

DIRECTORS' REPORT



Bismillahir Rahmanir Rahim
Honorable Shareholders
As-salamu alaikum,

The Board of Directors of AB Bank Limited is pleased to present to you the Directors' Report for the year ended 31 December, 2022.

This report summarizes the global and local macroeconomic trends, projections and outlook, and presents AB Bank's business highlights and key financial indicators for 2022.

Uncertain Times

The Russian invasion of Ukraine has been affecting the global economy and has led economic uncertainty and disruptions in the supply of essential food staples and essential inputs; this also contributed to unprecedented levels of global inflation which in conjunction with the lingering effects of the COVID-19 pandemic is, posing serious challenges to the global economy.

However, towards the end of 2022, global energy and food prices were on a declining trend, and the earlier-than-expected re-opening of China also has a positive impact on global activity, reducing supply chain pressures and thus giving a boost to international tourism.

Global Economy

Region	Real GDP growth rate		
	2021	2022	2023 (projected)
World	6.0	3.4	2.8
Advanced Economies	5.2	2.7	1.3
United States	5.7	2.1	1.6
Euro Area	5.2	3.5	0.8
Emerging Market and Developing Economies	6.6	4.0	3.9
India	8.7	6.8	5.9
China	8.1	3.0	5.2

Source: WEO, IMF

The sharp appreciation of the US dollar caused significant upward pressure on domestic prices and thereby worsened the cost-of-living crisis in the emerging and developing economies. In response to rising price levels, central banks globally have tightened monetary policies with a view to dampening aggregate demand and to reduce inflation.

As the cost of living continues to rise, policymakers will need to take measures in an effort to protect the interest of the most vulnerable members of society from the impact of higher prices. IMF's Integrated Policy Framework recommends foreign exchange intervention for emerging economies.

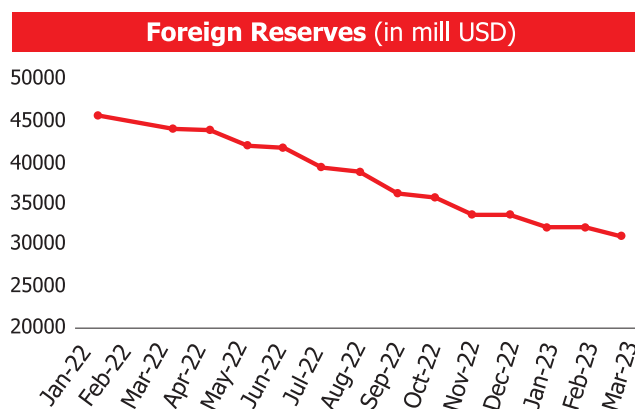
Bangladesh Economy

	2021	2022	2023 (forecast)
Real GDP growth rate	6.9%	7.1%	5.3%
Inflation	5.6%	6.2%	8.7%

Source: ADB website

Bangladesh economy has shown impressive resilience to the recent global economic shocks and uncertainty; the economic growth rate in 2022 stood at 7.1%, driven by exports, remittances, and domestic consumption. Bangladesh registered the second-highest growth rate amongst the SAARC countries in 2022.

Nonetheless, Bangladesh, being an import dependent-nation, has been particularly hard hit by the appreciation of the US dollar and rising global crude oil prices. Rising commodity prices in the international market and a surge in imports in the second half of FY22 resulted in accelerated inflation and dwindling foreign reserves. The foreign reserves of Bangladesh have been on a declining trend throughout 2022 as shown in the figure below.



Source: Bangladesh Bank website

The shortage of US dollar has been addressed by imposing import restrictions and incentivizing remittance inflow. Import restrictions resulted a decline in the opening of letters of credit (LCs). However, with less-than-expected improvement in export and remittance there was not a noteworthy resurgence of foreign reserves.

Loans from IMF and World Bank are expected to facilitate macroeconomic stability and support the revival of declining foreign reserves. However, on receiving loans from external lending agencies, the country's reserves are expected to reach \$32 billion at the end of June 2023.

Bangladesh has a low risk of external and overall debt distress despite higher external borrowing in recent times, reports IMF. At the end of FY22, the country's total public debt was \$166.1 billion, which is 39 percent of GDP and well below the threshold of 55 percent; of the sum, \$72.3 billion was foreign loan, which is 17 percent of GDP and well below the threshold of 40 percent.

However, during FY22, Bangladesh's debt-service-to-revenue ratio rocketed to 81 percent, which was 56 percent in the pre-pandemic year. This is a cause for concern, as it will put pressure on public finance and resources that could have been spent on essential

sectors like health, education, or public investment are now being allocated for debt repayments. Given the circumstances, it is imperative that the National Board of Revenue (NBR) intensifies its tax survey, inspection, monitoring, and collection to boost the Tax GDP Ratio.

Banking Sector

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

Bangladesh Bank's monetary policy stance and monetary program outlined for FY22 were intended to maintain necessary liquidity in the banking system accompanied by a lower market interest rate regime, meeting the private and public sector demand.

The FY23 monetary and credit programs will pursue a cautious policy stance with monetary tightening to contain inflation and exchange rate pressures while supporting the economic recovery process and at the same time the necessary flow of funds to the economy's productive and employment-generating activities for long-term economic growth will also be ensured. BB's monetary policy also seeks to promote import-substituting economic activities and dissuade imports of luxury goods to reduce the depreciating pressure on Bangladeshi Taka, protect foreign reserves, and control inflation.

Particulars	Year-to-year growth rates (in %)			
	Actual		Planned	
	Dec-21	Jun-22	Dec-22	Jun-23
Domestic credit	12.4	15.6	16.7	18.2
Public sector	21.9	27.9	32.3	36.3
Private sector	10.7	13.1	13.6	14.1
Broad money	9.6	9.1	10.0	12.1
Reserve money	6.5	0.0	9.0	9.0

Source: MPS22-23, BB

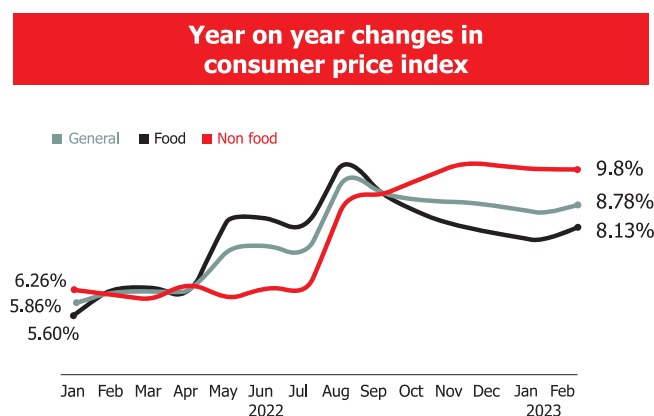
The half-yearly movements of key monetary and credit aggregates, along with their programs set for FY23, are shown in the above table. The broad money growth ceiling is set at 12.1 percent for FY23, consistent with the real GDP growth target and CPI-based average inflation ceiling.

Considering the necessary outlays for ongoing mega projects and the COVID-19-related stimulus packages of the government, the public sector credit growth ceiling is set at 36.3 percent for FY23. The government's budgetary target of borrowing Tk. 1,063 billion from the banking system was considered in measuring the public sector credit growth limit.

The private sector credit growth target is set at 14.1 percent for FY23, marginally higher than the actual

growth rate in FY22 and lower than the last year's ceiling of 14.8 percent. On the basis of the public and public sector credit expansion, the domestic credit growth is set at 18.2 percent in FY23.

Inflation Rate



Inflation rate during FY22 & FY23 (Source: The Business Standard)

The inflation rate (point-to-point) has been climbing steadily since January 2022 and peaked at 9.5% in August 2022 after which it declined to 8.78% in February 2023. The surge in inflation rate in the last quarter of FY22 was driven by both food and non-food inflation. At the beginning of FY23, the inflation rate was weighed down marginally by decelerating food inflation.

The inflation target has been reset at 7.5% for FY23, from the earlier goal of 5.6% set in FY22, reports Bloomberg.

Export and Import

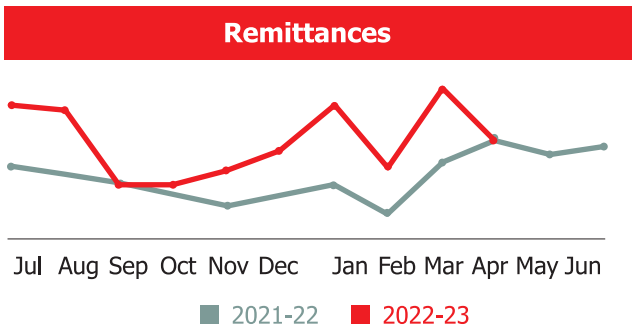
	2021-22	2020-21	% Change
Total Export Receipts	453,648	344,628	31.6
Total Import Payments	772,335	525,302	47.0

Source: Economic Data, Bangladesh Bank (taka in crore)

Total export receipts (including exports of EPZ) during FY21 and FY22 were Tk. 453,648 crore and Tk. 344,628 crore, respectively. The US and EU region continue to be the largest sources of export revenues for Bangladesh accounting for more than 50% of the export receipts. The major export commodities were knitwear and woven garments, which generated 85% of the exports.

In FY22 and FY21 the total import payments were Tk. 772,335 crores and Tk. 525,302 crores, respectively. China and India were Bangladesh's largest import partners during this time; while petroleum and oil, textile, and food items were the main import categories.

Remittance



Source: Statistics Department, BB

The wage earners' remittance picked up during the second half of FY22. In the first quarter of FY23, it showed a declining trend after which it has been fluctuating. The remittance earnings increased during the second quarter of FY23. KSA, USA, UK, and UAE continue to be the main source of foreign remittances for Bangladesh. In FY22, 57% of the remittances came from these four destinations.

BUSINESS OVERVIEW 2022

Corporate Banking

AB Bank has been providing Corporate Banking solutions to the growing Corporate Sectors of the country since inception. To meet the diverse financial needs of the corporates, the Bank provides a broad spectrum of products and services. With expertise, innovation and customization, the Bank simplifies the complexities of the financial world for the clients and helps them attaining their desired objectives. The prime focus is on building and maintaining long-term mutually beneficial relationship with the clients, and being a part of their journey towards development and growth. The Corporate Products and Services of AB Bank Limited are extended to the Clients of this segment of its various branches through Head Office Corporate Finance Division. AB Bank has always been supporting the corporate customers through a wide range of conventional Corporate and Islamic Banking Products and Services along with cutting edge solutions through a focused approach. On many occasions, AB's innovative and insightful support has transformed a good number of corporate customers, who with the passage of time, have developed themselves as the market leaders. AB Bank Limited has a proven track record as a book runner, mandated lead arranger and underwriter of Syndicated loans. Due to the long experience and flexible handling, the Bank offers clients tailored loans and facilities as well as a complete service for complex transactions through Syndication.

Like 2021, 2022 was also a very challenging year for the country due to the pandemic-COVID 19 and war in Ukraine. As with all other business segments, corporate

customers were also subjected to hardships. However, timely steps taken by Government and Bangladesh Bank through declaration of incentive package and continuous support by AB Bank helped the customers pass through the difficult times. AB bank supported the customers in the form of various stimulus packages that helped customers to sustain in the difficulties of the pandemic.

Business Highlight in 2022

Exposure in the Corporate Banking Segment accounted for BDT 26,562 crore or 87% of the Banks total loan portfolio as at December 2022 is BDT 31128.98 crore. Exposure is largely concentrated in the following 03(three) Sectors: a) Textile and RMG-14%, b) Steel Manufacturing Industry-13%, c) Ship Building and breaking-9%. This amply demonstrate the Bank's involvement in such sectors which are key to our economy. The Bank continues to have long standing relationships with country's prime names in the corporate sector.

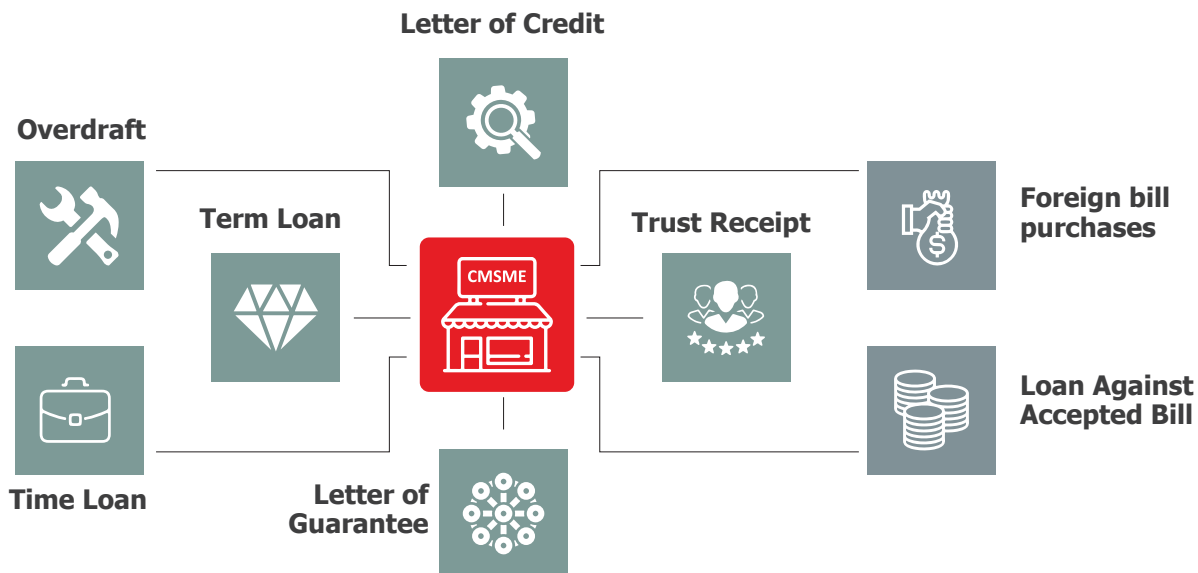
SME Banking

Small and Medium Enterprises (SMEs) are playing increasingly important role as the engine of economic growth of Bangladesh. A vibrant SME sector is one of the principal driving forces in the development of the economy of Bangladesh. SMEs stipulate private ownership and entrepreneurial skills and can adapt quickly to change of market situation, generate employment, help diversify economic activities and signify contributes to exports and trade. Keeping pace with the ongoing progressive changes in SME sector in Bangladesh, AB has been relentlessly serving the entrepreneurs with a separate division named "SME Banking Division" since 2008 to give emphasis on SME financing, to ensure regulation, supervision and monitoring of SME's. SME Division is the focal point of all SME related issues, programs and projects and responsible for providing best financial solution to its customers. Management's strong commitment towards SME Banking, appropriate policy guideline, customized products line, consolidated database and compliance culture lead the SME Division to further higher platform of SME Banking in the country.

The pandemic-Covid-19, once again severely hit SME businesses in 2022—the larger source of growth and employment of Bangladesh by disrupting national and international business networks, supply chain, and demand. In its fight back, AB has disbursed total loan to the tune of Tk.253.40 crore in 2021-2022 to cover losses of SME clients during Covid-19, under Govt. declared CMSME Stimulus Package.

In a quest to serve SME costumers more extensively, AB started opening sub-brunches in rural areas of the country.

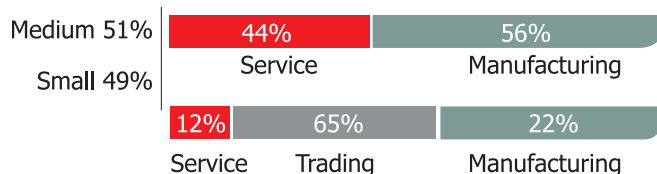
SME Facilities and Products



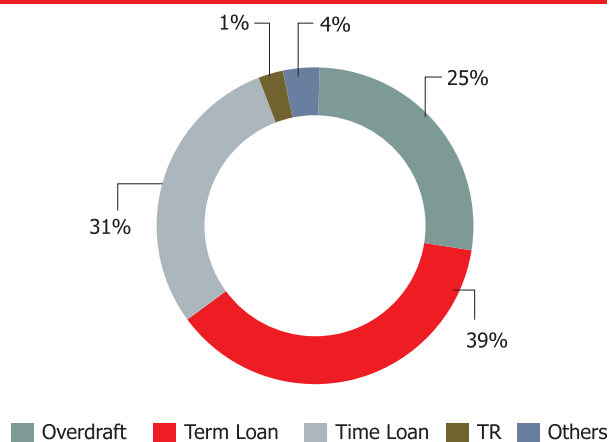
Gati	Proshar	Digun	Sathi	Chhotopuji
Uddog	Awparajita	Uttaran	ABe-Money	Progati Deposit product

SME Portfolio Mix

SME Portfolio in 2022



SME Portfolio Segmentation in 2022



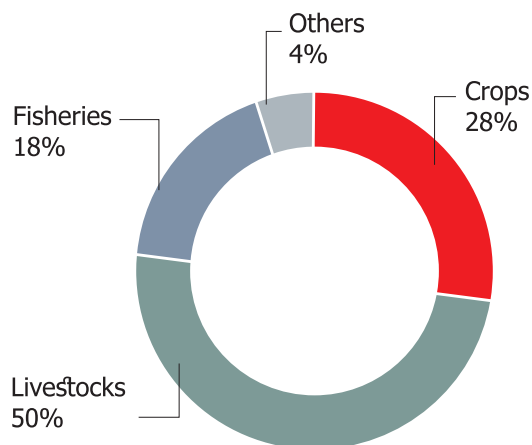
SME Delivery Channels



Agricultural & Rural Credit:

AB has gradually increased its portfolio in agricultural & rural credit. The financing are fundamentally in Crop, Fisheries & Livestock areas. AB also financed in agricultural Credit at concessional Interest rate for the purpose of Cultivation of Pulses, Oil, Seeds, Spices and Maize. Total Outstanding in Agri. Loans as of December 2022 was Tk. 411.04 Crore.

Agricultural Portfolio



RETAIL Banking

AB Bank Retail Banking Division has been focusing on developing unique retail products and as well as developing modern digital banking products and services. With its expanded branch network, efficient workforce, Direct Sales Executives and Alternative Delivery Channels (ADCs) the bank is motivated to bring banking services at the doorsteps of the customers. Apart from the traditional retail loan products like Personal Loan and Auto Loan, the Bank is looking into the opportunity to digital lending. The Bank also launched Smart account where any person can open an account without visiting any bank branches.

Partnering with leading merchants including Dining, Lifestyles, Hotels & Resorts, Electronics, Airlines and Tourisms have not only given AB Bank Credit cards outstanding mileage but also strong Brand Image. Currently with discounts at 5500 Plus merchant outlets and 160 Zero Interest Installment offers and buy One Get One throughout the year and on Special Occasions, Buy One Get Two and Buy One Get Four offers at prominent hotels and restaurants, AB Bank Credit card won the heart of the customers who choose earning benefits from their cards.

The Bank has launched Lounge Key Services which enables AB Bank World and Titanium Credit Cardholders to access Priority Lounges across the world by producing only their credit card, eliminating the need to carry the extra priority pass when traveling abroad.

The Bank has won 3 awards this year at the Mastercard

Excellence Award for "Excellence in Business Growth", "Excellence in Mastercard Credit Business (Domestic)" and Excellence in "Mastercard Credit Business (International)". Honorable President and Managing Director, Mr. Tarique Afzal was present to collect the awards for the bank.



One of the three awards AB Bank received from Mastercard

Bangladesh Bank recently inaugurated a cashless Bangladesh campaign, a move towards Smart Bangladesh where AB Bank actively participated and was the Lead Bank in Gopalganj district. The program was inaugurated by the Governor of Bangladesh Bank Mr Abdur Rouf Talukder. President and Managing Director, Mr. Tarique Afzal also spoke briefly at the occasion. Under this campaign, Bangla QR has been deployed at micro-merchants and regular merchant's outlets for cashless transactions.

The Bank also introduced Green PIN for both Debit and Credit card users and thus eliminating the need to generate Paper PIN for customers. AB Bank cardholders can generate their Debit and Credit card PIN using IVR.

Any ATM is my ATM, with this statement AB Bank customers can perform ATM transactions at other NPSB member banks' ATM terminals using their Debit/Credit/ATM cards without any additional charge.

Call Center

The Bank strengthened the Call Center to enhance the customer' experience. Customers can now avail the following services through Call Center 24/7. The services currently available at the Call Center include:

1. Debit/Credit Card Unblock Request (for temporary blocked cards)
2. Credit Card Annual Fee Waiver Request (in the 2nd Year for 18 transactions)
3. Auto Debit Instruction Change Request (Credit Card)
4. Debit/Credit Card Replacement Request
5. Account Cheque Book and Credit Card Cheque Book Request
6. Duplicate e-Statement request (Account & Credit Card)

Agent Banking

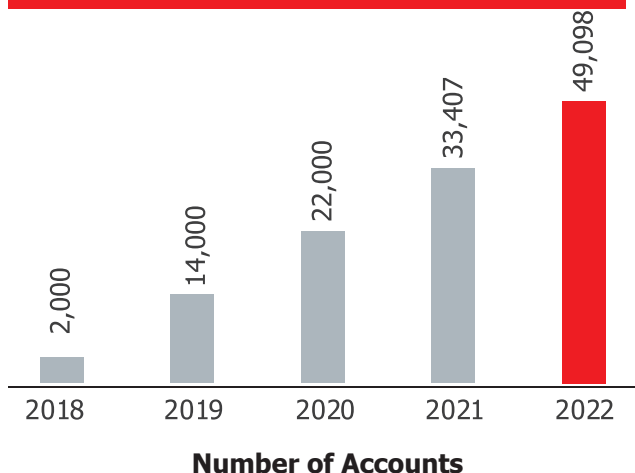
With the object of providing financial services to the vastly unbanked segments of the population, especially those from the geographically dispersed locations, AB Agent Banking was established in 2018. The customers of Agent Banking Outlets are able to avail all basic banking services at all the agent outlets as well as at all the AB Bank Branches, Sub-branches across the country. AB Agent Banking encourages entrepreneurs to become agents, since it not only creates income opportunity, but also a unique identity in the community for the person who is becoming an agent. An agent can play a significant role in his/her community in terms of social impact, financial impact as well as boosting the financial inclusion of the demography. AB Agent banking

has always focused on reducing the risks associated with delivering services and to develop technological capabilities to ensure seamless banking services through the agents. During the year of 2022 Agent Banking Division implemented a number of new initiatives in order to enhance our services as well as quality of the same and those initiatives include facilitation of micro loans, nationwide Agent meet up with the presence of President & Managing Director along with Senior Management Team members, Kachari Boithok to create banking awareness in the regional areas etc. Agent Banking Division has planned to establish more than 1,000 Agent Outlets in 2023 to ensure our banking services reach most of the Upazilas at district levels.

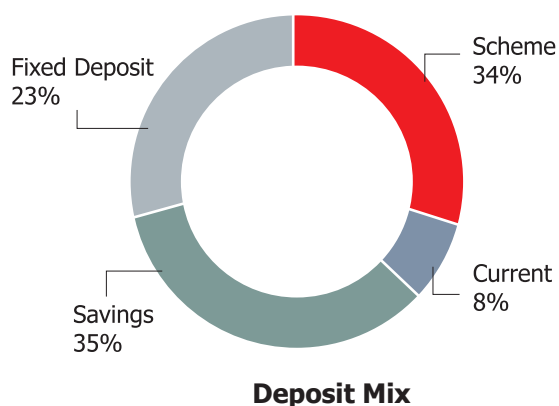
Current Services of AB Agent Banking



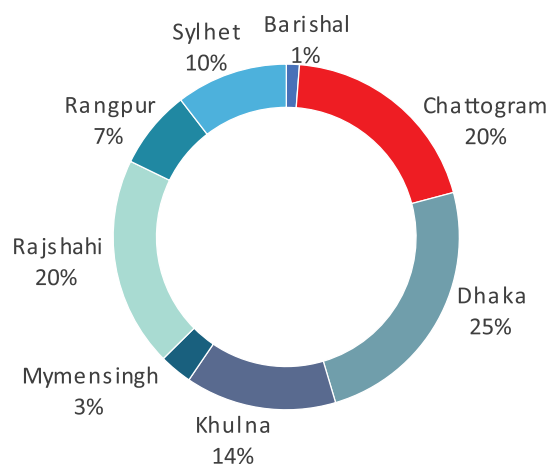
Agent Banking Number of Accounts Trend



Agent Banking Deposit Mix



Number of Outlets: Division wise



Division wise Agent coverage

Division wise Outlet Some Memories of 2022



Agent Meet "South Bengal"



Agent Meet "Sylhet Zone"



Inauguration of Lopa Enterprise, Rajshahi



Mirza Homeo Hall, Chotobottolla, Rajshahi



Inauguration of Al Haramain Trading- Rangamati



"Kachari Boithok" in Rajshahi

AB Bank Alternate Delivery Channel

Automated Teller Machines (ATMs)

AB Bank now has the fourth largest ATM network with 253 ATMs located across the country. The increase of ATMs is changing the conventional banking trend. For cash withdrawal and some other banking services, the customers are using AB Bank ATMs as their banking channel of choice. Bank already implemented the Online Bill Collection of DESCO & Mobile Top-up using AB Bank Visa debit cards in ATM. Customers presently can avail various types of services in these ATM Booths like:

- Cash Withdrawal
- Balance Inquiry
- PIN Change
- Mini Statement
- NPSB Fund Transfer

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

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

SMS Banking

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

The AB Bank SMS service comes with the following facilities:

- Balance Inquiry
- Mini Statement
- PIN Change
- Fund Transfer
- Mobile Top Up
- Bill Payment

Internet Banking & Mobile App

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

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

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

Corporate Internet Banking

In the 2nd phase of AB Direct initiative, AB Bank has introduced Internet Banking services for its corporate customers as well. Company and business customers can use a highly specialized version of the Internet Banking solution for real time access to their accounts for balance information and making payments using various channels i.e. BEFTN, RTGS, pay utility bills etc.

This version has a strong multi-layer authentication workflow for payments with payment delegation hierarchy. This version also supports bulk payment processing for salary disbursements, etc. Customers can also view transaction histories and download them in Excel format for further automated consumption at their end.

Utility Payments

AB Bank collects the following utility bills via Branch, SMS Banking and Internet Banking:

- Dhaka Water and Sewerage Authority (DHAKA WASA)
- Dhaka Electricity Supply Company Limited (DESCO)

- Dhaka Power Distribution Company Limited (DPDC)
- Bangladesh Telecommunications Company Limited (BTCL)
- Titas Gas Sales and Distribution Company Limited (TITAS GAS)
- Chittagong Water and Swerage Authority (CTG WASA)
- AB Bank customers are also able to pay these utility bills from Internet Banking and SMS Banking.

Social Media Presence

AB Bank has a Facebook Page to promote its products and services. It is also used to respond to various customer enquiries on different types of AB Bank products and services e.g. Internet Banking, ATM Locations, and branch locations. Any customer or a potential customer can access AB Bank's Social media site using the URL <https://www.facebook.com/abbanklimited/>

Information Technology (IT)

During the year IT has undertaken various major upgradation initiatives which includes core banking software and associated hardware. This will enable the Bank to offer state of the art product and services to its customers under a more secured environment.

A few major achievements accomplished in the past year (2022) by IT are summarized here for a better understanding of their hard work behind the scenes.

- TI Reimbursement and GST Module in Mumbai: Reimbursement is a core business of Mumbai and implementation of this module in FBTI (Bank's trade services application) will greatly enhance their service as well as internal operations. Moreover, GST is a mandate from the Govt. of India compliance of which avoids regulatory fines and adapts our operations in the Indian market.
- ACS Integration - Corporate Part: Integration with Automated Challan System was launched back in 2021 and now this facility is also available for corporate customers for online payment of government fees and taxes.
- QR and Green PIN: QR/MMS shall expand bank's market presence in collecting payments at merchant points. Green PIN/T-PIN shall eliminate the need for printed PIN-mailers reducing significant cost and introducing customer convenience.
- Integration with bKash: Now customers can transfer fund between their ABBL account and bKash wallet. Online transactions offer convenience and improve overall financial management.
- eKYC: In the age of digitalization, bank has taken a grand initiative for onboarding customers digitally, meeting eKYC guidelines from BB. We're already garnering positive response from customers.
- SWIFT 7.4 to 7.6 upgrade: Important for improving

the security and reliability of financial messaging and reducing the risk of cyber-attacks and fraud, it was also a mandate by SWIFT and has been successfully met by deploying the latest version.

- 3DS ACS 1.0 to 2.0 upgrade (MC and Visa mandate): 3DS 2.0 reduces the risk of fraudulent transactions, protects cardholder data, and provides a better user experience by offering a seamless authentication process. It also complies with industry regulations and standards.
- MasterCard Money Send: Allowing fund to debit and credit from and to external parties providing a secure and convenient way to transfer funds globally, reducing the need for physical cash and enabling faster transactions.
- AB Utility Mumbai: Implementation of AB Utility in Mumbai branch. AB Utility facilitates flexible statement generation and some other account maintenance features.
- Dispute Management - MFS: Introduce MFS cases in dispute management system that provides a systematic process for resolving payment disputes, reducing the risk of financial loss and improving customer satisfaction.
- Nagad wallet to bank account transfer: AB Bank credit card holders now can receive payment transactions from Nagad wallet. Also, a VISA debit card holder of the bank can transfer money to his or her tagged account from Nagad wallet.
- Bakhraabad Gas bill collection: Online platform helps timely bill collection, which is more secure and faster, more efficient, and reduce the risk of errors.
- Inclusion of NBFI in BD-RTGS system: Now Real-Time Gross Settlement (RTGS) transfers can be made to Non-Banking Financial Institutions (NBFI).
- Green banking initiative - Online Reporting: Portal for online access to daily CBS reports helps promote transparency and accountability, reducing paper usage and promoting sustainable practices in green banking.

Investment Banking Department (IBD)

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

Keeping in pace with AB's vision of innovative banking, IBD focuses on diversifying service horizons from that of conventional Merchant Banking services. IBD also extends services for the Portfolio Management needs of

Non Resident Bangladeshi (NRBs) and foreign investors and facilitates remittance in the local capital market through NRB-IDA, FC and NITA account. As a value-added option IBD also has a Custodian Wing under a separate license.

AML & CFT Compliance Division (ACCD)

AML & CFT Compliance Division (ACCD) is primarily responsible for taking adequate measures to prevent money laundering and terrorist financing and ensuring compliance with rules and regulations as enacted from time to time by the Bangladesh Financial Intelligence Unit (BFIU) and Bank's internal AML & CFT Policy. AB Bank understands that an event on money laundering and terrorist financing may evolve from any corner, requiring adequate knowledge on AML & CFT and application of due diligence by all of its officials to effectively combat those threats. In line with that, ACCD arranges periodic fresher/ refresher training programs for all officials on a continuous basis.

BFIU Master Circular No. 26, dated June 16, 2020, brings clarity and clear guidance to implement AML/CFT Policy in the most effective way to strengthen a Bank's capacity to mitigate money laundering and terrorist financing risks.

AB Bank has in place the following documented manuals and systems or procedures to combat money laundering and terrorist financing:

- Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT) Policy
- Guidelines for Prevention of Trade Based Money Laundering (TBML)
- A Standard Operating Procedure (SOP) for implementation of TBML guideline
- Anti-corruption & Bribery (ABC) policy
- AML Software for storing customer profile, monitoring transactions, generating regulatory reports etc.
- Independent Internal Control & Compliance Division
- Central Compliance Committee (CCC)
- Customer Acceptance Policy (CAP)
- Sanction screening Mechanism
- Prohibition of Business Relationships with Shell Banks/Companies
- Annual review of correspondent relationships
- Supervision of Agent Banking activities
- Filing of Suspicious Transactions Report/Suspicious Activity Report
- Rigorous screening process (KYE) at the time of recruitment
- Training Programs on AML/CFT for all employees etc.

Offshore Banking Unit (OBU)

AB Bank introduced OBU operation located in EPZ Branch, CEPZ, Chattogram. Since inception OBU extended Banking facilities to a substantial number of foreign owned companies as well as Corporate resident Customers with due permission from the regulatory body. On May 31, 2016 OBU was declared as a separate branch. Subsequently, an Offshore Banking Division was created for the purpose of supervising Off-shore Banking Operations of the Bank. A dedicated Branch Anti Money Laundering Compliance Officer (BAMCLO) has been assigned to OBU to comply with Anti Money Laundering Policies and relevant regulations. Enhanced screening mechanism has been established for screening customers and transactions of OBU in compliance with OFAC, UN, EU and UK provided Sanctions Lists. Total Deposit and LDOs of OBU as of 31 December, 2022 was USD 172,438 and 70,242,476.61.

Department of Internal Control & Compliance (DICC)

Bank deals with diversified and multifarious complex financial activities that involve different types of risks and the risks are not limited within the country. To ensure the smooth performance of the Bank, effective internal control & compliance system, good governance, transparency of all financial activities, and accountability to its stakeholder and regulators have become momentous. Effective internal control & compliance system is also essential to boost effective risk management practices and to ensure good governance in a Bank. The Department of Internal Control and Compliance (DICC) is comprised of the following divisions:

01. Audit and Inspection Division
02. Compliance Division
03. Monitoring Division

Major Activities of the Department of Internal Control & Compliance (DICC) are as follows:

- Identification of risks associated with the banking industry.
- Interactions with different stakeholders as and when required.
- Collection and justification of financial, managerial, and operational information.
- Employees' action in compliance with policies, standards, procedures, laws, and regulations.
- Evaluate acquired data/information efficiently and adequately.
- Achievement of programs, plans, and objectives.
- Fostering quality and continuous improvement in the bank's control processes.
- Appropriate recognition and addressing of legislative and regulatory issues.

Activities of 3 (Three) divisions are as follows:

Audit and Inspection Division:

Audit & Inspection Division is responsible for the preparation of the Annual Audit Plan and conducting all kinds of audit & inspection works like Risk-Based Audit and Annual Comprehensive Audits on the Branches & Departments/Divisions/Units of the Head Office including concurrent audits on the FIT Division. Conducting Special audits on some specific issues like verification of Cash Position on some selective Branches, Security Stock Verification, Cash Incentive Cases, AML & CFT issues, and interest waiver including the cost of the fund as per Bangladesh Bank circular by the Division, alongside the division carry out Special Investigation works as and when required basis. Moreover, the Division used to fix up strategies for inspection by analyzing relevant data and disseminating/sharing the knowledge with the Audit Teams. The Division also summarizes the major audit findings detected by the internal audit & inspection teams during the audit & inspection and presents those before the Board Audit Committee (BAC) periodically for their kind perusal. It also prepares the Annual Integrated Health Report of the Bank and submits it to Bangladesh Bank after taking approval from the Board of Directors.

While undertaking the audit and inspection, the audit team focuses on the core risk areas in banking i.e. Credit Risk, Foreign Exchange Risk, Money Laundering Risk, Asset Liability Management Risk, Internal Control & Compliance Risk, and Information and Communication Technology Risk. The audit team also conducts an audit on the various functions of the branches by giving emphasis on the functional accuracy of the activities and report their findings and suggestions to those Branches to overcome the deficiencies.

In the year 2022, Audit and Inspection Division conducted the following audit and inspections-activities:

Annual Comprehensive Audit on Branches including Risk-Based Audit (RBA)	:	103 Branches
Annual Comprehensive Audit of Div./Dept.	:	15 Divisions / Departments
Special Inspection on AML & CFT activities	:	11 Branches (i.e. 10%)
Special Inspection on Agents' activities	:	09 Agents of ABBL (i.e. 05%)
And also conducted Special Investigations, Special Audit etc. on various areas		

Compliance Division:

The Compliance Division ensures compliance with Internal Audit Reports, External Audit Reports and Bangladesh Bank inspection Reports carried out in Head Office, Branches, and Core Risk Areas and takes initiatives to remove/rectify the irregularities pointed out in the reports to prevent the recurrence of the same in future to minimize the risk associated. It arranges special Board Meetings for review and discussion of the Bangladesh Bank comprehensive inspection reports and maintain a continuous liaison with the Bangladesh Bank, Branch, and Head Office regarding compliance issues. The division monitors the operational performances of various branches and divisions through inspection reports. Regular follow-up of inspection reports for mitigation of irregularities detected in the branches and departments. Providing data/information to any Government authority as & when required. The Division ensures accuracy, completeness, and timely submission of each report and also ensures the vigorous follow-up of further compliance with observations raised by Bangladesh Bank, External Auditors, and Internal Auditors. A strong MIS has already been implemented which helps in doing regular jobs timely.

Reviewed and update Mumbai Branch Compliance Policy as per the guidelines of the Reserve Bank of India, India.

Monitoring Division:

The monitoring Division focuses on functional activities of the branches through different internal control tools such as DCFCL, SCCL (LDCL), QOR, SAAFIC, self-assessment on AML and CFT, etc. The division checks/verifies the effectiveness of the internal control system and operational activities by ensuring the implementation of DCFCL, QOR, LDCL, and self-assessment on AML and CFT at the branch level. They review the QORs quarterly basis to find out the operational lapses and submit the review report to the authority for taking appropriate measures. They review the SCCLs (LDCL) quarterly basis to find out documentation lapses and submit the report to Board Audit Committee (BAC). The division reviews the Self-assessment on AML and CFT Report on a half-yearly basis to find out deficiencies in AML and CFT-related issues and submit the review report to ACCD for taking corrective measures. The Division also prepares a Self-Assessment of Anti-Fraud Internal Controls (SAAFIC) report on a half-yearly basis by collecting various information from different divisions of the bank and submitting it to the Board Audit Committee (BAC) and Bangladesh Bank (BB). For effective monitoring of internal control tools, the Division also conducts Surprise inspections of the branches as and when necessitated. In the year 2022 Monitoring Division conducted Surprise Inspections in 35 Branches which was 13 in the year 2021. Monitoring Division also summarizes the decisions of Board Audit Committee (BAC) meetings and submits

the same to the Board Audit Committee along with the compliance status.

Operations Department General Banking Operations

The objective of General Banking Operations is to ensure effective and efficient overall supervision of General Banking operational activities of the Bank. The division is responsible to set certain standards in delivery of products and services within a controlled culture. It continuously monitors Branch activities to mitigate risks and ensure regulatory compliance as well as provides support to all branches as and when required.

Like previous years, the Division undertook different initiatives in 2022 to ensure service standards, effective operational controls, improved process flows and combating Covid related health hazards.

Some of the key initiatives taken by the Division during 2022 were as follows:

- Arranged "Customer Awareness Program" at different branches to familiarize our customers with the wide range of AB Products and Services as well as banking norms and practices. It is an effort taken to bridge the information and communication gap between customers & bankers.
- Guided branches and Head office for saving and reducing expenses through less usage of Energy and Fuel in line with Government regulations.
- Implemented centralized management of AB Smart A/C opening through Bank's Internet Banking App – AB Direct.
- Financial Literacy Wing (FLW) of the Bank has been formed to run the Financial Literacy Program to increase public awareness and financial literacy among the mass people of the country.
- Ensure seamless customer service, timely resolution of complaints and managing feedbacks.
- Disposed-off old documents as pulp by which a handsome amount has been added to income and also saved a good amount of space of Branch store & godown.
- Arranged trainings on major operational processes e.g. Refresher training for Operations Manager & Prospective operations manager and Customer Service Excellence & Effective Cash Management.
- Continued Awareness build up activities during the year as precautions against fake notes etc.

COVID-19 pandemic initiatives:

- Ensure 'No Mask No Service' at all levels.
- Informed customers about limited banking services/ regular banking services through SMS, e-mail, bank's website and social media.
- Informed customers about different banking services/products/promotions through SMS, e-mail, bank's website and social media.

- Guided the Branch Management to ensure uninterrupted customer service.

Department of Human Resource Management & Development

Employees at AB Bank showed resilience & collaboration to ensure development, remarkable positive effect and growth across the organization despite the global economic unpredictability. The following are some HR initiatives for the year 2022:

- AB Bank HR believes in performing work culture. Department of HRM redesigned Performance Measurement system, Reward & Recognition to bring more clarity and organizational equity that will foster motivation in serving our customers in each and every horizon.
- Empowering employees is empowering Bank. Accessibility and clarity of information provides more control and convenient way of doing things. It is our firm believe that a satisfied Human Resource is the key to customer satisfaction. With a vision to provide seamless service to its employees, Department of HRMD has been relentlessly working towards automation of all HR process.
- AB Bank believes in diversity and inclusion. Department of HRMD ensured a diverse workforce of different backgrounds and qualifications working harmoniously as an integrated AB Family.
- In order to best serve our clients, AB Bank places a high priority on a trained workforce and recognizes the benefits of training. In the Year-2022, the Bank provided more online training than ever. Both offline and online training opportunities grew significantly.
- AB Bank believes in serving its customer to its fullest. Department of HRMD worked relentlessly towards ensuring reducing absenteeism, providing quality support by ensuring sufficient workforce that is align with mission, goals and organizational objectives, strategic plans and budgets.

Training (Year 2022)	# of Courses	# of Participants
Internal Training	110	4500
External Training	59	123
Total	169	4623

Age Group Wise Employee Ratio		
Age Group	31.12.2022	
	Number	Mix (%)
Up to 30 years	347	15.34%
Above 30 years to up to 40 years	757	33.47%
Above 40 years to up to 50 years	777	34.35%
Above 50 years to up to 60 years	376	16.62%
Above 60 years	5	0.22%
Total	2262	100.00%

Gender Diversity of Employee			
Year	Number of Male Employee	Number of Female Employee	Number of Total Employee
2020	1637	565	2202
2021	1686	594	2280
2022	1669	593	2262

Operating Performance 2022

Treasury Functions

Modern day treasury emerged as a profit optimization unit besides strategic management of Liquidity Risk and Market Risk (Interest Rate Risk and Foreign Exchange Risk). Being an integrated unit, AB Bank Treasury is engaged in managing these risks within the laid down internal policies enacted, prepared in line with regulatory guidelines of Bangladesh Bank. Broadly, AB bank treasury operates through Asset Liability Management (ALM) desk, Fixed Income desk, Money Market desk, Foreign Exchange desk and Primary Dealership (PD) desk. Core responsibility of Treasury operations are the maintenance of statutory requirements i.e. CRR, SLR, Liquidity Ratios (LCR & NSFR) and Net Open Position (NOP) limits. Primarily ALM desk is responsible for Liquidity and Interest Rate risk management. In the process of liquidity risk management, Treasury arranges fund both in Local & Foreign Currency and ensure proper deployment in quality assets with due attention to profitability and future liquidity needs. As an interest rate risk manager, Treasury focuses on maturity management of both Loans and Deposits in line with banks risk appetite. AB as a Primary Dealer (PD), plays an important role in development of Govt. securities market through underwriting of Govt. securities. Moreover, AB Bank also provides cliental services through "Govt. Securities Investment Window". As part of its Foreign Exchange operation AB Bank Treasury is providing all possible foreign exchange solutions

to cater for customer need at better prices and with superior services. With a dynamic and innovative work force treasury has been performing consistently well over last couple of years with respect to contribution to bank's profitability. Prudent Money Market, Foreign Exchange, Fixed Income and Primary Dealership operations contribute significantly in interest, exchange and investment earnings of the Bank.

Highlights of 2022:

- Income from Foreign Exchange increased to BDT 1,040.40 million in 2022 from BDT 323.50 million in 2021.
- Interest income on Money Market Product stood at BDT 56.20 million in 2022 compared to BDT 116.20 million in 2021.
- Investment income was BDT 3,044.40 million in 2022 compared to BDT 4,452.70 million in 2021.

Financial Institutions

AB Bank's Financial Institutions (FI) Division is mainly engaged in expanding and maintaining correspondent banking relationships with local and foreign banks, financial institutions and exchange houses worldwide. AB Bank's foreign correspondent relationship covers most of the important Banks and Financial Institutions located in major trade finance and remittance hubs around the world. AB Bank's Correspondent Banking platform is comprised of 309 correspondents. This strong platform helps facilitating the international trade business of AB Bank Limited's valued trade customers and also helps to procure inward remittances / foreign currencies favoring exporters, family members of wage earners, IT specialists, Freelancers and other service sectors of the country.

International Trade

During 2022, global trade continued to face multiple challenges after COVID related disruptions as global rise in inflation, high interest rates, debt distress and geopolitical frictions, supply-chain crises weigh almost every country of the world. Amidst the worldwide turmoil, during 2022 AB has experienced positive growth in import and negative growth in export business compared to previous year.

Import Business has increased by 3.76% to Taka 5,045 Crore in 2022 from Taka 4,862 Crore in 2021. Import business of AB covers areas like industrial raw materials, food items, chemicals, medicines, textiles, capital machineries, pharmaceutical raw materials etc.

Export Business has experienced 37.20% percent negative growth in the year 2022 compared to the previous year. Total Export was Taka 3,491 Crore at the end of the year 2022 which was Taka 5,559 Crore in 2021. Export business was concentrated in readymade

garments, knitwear, frozen fish and other indigenous products.

FI Marketing

A dedicated FI Marketing Team of AB Bank facilitates trade business activities originating from different Banks in Bangladesh. AB's FI Marketing Team procures foreign trade related business i.e. Reimbursement Authorities/ Payment Instructions, advising of documentary credits and confirmation to L/Cs of different Banks in Bangladesh on behalf of AB Bank Limited, Mumbai Branch and AB International Finance Limited (ABIFL), Hong Kong.

During the year 2022, our FI Marketing Team has collected considerable number of Reimbursement Authorities/Payment Instructions and provided great support in advising a significant number of L/Cs from different Commercial Banks in Bangladesh through our Mumbai Branch, India and ABIFL, Hong Kong.

Remittance Initiatives

AB has been using state-of-the-art API enabled remittance software for excellence in remittance operation of the Bank. AB has strengthened its remittance relationship with various renowned exchange houses in 2022. AB is focusing on excellence in customer service through a network of Branches, Sub-Branched and Agents. A dedicated "Remittance Hub" backed by advanced technology platform helps expanding the Bank's service to the doorstep of the customers. Corporate clients of AB remained another major source of foreign currency. Bank is also trying to broaden its base through solicitation of indigenous export clients. Total remittance at the end of the year 2022 was USD 280 million compared to USD 379 million in 2021.

Overseas Operations

Mumbai Branch

AB Bank Limited, Mumbai Branch is the only Bangladeshi bank's branch located in Mumbai to cater Indo-Bangla Trade. Since its inception in the year 1996, it has been engaged in handling Letters of Credit and documents of export from India to Bangladesh in addition to retail banking activities. The branch also provides confirmation, negotiation and discounting services to its customers. In 2022, AB Mumbai also handled transactions of Sri Lanka.

At present, our Mumbai Branch is maintaining VOSTRO accounts of 45 Bangladeshi Banks. Mumbai Branch's Operating Profit at the year-end of 2022 was INR 194.13 Million.

Highlights of Mumbai Branch Business

INR in Million	2022	2021	2020
Total Assets	3,636.22	2,891.24	2,914.70
Total Loans and Advances	618.10	510.43	468.00
Total Deposits	2,233.09	1,974.08	1,827.52
CRAR- Overall	52.91%	36.93%	36.65%
CRAR- Tier I	52.35%	36.49%	36.25%
CRAR- Tier II	0.56%	0.43%	0.40%
Fee based income to Total income	80.80%	86.69%	82.24%
Return on Total Assets	2.95%	3.33%	1.50%

Operating results of Mumbai Branch

INR in Million	2022	2021	2020
Operating Profit	194.13	159.16	21.33
Profit after Tax (PAT)	96.38	96.57	41.14
Return on Assets (%)	2.95	3.33	1.50
Return on Equity (%)	9.28	10.64	4.15

Credit Risk Management (CRM)

CRM Division manages the credit risks of the Bank as per the CRM Policy formulated in accordance with guidelines, manuals and other related circulars issued by Bangladesh Bank from time to time. The Division implements specific risk mitigating tools that include understanding customers [KYC], their past track record, financial soundness, management ability, outlook of business and industry, collateral arrangement etc. AB has diversified its credit portfolio into Corporate, SME and Retail. There are separate policies for each such segment with clearly defined tools for risk management in line with exposure, purpose, type, industry etc. A uniform Credit processing matrix is in place which has been disseminated to the Branch level. Clear segregation of Credit Relationship and Credit Administration streams across the Bank has been established to ensure effective credit risk management. This setup has also ensured sound practices in overall credit management viz. credit processing/appraisal, approval, documentation, disbursement, monitoring and control. The Division regularly reviews and updates Credit Risk Management Policy and Lending Guidelines as and when warranted to accommodate the continuous changes in the business, economic, market conditions, social and political environments, government policy, industry demand, central bank regulation and experience of the bank for better management credit risks.

Credit Administration Management (CAM)

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

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

Department of Accounts & Finance (A&F)

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

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

Corporate Social Responsibility (CSR)

AB believes Corporate Social Responsibility (CSR) is the first and foremost means to contribute to the society for improving the quality of lives of people, particularly for that segment of the people who are underprivileged and less fortunate in terms of basic needs such as food, health, education etc. CSR is a self-regulating business model that helps a company be socially accountable - to itself, its stakeholders, and the public. AB Bank feels

obligated towards the community in which it operates. It has long been active in a wide range socially responsible initiatives.

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

Risk Management Department (RMD)

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

RMD has been performing active role in leading the Supervisory Review Process (SRP) and holding SRP-SREP dialogue on ICAAP document every year. RMD also provides the Bank's Risk Appetite Framework in the light of Bank's strategic plan comprising Key Risk Indicators (KRIs) from different segments of the Bank. It also provides training to AB Bank officials on concurrent Risk Management issues like Residual Risks associated with various clients and its ultimate impact on Bank's capital, in order to raise awareness among relevant bank officials. RMD is keen on raising awareness on other issues like Management Action Trigger (MAT), Comprehensive Risk Management Rating, etc. with a view to improve the level of understanding on risk management, its importance and its application.

AB Subsidiaries

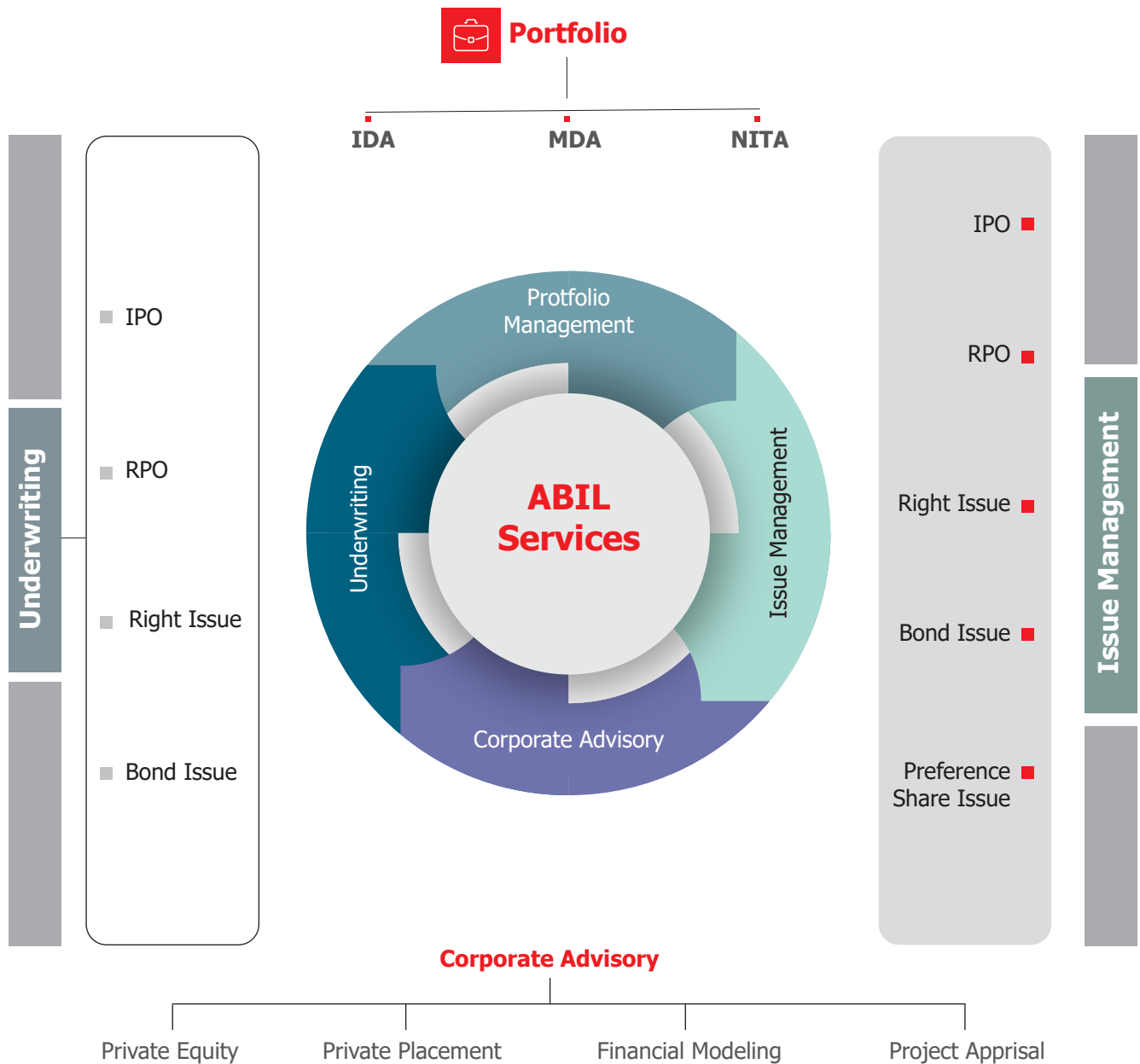
AB International Finance Limited (ABIFL)

AB International Finance Limited (ABIFL), Hong Kong, a wholly owned subsidiary of AB Bank Limited has started its operation in the year of 1995. ABIFL is primarily engaged in advising, adding confirmation to documentary credits, negotiation and discounting of bills under Letter of Credit. ABIFL's performance in 2022 is presented below:

Particulars	2022	2021	2020
Operating Profit- HKD Million	11.00	10.12	7.90
Profit after tax (PAT)- HKD Million	9.36	8.62	6.84
Return on assets (%)	7.76	6.91	6.38
Return on equity (%)	51.69	51.12	38.81
Earnings per share-HKD	93.64	86.17	68.45

AB Investment Limited

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



The number of clients of AB Investment Limited is about 2,254 and it comprises of Local Individual & Institutional clients along with NRBs and Foreign Individuals. ABIL has 7 (seven) panel brokers to perform trading of its clients and of own portfolio. Total portfolio of ABIL was more than Tk. 6.44 billion in 2022 which is 0.09 % (approx.) of the total market capitalization. Currently, ABIL operates from its Head Office in Dhaka and two branch offices in Chittagong & Sylhet.

Performances of ABIL

Particulars	2022	2021	2020
Number of Clients	2,254	2,306	2,326
Margin Loan to Clients (mn)	7,279	7,257	6,957
Operating Income (mn)	223	449	175
Operating Profit (mn)	156	376	100
Net Profit (mn)	33	68	(4)
Earnings Per Share (Tk.)	0.05	0.10	(0.006)

AB Securities Limited (ABSL)

After incorporation on 24th day of December 2009, AB Securities Limited (ABSL), a subsidiary company of AB Bank Limited, started its operation on the 2nd day of August, 2010. ABSL is a corporate TREC Holder of both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

The number of clients of ABSL is around 3,191 and it comprises of local individual & institutional along with NRBs and foreign individuals. ABSL also acts as Agent Broker of AB Investment Limited.

Currently, ABSL is operating from its Head Office in Dhaka and two branch offices in Chittagong & Sylhet. In the year 2022, total turnover of ABSL was around Tk. 45.76 billion.

For Foreign Nationals and Non-Resident Bangladeshis, ABSL provides one stop stock broking services including assistance in opening Foreign Currency (FC) Account

& Non-Resident Investor's Taka Account (NITA), BO Account opening and trading at DSE and CSE.

Performance of ABSL

Particulars	2022	2021	2020
Number of Clients	3,191	3,347	3,117
Operating Income (mn)	131	164	152
Operating Profit (mn)	57	92	70
Earnings Per Share-EPS (Tk.)	0.10	0.23	0.16
Total Turnover-Trade (Billion Tk.)	46	76	46

Cashlink Bangladesh Limited (CBL)

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

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

Performance of Cashlink

Amount in Lac

Particulars	2022	2021	2020
Total Operation Income	24.60	30.73	40.31
Total Operation Expense	3.16	4.41	4.19
Profit After Tax	15.55	18.42	24.38
Total Shareholders' Equity	803.01	787.46	769.04
Total Asset	904.22	882.72	856.41

Arab Bangladesh Bank Foundation (ABBF)

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

Financial Performance Highlights

As one of the most highly regulated industries in the world, investors have some level of assurance in the soundness of the banking system. As a result, investors can focus most of their efforts on how a bank will perform in different economic environments. In 2022, as with other sectors, the Banking Sector as a whole experienced adverse effect for Russia-Ukraine war. Within these challenging economic and business environment, the Bank registered following financials:

BDT in crore

Particulars	Consolidated		Change	Solo		Change
	2022	2021	%	2022	2021	%
Interest income/profit on investments	2,163.97	2,059.72	5%	2,145.56	2,038.41	5%
Interest paid/profit on deposits and borrowings, etc.	1,708.06	1,583.00	8%	1,707.39	1,582.20	8%
Net interest income	455.91	476.72	-4%	438.17	456.21	-4%
Other Income	734.59	776.69	-5%	709.90	728.14	-3%
Operating Expenses	618.70	591.39	5%	599.88	571.07	5%
Operating Profit	571.80	662.02	-14%	548.19	613.29	-11%
Provisions for loans & others	287.16	465.71	-38%	273.29	432.66	-37%
Profit before Taxation	284.63	196.30	45%	274.89	180.63	52%
Provisions for Tax	213.20	124.62	71%	207.17	116.49	78%
Profit after Tax	71.44	71.68	0%	67.72	64.14	6%
Earnings Per Share (BDT)	0.83	0.83	(0.00)	0.79	0.75	0.04

In the year 2022, Interest Income increased by 5% and Interest Expenses increased by 8%. Net Interest Income decreased by 4% on consolidated and solo basis. Other income has decreased by 5% and 3% on consolidated and solo basis for loss on Treasury bills and bonds. Operating expense of the Bank was managed prudently. As a result, there was a minimum growth in operating expenses both in consolidated and solo basis. However, at the end, Bank registered 6% growth in Profit after Tax and stood at BDT 68 crore.

Asset Quality

Particulars	Consolidated		Change	Solo		Change
	2022	2021	%	2022	2021	%
Total Loans and advances	32,041.07	29,904.34	7.15%	31,206.81	29,045.98	7.44%
Unclassified	25,728.88	25,793.40	-0.25%	24,894.62	24,935.04	-0.16%
Standard	25,112.70	25,038.88	0.29%	24,278.45	24,180.52	0.40%
Special mention Account	616.17	754.52	-18.34%	616.17	754.52	-18.34%
Classified	6,312.19	4,110.94	53.55%	6,312.19	4,110.94	53.55%
Sub-standard	18.02	51.91	-65.29%	18.02	51.91	-65.29%
Doubtful	324.50	313.88	3.38%	324.50	313.88	3.38%
Bad Loss	5,969.67	3,745.15	59.40%	5,969.67	3,745.15	59.40%

In last few years, Bangladesh Bank issued several circulars regarding repayment flexibility and classifications of clients on COVID-19 backdrop. From, 2022 these facilities from Bangladesh Bank were revoked. In 2022, there was some issues pertinent to foreign currencies; exchange rate BDT/USD appreciated whereas global inflation rate was much higher. In such event, the repayment capacities of the business were interrupted. Considering clients repayment, Bangladesh Bank has newly classified few loans in December 2022. As a result, CL ratio stood at 20.23% in 2022 from 14.15% of 2021.

Capital Position

BDT in crore

Particulars	Consolidated		Change	Solo		Change
	2022	2021	%	2022	2021	%
Risk Weighted Assets	35,519.88	33,337.93	6.54%	35,109.91	32,966.60	6.50%
Credit Risk	32,558.90	30,043.53	8.37%	32,316.72	29,808.53	8.41%
Market Risk	1,088.93	1,182.00	-7.87%	995.27	1,107.10	-10.10%
Operational Risk	1,872.06	2,112.40	-11.38%	1,797.91	2,050.97	-12.34%
Regulatory Requirement	12.50%	12.50%		12.50%	12.50%	
Capital Requirement	4,439.99	4,167.24		4,388.74	4,120.83	
Capital Maintained	3,906.18	3,805.93	2.63%	3,619.53	3,539.51	2.26%
Tier-I	2,640.36	2,472.41	6.79%	2,500.70	2,345.80	6.60%
CET-I	2,107.56	2,031.41	3.75%	1,974.05	1,904.80	3.64%
Add. Tier-I	532.80	441.00	100%	526.65	441.00	19%
Tier-II	1,265.82	1,333.52	-5.08%	1,118.82	1,193.71	-6.27%
Capital Surplus/ (deficit)	(533.81)	(361.31)		(769.21)	(581.32)	
Capital to Risk Weighted Asset Ratio (CRAR)	11.00%	11.42%		10.31%	10.74%	
Tier-I	7.43%	7.42%		7.12%	7.12%	
Tier-II	3.56%	4.00%		3.19%	3.62%	

Bank was able to maintain CRAR @ 11.00% and 10.31% on consolidated and solo basis respectively against 12.50% (10% minimum and 2.50% capital conservation buffer) regulatory requirement. In 2022, Risk Weighted Assets and capital increased by 6.5% and 2.3% respectively.

Cash Flow Position

BDT in crore

Particulars	Consolidated		Change	Solo		Change
	2022	2021	%	2022	2021	%
Net cash flow from operating activities	(1,679.05)	254.24	760.42%	(1,742.48)	300.75	679.38%
Net cash flow from investing activities	1,306.18	74.79	1646.48%	1,323.99	59.03	2142.78%
Net cash flow from financing activities	(253.00)	354.94	-171.28%	(253.00)	354.94	171.28%
Net decrease in cash	(625.86)	683.97	-191.51%	(671.49)	714.72	193.95%
Net Operating Cash Flow Per Share (NOCFPS) (BDT)	(19.50)	2.95	-22.46	(20.24)	3.49	(23.73)

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

Key Ratio

Particulars	2022	2021
Capital to Risk Weighted Assets Ratio	10.31%	10.74%
Loan Deposit Ratio	92.26%	86.27%
Cost income ratio	52.25%	48.22%
CL Ratio	20.23%	14.15%
Return on investment (ROI)	6.86%	8.47%
Return on assets (ROA)	0.17%	0.16%
Return on equity (ROE)	2.78%	2.63%
Assets Utilization Ratio	75.94%	79.82%
Operating Profit Per Employee (Lac/Taka)	24.33	26.90

Shareholding Pattern

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

- a) Parent / Subsidiary / Associated Companies and other related parties: N/A
- b) Shares held by Directors including nominating Individuals and Institutions, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and their Spouses and Minor Children are as follows:

Status as of December 31, 2022

Name of the Directors, CEO, CS, CFO and HIAC	Status	No. of Shares	%	Name of the Spouses	No. of Shares	%
Barrister Khairul Alam Choudhury Nominated by Pacific Industries Limited	Chairman	84,211,744	9.7817%	Ms. Mariya Rakhi Chowdhury	-	-
Mr. Feroz Ahmed	Director	17,862,814	2.0749%	Ms. Salvana Ahmed	352,027	0.0409%
Mr. Shajir Ahmed Nominated by Hexagong Chemical Complex Limited	Director	23,581,224	2.7391%	Ms. Fahmida Islam	-	-
Mr. Md. Maqsubul Huq Khan Nominated by Emkay Holdings Limited	Director	17,601,412	2.0445%	Ms. Kazi Homaira Nirjhar	-	-
Mr. Shafiqul Alam	Independent Director	-	-	Ms. Najma Shafiq	-	-
Mr. Md. Eskandar Miah	Independent Director	-	-	Mrs. Hemanti Haider	-	-
Mr. Tarique Afzal	President & Managing Director	-	-	Ms. Ornita Afzal	-	-
Mr. K.M. Mohiuddin Ahmed	Chief Financial Officer	-	-	Dr. Khairun Nessa	-	-
Mr. Mohiuddin Ahmed Chowdhury	Head of Internal Control and Compliance	-	-	Ms. Tasmina Hoque	-	-
Mr. Md. Jasim Uddin, FCS	Company Secretary	-	-	Ms. Jannatul Bakia	-	-

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

Sl. No	Name	Status	No. of Shares
1.	Mr. Mahmudul Alam	Deputy Managing Director	-
2.	Mr. Syed Mizanur Rahman	Deputy Managing Director	-
3.	Mr. Md. Aminur Rahman	Sr. Executive Vice President	-
4.	Mr. Zahiruddin Mohammad Babar Khan	Sr. Executive Vice President	-
5.	Mr. Golam Mahmud Rizvi	Sr. Executive Vice President	-

- d) Shareholders holding ten percent or more voting interest in the company: N/A

Dividend

The Board in its 761st Meeting held on April 30, 2023 recommended 2.00% Stock Dividend to all the Shareholders. Stock Dividend is subject to Shareholders approval in the 41st Annual General Meeting scheduled to be held on July 08 2023, Saturday at 11:00 a.m. through Digital platform, May 23, 2023, Tuesday, set as Record Date to attend AGM and May 31, 2023, Wednesday, to entitle the Dividend.

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

Board of Directors

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

Present composition of the Board is as below

1. Barrister Khairul Alam Choudhury, Chairman, nominated by Pacific Industries Limited
2. Mr. Feroz Ahmed, Director
3. Mr. Shajir Ahmed, Director, nominated by Hexagon Chemical Complex Limited
4. Mr. Shafiqul Alam, Independent Director
5. Mr. Md. Maqsubul Huq Khan, Director, nominated by Emkay Holdings Limited
6. Mr. Md. Eskandar Miah, Independent Director*
7. Mr. Tarique Afzal, President and Managing Director

(*Bangladesh Bank by letter no: BRPD(R-2)651/9(1) DL/2022-10619 dated October 23, 2022 approved appointment of Mr. Md. Eskandar Miah and we enclose below his brief resume:

* Mr. Md. Eskandar Miah joined AB Bank as Independent Director with effect from October 23, 2022. Mr. Miah is a veteran banker having 33 years banking experience and he served in different positions in various departments at Bangladesh Bank. He Joined Bangladesh Bank as Assistant Director in 1988.

Before retirement, he worked as Executive Director and Deputy Head: Bangladesh Financial Intelligence Unit, Bangladesh Bank, Head Office from February 2019 to 30 June, 2021. He has vast experience in Banking Regulation and policy, Bangladesh Financial Intelligence Unit, Human Resources Management, Foreign Exchange Policy, Agricultural Credit and policy, Foreign Exchange Inspection, Professional Presentations, Expenditure Management and Payment Systems etc. He visited many countries and attended lots of training at home and abroad.

Board Meeting/Committees Meeting and Attendance

Board Meeting

28 (twenty eight) Board Meeting held during the year 2022. Below is the table of Directors' attendance in the meeting based on their tenure:

Name of Directors	Designation	Attendance in Board Meeting of the Bank	
		Number of Meeting held in 2022	Number of Meeting attended in 2022
Barrister Khairul Alam Choudhury	Chairman	28	27
Mr. Feroz Ahmed	Director	28	22
Mr. Shajir Ahmed	Director	28	24
Mr. Shafiqul Alam	Independent Director	28	28
Mr. Md. Maqsubul Huq Khan	Director	28	26
Mr. Md. Eskandar Miah*	Independent Director	06	06
Mr. Muhammad A. (Rume) Ali**	Ex-Chairman	14	14
Mr. Tarique Afzal***	President & Managing Director	26	26

Total number of Board Meeting held = 28 (Twenty Eight)

*Mr. Md. Eskandar Miah was appointed as Independent Director on October 23, 2022.

**Mr. Muhammad A. (Rume) Ali, Chairman, retired in 40th Annual General Meeting (AGM) held on July 06, 2022.

***Mr. Mahmudul Alam attended 02 (two) Board Meetings as President and Managing Director (Current Charge)

Audit Committee Meeting

07 (seven) Meetings of the Audit Committee were held during the year 2022. Below is the table of Members' attendance in the Meeting based on their tenure:

Name of Directors	Status	Number of Meeting	
		Held	Attended
Mr. Shafiqul Alam	Chairman	07	07
Mr. Shajir Ahmed	Member	07	06
Mr. Md. Maqsubul Huq Khan	Member	07	07
Mr. Md. Eskandar Miah*	Member	-	-

Total number of Board Audit Committee Meeting held = 07 (Seven)

*Mr. Md. Eskandar Miah was appointed as Member of Audit Committee on 747th Board Meeting held on October 27, 2022. No Audit Committee Meeting took place after his appointment during the year.

Risk Management Committee Meeting

05 (five) Meeting of the Risk Management Committee were held during the year 2022. Below is the table of Members' attendance in the Meeting based on their tenure:

Name of Directors	Status	Number of Meeting	
		Held	Attended
Mr. Shafiqul Alam	Chairman	05	05
Mr. Feroz Ahmed	Member	05	04
Mr. Md. Maqsubul Huq Khan	Member	05	05

Total number of Board Meeting held = 05 (five)

Remuneration paid to Directors

During the year 2022, total remuneration paid to the Directors including Independent Director was Tk. 1,537,600 (Taka Fifteen Lac Thirty Seven Thousand and Six Hundred) only.

Election of Directors

According to the articles of Association of the Bank and regulation 79 of Schedule-I of the Companies Act 1994, at each Annual General Meeting, at least one third of the Directors other than the President & Managing Director to retire. Mr. Feroz Ahmed will retire in the following 41st Annual General Meeting and be eligible for re-appointment.

Protection to Minority Shareholders

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

Related Party Transaction Disclosure

A party is related to the company if:

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

a) Significant contracts where the Bank is a party and wherein Directors have interest:

Name of contract	Name of the party	Name of Director and related by	Relationship
Lease agreement with Mohakhali and Savar Branch of ABBL	Pacific Industries Ltd	Barrister Khairul Alam Choudhury	Nominated Director of Pacific Industries Ltd. in ABBL Board

b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in BDT
Pacific Industries Ltd.	Common Director	Office Rent	16,939,851

c) Loans/placement given to subsidiary of the Bank:

Sl.	Name of the party	Connection with party	Nature of transaction	Amount in BDT
01	AB Investment Limited	99.99% owned Subsidiary	Loans and advances	756,515,861
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

Credit Rating

AB Bank rated by ARGUS Credit Rating Services Limited (ACRSL) based on the financials of the Bank up to December 31, 2022 (audited) and other relevant quantitative as well as qualitative information up to the date of rating declaration i.e. June 11, 2023.

The Summary of ratings are given below:

Surveillance Rating (2022)	Long Term	Short Term
	AA-	ST-2
Date of Rating	June 11, 2023	
Date of Validity	June 11, 2024	

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

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

41st Annual General Meeting

Shareholders whose names appeared in the Register of Members of the Bank or the Depository System on the Record Date i.e. May 23, 2023, Tuesday, shall be eligible to attend the AGM and on May 31, 2023, Wednesday, shall be eligible to entitle the Dividend.

The 41st Annual General Meeting will be held on July 08, 2023 (Saturday) through Digital Platform at 11:00 a.m.

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

Country Outlook

On August 25, 2022, S&P Global Ratings affirmed its 'BB-' long-term and 'B' short-term sovereign credit ratings for Bangladesh. The outlook remains stable. The stable outlook reflects S&P's expectation that Bangladesh's solid growth prospects and policy adjustments will manage the risks associated with a challenging external landscape over the next 12 months.

S&P may lower the ratings for Bangladesh if net external debt and/or financing metrics worsen further, i.e., if narrow net external debt surpasses 100% of current account receipts, or gross external financing needs exceed 100% of current account receipts plus usable reserves, on a sustained basis.

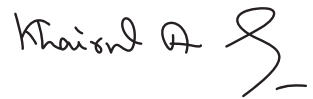
S&P may upgrade the ratings if the government materially improves its fiscal outcomes, including its very low revenue generation and elevated fiscal deficits, and experiences a substantial improvement in its external settings. They may also raise the ratings if Bangladesh's institutional settings improves noticeably.

ADB forecasts Bangladesh's economic growth rates for FY23 and FY24 to be 5.3% and 6.5%, respectively; the inflation rate forecasts are 8.7% and 6.6% for FY23 and FY24, respectively.

Gratitude

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

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



Barrister Khairul Alam Choudhury
Chairman