	5.50-11.50	5.50-11.50
8. Mudaraba Cash WAQF Deposit	0.52-0.63	6.25-7.50	6.25-7.50

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 2022, 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.

Annexure- H

ASSETS

Total Assets

31.12.2022 Taka	31.12.2021 Taka
11,866	32,198
11,866	32,198
12,494,889	12,494,889
12,494,889	12,494,889
12,506,755	12,527,087

Non-Current Liabilities

Total Liabilities

5,364,672	5,385,004
7,092,083	7,092,083
50,000	50,000
12,506,755	12,527,087
12,506,755	12,527,087

AB Bank Limited**Annexure- H-1****Custodian Wing****Profit and Loss Account****For the year ended 31 December 2022**

	2022	2021
	Taka	Taka
Operating Income		
Commission, exchange and brokerage	-	39,541
Total Operating Income	-	39,541
Operating Expenses		
Rent, taxes and insurance	-	345,000
Auditor's fees	50,000	50,000
Depreciation and repair of bank's assets	20,331	20,331
Other expenses	1,036,368	194,260
Total operating expenses	1,106,699	609,591
Operating Profit	(1,106,699)	(570,050)

Off-Shore Banking Unit (OBU)

Balance Sheet

As at 31 December 2022

	31.12.2022 Taka	31.12.2022 USD	31.12.2021 Taka	31.12.2021 USD
PROPERTY AND ASSETS				
Cash	-	-	-	-
Balance with Other Banks and FIs'	36,985,190	358,047	253,116,862	2,950,080
In Bangladesh	108,782	1,053	40,130	468
Outside Bangladesh	36,876,408	356,994	253,076,732	2,949,612
Money at call and on short notice (Placement)	1,007,145,750	9,750,000	1,256,541,000	14,645,000
Investment	1,995,185,687	19,315,040	1,657,230,432	19,315,040
Loans and Advances:	7,255,837,106	70,242,477	5,998,774,096	69,915,782
Loans & Advances - Regular	3,293,885,604	31,887,525	2,699,120,750	31,458,284
Loans & Advances - Classified	3,961,951,503	38,354,952	3,299,653,346	38,457,498
Premises and Fixed Assets (WDV)	-	-	-	-
Other Assets:	2,038,451	19,734	3,311,992	38,601
Accrued Interest	1,400,249	13,556	3,224,269	37,579
Pre-paid Advances	638,202	6,178	87,723	1,022
Miscellaneous	-	-	-	-
Total Assets	10,297,192,184	99,685,298	9,168,974,381	106,864,503
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from Bank & FIs'	10,413,671,063	100,812,910	9,384,995,139	109,382,228
In Bangladesh	10,413,671,063	100,812,910	9,384,995,139	109,382,228
Outside Bangladesh	-	-	-	-
Deposits and Other Accounts	17,812,318	172,438	13,357,389	155,681
Demand Deposits	15,292,964	148,048	11,264,777	131,291
Demand Deposits - Others	2,519,354	24,389	2,092,612	24,389
Other Deposits	-	-	-	-
Other Liabilities	232,306,306	2,248,916	192,957,018	2,248,916
Total Liabilities	10,663,789,687	103,234,264	9,591,309,546	111,786,825
Capital and Shareholders' Equity				
Profit/(Loss)	(366,597,503)	(3,548,966)	(422,335,165)	(4,922,321)
Total Shareholders' Equity	(366,597,503)	(3,548,966)	(422,335,165)	(4,922,321)
Total Liabilities and Shareholders' Equity	10,297,192,184	99,685,298	9,168,974,381	106,864,503

Off-Shore Banking Unit (OBU)
Profit and Loss Account
For the year ended 31 December 2022

	2022 Taka	2022 USD	2021 Taka	2021 USD
Interest income	155,634,955	1,626,910	144,512,369	1,696,946
Interest paid on deposits and borrowing etc.	20,130,536	213,273	106,651,734	1,256,512
Net Interest income	135,504,419	1,413,637	37,860,635	440,434
Commission, exchange and brokerage	(83,032)	(1,037)	(104,887)	(1,230)
Total operating income	135,421,387	1,412,601	37,755,748	439,204
Salaries and allowances	3,216,930	34,479	2,969,844	34,886
Rent, taxes, insurance, electricity etc.	2,517	28	1,891	22
Postage, stamps, telecommunication etc.	40,688	437	38,570	453
Stationeries, printing, advertisement etc.	55,377	595	51,230	602
Depreciation and repair of bank's assets	11,692	128	19,539	229
Other expenses	334,764	3,568	318,904	3,745
Total operating expenses	3,661,968	39,235	3,399,979	39,937
Operating Profit	131,759,419	1,373,366	34,355,769	399,267

Myanmar Representative Office
Statement of Receipts and Payments
For the year ended 31 December 2022

Annexure-J

Receipts	Total			Payments	Total		
	USD	Kyats	BDT		USD	Kyats	BDT
Opening Balance	68,665	-	5,252,031	Bank Charges (Nostro & Others)	28	-	2,628
Received during the year	-	54,575,000	2,585,514	Other Allowances-Officers	5,938	-	556,713
				Internet	157	-	14,765
				Repair & Maintenance	14	-	1,313
				Water and Sewerage	4	-	359
				Stationery Others	30	-	2,864
				Mobile Bill	11	-	1,053
				Local Conveyance	86	-	8,093
				Other Fees and Taxes	649	-	61,331
				Other Audit fees	300	-	30,549
				Misc. Contract Service-Tea boys & cleaners	10	-	941
				Postage & Shipping	36	-	3,676
				Electricity Bill	21	-	1,988
				Non Caps Computer	120	-	10,374
				Printing & Stationary	10	-	947
				Closing Balance	61,251	54,575,000	7,139,952
Total	68,665	54,575,000	7,837,545	Total	68,665	54,575,000	7,837,545

AB Investment Limited
(A Subsidiary of AB Bank Limited)

Annexure-K

Statement of Financial Position
As at 31 December 2022

	31.12.2022 Taka	31.12.2021 Taka
ASSETS		
Non-current assets	645,387,449	604,084,591
Property, Plant and Equipment	201,066,217	208,670,290
Investment Property	292,628,034	302,434,943
Deferred Tax Assets	151,693,198	92,979,358
Current Assets	8,582,278,560	8,398,608,084
Investment in shares	519,327,763	379,619,416
Loan to Clients & Others	7,281,007,296	7,263,220,175
Advances, Deposits and Prepayments	998,000	668,000
Receivable from Brokers	448,874,017	410,552,535
Advance Income Tax	206,835,621	164,731,847
Cash and Cash Equivalents	125,235,863	179,816,111
TOTAL ASSETS	9,227,666,009	9,002,692,676
EQUITY AND LIABILITIES		
Equity	6,843,468,575	6,810,708,097
Share Capital	6,456,899,810	6,456,899,810
Retained Earnings	386,568,765	353,808,287
Liabilities		
Non-current liabilities	22,183,800	17,367,474
Provident Fund and Gratuity Fund	22,183,800	17,367,474
Current liabilities	2,362,013,634	2,174,617,105
Borrowing from Banks	756,515,861	756,465,516
Liabilities for Expenses	599,726	7,349,403
Provision for Taxation	245,203,347	197,248,781
Provision for Diminution Value of Investment	1,324,617,356	1,190,901,188
Payable to Clients	35,077,344	22,652,217
Total liabilities	2,384,197,434	2,191,984,579
TOTAL EQUITY AND LIABILITIES	9,227,666,009	9,002,692,676

AB Investment Limited
(A Subsidiary of AB Bank Limited)

Annexure-K-1

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	2022	2021
	Taka	Taka
Operating Income	222,955,930	448,883,502
Interest Income	117,208,906	143,495,686
Management Fee	4,313,763	5,067,467
Transaction/ Settlement Fee	41,863,257	76,115,225
Investment Income	49,276,034	214,124,354
Other Operating Income	10,293,970	10,080,770
Operating Expenses	67,238,558	72,673,435
Salaries and Allowances	36,403,945	29,779,203
Audit and Consultancy Fees	267,850	162,500
Administrative Expenses	30,366,403	42,562,503
Financial Expenses	200,360	169,229
Profit before Provision and Tax	155,717,372	376,210,067
Provision for Margin Loans	65,000,000	280,000,000
Provision for Investment	68,716,168	6,082,949
Net Profit/(Loss) before Tax for the year	22,001,204	90,127,118
Income Tax Expenses	(10,759,274)	22,943,014
Current Tax	47,954,566	76,489,560
Deferred Tax	(58,713,840)	(53,546,546)
Net Profit/(Loss) after Tax for the year	32,760,478	67,184,105
Other Comprehensive Income	-	-
Total Comprehensive Income	32,760,478	67,184,105

AB Securities Limited
Annexure-L
**Statement of Financial Position
As at 31 December 2022**

	31.12.2022	31.12.2021
	Taka	Taka
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	5,080,822	6,468,752
Right- of- Use Assets	2,520,118	3,630,918
Deferred Tax Assets	1,708,138	1,789,327
Investments in Un-quoted Shares	100,192,600	100,192,600
Total Non-Current Assets	109,501,678	112,081,597
Current Assets		
Investments in Securities	34,545,003	10,280,720
Cash and Cash Equivalents	905,903,872	538,538,465
Advance, Deposit & Prepayments	1,559,517	25,047,447
Advance Income Tax	89,953,596	82,838,578
Account Receivables	104,014,792	63,383,183
Loans & Advance	736,367,542	765,217,254
Total Current Assets	1,872,344,322	1,485,305,647
Total Assets	1,981,846,000	1,597,387,244
EQUITY AND LIABILITIES		
Equity		
Share Capital	272,041,880	272,041,880
Revaluation Reserve	85,986,590	85,986,590
Retained Earnings	165,505,837	162,703,269
Total Equity	523,534,307	520,731,739
Liabilities		
Non Current Liabilities		
Liabilities for Other Finance	140,000,000	160,000,000
Provision for Gratuity	8,414,672	8,001,870
Provision for Provident Fund	13,310,910	11,811,999
Lease Liabilities	619,231	1,492,894
Total Non Current Liabilities	162,344,812	181,306,763
Current Liabilities & Provisions		
Accounts Payable	796,281,272	392,278,278
Bank Overdraft	157,599,191	157,548,501
Liabilities for Expenses	2,209,797	20,990,000
Provision for Income Tax	98,355,921	87,136,616
Other Liabilities	240,918,093	235,918,093
Lease Liabilities- Short Term	602,608	1,477,254
Total Current Liabilities	1,295,966,881	895,348,742
Total Equity and Liabilities	1,981,846,000	1,597,387,244

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2022**

	2022 Taka	2021 Taka
Income		
Brokerage Commission	94,997,928	130,177,423
Interest Income	10,034,533	13,898,426
Investment Income	21,520,675	16,100,199
Other Operating Income	4,339,457	4,235,961
Total Income	130,892,594	164,412,008
Expenditure		
Operating Expenses	64,866,094	63,318,458
Other Financial Expenses	1,859,174	1,590,278
Depreciation on Property, Plant & Equipment	7,638,692	7,582,585
Total Expenditure	74,363,960	72,491,321
Profit before Provision and Tax	56,528,634	91,920,687
Provision		
Provision for Diminution in Value of Investment and Loan	5,000,000	44,500,000
	5,000,000	44,500,000
Profit before Tax for the year	51,528,634	47,420,688
Income Tax Expenses	48,728,396	41,034,357
Net Profit after tax for the Year	2,800,237	6,386,331
Other Comprehensive Income	-	-
Total Comprehensive Income	2,800,237	6,386,331
Earnings Per Share (EPS)	0.10	0.23

Cashlink Bangladesh Limited**Annexure-M****Statement of Financial Position
As at 31 December 2022**

	31.12.2022	31.12.2021
	Taka	Taka
ASSETS		
A. Current Assets		
Cash & Bank Balances	421,816	285,869
Investment in Fixed Deposit	44,938,428	46,959,040
Investment in Shares	1,000	1,000
Advance, Deposit & Prepayment	43,587,709	39,242,063
Other Receivable	1,473,937	1,784,994
	90,422,889	88,272,966
Total Assets	90,422,889	88,272,966
EQUITY AND LIABILITIES		
B. Equity		
Share Capital	238,000,000	238,000,000
Share Money Deposit	4,200,000	4,200,000
Retained Earnings	(161,898,799)	(163,453,325)
	80,301,201	78,746,675
C. Liabilities		
Current Liabilities		
Accrued Expenses	34,500	28,750
Provision for Taxation	10,087,189	9,497,541
	10,121,689	9,526,291
Total Liabilities	10,121,689	9,526,291
Total Equity and Liabilities (B+C)	90,422,889	88,272,966

Cashlink Bangladesh Limited

Annexure-M-1

**Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022**

	2022 Taka	2021 Taka
Revenue	-	-
Less: General and Administration Expenses	316,445	441,300
Operating Loss	(316,445)	(441,300)
Add: Other Income	2,460,618	3,073,139
Profit Before Provision & Tax	2,144,173	2,631,838
Provision for taxation	589,648	789,552
Net Profit After Tax	1,554,526	1,842,287
Other Comprehensive Income	-	-
Total Comprehensive Income	1,554,526	1,842,287

AB International Finance Limited
Annexure-N
**Statement of Financial Position
As at 31 December 2022**

	31.12.2022 HK\$	31.12.2021 HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	7,090	4,259
CURRENT ASSETS		
Discounted bills receivable	93,517,303	133,712,940
Deposits, prepayments and other receivable	4,207,614	4,314,414
Cash and bank balances	2,633,376	378,358
	100,358,293	138,405,712
CURRENT LIABILITIES		
Accrued liabilities and other payables	5,559,346	5,666,162
Deferred interest income	203,585	941,395
Provision for long service payments	416,388	415,189
Amount due to ultimate holding company	75,562,500	113,205,850
Income tax payable	133,406	438,507
	81,875,225	120,667,103
NET CURRENT ASSETS	18,483,068	17,738,609
NET ASSETS	18,490,158	17,742,868
EQUITY		
Share capital	1,000,000	1,000,000
Retained earnings	563,904	563,904
Proposed final dividend	9,364,295	8,617,005
Capital reserve	7,561,959	7,561,960
	18,490,158	17,742,868

AB International Finance Limited
Annexure-N-1
**Statement of Comprehensive Income and Retained Earnings
For the year ended 31 December 2022**

	2022 HK\$	2021 HK\$
Interest income	5,757,913	5,255,367
Interest expenses	(1,739,972)	(1,177,418)
Net interest income	4,017,941	4,077,949
Other income	11,762,782	10,849,995
Administrative expenses	(4,775,812)	(4,803,729)
Profit before tax	11,004,911	10,124,215
Income tax expense	(1,640,616)	(1,507,210)
Profit for the year	9,364,295	8,617,005
Retained earnings at the beginning of the year	563,904	563,904
Dividend	(9,364,295)	(8,617,005)
Retained earnings at the end of the year	563,904	563,904

Arab Bangladesh Bank Foundation (ABBF)

Annexure- O

**Statement of Financial Position
As at 31 December 2022**

	31.12.2022 Taka	31.12.2021 Taka
ASSETS		
Non Current Assets	36,691,300	37,284,808
Property, Plant & Equipment	36,690,300	37,283,808
Investment at cost in equity share of ABIL	1,000	1,000
Current Assets	532,148,024	513,169,323
Loan to ABSL	140,000,000	160,000,000
Investment in FDR	116,214,481	110,844,005
Accrued Income	75,338	75,338
Advance Tax	37,065,665	31,084,912
Cash and Cash Equivalents	238,792,541	211,165,068
TOTAL ASSETS	568,839,325	550,454,132
EQUITY AND LIABILITIES		
Shareholders' Equity	526,787,517	513,386,477
Share Capital	20,000,000	20,000,000
Retained Earnings	506,787,517	493,386,477
Non-Current Liabilities	-	-
Current Liabilities	42,051,807	37,067,655
Provision for Income Tax	41,935,807	36,852,655
Provision for Expenses	116,000	215,000
TOTAL EQUITY AND LIABILITIES	568,839,325	550,454,132

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	2022 Taka	2021 Taka
Income		
Operating Income	19,669,850	21,317,505
Interest Income	18,765,798	20,413,453
Rental Income	904,052	904,052
Less : Operating & Other Expenses	1,185,658	1,180,876
Operating expenses	1,185,658	1,180,876
Other expenses	-	-
Profit before Tax	18,484,192	20,136,629
Less: Provision for Tax	5,083,153	6,040,989
Profit carried forward	13,401,039	14,095,640

Name of the Directors and entities in which had interest as on December 31, 2022

Sl. No.	Name	Status	Name of Firms/Companies in which interested as proprietor/partner/director/managing agent/guarantor/employees etc.
1	Barrister Khairul Alam Choudhury	Chairman	1. Choudhury and Law Firm, Proprietor 2. Cashlink Bangladesh Limited, Chairman, Nominated by AB Bank Limited 3. AB Securities Ltd., Director, Nominated by AB Bank Limited 4. AB Investment Ltd., Director, Nominated by AB Bank Limited
2	Mr. Feroz Ahmed	Director	1. Hexagon Chemical Complex Ltd.; Director 2. Elite Paint & Chemical Ind. Ltd.; Director 3. Elite International Ltd.; Managing Director 4. Ahmed Securities Services Ltd.; Managing Director 5. Bangladesh General Insurance Company Ltd.; Shareholder
3	Mr. Shajir Ahmed	Director	1. Elite Paint & Chemical Industries Limited, Director 2. Super Refinery (Pvt.) Limited, Managing Director 3. Super Silica Bangladesh Limited, Managing Director 4. Super Share & Securities Limited, Managing Director 5. Elite Super Plastic Ind. (Pvt.) Limited, Managing Director 6. Super Sea Fish (Pvt.) Limited, Managing Director 7. Super Tel Limited, Managing Director 8. Elite Properties Management Ltd., Managing Director 9. Aurora Décor Limited, Director 10. Broast Foods Ind (Pvt) Limited, Director 11. Elite Food Industries Limited, Director 12. Seafs Bangladesh Limited, Director
4	Mr. Shafiqul Alam	Independent Director	Nil
5	Mr. Maqsudul Huq Khan	Director	Nil
6	Mr. Md. Eskandar Miah	Independent 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. Chairman, Nominated by AB Bank Limited 4. Cashlink Bangladesh Limited, Chairman, Nominated by AB Bank Limited 5. AB Bank Foundation, Member, Nominated by AB Bank Limited