



# DIRECTORS'

## REPORT



# DIRECTORS' REPORT

**Bismillahir Rahmanir Rahim**

**Honorable Shareholders**

**As-Salamu Alaikum,**

On behalf of the Board of Directors, it is a privilege to present the Annual Report and the Audited Financial Statements of the Bank for the year ended December 31, 2025 together with the Auditors' Report and the Operational Reviews thereon. We welcome you to this Annual General Meeting. This report has been prepared in compliance with the Companies Act 1994, Corporate Governance Code and statutory circulars issued by Bangladesh Bank.

**Dear Shareholders,**

The Directors' Report for 2025 has been prepared with a strong commitment to transparency, accountability and full disclosure to our valued shareholders, regulators, depositors and all other stakeholders. The Board of Directors firmly believes that, particularly during periods of significant financial stress and operational challenges, transparent reporting becomes even more critical in maintaining stakeholder confidence and ensuring sound corporate governance.

Accordingly, this report presents a fair, balanced and comprehensive assessment of the Bank's financial condition, operational performance, key risks, challenges and future strategic direction. The Board has deliberately adopted a candid approach in disclosing the Bank's adverse financial position, including the significant operational losses incurred during the year, deterioration in capital adequacy, liquidity pressures, elevated non-performing loans and other material weaknesses affecting the Bank's performance.

## Bangladesh- Macroeconomic aspects



In 2025, Bangladesh faced significant economic hardship as National GDP growth slowed sharply to below 4.0 percent. This domestic slowdown was driven by disruptions in industrial production, delays in factory operations, political transitions and the continuation of a highly restrictive monetary policy environment. The adverse impact was felt most acutely by ordinary

consumers, as inflation remained persistently above 8.0 percent throughout the year, eroding purchasing power and placing severe pressure on household budgets and living standards.

The challenging macroeconomic environment also weighed heavily on the productive sectors of the economy. Many manufacturing and industrial enterprises reduced production capacity and deferred expansion initiatives in response to weak domestic demand, elevated financing costs and uncertainty in the business climate. Consequently, employment generation remained subdued, limiting the creation of new job opportunities across the country and further affecting consumer confidence.

Despite these domestic economic challenges, Bangladesh's external financial position demonstrated notable resilience and stability. Remittance inflows from Bangladeshi expatriates reached a historic high of approximately USD 29.5 billion, providing critical support to the economy and strengthening the country's foreign exchange liquidity position. Supported by this robust inflow of foreign currency, total foreign exchange reserves increased to approximately USD 32.4 billion, equivalent to around USD 27.8 billion under the IMF's BPM6 reporting methodology.

## Banking Sector



The banking sector of Bangladesh experienced an unprecedented period of stress during the year, resulting in a severe liquidity squeeze and an acute credit crunch across the economy. Heavy government borrowing from domestic Banks to finance the fiscal deficit significantly constrained the availability of funds for the private sector. Consequently, private sector credit growth declined to historically low levels, substantially limiting access to conventional commercial financing for businesses and industrial enterprises.

The prolonged tightening of liquidity conditions placed considerable pressure on the banking system, forcing several banks to depend heavily on liquidity support and emergency refinancing facilities from Bangladesh Bank in order to sustain day-to-day operations and maintain depositor confidence. The overall situation was further

intensified by a sharp deterioration in asset quality, as Non-Performing Loans (NPLs) increased significantly across the sector. The ratio of classified and defaulted loans rose to alarming levels which severely impacted the profitability and financial stability of the banking industry. In response to these systemic vulnerabilities, Bangladesh Bank initiated a comprehensive Asset Quality Review (AQR) program aimed at strengthening transparency, restoring confidence and identifying the true extent of stressed assets within the banking system.

## Performance of the Bank



The Bank continued to face severe financial distress in 2025, reflecting one of the most challenging periods in its history. Persistent operational losses, significant non-performing loans, acute liquidity constraints and erosion of capital significantly weakened the Bank's overall financial position. The adverse macroeconomic environment, coupled with prolonged stress in the banking sector, further intensified these challenges and placed substantial pressure on profitability, solvency and cash flow management.

### Profitability

BDT in crore

Particulars	Consolidated		Solo	
	2025	2024	2025	2024
Interest Income/Profit on Investments	(74.52)	934.84	(93.59)	911.86
Interest Paid/Profit on Deposits and Borrowings	3,449.47	2,811.33	3,448.96	2,810.80
<b>Net Interest Income</b>	<b>(3,523.99)</b>	<b>(1,876.50)</b>	<b>(3,542.55)</b>	<b>(1,898.94)</b>
Other Income	628.88	719.06	597.69	697.64
Operating Expenses	701.71	665.15	679.37	644.36
<b>Operating Profit</b>	<b>(3,596.81)</b>	<b>(1,822.59)</b>	<b>(3,624.22)</b>	<b>(1,845.65)</b>
Provisions for Loans & Others	256.67	48.34	59.71	45.36
<b>Profit Before Taxation</b>	<b>(3,853.48)</b>	<b>(1,870.92)</b>	<b>(3,683.94)</b>	<b>(1,891.01)</b>
Provisions for Tax	35.69	34.77	22.28	26.94
<b>Profit After Tax</b>	<b>(3,889.17)</b>	<b>(1,905.69)</b>	<b>(3,706.22)</b>	<b>(1,917.95)</b>
<b>Earnings Per Share (BDT)</b>	<b>(43.42)</b>	<b>(21.28)</b>	<b>(41.38)</b>	<b>(21.41)</b>

The Bank recorded a consolidated net loss of BDT 3,889 crore in 2025 compared to a loss of BDT 1,906 crore in 2024, while on a solo basis the loss stood at BDT 3,706 crore against BDT 1,918 crore in the previous year. This substantial deterioration was primarily driven by a sharp decline in interest income resulting from prolonged default by several large corporate borrowers, suspension of interest accrual on classified loans and increased funding costs arising from severe liquidity stress.

The Bank's net interest income remained deeply negative, indicating that core banking operations were unable to generate sufficient earnings to cover funding costs. At the same time, other income also declined because of lower earnings from government securities, treasury operations and reduced business volumes. Although management implemented stringent cost-control measures, the scale of revenue erosion far outweighed those efforts, resulting in a substantial operating loss.

## Asset Quality

BDT in crore

Particulars	Consolidated		Solo	
	2025	2024	2025	2024
<b>Total Loans &amp; Advances</b>	<b>36,788.39</b>	<b>33,936.96</b>	<b>35,952.26</b>	<b>33,185.21</b>
<b>Unclassified</b>	<b>16,465.03</b>	<b>11,657.82</b>	<b>15,628.89</b>	<b>10,906.07</b>
Standard	13,860.71	10,395.65	13,024.58	9,643.90
Special Mention Account	2,604.31	1,262.17	2,604.31	1,262.17
<b>Classified</b>	<b>20,323.37</b>	<b>22,279.14</b>	<b>20,323.37</b>	<b>22,279.14</b>
Sub-standard	179.32	1,862.68	179.32	1,862.68
Doubtful	760.66	987.98	760.66	987.98
Bad/Loss	19,383.39	19,428.49	19,383.39	19,428.49
CL %	55.24%	65.65%	56.53%	67.14%

Asset Quality continued to remain under severe stress despite some improvement in the classified loan ratio. The Bank's large stock of legacy non-performing loans, concentrated mainly in large corporate exposures, continued to impair earnings, capital and liquidity. Although classified loans declined marginally during the year and unclassified advances increased, the

overall level of defaulted loans remained critically high, with classified loans representing more than half of the total loan portfolio. The exceptionally high volume of bad and loss accounts significantly constrained the Bank's ability to generate quality income and required substantial provisioning support. Last year Bangladesh Bank also deployed an Asset Quality Review Team, observation from the team is yet to receive.

## Capital Position

BDT in crore

Particulars	Consolidated		Solo	
	2025	2024	2025	2024
<b>Risk Weighted Assets</b>	<b>51,392.88</b>	<b>47,851.31</b>	<b>50,936.31</b>	<b>47,598.57</b>
Credit Risk	49,389.16	45,271.76	49,078.46	45,142.82
Market Risk	888.63	919.29	819.51	864.93
Operational Risk	1,115.09	1,660.25	1,038.34	1,590.82
<b>Regulatory Requirement</b>	<b>12.50%</b>	<b>12.50%</b>	<b>12.50%</b>	<b>12.50%</b>
<b>Capital Requirement</b>	<b>6,424.11</b>	<b>5,981.41</b>	<b>6,367.04</b>	<b>5,949.82</b>
<b>Capital Maintained</b>	<b>(1,728.51)</b>	<b>1,832.76</b>	<b>(1,923.91)</b>	<b>1,651.39</b>
Tier-I	(2,921.84)	889.84	(2,894.74)	743.27
CET-I	(3,492.93)	318.75	(3,465.84)	172.18
Add. Tier-I	571.09	571.09	571.09	571.09
Tier-II	1,193.33	942.92	970.83	908.11
<b>Capital Surplus/(Deficit)</b>	<b>(8,152.62)</b>	<b>(4,148.66)</b>	<b>(8,290.95)</b>	<b>(4,298.44)</b>
<b>CRAR</b>	<b>-3.36%</b>	<b>3.83%</b>	<b>-3.78%</b>	<b>3.47%</b>
Tier-I Ratio	-5.69%	1.86%	-5.68%	1.56%
Tier-II Ratio	2.32%	1.97%	1.91%	1.91%

The deterioration in financial performance had a devastating impact on the Bank's capital position. Continuous losses fully eroded retained earnings and pushed the Capital to Risk-Weighted Assets Ratio (CRAR) into negative one. The Bank reported a consolidated CRAR of negative 3.36 percent and a solo CRAR of negative 3.78 percent against the regulatory requirement of 12.50 percent. The Bank

also experienced a significant capital deficit, reflecting the urgent need for recapitalization and balance sheet restructuring. Persistent losses and elevated provisioning requirements severely weakened Tier-I capital and Common Equity Tier-I capital, raising substantial concerns regarding long-term solvency and sustainability.

## Cash-flow Position

BDT in crore

Particulars	Consolidated		Solo	
	2025	2024	2025	2024
Net Cash Flow from Operating Activities	(143.18)	(3,782.67)	(183.18)	(3,817.57)
Net Cash flow from Investing Activities	229.68	3,093.95	239.89	3,093.03
Net Cash Flow from Financing Activities	(136.20)	(280.29)	(136.20)	(280.29)
<b>Net Decrease in Cash</b>	<b>(49.69)</b>	<b>(969.02)</b>	<b>(79.48)</b>	<b>(1,004.84)</b>
<b>NOCFPS (BDT)</b>	<b>(1.60)</b>	<b>(42.23)</b>	<b>(2.05)</b>	<b>(42.62)</b>

Liquidity pressure remained one of the most critical challenges throughout the year. The Bank continued to operate under stressed liquidity conditions and relied heavily on support mechanisms to maintain operational continuity. Though depositors kept their confidence in AB, limited access to stable funding sources and sluggish recovery of defaulted loans constrained liquidity management. Despite these difficulties, the Bank managed to sustain operations through cautious treasury management, controlled asset growth and close monitoring of liquidity gaps. In 2025, Bangladesh Bank extended Liquidity Support of BDT 3,070 crore to the Bank.

### Dear Shareholders,

Against this backdrop, the Board and Management initiated several strategic measures aimed at stabilizing the institution and restoring long-term sustainability. Priority was given to recovery and resolution of defaulted loans, strengthening governance and compliance frameworks, improving risk management practices, enhancing internal controls and rebuilding depositor confidence. The Bank also accelerated initiatives in digital banking, operational automation, AML and compliance strengthening and process reengineering to improve efficiency and customer service capabilities.

Management remains fully aware that the Bank's recovery will require sustained and coordinated efforts over the coming years. The restoration of capital adequacy, improvement in asset quality, rebuilding of liquidity buffers, and return to sustainable profitability will depend on successful implementation of restructuring initiatives, regulatory support, disciplined risk management, and gradual recovery in the overall

## Overall Business



### Corporate Banking

During 2025, Corporate Banking continued to dominate the Bank's overall lending portfolio. Total Corporate Loans stood at BDT 319,750 million, representing approximately 90.92 percent of the Bank's total loan portfolio. This reflects the Bank's continued strategic emphasis on corporate and industrial financing despite the challenging economic and banking sector environment.

The Bank's corporate exposure remains primarily concentrated in several key industrial sectors that are considered critical to the economy of Bangladesh, including -Steel Manufacturing Industry, Textile and Ready-Made Garments (RMG) Sector Shipbuilding and Ship Breaking Industry

Through its financing activities, the Bank continues to support export-oriented industries, industrial expansion, employment generation and infrastructure-related economic activities. In addition, the Bank maintains strong and long-standing relationships with many of the country's leading corporate and industrial groups, reaffirming its position as a trusted financial partner in Bangladesh's corporate banking landscape. But as the Bank's portfolio is highly concentrated on Corporate, as a strategic move we want to gradually shift this portfolio towards retail & SME business.

### SME Banking

In Bangladesh, the CMSME sector remains a critical pillar of economic stability and inclusive development. The sector plays an essential role in employment generation, poverty alleviation, reduction of income inequality and regional economic expansion. Due to their adaptability and entrepreneurial nature, CMSMEs

continue to act as a major source of economic resilience and grassroots development within the country.

In line with the evolving landscape of Bangladesh's CMSME sector, AB Bank PLC. has continued to strengthen its commitment toward providing tailored and sustainable financial solutions to entrepreneurs and small businesses. The Bank has developed robust policy frameworks, customized product offerings and centralized operational support systems designed

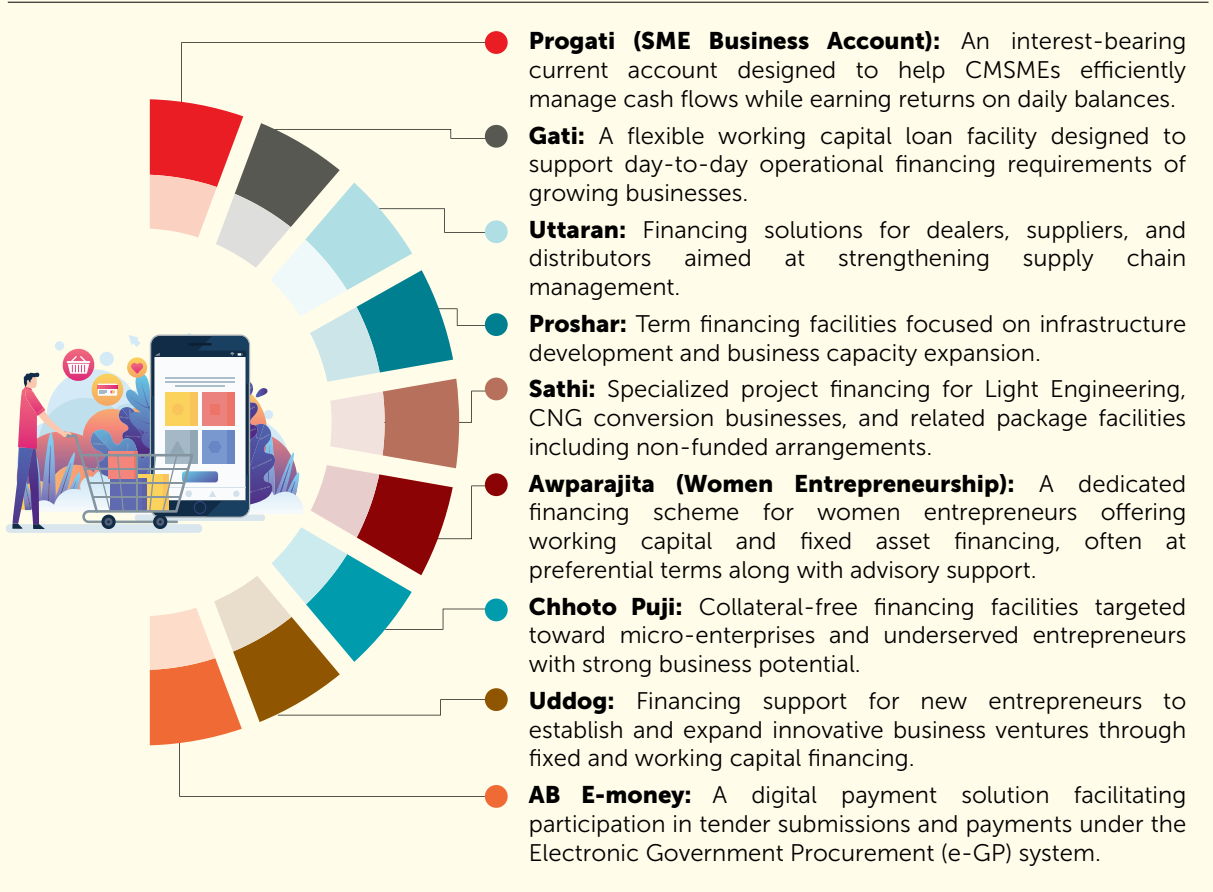
to ensure efficient service delivery, prudent risk management and sustainable asset quality.

The Bank's SME strategy is centered on supporting emerging entrepreneurs through accessible financing, relationship-based banking services and advisory support. Through continuous process improvement and compliance-driven operations, the Bank aims to create a sustainable ecosystem that empowers small businesses to grow into future industry leaders.

### SME Special Products

The SME Division of AB Bank offers a diversified suite of specialized products designed to address the financing and operational needs of Cottage, Micro, Small and Medium Enterprises. These products are structured not only to provide financing support but also to facilitate long-term business development and sustainability.

#### Key SME products include:



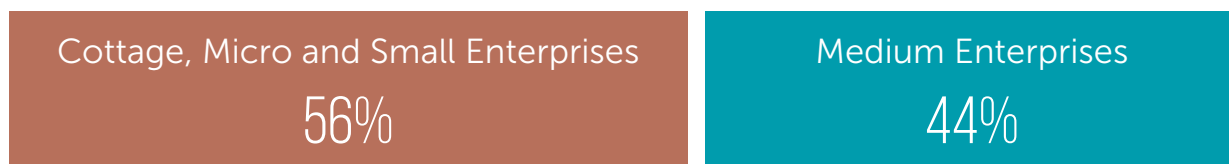
- **Progati (SME Business Account):** An interest-bearing current account designed to help CMSMEs efficiently manage cash flows while earning returns on daily balances.
- **Gati:** A flexible working capital loan facility designed to support day-to-day operational financing requirements of growing businesses.
- **Uttaran:** Financing solutions for dealers, suppliers, and distributors aimed at strengthening supply chain management.
- **Proshar:** Term financing facilities focused on infrastructure development and business capacity expansion.
- **Sathi:** Specialized project financing for Light Engineering, CNG conversion businesses, and related package facilities including non-funded arrangements.
- **Awparajita (Women Entrepreneurship):** A dedicated financing scheme for women entrepreneurs offering working capital and fixed asset financing, often at preferential terms along with advisory support.
- **Chhoto Puji:** Collateral-free financing facilities targeted toward micro-enterprises and underserved entrepreneurs with strong business potential.
- **Uddog:** Financing support for new entrepreneurs to establish and expand innovative business ventures through fixed and working capital financing.
- **AB E-money:** A digital payment solution facilitating participation in tender submissions and payments under the Electronic Government Procurement (e-GP) system.

### SME Business Highlights – 2025

During 2025, the SME Division experienced balanced and sustainable growth despite the prevailing economic challenges. Cottage, Micro, and Small enterprises

accounted for approximately 56 percent of the total CMSME portfolio, demonstrating the Bank's continued commitment toward grassroots financial inclusion and small business development.

The Bank's CMSME portfolio composition consisted of



### **Agriculture Outlook – FY 2024–25**

In alignment with the Agriculture and Rural Credit Policy and Program for FY 2024–25, AB Bank continued to expand its agricultural financing portfolio with a strategic focus on crop cultivation, fisheries, and livestock sectors. The Bank also utilized concessional refinance facilities provided by Bangladesh Bank to support the cultivation of pulses, oil seeds, spices, and maize at preferential financing rates.

During FY 2024–25, the Bank's Agriculture Portfolio stood at BDT 1,139.30 million, reflecting its continued commitment toward food security, rural development, and sustainable agricultural growth.

### **Retail Banking**

In 2025, AB Bank's Retail Banking Division demonstrated solid progress across all key verticals, reinforcing its commitment to inclusive, customer-centric growth. The Division's efforts were driven through focused performance in Cards, Sales and Product Packages, Agent Banking and Sub-Branch operations. Each wing played a distinct yet integrated role—expanding reach, launching new products, deepening customer engagement, and promoting financial inclusion across both urban and rural markets. Strategic initiatives like digital banking adoption, innovative deposit solutions, and network expansion through agents and subbranches enabled the Bank to strengthen its retail footprint while aligning with long-term business goals. The Retail Banking Division continues to drive the Bank's transformation agenda, positioning AB Bank as a forward-looking and accessible financial institution.

### **Card Division: Expanding Digital Payments and Customer Engagement**

The Card Division marked a significant milestone in 2025, bolstering market competitiveness through strategic product repositioning, enriched customer benefits and aggressive merchant acquisition. This drove improved asset quality, higher card usage and stronger customer loyalty. At the end of 2025, total

active credit card base was 50,000, total credit card portfolio BDT 377 crore with 2,200 discount partners with 348 EMI merchants enhancing card stickiness.

AB emerged as a leader in digital payments with 15,000+ QR merchants onboarded, generating over 71,000 transactions and BDT 600 million in volume-ranking AB Bank among Bangladesh's top 10 QR- incremental deposits, growing the total base to BDT 417 crore. This growth demonstrates strong community acceptance and penetration in underserved regions.

### **Agent Banking:**

In 2025, the Agent Banking Division robustly expanded its footprint to reinforce AB Bank's commitment to grassroots financial inclusion, achieving a significant milestone where net deposits grew by over BDT 71 crore to reach a total base of BDT 308 crore. This growth was supported by a network of 250 outlets spanning more than 50 districts, effectively serving a diverse customer base of over 91,000 accounts. Through the strategic integration of technology and strengthened performance oversight, the division has optimized this channel for sustainable growth, setting the stage for 2026 where the onboarding of 150 additional agents is expected to further deepen union-level penetration and solidify the bank's presence in underserved markets.

### **Sub-Branch Network:**

As of 2025, AB Bank is operating through 60 subbranches nationwide, significantly bolstering the bank's retail deposit mobilization efforts. In the past year, these sub-branches have collectively increased their deposit portfolio by BDT 160 crore, resulting in a total deposit base of BDT 417 crore. This growth reflects the trust that local communities have in AB Bank's subbranch network.

In addition to mobilizing deposits, the sub-branches play a crucial role in attracting new customers, encouraging the adoption of digital banking and providing access to essential banking products,

including savings accounts, recurring deposits, and inward remittances. The bank has implemented targeted financial literacy campaigns, engaged with the community, and simplified account opening processes, leading to enhanced financial awareness and customer engagement at the grassroots level.

### **Alternate Delivery Channels (ADC): Seamless Multi-Channel Banking Experience**

AB Bank's ADC ecosystem continues to redefine the banking experience by blending physical and digital touchpoints into a seamless, multi-channel framework designed for convenience and reliability. At the core of this ecosystem is a robust nationwide ATM network, characterized by high uptime and full interoperability via the National Payment Switch Bangladesh (NPSB), ensuring customers have 24/7 access to liquidity.

This physical reach is complemented by a sophisticated suite of integrated digital services-including debit and credit card facilities, POS terminals, SMS and Internet Banking and a feature-rich Mobile App-all supported by a dedicated 24-hour Call Center. Looking ahead, the Bank is strategically positioned for full Mobile Financial Services (MFS) integration through the digital model. By integrating a wider array of service providers-including electricity (DESCO, DPDC, NESCO), water (WASA), gas and telecommunications-into bank's AB Direct and Internet Banking platforms, we have provided our customers with a secure, 24/7 gateway for essential payments. This initiative not only enhances customer convenience by eliminating the need for physical branch visits but also plays a critical role in increasing the Bank's digital footprint and transactional fee income. The seamless integration with the National Payment Switch Bangladesh (NPSB) ensures real-time settlement, reinforcing AB Bank's position as a primary financial hub for everyday household management.

### **AB Direct: Empowering Customers through Digital Sovereignty**

As the flagship digital platform of AB Bank, AB Direct underwent a transformative evolution in 2025, shifting from a transactional tool to a comprehensive financial lifestyle app. The revamped version introduces a "human-centric" interface that simplifies complex banking tasks into intuitive, few-tap actions. By prioritizing User Self-Registration (eKYC) and end-to-end service requests, AB Direct has significantly reduced branch footfall, allowing our physical locations

to focus on high-value advisory services. Whether it is opening an Islamic Shariah-based deposit or managing international credit card limits, AB Direct serves as a 24/7 virtual branch in the pocket of every customer.

## **INFORMATION TECHNOLOGY (IT)**



Over the past year, we have accelerated our digital transformation to deliver faster, safer and more resilient services to our customers. Key achievements include:

### **Cloud Transformation**

We partnered with Robi Cloud as a strategic move to reduce capital expenditure and enhance system performance, scalability and security, creating a robust foundation for innovation while ensuring uninterrupted and reliable service delivery. Accordingly, we are currently using ABDirect, AML, HRMS and ABRemit365 from the cloud.

### **Enhanced Card Services and Upgraded Card Switch**

We launched the first phase of our new Card Management System and Payment Switch from BPC of Switzerland, streamlining operations and significantly improving the speed, accessibility and overall customer experience of our card services.

### **Modern Remittance Platform - ABRemit365**

We introduced ABRemit365, our next-generation remittance solution. Designed for speed, security and simplicity, the platform enables seamless cross-border remittance through direct integration with exchange houses (such as RIA) as well as local agencies (namely Bureau Bangladesh).

### **Upgraded Trade Innovation Platform**

A major upgrade to our Trade Innovation system strengthened its core architecture, enhancing functionality, security and processing speed. The platform is now more agile and better equipped to support evolving international trade requirements such as SWIFT MX messages.

### **SWIFT Infrastructure Upgrade (ISO 20022 Compliance)**

We successfully upgraded our SWIFT infrastructure to align with the global ISO 20022 messaging standard.

Notably, this was completed entirely by our internal team without any vendor support. This achievement highlights our growing technical capability while ensuring full compliance with international payment standards and uninterrupted operations.

### **Improved FDR Statement Generation**

We introduced our FDR statement system, addressing a long-standing request from our customers, who now benefit from uniform, system-generated statements for their fixed deposits with us.

### **Strengthened Cybersecurity Framework**

We upgraded our core firewall infrastructure, enhancing perimeter security and safeguarding critical banking systems against evolving cyber threats. In addition, we transitioned from Endpoint Detection and Response (EDR) to Extended Detection and Response (XDR), enabling integrated, real-time threat detection and response across endpoints, networks and servers. These advancements significantly strengthen our cybersecurity posture and ensure a safer digital banking environment for our customers.

### **Strengthened AML Capabilities**

A strategic upgrade of our Anti-Money Laundering (AML) platform has significantly enhanced our ability to detect and prevent financial crime. The improved system features advanced screening, real-time transaction monitoring and more comprehensive reporting—reinforcing our commitment to the highest standards of compliance and security.

Together, these initiatives reflect our ongoing commitment to innovation, operational excellence and secure digital banking.

## **AML & CFT COMPLIANCE DIVISION (ACCD)**



Aligned with both local and international standards, AB Bank PLC remains committed to preventing money laundering and combating the financing of terrorism through a comprehensive and risk-based AML/CFT framework. This framework is designed to safeguard the Bank against money laundering, terrorist financing and related predicate offences as defined under the Money Laundering Prevention Act, 2012 (as amended in 2015) and the Anti-Terrorism (Amendment) Act, 2013. These predicate offences include but are not

limited to corruption and bribery, counterfeiting of currency, counterfeiting of deeds and documents, extortion, fraud, forgery, illegal trade in firearms, illegal trade in drugs, smuggling, kidnapping, murder, human trafficking, black marketing, robbery, racketeering, dowry-related offences and other unlawful activities as prescribed under the aforementioned Acts.

In compliance with timely initiative and instruction of regulators, we have strengthened the AML/CFT compliance framework in AB Bank PLC. Board of Directors as well as the Senior Management has adopted “Zero Tolerance” stand against Money laundering & Terrorist Financing to set the tone at the Top. The Central Compliance Committee (CCC) has been reconstituted with nine (09) members, including the CAMLCO, DCAMLCO and Heads of key divisions. The CAMLCO is extensively expertise with technological know-how & AML/CFT regime, the DCAMLCO is a seasoned banker with the extensive knowledge of the AML/CFT framework. The members are also highly experienced in their respective fields and compliance matters, ensuring a strong and well-rounded governance structure. This committee is involved in the formulation of policy and strategy on AML / CFT for the Bank and functioning in line with the instructions of BFIU Circular 26 dated 16.06.2020. This Committee will continue to broaden its scope in formulating strategies and action plans to combat Money Laundering and Financing of Terrorism and conducting periodic assessments to ensure effectiveness.

In addition, the Bank has nominated the branch operation managers of 104 branches as Branch Anti-Money Laundering Compliance Officers (BAMLCO) to oversee AML/CFT risks and compliance. AB has implemented a new transaction monitoring and sanction screening system to corroborate the AML/CFT compliance program. As a result of deploying adequate resources in technology and skilled manpower, suspicious transactions/activities identification, escalation and reporting have been improved significantly. In aspiration to improve further and continue development programs, AB has adopted awareness programs such as need-based training, foundation training, certification programs, etc. for its employees.

## Significant Events for the Year 2025

- ✦ Appointment of Chief Anti-Money Laundering Compliance Officer (CAMLCO)
- ✦ Board-Level AML/CFT Awareness Program
- ✦ Senior Management AML/CFT Training Program
- ✦ Implementation of New AML Software System

## Capacity building on AML & CFT Compliance

During the year 2025, ACCD conducted a comprehensive AML/CFT training program covering 950 new and existing officials. In addition, ACCD conducted a total of 40 Activity Reviews and on-site inspections across 24 branches, 08 sub-branches, and 08 agent outlets. It has also approved a plan to conduct comprehensive new and refresher AML/CFT training programs for 1,870 employees in 2026. AB Bank PLC is committed to effectively enhancing AML/CFT awareness and ensuring efficient risk management and compliance at both the employee and customer levels.

### DEPARTMENT OF INTERNAL CONTROL & COMPLIANCE (DICC):



The Department of Internal Control and Compliance (DICC) plays a significant role ensuring that the Bank's operations run efficiently, effectively and in accordance with applicable laws, regulations and internal policies formulated by regulator and bank itself. This department is integral to maintaining organizational integrity, safeguarding assets and mitigating risks. Below is an overview of its key functions and importance. Major activities of DICC are as follows:

- ✦ Identification and mitigating risks associated with day to day bank operation
- ✦ 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 process
- ✦ Appropriate recognition and addressing of legislative and regulatory issues

The Department of Internal Control & Compliance (DICC) is comprised of the following Divisions:

- A) Audit & Inspection Division,
- B) Compliance Division,
- C) Monitoring Division.

Activities of the 03 (three) Divisions of DICC are as follows:

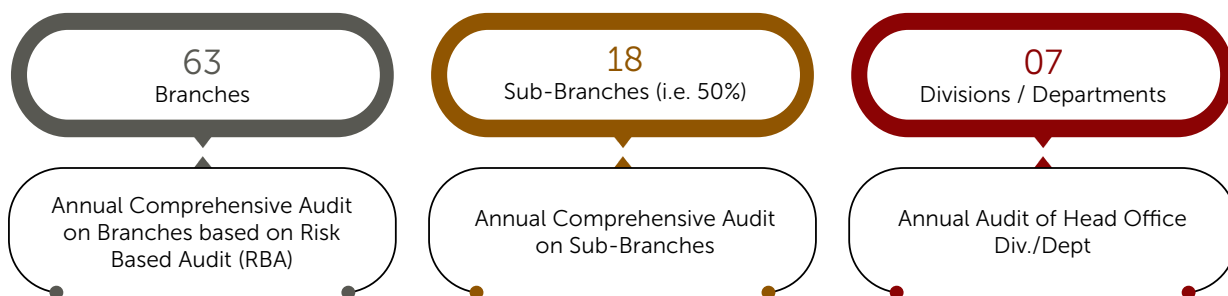
### A. Audit and Inspection Division

Being a requisite responsibility, Audit & Inspection Division conducts Audit (Risk-Based Audit) of the Branches, Sub-Branches and Departments/Divisions/Units of the Head Office including Concurrent Audits on FIT Division in line with a preplanned and approved by the Board Audit Committee of the Bank through Annual Audit Plan, prepared yearly for smooth functioning. This Risk-Based Audit (RBA) process is framed on the basis of Bangladesh Bank ICC Guidelines and focuses on the core risk areas in banking viz. Credit Risk Management, Asset Liability Management Risk, Foreign Exchange Risk, Operational Risk / Internal Control & Compliance Risk, Money Laundering Risk and ICT Security Risk. Audit & Inspection Division also conducts Special Audits on some specific issues like annual inventory of cash and cash equivalents, security documents and valuables on a periodic basis. Despite that Special Audits are carried out in certain areas like Cash Incentive paid against export proceed realization, AML and CFT issues and interest waiver including the cost of the fund, etc. as per Bangladesh Bank circular.

The Division summarizes the major audit findings detected by the Internal Audit & Inspection teams and presents those before the Board Audit Committee (BAC) periodically for their review and for onwards submission to the Board of Directors. The audit team also conducts audit on the various functions of the branches by giving emphasis on adherence of the policies, guidelines and related circulars issued by the regulatory authority and the Bank as well in performance of their day to day activities.

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.

In 2025, Audit and Inspection (A&I) Division conducted the following activities:



In addition, conducted Investigations, Special Audits etc. on various issues.

## B. Compliance Division

The Compliance Division under DICC ensures compliance with applicable laws, regulations, guidelines, instructions and circulars of Bangladesh Bank and Reserve Bank of India (on Concurrent Audit Report, LFAR and adherence with policies for Mumbai Branch, India operations), through taking initiatives to rectify/comply with the irregularities pointed out in the reports of Internal Audit, External Audit and Bangladesh Bank Inspection to minimize associated risks. The Division also prepare Self-Assessment of Anti-Fraud Internal Controls (SAFIC) report on half yearly basis by collecting various information from different divisions of the bank and submit the same to the Board Audit Committee (BAC) for onward submission to Bangladesh Bank (BB).

Other than Bangladesh Bank and Reserve Bank of India, the Division does compliance with other regulatory authorities viz. Bangladesh Financial Intelligence Unit (BFIU), etc. accurately, completely, as and when required. It also oversees and monitors the compliance of various policies of the Bank and circular issued on numerous aspects from time to time. A Calendar of Returns is maintained to submit all the required compliance issues within the stipulated time frame. The ultimate objective of the compliance is to ensure a compliance culture and control environment to confirm good governance within the organizational structure. Highlights of the performance of major Compliance Activities are stated below:

Sl#	Category	Compliance Performed
1.	Bangladesh Bank	<ul style="list-style-type: none"> <li>i. Comprehensive Inspection Reports on Head Office</li> <li>ii. Comprehensive Inspection Reports on Branches</li> <li>iii. Core Risk Inspection on particular banking risks</li> <li>iv. Comprehensive Inspection on Foreign Trade and Foreign Exchange Transactions</li> <li>v. Special Inspection on SME Business on Branches</li> <li>vi. Surprise Inspection on Cash Department on Branches</li> <li>vii. Special Investigation on Specific Purpose</li> </ul>
2.	External Audit	<ul style="list-style-type: none"> <li>i. Annual Audit of Financial Statements of the Bank</li> <li>ii. Management reports of the external auditors on Head Office and Branches</li> </ul>
3.	Internal Audit	<ul style="list-style-type: none"> <li>i. Annual Audit and Inspection of Branches</li> <li>ii. Annual Audit of Sub-Branches</li> <li>iii. Annual Audit and Inspection of risk areas of Head Office Departments and Divisions</li> <li>iv. Surprise Inspection on Branches</li> <li>v. 10% Special Inspection on AML &amp; CFT activities</li> <li>vi. 05% Special Inspection on Agents Outlets activities</li> </ul>
4.	Mumbai Branch, India	<ul style="list-style-type: none"> <li>i. Annual Inspection Report of RBI</li> <li>ii. Annual Audit Report of Internal Audit on AB Mumbai Branch.</li> <li>iii. Long Form Audit Report (LFAR) of External Auditors</li> <li>iv. Concurrent Audit Report</li> <li>v. Periodic Review of Policies</li> </ul>

### C. Monitoring Division Activities

Monitoring Division focus 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 reviews the effectiveness of the internal control system and operational activities by ensuring the implementation of DCFCL, QOR, SCCL (LDCL) and Self-assessment on AML and CFT at the branch level. It reviews the QORs to find out the operational lapses and submit the report to the competent authority for taking appropriate measure. It reviews the SCCL (LDCL) quarterly basis to find out documentation lapses and submit the report to the Board Audit Committee (BAC). The division reviews the Self-assessment on AML and CFT Report on half yearly basis to find out deficiencies in AML and CFT related issues and forward the report to ACCD for corrective actions. For effective monitoring of internal control tools, it also conducts Surprise Inspection on the branches.

In the year 2025, Monitoring Division conducted Surprise Inspection of 55 (fifty-five) Branches based on the level of risks. Monitoring Division summarizes the decisions of the past Board Audit Committee (BAC) meetings and submits the same to the Board Audit Committee along with the compliance status. It also monitors transaction of Staff salary accounts of the Bank and obtaining certificate from Branches and also to physically verify while conducting Surprise inspections of the Branches.

#### GENERAL BANKING OPERATIONS



The General Banking Operations (GBO) Division of AB Bank PLC. continued to play a pivotal role in ensuring the Bank's operational efficiency and resilience throughout 2025. By upholding rigorous standards in product and service delivery within a structured and controlled environment, the Division reinforced the Bank's commitment to operational excellence. GBO maintained close supervision of Branches and Sub-Branches, effectively managing risks, ensuring regulatory compliance and extending timely support to business and functional units. The Division also prioritized process optimization and adoption of best practices, thereby strengthening customer service and enhancing the Bank's reputation.

During 2025, GBO undertook several initiatives aimed at further streamlining operations, improving service quality and reinforcing compliance frameworks. These efforts contributed significantly to sustaining the Bank's growth momentum and operational integrity. Key highlights are as under:

- ✂ Relocated 7 (seven) Branches to more suitable and customer-friendly locations to improve accessibility and service delivery.
- ✂ Inaugurated 3 (three) new Sub-Branches to expand banking services and increase outreach to the wider community.
- ✂ Conducted refresher training for Operations Managers, Cash Officials and Customer Service Officers to enhance operational knowledge and service standards.
- ✂ Arranged online meetings with Branches to provide guidance on operational matters and ensure uniform implementation of policies and procedures.
- ✂ Organized various online and offline training programs for branch-level officials to strengthen compliance awareness and operational efficiency.
- ✂ Kept customers informed about banking services, products and promotions through SMS, email, the bank's website and social media platforms.
- ✂ A series of customer awareness initiatives were made to educate the public about financial fraud and safeguard against scams.

By consistently upholding operational excellence, ensuring regulatory compliance and driving customer-focused initiatives, the GBO Division remains integral to AB Bank PLC.'s ongoing achievements.

#### DEPARTMENT OF HUMAN RESOURCE MANAGEMENT & DEVELOPMENT



#### Empowering People, Strengthening the Future: AB Bank PLC.'s HR

##### A Year of Progress: 2025

In the ever-evolving landscape of banking, Human Resources continues to serve as the driving force behind organizational excellence and resilience. Throughout 2025, the Department of Human Resources Management & Development (HRMD) at AB Bank PLC. remained steadfast in its mission to attract, develop and retain top talent while fostering a culture

of empowerment, inclusion and innovation. The year 2025 marked another milestone chapter in the Bank's journey toward sustainable growth underpinned by several key HR initiatives:

**Strengthening the Talent Pipeline**

As part of its strategic workforce planning, AB Bank PLC. continued to strengthen its talent pool during 2025 through a structured and merit-based recruitment process. A total of 101 professionals were recruited across various divisions through rigorous selection procedures that included psychometric assessments, competency-based interviews and talent evaluation frameworks. These new recruits have brought fresh perspectives, diverse expertise and enhanced capabilities to the organization, further strengthening the Bank's readiness to address emerging challenges and opportunities.

During the year, key leadership and functional positions were also filled including Managing Director & CEO, Additional Managing Director, Head of DICC and Head of TBO.

Recruitment activities were largely focused on entry-level positions reflecting the Bank's long-term strategy of developing internal talent pipelines while maintaining cost efficiency. By emphasizing entry-level hiring, the Bank was able to attract promising young professionals and support its cost optimization objectives by managing salary overheads more effectively compared to mid-level or senior-level recruitment.

Through this balanced approach, AB Bank PLC. continued to invest in building a sustainable talent base capable of supporting the Bank's long-term growth and strategic transformation.

**Recognizing Performance and Promoting Talent**

Based on the Performance Appraisal for 2024, a total of 543 officials were initially recommended for promotion to the next higher grade. Following the evaluation process, the Management approved several promotions across different job grades.

Among the eligible candidates, 238 out of 250 employees holding the position of Junior Officer (JCO) were promoted to Senior Principal Officer (SPO) with effect from October 1, 2025.

In addition, as approved by the HR Steering Committee, the Senior Management of the Bank conducted interviews with 242 officers ranging from Assistant Vice President (AVP) to Senior Vice President (SVP) who met the prescribed criteria for promotion. Based on the committee's recommendations, 43 employees from AVP to SVP grades were promoted to their respective next higher grades with effect from January 1, 2026.

Through these initiatives, AB Bank PLC. continues to strengthen its culture of meritocracy, ensuring that dedicated and high-performing employees are recognized and provided with opportunities for career advancement within the organization.

**Building Skills for the Future**

Investment in human capital remained a key priority for AB Bank PLC. in 2025. During the year, the Bank organized 100 training programs, comprising both internal and external learning initiatives, with a total participation of 10,280 employees:

Training (Year 2025)	No. of Courses	No. of Participants
Internal Training	43	10,073
External Training	57	207
<b>Total</b>	<b>100</b>	<b>10,280</b>

**Promoting Diversity, Equity and Inclusion**

Promoting a diverse and inclusive workplace remained a strategic priority for AB Bank PLC. in 2025. The Bank continued to strengthen policies and practices that support gender diversity, equal opportunity and inclusive leadership, ensuring a work environment where employees from different backgrounds can contribute and thrive.

As part of these efforts, the Bank maintained steady progress in enhancing gender diversity within the workforce. By the end of 2025, female employees represented 26.64% of the total workforce, reflecting the Bank's ongoing commitment to creating a more balanced and inclusive organization.

### Age Group Wise Employee Ratio

Age Group	31.12.2025	
	Number	Mix (%)
Up to 30 years	229	9.71
Above 30 years to up to 40 years	844	35.79
Above 40 years to up to 50 years	755	32.02
Above 50 years to up to 60 years	511	21.67
Above 60 years	19	0.81
<b>Total</b>	<b>2358</b>	<b>100</b>

The age distribution of employees reflects a balanced workforce structure, combining experienced professionals with a growing pool of younger talent to support the Bank's long-term sustainability and leadership continuity.

### Gender Diversity of Employee

Year	Number of Male Employees	Number of Female Employees	Number of Total Employees
2021	1686 (74%)	594 (26%)	2280
2022	1669 (74%)	593 (26%)	2262
2023	1704 (73%)	619 (27%)	2323
2024	1793 (73%)	651 (27%)	2444
2025	1718 (73%)	640 (27%)	2358

The trend reflects the Bank's sustained efforts to encourage greater female participation in the workforce, while maintaining a diverse talent pool across all functional areas.

### The Road Ahead

As AB Bank PLC. looks ahead, the strength of its people will continue to be the cornerstone of its progress and transformation. The Bank remains committed to advancing its human capital agenda through strategic talent development, continuous learning opportunities and the cultivation of capable leaders who can navigate an increasingly dynamic banking environment.

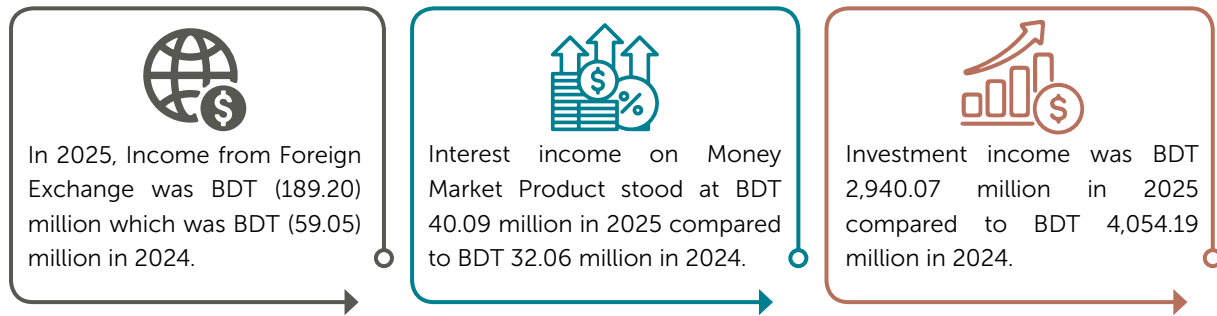
### TREASURY FUNCTIONS



Treasury is mainly responsible for 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 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, such as CRR, SLR, Liquidity Ratios (LCR & NSFR) and Net Open Position (NOP) limits etc. 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 providing 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 to contribute 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 2025:



## 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 276 correspondents. This strong platform helps facilitating the international trade business of AB Bank PLC.'s valued trade customers and also helps to procure inward remittances favoring exporters, family members of NRB Wage Earners, IT specialists, Freelancers and other service sectors of the country.

### International Trade

International trade business of AB Bank PLC. has increased significantly during 2025.

Import Business has increased by 72.38% to Taka 8,187 Crore in 2025 from Taka 4,749 Crore in 2024. Import business of AB covers areas like industrial raw materials, food items, chemicals, petroleum products, medicines, textiles, capital machineries, pharmaceutical raw materials etc.

Export Business has experienced 16.31% percent positive growth in the year 2025 compared to the previous year. Total Export was Taka 3,055 Crore at the end of the year 2025 which was Taka 2,627 Crore in 2024. 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 PLC., Mumbai Branch, India and AB International Finance Limited (ABIFL), Hong Kong.

During the year 2025, 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 2025. AB is focusing on excellence in customer service through a network of Branches, Sub-Branches 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 2025 was USD 328 million compared to USD 300 million in 2024.

## OVERSEAS OPERATIONS



### Mumbai Branch

AB Bank PLC., Mumbai Branch, India 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 document of export from India to Bangladesh in

addition to retail banking activities. The branch also provides confirmation, negotiation and discounting services to its customers.

At present, our Mumbai Branch is maintaining VOSTRO accounts of 47 Bangladeshi Banks. Mumbai Branch's Operating Profit at the year-end of 2025 was INR 341.71 Million.

### Highlights of Mumbai Branch Business

INR in Million	2025	2024	2023	2022	2021
Total Assets	5,214.45	4,206.86	3,297.46	3,636.22	2,891.24
Total Loans and Advances	571.12	682.56	500.87	618.10	510.43
Total Deposits	2,750.51	1,714.48	1,868.46	2,233.09	1,974.08
CRAR – Overall	75.21%	111.67%	74.32%	40.20%	36.93%
CRAR – Tier I	74.36%	110.98%	73.51%	39.76%	36.49%
CRAR – Tier II	0.85%	0.70%	0.81%	0.44%	0.43%
Fee based Income to Total Income	56.95%	57.33%	69.03%	80.80%	86.69%
Return on Total Assets	3.09%	5.39%	3.85%	2.95%	3.33%

### Operating results of Mumbai Branch

INR in Million	2025	2024	2023	2022	2021
Operating Profit	341.71	340.02	235.29	194.13	159.16
Profit after Tax (PAT)	152.28	202.21	133.63	96.38	96.57
Return on Assets (%)	3.09	5.39	3.85	2.95	3.33
Return on Equity (%)	6.83	11.75	10.56	9.28	10.64

It is pertinent to mention here, Bangladesh Bank has accorded to AB Bank to open another full-fledged Branch at Kolkata, India.

### OFFSHORE BANKING UNIT (OBU) OF AB BANK PLC.



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. 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, 2025 was USD 157,452 and USD 71,693,139 respectively.

### CREDIT RISK MANAGEMENT (CRM)



AB Bank's Credit Risk Management Division (CRM) is a key function that sustains a sound, systematic and seamless approach to credit risk management, ensuring operational continuity and ensuring risk governance

and compliance. CRM ensures the adoption of a credit risk appraisal methodology through its dynamic policies, including the CRM Policy, that guides the credit procedure and supports green banking initiatives. Additionally, CRM also co-ordinates with the CRM Committee which constitute members from the business, risk, finance and recovery departments, to scrutinize the bank's portfolio strategy. The Credit Monitoring Cell, as an extended arm of CRM, further ensures asset quality through being vigilant on any risk build-up.

### CREDIT ADMINISTRATION (CAD)



Credit Administration Division (CAD) safeguards the total credit portfolio of the Bank. The CAD focuses in complying with post-approval credit processes relating to the Bank's Corporate, SME and Retail loans which includes sanction preparation, documentation, disbursement, PDC management, CIB reporting, loan classification & provisioning, MIS, returns and compliance. In carrying out its responsibilities it keeps continuous liaison with Branches & Head Office other Departments/Divisions - Business, Credit Risk Management, Special Asset Management, Risk Management, Legal Affairs, Senior Management and the Board as well as with the Regulatory authorities.

Credit Administration Division (CAD) usually supports the Bank directly and indirectly to manage the level of

credit risk exposure. The CAD performs its functions through 05 (five) Units comprising of - (1) Generating & Collection of CIB Reports, (2) Preparing Sanctions after getting approval and loading the Limit (s) (3) Limit Activation & Authorization after completion of documentation formalities as per Sanction Terms & Conditions (4) Loan Disbursement under the approved limits and finally (5) Returns & Compliance comprising of preparation of different reports/returns both for in-house Management and Regulatory Authorities as well as maintain and supervise the Post Dated Cheque Management (PDC) System. Besides, CAD typically keeps providing essential data, information and necessary counselling to the respective Divisions/ Departments to strengthen the supervision of Risk Management, Loan Documentations, Overview of Loan Disbursement, Controlling of Loan Delinquency and Reporting the above all status to the Board of Directors, Senior Management, Business Divisions and Branches as well as preparing and submitting all types of Regulatory Returns / Statements to the Regulators. CAD also arranges Training Programs for the Bank's concerned officials in collaboration with AB Bank Training Academy.

## DEPARTMENT OF ACCOUNTS & FINANCE (A&F)



The Accounts & Finance Department of AB Bank PLC. continues to play a pivotal role in maintaining financial discipline, ensuring regulatory compliance, and supporting the Bank's strategic and operational objectives. The Department remains committed to upholding high professional standards and strengthening the overall financial governance framework of the Bank in line with regulatory expectations and industry best practices.

The Department is entrusted with ensuring that the Bank's financial operations are conducted within an effective compliance and control environment. In carrying out its responsibilities, the Department places strong emphasis on transparency, accuracy, accountability, and timely financial reporting, thereby contributing to sound corporate governance and prudent financial management.

A key focus of the Department is the development and maintenance of a service-oriented culture aimed at supporting business units and enhancing operational efficiency across the organization. The Department performs a wide range of critical

functions including financial controllership, budgeting, forecasting, financial analysis, business performance monitoring, and decision-support services. It also oversees procurement-related payment operations through the Payment Cell and provides necessary financial oversight to strengthen the Bank's overall risk management framework.

In addition, the Department plays an important role in generating and disseminating Management Information System (MIS) reports and analytical insights for Senior Management, various Management Committees, and the Board of Directors. These reports facilitate informed strategic decision-making, performance evaluation, resource allocation, and long-term business planning.

Despite the challenging economic and banking sector environment during the year, the Accounts & Finance Department continued to support the Bank through enhanced financial monitoring, strengthened internal controls, regulatory reporting, and proactive financial management initiatives, thereby contributing to the Bank's operational resilience and governance structure.

## RISK MANAGEMENT DIVISION (RMD)



Risk Management acts as one of the key operational functions across every sphere of a Bank's activities. It is the fundamental component in ensuring the Bank's profitability, stability and long-term sustainability. It also serves as an essential tool for the Board and Management in formulating strategic plans to achieve the Bank's overall objectives. AB Bank PLC. recognizes the importance of incorporating risk management considerations into both strategic and operational planning. In line with the guidelines of Bangladesh Bank, AB Bank has established an 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 ensuring sustainability in growth. RMD continuously undertakes initiatives to develop and strengthen an organization-wide risk management structure and processes, ensuring effective implementation across all areas of the Bank in compliance with regulatory directives and procedures.

RMD plays an active role in leading the Supervisory Review Process (SRP) and regularly participates in

the SRP–SREP dialogue regarding the Bank’s Internal Capital Adequacy Assessment Process (ICAAP) document. The Division also formulates and monitors the Bank’s Risk Appetite Framework in alignment with the Bank’s strategic plan, incorporating Key Risk Indicators (KRIs) across different business segments. The ICT Security Unit (ISU), operating under the umbrella of RMD, regularly promotes awareness on various IT security points throughout the organization regularly. ISU also provides trainings to AB Bank officials on concurrent IT Risk & its minimization issues. RMD is equally keen on raising awareness on other issues like Management Action Trigger (MAT), factors affecting the Comprehensive Risk Management Rating, etc. with

the aim of enhancing the overall understanding of risk management and its practical application across the Bank.

**AB SUBSIDIARIES**

**AB International Finance Limited (ABIFL)**

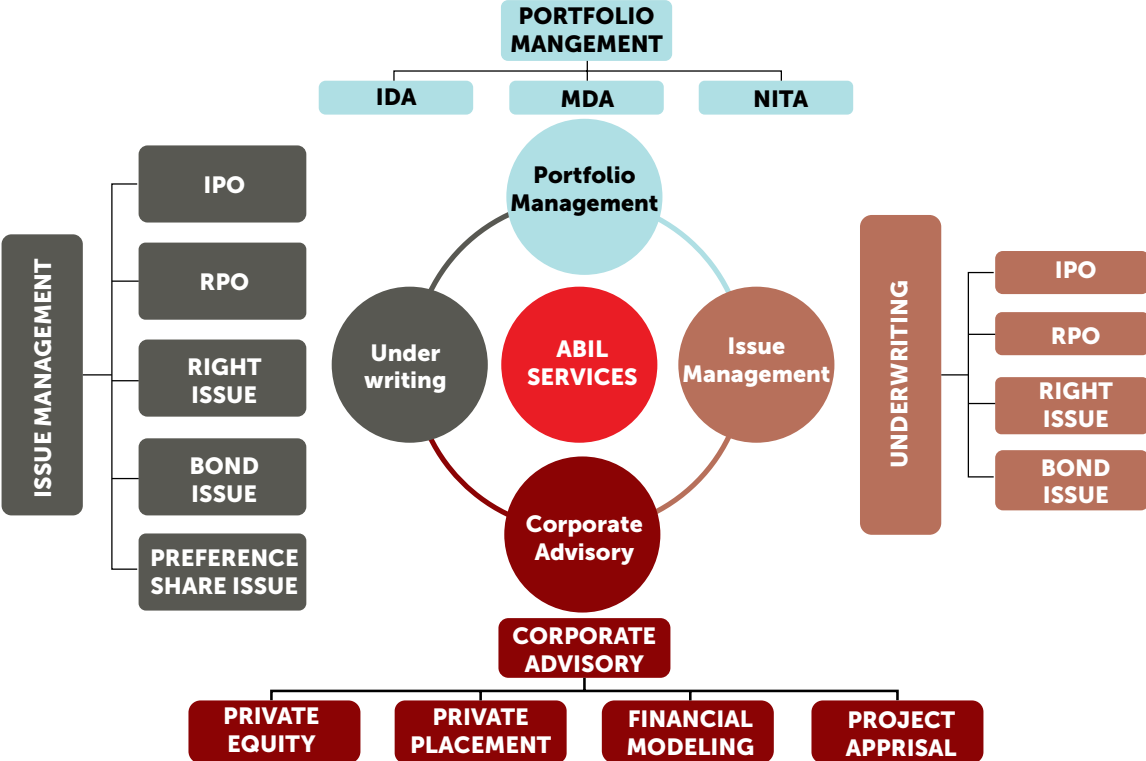
AB International Finance Limited (ABIFL), Hong Kong, a wholly owned subsidiary of AB Bank PLC. started its operation in the year 1995. ABIFL is primarily engaged in Advising, Adding Confirmation to documentary Credits, Negotiation and Discounting of Bills under Letter of Credit. ABIFL’s performance in 2025 is presented below:

Particulars	2025	2024	2023	2022	2021
Operating Profit-HKD Million	12.49	10.51	15.63	11.00	10.12
Profit after tax (PAT)-HKD Million	10.6	8.94	13.23	9.36	8.62
Return on assets (%)	9.46	7.07	10.77	7.76	6.91
Return on equity (%)	30.63	34.28	64.76	51.69	51.12
Earnings per share-HKD	105.95	89.38	132.25	93.64	86.17

**AB Investment Limited**

**SALIENT FEATURES OF OPERATION & PERFORMANCE OF ABIL**

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



The number of clients of AB Investment Limited is about 2206 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. 3.98 billion in 2025 which is 0.06 %(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	2025	2024	2023	2022
Number of Clients (in number)	2,206	2,211	2,234	2,254
Margin Loan to Clients (mn)	7,304	6,688	6,918	7,279
Operating Income (mn)	93	83	157	223
Operating Profit (mn)	28	19	96	156
Net Profit (mn)	-1913	0.12	08.31	32.76
Earnings Per Share (Tk.)	-2.96	0.0002	0.01	0.05
Face Value (Tk)	10	10	10	10

#### AB Securities Limited (ABSL)

AB Securities Limited (ABSL), a subsidiary of AB Bank PLC, was incorporated on December 24, 2009 and commenced operations on August 2, 2010. ABSL is a corporate TREC Holder of both Dhaka Stock Exchange PLC (DSE) and Chittagong Stock Exchange PLC (CSE).

As of 2025, ABSL serves approximately 3,570 clients, including local individuals, institutions, non-resident Bangladeshis (NRBs) and foreign individuals. The company also operates as an Agent Broker for AB Investment Limited.

Currently, ABSL operates from its Head Office in Dhaka, along with two head office extensions in Dhaka, two branch offices in Chittagong and Sylhet and one digital booth in Brahmanbaria (Cumilla). In 2025, the company recorded a total trade turnover of approximately BDT 21.50 billion.

For Foreign Nationals and NRBs, ABSL offers comprehensive stock brokerage services including assistance with the opening of Foreign Currency (FC) Accounts, Non-Resident Investor's Taka Accounts (NITA), Beneficiary Owner (BO) Accounts and access to trading on both the DSE and CSE.

#### Performance of ABSL

Particulars	2025	2024	2023
Number of Clients (in number)	3570	3320	3200
Operating Income (mn)	120.27	132.77	109.98
Operating Profit (mn)	44.69	66.36	40.19
Earnings Per Share-EPS (Tk.)	(3.15)	0.04	0.03
Total Turnover-Trade (Billion Tk.)	21.50	22.65	24.85

#### Cashlink Bangladesh Limited (CBL)

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

1. To carry on the business to provide integrated electronic financial payment to AB and other member Banks

2. To do Transaction Processing solutions and deployment of independent branded Automated Teller Machines (ATM)
3. To facilitate Electronic Fund Transfer through Points of Sale (POS)
4. Debit Card, Credit Card and Pre-paid Card services
5. To expedite E-commerce facility to our valuable Clients

#### Financial Performance is as under:

Amount in Lac

Particulars	2025	2024	2023	2022	2021
Total Operating Income	63.87	54.18	31.55	24.6	30.73
Total Operating Expenses	10.3	2.6	1.9	3.16	4.41
Profit After Tax	53.57	51.28	21.5	15.55	18.42
Total Shareholders' Equity	914.92	876.09	824.5	803.01	787.46
Total Asset	1,039.14	985.52	933.93	904.22	882.72

### Arab Bangladesh Bank Foundation (ABBF)

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

### 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:

#### Status as of December 31, 2025

Name of the Directors, CEO, CS, CFO and HIAC	Status	No. of Shares	%	Name of the Spouses	No. of Shares	%
Kaiser A. Chowdhury Nominated by Pacific Industries Ltd.	Chairman	87,613,897	9.7817%	Ms. Nadira Chowdhury	-	-
Feroz Ahmed	Vice Chairman	18,584,471	2.0749%	Ms. Salvana Ahmed	366,832	0.0410%
Md. Fazlur Rahman Nominated by Emkay Holdings Ltd.	Vice Chairman	18,312,508	2.0445%	Late Jesmin Arzu Rahman	-	-
Shafiqul Alam	Independent Director	-	-	Ms. Najma Shafiq	-	-
Md. Eskandar Miah	Independent Director	-	-	Ms. Hemanti Haider	-	-
DR. Nasima A. Rahman	Independent Director	-	-	Mr. Rafiqur Rahman	-	-
Reazul Islam	Acting Managing Director & CEO	-	-	Ms. Yeasmin Islam	-	-
Ihsanul Arefin FCA	Chief Finance Officer	-	-	Ms. Nusrat Sharmin Monika	-	-
Dipankar Bhattacharjee	Head of Internal Control and Compliance	-	-	Dr. Dalia Bhattacharjee	-	-
Manzurul Ahsan FCS	Company Secretary	-	-	Ms. Indrani Joan Ahmed	-	-

#### 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.	Reazul Islam	Additional Managing Director	-
2.	Mahadev Sarker Sumon	Additional Managing Director	-
3.	Zahiruddin Mohammad Babar Khan	Additional Managing Director	-
4.	Iftekhar Enam Awal	Deputy Managing Director	-
5.	M. N. Azim	Sr. Executive Vice President	-

**d) Shareholders holding ten percent or more voting interest in the company:** No shareholder is holding 10% and above shares of AB Bank PLC.

#### Dividend:

The Board of Directors of AB Bank PLC., in its 835th Board Meeting held on March 30, 2026, has recommended

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

no dividend for the year ended December 31, 2025. In compliance with Code No: 1(5)(XXI) of the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC), the Board of Directors further confirms that no bonus shares or stock dividend has been declared as interim dividend during the year.

## BOARD OF DIRECTORS



At present, the Board of AB Bank PLC. comprises 07 (seven) members including Acting Managing Director & CEO. The Board also has three Committees in operation namely Audit Committee, Risk Management Committee and Executive Committee in compliance with Bangladesh Bank BRPD Circular No. 02 dated February 11, 2024 regarding Formation and Responsibilities of Board of Directors of a Bank Company. The respective Committees operate in accordance with the Terms of Reference (TOR) approved by the Board and Bangladesh Bank, as applicable.

The Board of Directors of AB Bank PLC. consists of highly skilled and experienced professionals from diverse backgrounds including finance, law, business administration and regulatory affairs. The Board acts as the apex policy-making body responsible for strategic guidance, policy formulation, business decisions, operational oversight, financial management, compliance and risk management of the Bank. The Management of the Bank conducts its operations within the policies, guidance and limits approved by the Board.

Present composition of the Board is as below:

1. Kaiser A. Chowdhury, Chairman, nominated by Pacific Industries Limited
2. Feroz Ahmed, Vice Chairman
3. Md. Fazlur Rahman, Vice Chairman, nominated by Emkay Holdings Limited
4. Shafiqul Alam, Independent Director
5. Md. Eskandar Miah, Independent Director
6. DR. Nasima A. Rahman, Independent Director
7. Reazul Islam, Acting Managing Director & CEO

Barrister Khairul Alam Choudhury resigned from the Board on May 04, 2025.

Mr. Shajir Ahmed retired from the Board at the 43rd AGM held on August 05, 2025.

Mr. Md. Eskandar Miah completed his 1st term as Independent Director on October 22, 2025 and was re-appointed for a 2nd term effective from December 02, 2025.

### Board Meeting/Committees Meeting and Attendance

#### Board Meeting

27 (twenty-seven) Board Meeting held during the year 2025. 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 2025	Number of Meeting attended in 2025
Barrister Khairul Alam Choudhury <sup>1</sup>	Chairman	27	08
Kaiser A. Chowdhury <sup>2</sup>	Chairman	27	18
Feroz Ahmed	Vice Chairman	27	19
Md. Fazlur Rahman	Vice Chairman	27	21
Shajir Ahmed <sup>3</sup>	Director	27	08
Shafiqul Alam	Independent Director	27	27
Md. Eskandar Miah <sup>4</sup>	Independent Director	27	20
DR. Nasima A. Rahman <sup>5</sup>	Independent Director	27	16

#### Total number of Board Meeting held = 27 (Twenty-Seven)

1. Barrister Khairul Alam Choudhury has resigned from the Board as on May 04, 2025.
2. Mr. Kaiser A. Chowdhury has appointed as Director with effected from May 15, 2025.
3. Mr. Shajir Ahmed has retired 43rd AGM held on August 05, 2025.
4. Mr. Md. Eskandar Miah 1st Term Independent Directorship was expired on October 22, 2025 and re-appointment for 2nd term w.e.f. December 02, 2025.
5. DR. Nasima A. Rahman was appointed as on May 27, 2025.

#### Executive Committee Meeting

02 (two) Meetings of the Executive Committee were held during the year 2025. Below is the table of Members' attendance in the Meeting based on their tenure:

Name of Directors	Status	Number of Meeting	
		Held	Attended
Kaiser A. Chowdhury	Chairman	02	02
Md. Fazlur Rahman	Member	02	02
DR. Nasima A. Rahman	Member	02	02

**Total number of Executive Committee Meeting held = 02 (Two)**

#### Audit Committee Meeting

14 (fourteen) Meetings of the Audit Committee were held during the year 2025. Below is the table of Members' attendance in the Meeting based on their tenure:

Name of Directors	Status	Number of Meeting	
		Number of Meeting held in 2025	Number of Meeting attended in 2025
Shafiqul Alam	Chairman	14	14
Shajir Ahmed <sup>1</sup>	Member	14	04
Md. Eskandar Miah <sup>2</sup>	Member	14	12
Feroz Ahmed <sup>3</sup>	Member	14	02

**Total number of Board Audit Committee Meeting held = 14 (Fourteen)**

1. Mr. Shajir Ahmed has retired 43rd AGM held on August 05, 2025.
2. Mr. Md. Eskandar Miah 1st Term Independent Directorship was expired on October 22, 2025 and re-appointment for 2nd term w.e.f. December 02, 2025.
3. Mr. Feroz Ahmed elected Audit Committee Member in the 822nd Board Meeting held on 23rd October, 2025.

#### Risk Management Committee Meeting

08 (eight) Meeting of the Risk Management Committee were held during the year 2025. Below is the table of Members' attendance in the Meeting based on their tenure:

Name of Directors	Status	Number of Meeting	
		Number of Meeting held in 2025	Number of Meeting attended in 2025
Shafiqul Alam	Chairman	08	08
Feroz Ahmed	Member	08	07
Md. Fazlur Rahman	Member	08	07
Md. Eskandar Miah <sup>1</sup>	Member	08	06

**Total number of Board Meeting held = 08 (Eight)**

1. Mr. Md. Eskandar Miah 1st Term Independent Directorship was expired on October 22, 2025 and re-appointment for 2nd term w.e.f. December 02, 2025.

#### 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 Managing Director & CEO to retire. Mr. Feroz Ahmed, Vice Chairman, will retire in the following 44th Annual General Meeting and be eligible for re-appointment.

#### Going Concern

The Board of Directors of AB Bank PLC. anticipated that there is no major uncertainty in the preparation of financial statements and that it is reasonable to use going concern assumptions based on the discussion and risk factors mentioned above. Every year, the Bank's Board of Directors evaluates whether there are any major uncertainties that could seriously impair the bank's ability to operate as a continuing concern. This evaluation entails asking the right questions, such as reviewing the budget, the anticipated results and any other inherent uncertainties. The financial statements provide reasonable assurance of the bank's ability to

continue as a going concern for the foreseeable future and the directors are persuaded by these indications.

### Protection to Minority Shareholders

To protect the interests of all shareholders, including minor shareholders, AB Bank operates in compliance with its articles of association as well as all relevant laws and regulations. In order to foster trust among stakeholders, the bank is dedicated to ensuring solid governance procedures founded on honesty, transparency, equity, professionalism and accountability. The Bank is a firm believer in treating all shareholders fairly. While we are dedicated to addressing grievances and inquiries within the allotted period, any complaint received at the AGM or during the year from any shareholder is resolved on a priority basis.

### Related Party Transaction Disclosure

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 ABBPLC	Pacific Industries Ltd	Kaiser A. Chowdhury	Nominated Director of Pacific Industries Ltd. in ABBPLC Board

### b) Related party transactions:

Name of related party	Relationship	Nature of transaction	Amount in BDT
Kaiser A. Chowdhury	Common Director	Secured Overdraft	2,020,295
Pacific Motors Ltd.	Significant Shareholder Joint Control	Term Loan and Bank Guarantee	2,671,231,077
Pacific Bangladesh Telecom Ltd.	Significant Shareholder Joint Control	Term Loan and Bank Guarantee	7,255,410,078

### 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	1,281,614,347
02	AB Securities Limited	99.91% owned Subsidiary	Loans and advances	157,600,926
03	AB International Finance Limited	Fully owned (100%) Subsidiary	Placement through OBU	1,112,475,000
<b>Total loans/placement to subsidiary</b>				<b>2,551,690,273</b>

### Credit Rating

AB Bank rated by ARGUS Credit Rating Services Limited (ACRSL) based on the financials of the Bank up to December 31, 2025 (audited) and other relevant quantitative as well as qualitative information up to the date of rating declaration i.e. May 18, 2026.

The summary of their ratings is given below:

Surveillance Rating (2024)	Long Term	Short Term
	A-	ST-2
Date of Rating	May 18, 2026	
Date of Validity	May 18, 2027	

**Long Term:** Commercial Banks rated 'A-' have very High Credit Quality and low expectation of credit risk. It indicates the obligor has very strong capacity to meet its financial obligations but may be vulnerable to adverse economic conditions compared to obligors with high credit rating.

**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.

**44th 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 21, 2026, Thursday, shall be eligible to attend the AGM and shall eligible to entitle the Dividend.

The 44th Annual General Meeting will be held on June 18, 2026 (Tuesday) through Hybrid System, Physical presence at Kurmitola Golf Club, Dhaka Cantonment, Dhaka 1206 at 10:00 a.m.

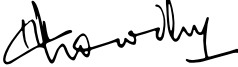
A Member entitled to attend and vote at the Annual General Meeting, can appoint a proxy to attend and on a poll to vote on it/his/her behalf. Proxy Form duly stamped must be deposited at the Bank's Registered Office or through email at cs@abbl.com at least seventy-two hours before the time fixed for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

**Gratitude**

Despite the unprecedented financial challenges, the Board remains committed to protecting the interests of depositors, maintaining operational continuity, ensuring regulatory compliance and rebuilding the Bank on a stronger and more resilient foundation. The Bank continues to pursue a comprehensive turnaround strategy focused on balance sheet repair, recovery of distressed assets, operational efficiency, digital transformation and prudent business growth with the objective of restoring stability, confidence, and long-term shareholder value.

The Board would like to express its sincere gratitude to every member of the AB Bank family for their tireless efforts and dedication to the Bank's success. The Board also wants to sincerely thank all of the regulators, valued clients and other stakeholders who have put their faith in the Bank over the course of its 43-year history.

Finally, the Board gives everyone the assurance that the Bank will keep up its tradition of succeeding in the face of any challenges and grow its position in the banking sector.



**Kaiser A. Chowdhury**  
Chairman