Habib Bank Limited - Bangladesh Branches

Independent Auditor's Report and Financial Statements as at and for the year ended 31 December 2022

Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 2 2222 86450-2
Fax +880 2 2222 86449
Email dhaka@kpmg.com
Internet www.kpmg.com/bd

Independent Auditor's Report

To the Management of Habib Bank Limited-Bangladesh Branches

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Habib Bank Limited-Bangladesh Branches ("the Bank"), which comprise the balance sheet as at 31 December 2022 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the balance sheet of the Bank as at 31 December 2022, and of its profit and loss account and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation of the financial statements of the Bank that give a true and fair view in accordance with IFRSs as explained in note no. 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

RAHMAN RAHMAN HUQ KPMG DHAKA

Rahman Rahman Huq, a partnership firm registered in Bangladesh and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Chattogram office address :
78 Agrabad C/A (13th Floor)
Chattogram, Bangladesh

Tel +880 2 333310704
+880 2 333310996
E-mail chittagong@kpmg.com
Internet www.kpmg.com/bd

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

RAHMAN RAHMAN HUQ KPMG DHAKA

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) to the extent noted during the course of our audit work performed on the basis stated under the *Auditor's Responsibilities for the Audit of the Financial Statements* section in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:

(a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;

(b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

(iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;

(iv) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(vi) the expenditures incurred by the bank were for the purpose of the Bank's business for the year;

(vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;

(viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;

(ix) the information and explanations required by us have been received and found satisfactory;

(x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 973 person hours; and

(xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Ali Ashfaq, Partner, Enrolment no: 509
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: [N/A]

RAHMAN RAHMAN HUQ KPMG DHAKA

Dhaka, 3 May 2023

DVC: 2305030509SS876303

Habib Bank Limited - Bangladesh Branches
Balance Sheet
As at 31 December 2022

	Notes	31-Dec-22 Taka	31-Dec-21 Taka
PROPERTY AND ASSETS			
Cash	4	**572,667,040**	**542,747,087**
Cash in hand (including foreign currencies)		82,871,649	72,432,887
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		489,795,391	470,314,200
Balance with other banks and financial institutions	5	**22,360,810**	**983,586,480**
In Bangladesh		4,029,590	902,893,438
Outside Bangladesh		18,331,220	80,693,042
Money at call and short notice	6	**103,292,700**	**85,800,000**
Investments	7	**5,890,812,792**	**4,628,528,886**
Government		5,890,812,792	4,628,528,886
Others		-	-
Loans and advances	8	**5,191,915,486**	**4,065,772,360**
Loans, cash credits, overdrafts, etc.		5,191,024,486	4,065,772,360
Bills purchased and discounted		891,000	-
Fixed assets including premises, furniture and fixtures	9	**171,517,271**	**74,606,625**
Other assets	10	**1,333,303,857**	**1,142,612,910**
Non-banking assets		-	-
Total assets		**13,285,869,956**	**11,523,654,348**
LIABILITIES and CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents		**90,000,000**	**180,000,000**
Deposits and other accounts	11	**6,564,201,657**	**5,224,579,293**
Current accounts and other accounts		2,191,058,366	1,288,605,026
Bills payable		61,848,579	64,460,870
Fixed deposits		3,786,859,163	3,419,755,101
Savings bank deposits		524,435,549	451,758,296
Other liabilities	12	**2,109,970,090**	**1,696,963,947**
Total liabilities		**8,764,171,747**	**7,101,543,240**
Capital/Shareholders' equity	13	**4,521,698,209**	**4,422,111,108**
Capital fund		4,360,883,491	4,360,883,491
Reserve fund		53,174,703	55,127,236
Surplus in profit and loss account	14	107,640,015	6,100,381
Total liabilities and shareholders' equity		**13,285,869,956**	**11,523,654,348**

RAHMAN RAHMAN HUQ KPMG DHAKA

Habib Bank Limited - Bangladesh Branches
Balance Sheet
As at 31 December 2022

	Notes	31-Dec-22 Taka	31-Dec-21 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	15	**5,311,183,100**	**3,921,637,056**
Acceptances and endorsements		851,410,905	663,240,987
Letters of guarantee	15.1	2,668,969,212	1,819,982,274
Irrevocable letters of credit		524,960,877	337,171,562
Bills for collection		139,221,711	41,175,105
Other contingent liabilities	15.2	1,126,620,395	1,060,067,128
Other Commitments	15.3	**29,848,208**	**68,365,594**
Documentary credits and short term trade-related transactions		29,848,208	68,365,594
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		**5,341,031,308**	**3,990,002,650**

The notes 1 to 35 and annexures I to VI form an integral part of these financial statements.

Deenesh Kumar Raha
Acting Head Finance

Muhammad Selim Barkat
Country Manager

As per our report of same date

Auditor

Dhaka, 3 May 2023

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC: 2305030509SS876303

RAHMAN RAHMAN HUQ KPMG DHAKA

Habib Bank Limited - Bangladesh Branches
Profit & Loss Account
For the year ended 31 December 2022

	Notes	2022 Taka	2021 Taka
Interest income	16	279,527,411	225,102,899
Less: Interest paid on deposits and borrowings etc.	17	215,115,731	238,521,206
Net interest income		**64,411,680**	**(13,418,307)**
Investment income	18	430,559,027	386,111,267
Commission, exchange and brokerage	19	63,138,626	37,423,567
Other operating income	20	5,648,624	2,622,122
		499,346,277	**426,156,956**
Total operating income (A)		**563,757,957**	**412,738,649**
Less: Operating expenses			
Salaries and allowances	21	176,477,837	174,848,967
Rent, taxes, insurance, electricity etc.	22	30,489,207	17,917,511
Legal expenses	23	5,160,744	3,856,907
Postage, stamp, telecommunication etc.	24	1,494,893	1,349,325
Stationery, printing, advertisements etc.	25	5,685,977	4,523,612
Chief Executive's salary and fees	26	27,247,516	27,065,644
Auditors' fees		1,141,137	1,012,000
Depreciation and repairs of bank's assets	27	48,697,642	48,542,629
Other expenses	28	61,852,112	65,937,811
Total operating expenses (B)		**358,247,065**	**345,054,406**
Profit/(loss) before provision and taxes (C=A-B)		**205,510,892**	**67,684,243**
Provision against loans and advances	29	1,027,451	(4,975,311)
Provision for off-balance sheet items	12.2	4,465,407	12,484,000
Provision for diminution in value of investments		-	-
Recovery of amounts previously written off		-	(15,886,800)
Other provisions		-	-
Total provision (D)		**5,492,858**	**(8,378,111)**
Total profit before taxes (C-D)		**200,018,034**	**76,062,354**
Less: Provision for taxation			
Prior year tax	12.4	10,700,469	92,169,392
Current tax	12.4	86,752,278	34,447,290
		97,452,747	126,616,682
Net profit after taxation		**102,565,287**	**(50,554,328)**
Appropriations:			
Trasferred to Start-Up Fund		1,025,653	-
Retained surplus		**101,539,634**	**(50,554,328)**

The notes 1 to 35 and annexures I to VI form an integral part of these financial statements.

Deenesh Kumar Raha
Acting Head Finance

Muhammad Selim Barkat
Country Manager

As per our report of same date

Auditor

Dhaka, 3 May 2023

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

RAHMAN RAHMAN HUQ KPMG DHAKA

DVC: 2305030509SS876303

Habib Bank Limited - Bangladesh Branches
Cash Flow Statement
For the year ended 31 December 2022

	Notes	2022 Taka	2021 Taka
A. Cash flows from operating activities			
Interest/Profit receipts in cash		256,535,161	219,400,936
Interest payments		(199,573,829)	(264,815,612)
Income from investments	18	430,559,027	386,111,267
Fee and commission receipts in cash	19	63,138,626	37,423,567
Cash payments to employees		(203,725,353)	(199,679,181)
Cash payments to suppliers		(85,217,246)	(72,897,167)
Recoveries on loans previously written off		-	15,886,800
Income tax paid		(40,510,240)	(36,471,363)
Receipts from other operating activities	20	4,398,593	2,579,518
Payments for other operating activities		(51,593,614)	(59,112,779)
Cash generated from operating activities before changes in operating assets and liabilities		**174,011,125**	**28,425,986**
Increase/Decrease in operating assets and liabilities			
Loans and advances to customers		(1,126,143,127)	(46,494,114)
Other assets		(77,645,481)	(59,464,793)
Deposits from other banks		7,490,754	41,395,647
Deposits from customers		1,332,131,610	(595,918,537)
Other liabilities		128,306,557	8,357,105
Cash generated from operating assets and liabilities		**264,140,313**	**(652,124,692)**
Net cash from operating activities		**438,151,438**	**(623,698,706)**
B. Cash flows from investing activities			
Purchase of property, plant and equipment		(1,605,259)	(19,659,991)
Sale proceeds of property, plant and equipment		1,770,909	80,433
Sale/(Purchase) of securities		(1,262,283,905)	(316,312,679)
Net cash from investing activities		**(1,262,118,255)**	**(335,892,237)**
C. Cash flows from financing activities			
Borrowings from other banks		(90,000,000)	180,000,000
Remittance received from Head Office		-	-
Net cash from/(used) in financing activities		**(90,000,000)**	**180,000,000**
D. Net increase in cash and cash equivalents (A+B+C)		(913,966,817)	(779,590,943)
E. Effects of exchange rate changes on cash and cash equivalents		-	-
F. Cash and cash equivalents at the beginning of the year		1,612,356,667	2,391,947,610
G. Cash and cash equivalents at end of the year (D+E+F)		**698,389,850**	**1,612,356,667**
Cash and cash equivalents at end of the year			
Cash in hand (Including foreign currencies)		82,871,649	72,432,887
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)		489,795,391	470,314,200
Balance with other banks and financial institutions		22,360,810	983,586,480
Money at call and on short notice		103,292,700	85,800,000
Prizebonds		69,300	223,100
		698,389,850	**1,612,356,667**

The notes 1 to 35 and annexures I to VI form an integral part of these financial statements.

RAHMAN RAHMAN HUQ KPMG DHAKA

Habib Bank Limited - Bangladesh Branches
Statement of Changes in Equity
For the year ended 31 December 2022

(Amount in Taka)

Particulars	Fund received from Head Office	Other reserve	Surplus in profit & loss account	Total
Balance as at 1 January 2022	**4,360,883,491**	**55,127,236**	**6,100,381**	**4,422,111,108**
Changes in accounting policy restated balance	-	-	-	-
Capital fund received from Head Office	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	(1,952,533)	-	(1,952,533)
Currency translation differences	-	-	-	-
Net profit for the year	-	-	102,565,287	102,565,287
Trasferred to Start-Up Fund	-	-	(1,025,653)	(1,025,653)
Balance as at 31 December 2022	**4,360,883,491**	**53,174,703**	**107,640,015**	**4,521,698,209**

For the year ended 31 December 2021

(Amount in Taka)

Particulars	Fund received from Head Office	Other reserve	Surplus in profit & loss account	Total
Balance as at 1 January 2021	**4,360,883,491**	**52,204,515**	**56,654,709**	**4,469,742,715**
Changes in accounting policy restated balance	-	-	-	-
Capital fund received from Head Office	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	2,922,721	-	2,922,721
Currency translation differences	-	-	-	-
Net profit for the year	-	-	(50,554,328)	(50,554,328)
Balance as at 31 December 2021	**4,360,883,491**	**55,127,236**	**6,100,381**	**4,422,111,108**

The notes 1 to 35 and annexures I to VI form an integral part of these financial statements.

RAHMAN RAHMAN HUQ KPMG DHAKA

Habib Bank Limited - Bangladesh Branches
Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2022

(Amount in Taka)

Particulars	Maturity					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
Assets:						
Cash in hand	82,871,649	-	-	-	-	82,871,649
Balance with Bangladesh Bank	246,795,391	-	-	-	243,000,000	489,795,391
Balance with other banks and financial institutions	22,360,810	-	-	-	-	22,360,810
Money at call and on short notice	103,292,700	-	-	-	-	103,292,700
Investment in treasury bills and others	69,300	120,467,161	471,840,884	1,102,630,618	4,195,804,829	5,890,812,792
Loans and advances to customers	706,579,380	1,791,010,684	1,484,451,748	1,169,588,943	40,284,731	5,191,915,486
Fixed assets including premises, furniture and fixtures	3,676,701	7,447,354	34,166,803	125,717,894	508,519	171,517,271
Other assets	880,462	139,450,891	1,079,506,336	113,466,168	-	1,333,303,857
Non-banking assets	-	-	-	-	-	-
Total assets (A)	**1,166,526,393**	**2,058,376,090**	**3,069,965,771**	**2,511,403,623**	**4,479,598,079**	**13,285,869,956**
Liabilities:						
Borrowing from other banks and financial institutions and agents	90,000,000	-	-	-	-	90,000,000
Deposits and other accounts	2,822,226,321	772,052,825	2,276,790,042	693,132,469	-	6,564,201,657
Other liabilities	153,464,023	51,388,436	78,218,637	1,817,305,184	9,593,810	2,109,970,090
Total liabilities (B)	**3,065,690,344**	**823,441,261**	**2,355,008,679**	**2,510,437,652**	**9,593,810**	**8,764,171,747**
Net liquidity excess/(shortage) (A-B)	**(1,899,163,951)**	**1,234,934,829**	**714,957,092**	**965,970**	**4,470,004,269**	**4,521,698,209**

RAHMAN RAHMAN HUQ KPMG DHAKA

1.0 Reporting entity-The Bank and its activities

1.1 Legal status and nature of the entity

Habib Bank Limited ("HBL")-Bangladesh Branches ("the Bank") is the branch of Habib Bank Limited, a banking company incorporated in Pakistan having its Head Office at HBL Tower, Karachi, Pakistan. The Bank is carrying on banking business in Bangladesh since 1976 after obtaining necessary permissions from Bangladesh Bank vide licence no. BL/DA/690/76 dated 3 June 1976. At present, the Bank has five (5) branches in Bangladesh out of which three (3) branches in Dhaka (Main branch, Uttara branch and Motijheel branch), one (1) branch in Chattogram and one (1) branch in Sylhet.

1.2 Principal activities

The principal activities of the Bank are to provide conventional banking services to its customers through deposits, loans and advances, trade financing, remittance facilities through its branches, alternate distribution channels namely, ATM booths, VISA debit cards and internet banking in Bangladesh.

2 Basis of preparation of financial statements and statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) was formed in 2017 and has since then adopted International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as the applicable Financial Reporting Standards for public interest entities such as banks with effect from 2 November 2020.

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) including IASs as adopted by the the Financial Reporting Council (FRC) under the Financial Reporting Act, 2015 (FRA) and the requirements of the Bank Company Act 1991 (as amended up to date), the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994, Income Tax Ordinance and Rules 1984, Value Added Tax and Supplementary Duty Act 2012, the Value Added Tax and Supplementary Duty Rules 2016. In case any requirement of the Bank Company Act 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs (including IASs), the requirements of the Bank Company Act 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank shall prevail. Material departures from the requirements of IFRSs are as follows:

2.1 Material departures from the requirements of IFRS

i) Presentation of financial statements

IAS: As per IAS 1 financial statements shall comprise statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, notes comprising summary of significant accounting policies, other explanatory information and comperative information. As per IAS 1, the entity shall also present current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the "First Schedule" (section 38) of the Bank Company (amendment) Act, 2013 and BRPD Circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

Bank's methodology: The financial statements of the Bank are made upto 31 December 2022 and are prepared under the historical cost convention and in accordance with the "First Schedule (Sec-38) of the Bank Company (amendment) Act, 2013, BRPD Circular no. 14 dated 25 June 2003, other Bangladesh Bank circulars, International Accounting Standards and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act 1994 (as amended up to date), the Income Tax Ordinance 1984, Value Added Tax and Supplementary Duty Act 2012, the Financial Reporting Act 2015, other laws and rules applicable in Bangladesh. In case of the requirement of Bangladesh Bank differs with those of IAS/IFRS, the requirement of Bangladesh Bank have been applied".

ii) Investment in shares and securities

IFRS: As per requirements of IFRS 9 'Financial instruments', all equity investments are to be measured at fair value with value changes recognised in statement of profit or loss and other comprehensive income for the period, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income (OCI)'. If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it through OCI with only dividend income recognised in profit or loss account.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment, otherwise investments are recognised at cost.

RAHMAN RAHMAN HUQ KPMG DHAKA

iii) Revaluation gains/losses on Government securities

IFRS: Government securities refer primarily to various debt instruments which include both bonds and bills. As per requirements of IFRS 9: Financial Instruments, bonds can be categorised as "Amortised Cost (AC)" or "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as amortised cost are measured at amortised cost method, and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in the profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserves, as a part of equity.

As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in the profit and loss account or other reserves as a part of equity respectively.

Bangladesh Bank: According to DOS circular no. 5 dated 26 May 2008 and subsequent clarification in DOS circular no. 5 dated 28 January 2009, amortisation gain/loss is charged to profit and loss account, mark-to-market loss on revaluation of government securities (T-bills/T-bonds) categorised as Held for Trading (HFT) is charged to profit and loss account, but any unrealised gain on such revaluation is recognised to revaluation reserve account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method but income/gain is recognised through equity.

iv) Provision on loans and advances, off-balance sheet exposures including other commitments

IFRS: As per IFRS 9: Financial instruments, loans and advances shall be recognised and measured at amortised cost (net of any write down for impairment). When any objective evidence of impairment (a loss allowance for expected credit losses) exists for such financial assets, impairment assessment should be undertaken individually or portfolio basis (when assets are not individually significant).

Bangladesh Bank: As per Bangladesh Bank instructions vide different circulars, a general provision at 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) and specific provision at 5% to 100% on classified loan accounts including certain reschedule loan account should be made on loans net off eligible securities (if any). Also, a general provision at 0% to 1% should be provided for certain off-balance sheet exposures (including other commitments). Such provision policies are not specifically in line with those prescribed by IFRS 9.

v) Other comprehensive income and appropriation of profit

IAS: As per IAS 1 'Presentation of financial statements', other comprehensive income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income (OCI) statement. IFRSs do not require appropriation of profit to be shown on the face of the statement of comprehensive income.

Bangladesh Bank: The templates of financial statements issued by Bangladesh Bank do not include other comprehensive income nor are the elements of other comprehensive income allowed to be included in a single other comprehensive income (OCI) statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity. Furthermore, the above templates require disclosure of appropriation of profit on the face of profit and loss account.

vi) Financial instruments - presentation and disclosure

As per BB guidelines, in certain cases financial instruments are categorised, recognised, measured and presented differently from those prescribed in IFRS 7: Financial instruments - disclosure and IFRS 9: Financial instruments. As such some disclosures and presentation requirements of IFRS 7 and IFRS 9 cannot be fully made in these financial statements.

vii) Repo and Reverse Repo transactions

IFRS: Repo is calculated under IFRS 9. When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (Repo or stock lending), the arrangement is accounted for as a collateralised borrowing and the underlying asset continues to be recognised in the financial statements. This transaction will be treated as borrowing and the difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (Reverse Repo).

Bangladesh Bank: As per DOS circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no. 2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (Repo or stock lending), the arrangement is accounted for as a normal sales transaction and the booking of the financial asset transferred from seller's book to buyer's book.

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viii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee, etc. will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. However, a general provision at 0.5% to 1% is maintained against such guarantee.

ix) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 03 dated 21 April 2019, once a loan is classified (other than bad loss), interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

x) Cash and cash equivalents

IAS: Cash and cash equivalents items should be reported as cash item as per IAS 7.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, balance with Bangladesh Bank is part of cash and cash equivalent regardless of any restriction. Some cash and cash equivalents items such as money at call and on short notice, treasury bills, Bangladesh Bank bills, prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bond are shown in investments.

xi) Non-banking asset

IFRS: No indication of non-banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, there must exist a face item named non-banking asset.

xii) Cash flow statement

IAS: The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flow is the combination of direct and indirect methods.

Bank's methodology: Cash flow statement is prepared in accordance with *IAS 7: Statement of Cash Flows* under direct method and indirect method as recommended in BRPD circular no. 14 dated 25 June 2003 issued by Bangladesh Bank.

xiii) Balance with Bangladesh Bank (Cash Reserve Ratio-CRR)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: As per BRPD circular no.14 dated 25 June 2003, balance with Bangladesh Bank is treated as cash and cash equivalents.

xiv) Presentation of intangible asset

IAS: An intangible assets must be identified and recognised, presented in the face of the balance sheet and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003, hence,it is shown in fixed assets.

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xv) Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS, hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

Bank's methodology: Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank's guidelines. BRPD Circular no. 14 dated 23 September 2012, BRPD Circular no. 7 dated 21 June 2018 and BRPD Circular no. 13 dated 18 October 2018 requires a general provision for off-balance sheet exposures except bills for collections to be calculated at 0% to 1% which has been followed by the bank properly on the following off-balance sheet Items:

a. Acceptance and endorsements
b. Irrevocable letter of credit
c. Letter of guarantee

xvi) Presentation of loans and advances net of provision

IFRS: Loans and advances shall be presented at amortised cost net of any write down for impairment (expected credit losses that result from all possible default events over the life of the financial instrument).

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

Bank's methodology: Loans and advances have been shown at gross amounts at 31 December 2022.

xvii) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed on the face of profit and loss account.

xviii) Recognition of derivatives

IFRS: As per IFRS 9, all derivatives including forward contracts are initially recognised at fair value (as measured in accordance with IFRS 13) which is generally the transaction price. Subsequent to initial recognition, derivatives are classified as "Fair Value through Profit and Loss" and changes in fair value are recognised in profit and loss accounts.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, derivative contracts are disclosed outside of balance sheet exposures.

xix) Disclosures related to financial instruments

IFRS 7: Financial Instruments - Disclosures applies to financial and non-financial institutions and therefore also applies to investment funds, private equity funds, real estate funds and investment managers. The extent of disclosure required depends on the extent of the fund used of financial instruments and its exposure to risk.

Since it is not specifically mentioned in the Bangladesh Bank circulars/guidelines, disclosure requirements as per IFRS 7 has not been fulfilled.

xx) Deferred taxation

The bank has kept provision of taxation based on the expected tax payable or receivable on the taxable income or loss for the year applying the applicable tax rate. The bank management has reviewed the impact of deferred tax as per IAS 12 but not given any impact in the financial statement as on 31 December 2022 as IAS 12 does give emphasis on future profitability while recognising any Deferred Tax Assets and Liabilities. The Bank Management will have a periodic review of the deferred tax and if deemed, will account for in the financial statements.

xxi) Provision on undrawn loan commitments

IFRS: As per IFRS 9 bank shall recognise credit losses on undrawn loan commitments such as Letter of Credit (L/C), Letter of Guarantee (L/G) etc. as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that bank expects to receive.

Bangladesh Bank: As per BRPD Circular no. 7 dated 21 June 2018, BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 13 dated 18 October 2018, the Bank is required to maintain provision at 0% to 1% rate against off-balance sheet exposures (which includes all types of undrawn loan commitments).

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xxii) Name of the financial statements

IAS: As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information.

Bangladesh Bank: The forms of financial statements and directives for preparation thereof of the bank companies in Bangladesh are guided by BRPD Circular no. 14 dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

2.2 Basis of measurement

The financial statements of the Bank have been prepared on accrual basis under historical cost convention except for the following:

Government treasury bills and bonds designated as 'Held for Trading (HFT)' which are measured at present value using mark to market concept. Revaluation gains if any are credited to revaluation reserve account as but loss charged to profit and loss account as per DOS circular no. 5 dated 26 May 2008 and DOS circular no.5 dated 28 January 2009.

Government treasury bills and bonds designated as 'Held to Maturity (HTM)' are premeasured at present value using amortisation concept as per DOS circular no. 5 dated 26 May 2008 and DOS circular no. 5 dated 28 January 2009. Amortisation loss is accounted for on cut-off date and the same is accounted for as income of the year on maturity.

2.3 Use of estimates and judgments

The preparation of the financial statements in conformity with IASs/IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods, if affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

a. Provisions for loans and advances

The Bank assesses its loans and advances for objective evidence of impairment on a quarterly basis or immediately if required and particularly at year end. While the primary criteria set out in BRPD circular no. 14 dated 23 September 2012, for determining whether a loan is impaired is objective, being based on borrower's ability to make timely repayments, loans and advances may also be classified based on qualitative judgment. This involves making assessments regarding the economic environment in which borrowers operate in addition to making judgments about a borrower's financial situation and net realisable value of any underlying collateral.

b. Taxation

The estimation of current tax provision involves making judgments regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

c. Depreciation

Depreciation is provided on a straight line basis over the estimated useful life of each item of property, plant and equipment. The determination of useful life involves the use of estimates regarding expected use of the assets, expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the asset.

d. Consolidation

The Bank is a branch and does not have any subsidiaries. So, this standard does not have any impact on these financial statements.

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2.4 Foreign currency transactions

Functional and presentation currency

These financial statements have been presented in Bangladesh Taka, which is the Bank's functional currency. Except otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

Foreign currency transaction and translation

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

Assets and liabilities in foreign currencies as at 31 December 2022 have been converted into Taka currency at the spot rate for the day taken from Bangladesh Bank.

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

Translation gains and losses

Gains or losses arising out of translation of foreign exchange have been included in the profit and loss statement.

2.5 Cash flow statement

Cash Flow Statement is prepared principally in accordance with *IAS 7: Statement of Cash Flows* and as per the guidelines of BRPD circular no. 14 dated 25 June 2003. The cash flow statement shows the structure of and changes in cash and cash equivalents during the year. Cash flows during the period have been classified as operating activities, investing activities and financing activities.

2.6 Statement of changes in equity

Statement of changes in equity has been prepared in accordance with *IAS 1: Presentation of Financial Statements* and following the guidelines of Bangladesh Bank BRPD circular no. 14 dated 25 June 2003.

2.7 Reporting period

These financial statements cover one calendar year from 1 January 2022 to 31 December 2022.

2.8 Going concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, asset quality, provision sufficiency and capital adequacy) of the bank continued to demonstrate a healthy trend for a couple of years. The management does not see any issue with respect to going concern due to recent pandemic of COVID-19 and Russia-Ukraine war. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.9 Compliance with International Financial Reporting Standards (IFRS)

Name of the standards	IFRS Ref.	Implementation status by the Bank
First-time Adoption of International Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied with some departures (note 2.1)
Operating Segments	IFRS-8	Not applicable
Financial Instruments	IFRS-9	Applied with some departures (note 2.1)
Consolidated Financial Statements	IFRS-10	Not applicable
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interest in Other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Applied with some departures (note 2.1)
Regulatory Deferral Accounts	IFRS-14	Not applicable
Revenue from contract with customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Presentation of Financial Statements	IAS-1	Applied with some departures (note 2.1)
Inventories	IAS-2	Not applicable

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Statement of Cash Flows	IAS-7	Applied with some departures (note 2.1)
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events After the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not applicable
Separate Financial Statements	IAS-27	Not applicable
Investments in Associates and Joint Ventures	IAS-28	Not applicable
Financial Reporting in Hyperinflationary Economies	IAS-29	Not applicable
Financial Instruments: Presentation	IAS-32	Applied with some departures (note 2.1)
Earnings Per Share	IAS-33	Not applicable
Interim Financial Reporting	IAS-34	Not applicable
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Investment Property	IAS-40	Not applicable
Agriculture	IAS-41	Not applicable

In order to comply with certain specific rules and regulations of Bangladesh Bank which are different to IAS/IFRSs, some of the requirements specified in these IAS/IFRSs are not applied. Refer to note 2.1 for such recognition and measurement differences that are most relevant and material to the Bank.

3.0 Significant accounting policies

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by the Bank.

3.1 Assets and basis of their valuation

3.1.1 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and normally those with less than three months maturity from the date of acquisition and include cash and balances at central bank and balances with other banks and financial institutions.

3.1.2 Investments

Investment in securities

All investments in securities (bills and bonds) are initially recognised at purchase price excluding commission and accrued coupon interest. Investments are segregated in two broad categories. These are Held to Maturity (HTM) and Held for Trading (HFT).

Held to Maturity

Debt securities that the Bank hold until maturity are categorised as HTM. Such securities are reported at amortised cost.

Held for Trading

Held for trading securities are those which are held with and intention of selling in order to generate profits. Held for trading securities are revalued at market price on weekly basis.

Revaluation

HFT securities are revalued each week using mark to market concept and HTM securities are amortised once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if these are reclassified to HFT category with the ALCO and other regulatory approval. Value of investment has been shown as under:

Government treasury bills and bonds (HFT)	: At present value (using mark to market concept)
Government treasury bills and bonds (HTM)	: At present value (using amortisation concept)
Prize bonds and other bonds	: At cost
Debentures	: At cost

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3.1.3 Loans and advances

a) Loans and advances are stated in the balance sheet on gross basis.

b) Interest is accrued daily as per the parameter set in the core banking system through shadow accounts. This accrual is system generated entry. The interest receivable is reversed at the time of adjustment. Interest on classified loans and advances is kept in interest suspense account as per BRPD circular no. 14 dated 23 September 2012 on Master Circular: Loan Classification and Provisioning, and BRPD circular no. 19 dated 27 December 2012. Interest is not charged on bad and loss loans and advances as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) Commission and discounts on bills purchased and discounted are recognised at the time of realisation.

d) Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circular no. 53 dated 30 December 2021, BRPD circulars no. 14 dated 23 September 2012 and its subsequent modifications on 5 March 2013, BRPD circular no. 5 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 8 dated 2 August 2015, BRPD circular no. 15 dated 27 September 2017, BRPD circular no. 1 dated 20 February 2018, BRPD circular no. 7 dated 21 June 2018 and BRPD circular no. 3 dated 21 April 2019, BRPD circular no. 4 dated 19 March 2020, BRPD circular no. 11 dated 3 May 2020, BRPD circular no. 12 dated 10 June 2020, BRPD circular no 13 dated 15 June 2020, BRPD circular no. 17 dated 28 September 2020, BRPD circular no. 23 dated 4 May 2020, BRPD circular no. 56 dated 10 December 2020, BRPD circular no. 3 dated 31 January 2021, BRPD circular no. 5 dated 24 March 2021, BRPD circular no. 27 dated 27 June 2021, BRPD circular no. 50 dated 14 December 2021, BRPD circular no. 51 dated 29 December 2021, BRPD circular no. 52 dated 29 December 2021, BRPD circular no. 53 dated 30 December 2021, BRPD Circular no. 09 dated 7 April 2022, BRPD Circular no. 14 dated 22 June 2022, BRPD Circular no. 16 dated 18 July 2022, BRPD Circular no. 33 dated 3 August 2022, BRPD Circular no. 51 dated 18 December 2022, BRPD Circular no. 52 dated 21 December 2022, BRPD Circular no. 53 dated 22 December 2022.

Rates of provision on loans and advances/investments are given below:

Types of loans and advances		Provision				
		Unclassified		Classified		
		Standard	SMA	SS	DF	BL
Consumer	Housing finance	1%	1%	20%	50%	100%
	Loans for professionals to set up business and credit card	2%	2%	20%	50%	100%
	Other than housing finance and professionals to setup business	2% - 5%	2% - 5%	20%	50%	100%
Provision for loans to brokerage house, merchant banks, stock dealers, etc.		2%	2%	20%	50%	100%
Short-term agro-credit and micro credit		1.00%	1.00%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

e) Loans and advances are written off as per BRPD circular no. 1 dated 6 February 2019 of Bangladesh Bank. Such write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.

3.1.4 Fixed assets (property, plant and equipment)

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The cost of an items of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;

(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for the purpose other than to produce inventories during that period.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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Depreciation

Depreciation on addition shall be charged from the month of acquisition whereas no depreciation shall be charged in the month of deletion.

Category of asset	Rate of depreciation
Furniture and fixtures	10%-20%
Major repairs and renovation	20%
Office equipment and electrical appliances	10%-20%
Computer	20%-33.33%
Motor vehicles	10%
Software	20%

Gain or loss on sale of property, plant and equipment is recognised in profit or loss statement as per provision of *IAS 16: Property, plant and equipment*.

3.1.5 Other assets

Other assets include all other financial assets and include fees and other unrealised income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

3.2 Liabilities and provisions

3.2.1 Borrowings from other banks, financial institutions and agents

Borrowed funds generally include call money borrowings and other borrowings from banks, financial institutions and agents, refinance from Bangladesh Bank etc. These items are brought to financial statements at the gross value of the outstanding balance.

3.2.2 Other liabilities

As per *IAS 37: Provisions, Contingent Liabilities and Contingent Assets,* the Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Other liabilities comprise items such as provision for loans and advances, provision for taxes, interest payable, interest suspense, accrued expenses, lease liabilities etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank.

3.3 Reserve

Statutory reserve

As per Section 24(1) of the Bank Company (amendment) Act, 2013, Banks which are incorporated outside Bangladesh do not require to set aside any reserve out of their profits.

Revaluation reserve

Revaluation reserve arises from the revaluation of treasury bills and bonds (HFT & HTM) in accordance with the Bangladesh Bank DOS circular no. 5 dated 26 May 2008.

3.4 Revenue recognition

Interest income

Interest is accrued daily as per the parameter set in the core banking system through shadow accounts. This accrual is system generated entry. The interest receivable is reversed at the time of adjustment. Interest on loans and advances ceases to be taken into income when such advances fall under classification. It is then kept in interest suspense account. Interest on classified loans and advances is accounted for on a cash receipt basis.

Investment income

Income on investments is recognised on accrual basis. Investment income includes discount on treasury bills, interest on treasury bonds, debentures and fixed deposits with other banks.

Fee and commission income

The Bank earns fee and commissions from diverse range of services provided to its customers. This includes fee and commission income arising on financial and other services provided by the Bank including trade finance, debit cards, passport endorsement, loan processing, loan syndication and locker facilities etc. Fee and commission income is recognised on the basis of realisation.

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3.5 Employee benefits

There is a Recognized Provident Fund (RPF) in which each employee contributes at 10% of their basic salary which is matched by an equal amount of contribution by the Bank, upon completion of probation period. The accumulated provident fund balance including interest thereon are paid to the members at the time of their separation from the employment of the Bank in accordance with Provident Fund trust deed and rules. During separation, in case if the employee served the Bank for 2 or more years, then s/he is entitled to the bank's contribution as well.

The Bank operates a funded gratuity scheme which has been approved by the National Board of Revenue as a recognised gratuity fund with effect from January 2001. Employees are entitled to gratuity benefit after completion of minimum five (5) years of service with the Bank. The gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service who has completed five (5) years or more but less than ten (10) years, and at the rate of one and half month's basic pay for every completed year of service who has completed ten (10) years or more. The Bank's expense related to gratuity is estimated on a yearly basis and the amount is transferred to the fund and charged to expenses of the Bank.

3.6 Provision for off-balance sheet exposures

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD Circular no. 7 dated 21 June 2018, BRPD Circular no. 14 dated 23 September 2012 and BRPD Circular no. 13 dated 18 October 2018, the Bank is required to maintain provision at 0% to 1% against off-balance sheet exposures. The other contingent liabilities are excluded from the base for provision of off-balance sheet items as they do not fall under category of off-balance sheet items as defined by the Bangladesh Bank circular in this regard.

3.7 Provision for nostro accounts

As per BRPD circular no. 04 dated 12 April 2022, if there is any entry unreconciled as at 31 December for 6 months or more, provision is maintained accordingly.

3.8 Taxation

Income tax expense comprises current and prior years' taxes (where applicable). Income tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for income tax has been made at 40% (2021: 40%) as prescribed in Finance Act 2022 of the profit made by the Bank by considering taxable add-backs of income, allowances and disallowances of expenditures.

3.9 Offsetting

Neither any asset nor any liability has been set-off against another asset or liability as on balance sheet date to make separate disclosure in the financial statements.

3.10 Pledge of bank assets against any loan or guarantee

The Bank has not pledged any of its assets as security against any kind of loans taken from any individual or institutions or against any guarantee given to a third party.

3.11 Risk Management at Habib Bank Limited - Bangladesh Branches

The possibility of losses, financial or otherwise, is defined as risk. The assets and liabilities of Habib Bank Limited-Bangladesh Branches are managed so as to minimise, to the degree prudently possible, the Bank's exposure to risk, while at the same time attempting to provide a stable and steadily increasing flow of net interest income, an attractive rate of return on an appropriate level of capital and a level of liquidity adequate to respond to the needs of depositors and borrowers and earning enhancement opportunities.

The Risk Management Department of the Bank covers all core risk areas of banking i.e. i) Credit risk management, ii) Foreign exchange risk management, iii) Assets liability management, iv) Prevention of money laundering, v) Internal control and compliance, and vi) Information and communication technology risk.

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i. Credit risk management

Credit risk is the risk of loss due to the failure of a borrower/counterparty to meet its credit obligations in accordance with agreed contract terms. Credit risk makes up the largest part of bank's risk exposures. The bank's credit process is guided by centrally established credit policies, rules and guidelines continuing a close-to-the market approach with an aim to maintain a well-diversified portfolio of credit risk which produces a reliable and consistent return.

Bank's credit policies and credit administration process manual forms the core to controlling credit risk in various activities. Risk Management department with support from Business (Corporate Banking) unit and Credit Administration Department (CAD), is entrusted with the responsibility of implementing processes for credit risk identification, assessment, measurement, monitoring and control. Business unit has the responsibility to originate the proposals for new business and continuation of existing business in line with bank's policy guidelines. Risk Management performs an independent appraisal of these proposals including highlighting key risks, reviewing and finalising the credit rating, and then submits these proposals with Risk Manager's comments for approval. Credit approvals are done as per the approved delegation of authority. CAD is responsible for managing the credit administration activities, credit documentation and independently monitoring the compliance with the sanctioned terms and conditions. The credit policy, credit procedures manual and credit administration internal process manual delineate specific responsibilities of each department-Business, Risk and CAD.

The Bank monitors credit risk broadly at two levels-account level and portfolio level. While account monitoring aims to identify weak accounts at an early stage to facilitate corrective actions, portfolio monitoring aims at managing risk concentration in the portfolio as well as identifying stress in certain sectors/industries. The Bank has established an Early Alert process to identify, monitor and act on early signs of weakness in the credit quality of the clients. In this connection, an Early Alert Committee has been formed that meets quarterly to identify the weak accounts and to take actions as appropriate.

ii. Foreign exchange risk

Foreign exchange risk refers to the risk that a bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either in the form of a balance sheet item (asset or liability account), or an off-balance sheet item.

Front line business managers are concerned with the consequences of potential exchange rate movements on the domestic currency equivalent value for all foreign currency positions. The goal of foreign exchange risk management is to minimize the losses that may ocur due to adverse exchange rate movements of currencies in which the Bank has an open position.

According to Bangladesh Bank guidelines and Treasury & Global Markets Policy of HBL, treasury functions are divided in three parts, namely (i) Treasury front office, (ii) Treasury back office and (iii) Treasury mid office. Foreign exchange risk is managed by treasury front office in coordination with the independent Risk Management Team. The monitoring of Foreign Exchange Exposure Limit (FEEL) is a regulatory requirement, which is being complied with.

Following limits are being maintained by treasury front office to minimize foreign exchange risk:

1. Foreign Exchange Exposure Limits (FEEL) sanctioned by Global ALCO
2. Net open position limit prescribed by Bangladesh Bank.
3. Intraday limits
4. Settlement limits
5. Dealers trading limits
6. Dealers stop loss limits
7. Counter party limits

Treasury Mid Office (TMO) is a specialized unit created with a view to implement robust market risk management practices as prescribed by Bangladesh Bank and internal policy guidelines. To minimize foreign exchange risk treasury mid office analyses market trend and monitors treasury dealings and exposure and reports to local and global Risk Management departments. TMO also monitors all limits as adopted in policy in line with Bangladesh Bank and Head Office guidelines.

Treasury back office is responsible for settlement of all deals done by the front office, its transactions and reporting to Global Treasury and Bangladesh Bank in accordance with the policies and guidelines.

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iii. Asset liability management risk

Asset/liability management is the process of managing the use of assets and cash flows to reduce the bank's risk of loss from not paying a liability on time. Well-managed assets and liabilities increase business profits. The asset/liability management process is typically applied to bank loan portfolios and deposit plans. It also involves the economic value of equity.

The concept of asset/liability management focuses on the timing of cash flows because the bank management must plan for the payment of liabilities. The process must ensure that assets are available to pay debts as they become due and that assets or earnings can be converted into cash. The asset/liability management process applies to different categories of assets on the balance sheet. Asset/liability management reduces the risk that a company may not meet its obligations in the future.

The success of bank loan portfolios and maturity profile of deposits depend on asset/liability management processes. Banks track the difference between the interest paid on deposits and interest earned on loans to ensure that they can pay interest on deposits and to determine what a rate of interest to charge on loans. Liability management is the process of managing the use of assets and cash flows to reduce the bank's risk of loss from not paying a liability on time. Well-managed assets and liabilities involve a process of matching offsetting items that can increase business profits. The asset-liability management process is typically applied to bank loan portfolios that may offer fixed-term products such as CDs and loans but also demand deposits and lines of credit.

Asset Liability Committee (ALCO) of Habib Bank Limited-Bangladesh Branches conducts ALCO meeting on Monthly basis. ALCO monitors on following risk: Credit risk, Liquidity risk, Foreign exchange risk, Interest rate risk and Operating risk.

iv. Prevention of money laundering

Compliance and operational standards have always been at the center of HBL's priorities in Bangladesh and globally. We acknowledge that we must constantly work to identify and understand the potential risks of money laundering and terrorist financing, and implement appropriate processes to mitigate and ultimately alleviate such risks.

Following is the highlight of the improvements:

- eKYC system fully implemented as instructed by Bangladesh Financial Intelligence Unit as per the BFIU Circular 25, dated January 8, 2020. Initiative has been taken to complete the eKYC process for existing eligible customers.

- New customer KYC Risk Scoring Methodology integrated into the separate KYC system and bank's core banking system as per BFIU Circular 26, dated June 16, 2020.

- Trade KYC system implemented as per BFIU Circular 24, dated December 10, 2019.

- Robust compliance monitoring plan developed and being followed

- A daylong AML CFT training session for HBL Bangladesh staff (Including Senior Management/MANCOM) was conducted by Senior Officials of Bangladesh Financial Intelligence Unit in 2022

- Chief Anti-Money Laundering Compliance Officer (CAMLCO) conducted classroom training sessions and webinar sessions on AML/CFT & TBML for the HBL BD staff

- Bangladesh Financial Intelligence Unit has completed their inspection and issued the report with 'Satisfactory' rating on HBL Bangladesh Country Office.

- As per the Bangladesh Bank report The AML (Anti-Money Laundering) has improved from 'Fair' to 'Satisfactory' for the first time.

- Internal Audit has shared the final Internal Audit Report of HBL Bangladesh 2022 which has been rated as "B – Some Improvement Required"

- Internal Audit team has completed the ITP on 4 branches in 2022. All the four branches have obtained 'Satisfactory' rating.

Moreover, to enhance supervision and risk mitigation in AML/CFT arena, HBL undertook a global initiative under the umbrella of Business Transformation ("BT") project which is a multi-year change initiative centered around four main pillars i.e., Governance, People, Process and Technology relating to Financial Crime Risk. As part of the project, HBL Bangladesh has already implemented Country Risk Rating Methodology which is prepared in line with local regulatory and global requirement. HBL Bangladesh has already completed the integration of sanction screening with core banking system for real time automated customer onboarding sanction screening. HBL Bangladesh has also upgraded the Transaction monitoring system. Implementation of new scenarios for transaction monitoring is in progress and will be completed by Q1, 2023.

As part of the Governance process, observations raised by the Bangladesh bank inspection team, Bangladesh Financial Intelligence Unit and External Audit teams are reviewed and continuously followed-up by local Head of Compliance and raised in local management forum like MANCOM and Central Compliance Committee. Head office is also tracking and monitoring closures. Local Compliance team ensures that all the circulars and guidelines circulated/published by Bangladesh Bank and BFIU are properly disseminated to the stakeholders and monitored for compliance through relevant Governance forums.

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v. Internal control and compliance risk

Internal Control Unit (ICU) department was transformed to Risk, Compliance and Control Unit (RCCU) operating under second line of defence. RCCU was established in January 2021 under the umbrella of Enterprise Risk Management (ERM) function of Risk Management department of the Bank. It conducts reviews of branches and functions for strengthening overall control environment as per its plan and checks adherence to policies, procedures, and regulatory requirements through various types of risk-based reviews. Outcomes of the reviews and identified irregularities with suitable recommendations are conveyed to stake holders/management concerned for which appropriate management action plans are also obtained. Noted observations and gaps are then tracked and followed up until their rectification and regularization.

The Internal Audit (IA) activities at HBL Bangladesh are conducted by the Group Internal Audit team of HBL. The IA Function of HBL is organized in line with the guidelines of the Institute of Internal Audit (IIA) and acts as an independent third line of defence. The Internal Audit function is headed by the Chief Internal Auditor who reports directly to the Board Audit Committee of HBL.

The Internal Audit reviews undertaken are based on a risk based audit approach after taking into account key regulatory requirements and expectations. Through these audits, IA reviews the effectiveness of the Bank's risk management, governance and internal control processes. Any deficiencies or observations noted during these reviews are highlighted to the management as part of the Internal Audit Report with agreed action plan and resolution target date. The audit observations are followed up on periodic basis with the management till resolution.

vi. Information and communication technology risk

The Bank has separate IT department locally apart from central IT at Head office, Karachi to manage local IT infrastructure. To ensure smooth banking business of Bangladesh operations, HBL Bangladesh looks after local IT management, local software management, vendor management, IT governance and compliance of IT policy, user support and services management whereas core systems (e.g. Core Banking and related Core Systems) are centralised in Head Office, Karachi, Pakistan.

HBL Bangladesh IT department maintains performance level agreement and service level agreement with business lines for service quality assurance which describes all the IT services with target service up time and response time for troubleshooting or any IT related requests. Network management is another major part of HBL Bangladesh IT that ensures smooth and secured data transmission among branches as well as Head Office, Karachi, Pakistan. For tracking on service issue, HBL Bangladesh IT uses Incident Management system to log the incident and for monitoring and governance Head Office central incident management team publish report monthly. Local IT department reviews and ensures appropriate controls and security standards are in place and in compliance with group IT and regulatory requirements. Moreover, risk assessment, vulnerability assessment and penetration testing on various IT systems are performed to identify and mitigate operational risks.

HBL Bangladesh has internet banking for corporate users along with 2FA authentications for fund transfer between HBL to HBL. HBL Bangladesh IT has developed strong communication structure with central bank for secure transaction through Real Time Gross Settlement (RTGS) and National Payment Switch Bangladesh (NPSB). Moreover, HBL Bangladesh payment system is PCI DSS complaint. HBL Bangladesh IT ensures infrastructure e.g. virtual servers, network switches/routers, firewalls, windows, PC/Laptop, ATM etc. are upgraded time to time to maintain its standard and security and smooth customer service. Network are segregated for branches and external bodies (Bangladesh Bank, Election commission office, bKash Ltd.) to ensure proper network security of the bank. Also, Port-Security and VLANs have been created for departments of the bank to impose control and security on LAN. HBL Bangladesh performs disaster recovery testing yearly to ensure disaster recovery site readiness.

3.12 Credit rating of the bank

Pursuant to the Bangladesh Bank's BRPD Circular No. 6 dated 5 July 2006 and in order to safeguard the interest of investors, depositors, creditors the bank has completed the credit rating by Credit Rating Information and Services Limited (CRISL). Credit Rating Information and Services Limited assigned "A+" (Pronounced A plus) rating to HBL Bangladesh in the Long term and "ST-2" rating in short term for the period from 01 January 2021 to 31 March 2022 which is valid till 02 July 2023. Commercial banks rated in this category are adjudged to possess good financials, healthy and sustainable franchises and a first rate operating environment. Rating in this category is characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of fund. The next rating is scheduled to be completed by June 2023.

3.13 Related party transaction

The Bank, not being incorporated in Bangladesh, operates in Bangladesh under the banking license issued by Bangladesh Bank and therefore, the key management personnel of the bank for the purposes of IAS 24 are defined as those persons having authority and responsibility for planning, directing and coordinating the bank, being members of the board of directors of the parent company, its senior management and close members of their families and companies they control or have significant influence. Details of related transaction presented in note 34.

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3.14 Audit committee

The Bank being a branch of a foreign bank does not have a local Board of Directors from whom to select an Audit Committee. HBL Bangladesh has obtained a dispensation from Bangladesh Bank that the Bank does not need an Audit committee as it is incorporated outside Bangladesh vide letter no: BRPD (R-2) 651/9(47) Kha/2015-1682 dated 2 March 2015. The Internal Audit Head undertakes the audit related activities at HBL Bangladesh and the Audit Reports are presented to HBL Group Board Audit Committee. Moreover, HBL Bangladesh has a Risk Control & Compliance Unit and QAC Team in Compliance which perform periodic review for different Management office functions and branches.

3.15 Corporate social responsibilities

Habib Bank Limited (HBL) Bangladesh complies with the exercise of CSR initiatives towards the wellbeing of the country. The contribution mostly made for education, health care, emergency response during disaster and integrity awareness among general publics.

In 2022, HBL Bangladesh contributed to a cancer patient for treatment support, publication of book, distribution of blanket for the cold affected people in a specific area of the country. Furthermore, HBL Bangladesh ensured the continuity of its in-house responsibility towards its employees through enhancing safety measures and medical facilities for the employees and their dependents.

As a responsible Banking Organization, HBL Bangladesh will keep continue its right time initiatives towards all the potential areas.

3.16 Green banking and sustainability finance

Habib Bank Limited - Bangladesh Branches follow green office guidelines for its day to day activities such as using energy saving (LED) bulbs, operating air conditioning at low power consumption mood, reducing paper printing and sharing account statements with customer through electronic media etc. The Bank expects to increase green activities including green financing in coming years. The Bank is engaged in sustainable financing to agricultural sector through Micro Finance Institutions (MFIs) and expects to increase the financing in coming years.

3.17 Events after the reporting period

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

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

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			31-Dec-22 Taka	31-Dec-21 Taka
4	**Cash**			
	Cash in hand	(Note 4.1)	82,871,649	72,432,887
	Balance with Bangladesh Bank and its agent banks	(Note 4.2)	489,795,391	470,314,200
			572,667,040	**542,747,087**
4.1	**Cash in hand**			
	Local currency		78,031,569	66,795,438
	Foreign currencies		1,357,580	1,577,949
	Cash in ATM		3,482,500	4,059,500
			82,871,649	**72,432,887**
4.2	**Balance with Bangladesh Bank and its agent banks**			
	Balance with Bangladesh Bank			
	Local currency		248,890,599	291,236,591
	Foreign currencies		240,904,792	179,077,609
			489,795,391	**470,314,200**

4.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of the Bank Company Act, 1991 and subsequent BCD circular no. 13 dated 24 May 1992, BRPD circular no. 12 dated 20 September 1999 and BRPD circular no. 22 dated 6 November 2003, Bangladesh Bank DOS circular no. 3 dated 23 March 2005, DOS circular no. 6 dated 5 October 2005 and MPD circular no. 4 dated 1 December 2010 and MPD circular no. 4 dated 24 June 2014 and MPD circular no. 1 dated 3 April 2018. As per Bangladesh Bank MPD circular no. 3 dated 9 April 2020, the Bank has to maintain CRR at 4% on fortnightly cumulative average basis and minimum at 3.5% on daily basis.

4.3.1	**Cash Reserve Ratio (CRR)**			
	Fortnightly Bank's CRR maintenance			
	Required reserve (4% of demand and time liabilities)		242,978,406	224,733,000
	Actual reserve maintained		249,652,000	290,792,207
	Surplus		**6,673,594**	**66,059,207**
4.3.2	**Statutory Liquidity Ratio (SLR)**			
	Required reserve (13% of demand and time liabilities)		789,677,000	730,384,000
	Actual reserve maintained	(Note 4.3.3)	5,988,430,450	4,768,352,000
	Surplus		**5,198,753,450**	**4,037,968,000**
4.3.3	**Composition of actual reserve held**			
	Cash in hand		82,871,649	72,432,887
	Unencumbered approved securities		5,898,815,094	4,629,636,806
	Others		6,743,707	66,282,307
			5,988,430,450	**4,768,352,000**

*The unencumbered approved securities amounting Tk. 5,882,213,438 shown under the SLR report as on 31.12.2022 has been updated as Tk. 5,898,815,094 due to adjustment of coupon interest income and holding period interest for bonds purchased from secondary market.

5	**Balance with other banks and financial institutions**			
	In Bangladesh	(Note 5.1)	4,029,590	902,893,438
	Outside Bangladesh	(Note 5.2)	18,331,220	80,693,042
			22,360,810	**983,586,480**

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			31-Dec-22 Taka	31-Dec-21 Taka
5.1	**In Bangladesh**			
	Current account			
	Standard Chartered Bank Ltd		4,029,590	2,893,438
	Term placement		-	-
	National Bank of Pakistan		-	400,000,000
	BRAC Bank Limited		-	500,000,000
			4,029,590	**902,893,438**
5.2	**Outside Bangladesh (A+B)**		**18,331,220**	**80,693,042**
5.2.1	**A. Non-group nostro**			
	Current account			
	National Bank of Pakistan, Tokyo, Japan		689,244	675,219
	Standard Chartered Bank, Kolkata		(3,456,181)	13,799,430
	Bangkok Bank Public Company Limited, Thailand		3,061,651	2,215,231
	Muslim Commercial Bank Ltd., Pakistan		789,904	2,841,631
	Development Credit Bank Ltd, Mumbai		846,923	2,828,054
			1,931,541	**22,359,565**
	B. Group nostro			
	Current account			
	Habib Bank Ltd, Urumqi		32,329	52,807
	Habib Allied International Bank plc, UK		80,802	108,071
	Habib Bank Ltd, Brussels		75,943	49,291
	Habib Bank Ltd, Bahrain		7,720,817	46,479,607
	Habib Bank Ltd, UAE		8,489,788	11,643,701
			16,399,679	**58,333,477**
	(Details are given in **Annexure-III**)			
5.3	**Maturity grouping of balance with other banks and financial institutions**			
	Repayable on demand		22,360,810	83,586,480
	Up to 1 month		-	-
	Over 1 month but below 3 months		-	900,000,000
	Over 3 months but below 1 year		-	-
	Over 1 year but below 5 years		-	-
			22,360,810	**983,586,480**
6	**Money at call and short notice**			
	HBL, Singapore		103,292,700	-
	NCC Bank Limited		-	85,800,000
			103,292,700	**85,800,000**
7	**Investments**			
	Government securities	(Note 7.1)	5,890,743,492	4,628,305,786
	Prizebonds		69,300	223,100
			5,890,812,792	**4,628,528,886**
7.1	**Government securities**			
	Treasury bills	(Note 7.1.1)	561,986,177	342,054,088
	Treasury bonds	(Note 7.1.2)	5,328,757,315	4,286,251,698
			5,890,743,492	**4,628,305,786**
7.1.1	**Treasury bills**			
	91 days treasury bills		-	100,035,880
	182 days treasury bills		104,335,997	-
	364 days treasury bills		457,650,180	242,018,208
			561,986,177	**342,054,088**

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			31-Dec-22 Taka	31-Dec-21 Taka
7.1.2	**Treasury bonds**			
	2 years Bangladesh Government Treasury Bond		199,773,815	-
	5 years Bangladesh Government Treasury Bond		662,930,094	-
	10 years Bangladesh Government Treasury Bond		4,441,932,731	4,260,998,154
	15 years Bangladesh Government Treasury Bond		11,847,293	12,486,127
	20 years Bangladesh Government Treasury Bond		12,273,382	12,767,417
			5,328,757,315	**4,286,251,698**
7.1.3	**Investments as per Bangladesh Bank circular:**			
	Held for Trading (HFT)		1,493,398,479	160,006,544
	Held to Maturity (HTM)		4,397,345,013	4,468,299,242
	Prize bond		69,300	223,100
			5,890,812,792	**4,628,528,886**
7.1.4	**Maturity-wise grouping**			
	On demand		69,300	223,100
	Up to 3 months		120,467,161	100,035,880
	More than 3 months but not more than 1 year		471,840,884	257,063,081
	More than 1 year but not more than 5 years		1,102,630,619	42,125,412
	More than 5 years		4,195,804,828	4,229,081,413
			5,890,812,792	**4,628,528,886**
8	**Loans and advances**			
	Loans, cash credits, overdrafts, etc.	(Note 8.1)	5,191,024,486	4,065,772,360
	Bills purchased and discounted	(Note 8.2)	891,000	-
			5,191,915,486	**4,065,772,360**
8.1	**Loans, cash credits, overdrafts, etc.**			
	In Bangladesh			
	Term loan		908,130,888	686,511,226
	Loans against imported merchandise (LIM)		4,671,146	4,671,146
	Trust receipts		264,100,643	197,277,038
	Staff loans		52,252,067	54,779,546
	Cash credit		40,807,357	40,807,357
	Payment against documents		10,751,639	10,751,639
	Short term loan		2,355,430,345	1,544,816,247
	Overdrafts		1,554,880,401	1,526,158,161
			5,191,024,486	**4,065,772,360**
	Outside Bangladesh		-	-
			5,191,024,486	**4,065,772,360**
8.2	**Bills purchased and discounted**			
	In Bangladesh			
	Inland bills purchased (IBP)		891,000	-
	Outside Bangladesh		-	-
	Foreign bills purchased (FBP)		-	-
			891,000	-
8.3	**Maturity-wise grouping**			
	Repayable on demand		484,703,785	113,240,300
	Up to 1 month		221,875,595	334,818,188
	Over 1 month but below 3 months		1,791,010,684	1,347,610,572
	Over 3 month but below 1 year		1,484,451,748	1,410,940,427
	Over 1 year but below 5 year		1,169,588,943	812,297,544
	More than 5 years		40,284,731	46,865,329
			5,191,915,486	**4,065,772,360**
8.4	**Significant concentration**			
	Advances to officer and staff of the bank		52,252,067	54,779,546
	Advances to customers group		2,060,322,111	1,365,304,886
	Industrial advances		3,079,341,308	2,645,687,928
			5,191,915,486	**4,065,772,360**

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		31-Dec-22 Taka	31-Dec-21 Taka
8.5	**Industry-wise concentration**		
	Automobile and transportation equipment	2,438,374	2,438,374
	Metals and allied	189,893,391	183,799,731
	Chemicals and pharmaceuticals	485,812,406	287,020,237
	Shoes and leather garments	-	-
	Textile	11,642,639	96,804,279
	Foods, tobacco and beverages, sugar	1,208,938,634	831,240,125
	General traders	356,414,743	358,679,648
	Others	2,936,775,300	2,305,789,966
		5,191,915,486	**4,065,772,360**
8.6	**Geographical location-wise distribution**		
	Sylhet division	76,898,427	69,966,765
	Chattogram division	767,371,192	1,002,767,453
	Dhaka division	4,347,645,867	2,993,038,142
		5,191,915,486	**4,065,772,360**
8.7	**Grouping as per classification rules**		
	Unclassified		
	Standard	4,676,444,023	3,532,072,094
	Special mention account	26,306,099	138,306,448
	Total unclassified loans and advances	**4,702,750,122**	**3,670,378,542**
	Classified		
	Sub-standard	-	-
	Doubtful	-	-
	Bad/Loss	489,165,364	395,393,818
	Total classified loans and advances	**489,165,364**	**395,393,818**
	Total	**5,191,915,486**	**4,065,772,360**
8.8	**Large loan disclosure**		
	Total number of customers having facility of the 10% of the capital of the Bank.		
	No of Parties	**4**	**5(1 Group)**
	Funded	689,870,029	1,413,292,458
	Non funded	2,218,016,739	311,503,796
	Total amount outstanding	**2,907,886,768**	**1,724,796,254**
8.9	**Particulars of loans and advances**		
	i. Loans considered good in respect of which the banking company is fully secured	1,757,751,608	1,694,393,218
	ii. Loans considered good for which the banking company holds no security other than the debtors personal guarantee.	2,944,998,514	1,975,985,324
	iii. Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	-	-
	iv. Loans adversely classified; provision not maintained there against.	-	-
		4,702,750,122	**3,670,378,542**

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		31-Dec-22 Taka	31-Dec-21 Taka
v.	Loans due by directors or Officers/Executive of the banking company or any of them taken either separately or jointly with any other persons	-	-
vi.	Loans due from companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in case of private companies as members	-	-
vii.	Maximum total amount of advances including temporary advance made at any time during the year to directors or executives or manager or officers of the banking company or any of them taken severally or jointly with any other persons	-	-
viii.	Maximum total amount of advances, including temporary advances made at any time during the year to the companies or firms in which the directors of the banking company are interested as directors, partners, managing agents or in case of private companies as members	-	-
ix.	Due from banking companies	-	-
x.	Amount of classified loans on which interest has not been charged	489,165,364	395,393,818
xi.	Cumulative amount of written off loans		
	Opening balance	104,164,037	138,916,513
	Add: Amount of debts written off for the current year	-	-
		104,164,037	**138,916,513**
	Less: Adjustment of previous year	-	18,802,476
	Less: Recovery against write off loans	-	15,886,800
	Less: Recovery lawyer charge from the write off customer	-	63,200
	Closing Balance	**104,164,037**	**104,164,037**
	Lawsuit filed against written off debts	**103,966,513**	**103,966,513**

8.10 Bills purchased and discounted

Payable outside Bangladesh	-	-
Payable in Bangladesh	891,000	-
	891,000	-

8.11 Maturity-wise grouping of bills purchased and discounted

On demand	-	-
Payable within 1 month	891,000	-
More than 1 month but less than 3 months	-	-
More than 3 months but less than 6 months	-	-
	891,000	-

9 Fixed assets including premises, furniture and fixtures

Furniture and fixtures		11,510,965	13,111,722
Office equipment and electrical appliances		27,430,572	31,274,389
Computer		45,169,028	45,882,999
Software	(Note 9.1)	7,452,860	7,452,860
Motor vehicles		6,817,000	11,558,968
ROU assets	(Note 9.2)	245,760,048	113,026,510
		344,140,473	**222,307,448**
Less: Accumulated depreciation/Amortisation		172,623,202	147,700,823
		171,517,271	**74,606,625**

9.1 Intangible assets

Software	7,452,860	7,452,860
Less: Amortisation	6,671,820	6,205,265
	781,040	**1,247,595**

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

9.2 ROU assets

Cost		
Opening	113,026,510	113,026,510
Additions	141,364,530	-
Adjustment lease cancellation	(8,630,992)	-
Total cost	**245,760,048**	**113,026,510**
Accumulated depreciation		
Opening	65,487,077	33,611,965
Charge for the year	32,451,070	31,875,112
Adjustment lease termination	(6,580,815)	-
Total accumulated depreciation	**91,357,332**	**65,487,077**
Carrying amount	**154,402,716**	**47,539,433**

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			31-Dec-22 Taka	31-Dec-21 Taka
10	**Other assets**			
	Income generating			
	Interest receivable		110,827,431	87,905,985
	Encashment of Sanchayapatra awaiting realisation		178,488	5,076,390
			111,005,919	**92,982,375**
	Non income generating			
	Advance deposits		298,300	298,300
	Stationery and stamps on hand		1,186,427	547,601
	Prepaid expenses		2,957,808	4,177,213
	Advance security deposit		1,250,837	1,180,035
	Advance tax	(Note 10.1)	1,182,184,044	1,031,814,425
	Others		29,900,685	1,143,750
	Advance rent		-	2,428,181
	Interest R/A Block		11,248	11,248
	Receivable account BB working capital stimulus package		4,508,589	8,029,782
			1,222,297,938	**1,049,630,535**
			1,333,303,857	**1,142,612,910**
10.1	**Advance Tax**			
	Opening balance		**1,031,814,425**	**971,568,823**
	Add: Advance income tax paid during the year		14,078,864	36,471,363
	Tax deducted at source during the year		24,000,376	23,774,239
	Addition during the year		**38,079,240**	**60,245,602**
	Adjustment/reconciled during the year		112,290,379	-
	Closing balance		**1,182,184,044**	**1,031,814,425**
11	**Deposits and other accounts**			
	Current accounts and other accounts	(Note 11.1)	2,191,058,366	1,288,605,026
	Fixed deposit	(Note 11.2)	3,786,859,163	3,419,755,101
	Savings bank deposits	(Note 11.3)	524,435,549	451,758,296
	Bills payable		61,848,579	64,460,870
			6,564,201,657	**5,224,579,293**
11.1	**Current accounts and other accounts**			
	Local currency current deposits		1,073,178,607	683,768,621
	Foreign currency current deposits		91,863,829	26,602,284
	Special notice time deposits		770,564,576	271,687,948
	Non Group vostro	(Annexure-IV)	166,847,058	159,356,302
	Sundry deposits		13,802,617	11,321,433
	Group vostro	(Note 11.4)	74,801,679	135,868,438
			2,191,058,366	**1,288,605,026**
11.2	**Fixed deposit**			
	Deposit from customers		**3,786,859,163**	**3,419,755,101**
11.3	**Savings Deposits**		**524,435,549**	**451,758,296**

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			31-Dec-22 Taka	31-Dec-21 Taka
11.4	**Group vostro (Annexure-IV)**			
	Habib Bank Ltd, Oman (BDT)		546,260	546,760
	Habib Bank Ltd, UAE (BDT)		43,201	43,201
	Habib Allied International Bank plc, UK (BDT)		446,953	447,103
	Habib Bank Ltd, Sri Lanka (USD)		2,336,258	1,000,754
	Habib Bank Ltd, Pakistan (ACU $)		71,429,007	133,830,620
			74,801,679	**135,868,438**
	(Details are given in **Annexure-IV**)			
11.5	**Maturity-wise grouping**			
	Repayable - on demand		2,777,342,495	393,779,083
	Up to 1 month		44,883,827	646,909,894
	Over 1 month but below 3 months		772,052,825	1,283,548,283
	Over 3 months but below 1 year		2,276,790,042	2,306,748,600
	Over 1 year but below 5 years		693,132,468	593,593,433
	Over 5 years but below 10 years		-	-
			6,564,201,657	**5,224,579,293**
12	**Other liabilities**			
	Provision for loans and advances	(Note 12.1)	415,216,875	414,189,423
	Provision for off-balance sheet items	(Note 12.2)	25,442,407	20,977,000
	Interest suspense account	(Note 12.3)	57,397,759	57,370,164
	Provision for taxation	(Note 12.4)	1,233,749,691	1,026,437,565
	Accrual for audit fees		1,100,374	1,062,735
	Accrual for professional fees		1,684,500	692,252
	Lease liability	(Note 12.5)	132,500,384	50,045,849
	Other liabilities	(Note 12.6)	242,878,101	126,188,959
			2,109,970,090	**1,696,963,947**
12.1	**Provision for loans and advances**			
i	**Specific provision against classified loans and advances**			
	Movement in specific provision:			
	Provision held at the beginning of the year		378,940,239	294,322,424
	Transferred to general provision		(9,823,033)	(7,780,178)
	Transfer to special general provision for Covid-19		-	-
	Fully provided debts written off during the year		-	-
	Recoveries of amounts previously written off		-	-
	Specific provision for the year		8,137,604	92,397,993
	Recoveries and provisions no longer required		-	-
	Add: Net charge to profit and loss account during the year		(1,685,429)	84,617,815
	Add: Transfer from general provision			
	Provision held at the end of the year		**377,254,810**	**378,940,239**
ii	**General provision against unclassified loans and advances**			
	Movement in general provision:			
	Provision held at the beginning of the year		31,097,866	123,275,992
	Provision made during the year		15,365,000	18,691,300
	Transfer to specific provision		(8,500,801)	(91,090,992)
	Recoveries and provisions no longer required		-	(19,778,434)
	Transfer to special general provision for Covid-19		-	-
	Add: Net charge to profit and loss account during the year		6,864,199	(92,178,126)
	Provision held at the end of the year		**37,962,065**	**31,097,866**

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		31-Dec-22 Taka	31-Dec-21 Taka
iii	**Special general provision Covid-19**		
	Movement in special general provision:		
	Provision held at the beginning of the year	4,151,318	1,566,318
	Add: Provision made during the year	-	2,585,000
	Add/(Less): Transfer from general provision	-	-
	Less: Recoveries and provisions no longer required	(4,151,318)	-
	Less: Transfer to specific provision	-	-
	Net charge in the Profit & Loss and Provision held at the end of the year	-	4,151,318
		415,216,875	414,189,423

Provision for	Required provision	Maintained	Excess/(Shortage)
Un-classified loans and advances	36,872,045	37,962,065	1,090,020
Special general provision Covid-19	-	-	-
Classified loans and advances	360,143,725	377,254,810	17,111,085
	397,015,770	415,216,875	18,201,105

12.2	**Provision for off-balance sheet items**		
	Movement in general provision:		
	Provision held at the beginning of the year	20,977,000	8,493,000
	Amount provided during the year	10,190,300	17,693,000
	Recoveries and provisions no longer required	(5,724,893)	(5,209,000)
	Add: Net charge to profit and loss account during the year	4,465,407	12,484,000
	Provision held at the end of the year	**25,442,407**	**20,977,000**

Provision for	Required	Maintained	Excess/(Shortage)
Off-balance sheet items	25,371,256	25,442,407	71,151

12.3	**Interest suspense account**		
	Balance at the beginning of the year	57,370,164	73,434,711
	Add: Amount transferred to interest suspense account during the year	2,406,546	706,345
		59,776,710	**74,141,056**
	Less: Amount recovered in interest suspense account during the year	(2,378,951)	(16,770,892)
	Less: Amount written off during the year	-	-
	Balance at the end of the year	57,397,759	57,370,164

12.4	**Provision for taxation**		
	Balance of provision at the beginning of the year	1,026,437,565	925,240,824
	Add: Provision made for prior years	10,700,469	92,169,392
	Less: Prior years tax paid	(2,431,000)	(25,419,941)
	Add: Provision made for the year	86,752,278	34,447,290
	Adjustment/reconciled during the year	112,290,379	-
	Balance at the end of the year	**1,233,749,691**	**1,026,437,565**

The tax status in details has been given in details in Annexure-VI.

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		31-Dec-22 Taka	31-Dec-21 Taka
12.5	**Lease liability**		
	Opening balance	50,045,849	74,863,190
	Additions	141,364,531	-
	Finance cost accrued during the period	8,173,538	5,460,115
	Payment of lease liabilities	(65,097,184)	(30,277,456)
	Adjustment lease cancellation	(1,986,350)	-
	Closing balance	**132,500,384**	**50,045,849**
	Non-current	101,125,678	33,519,766
	Current	31,374,706	16,526,083
		132,500,384	**50,045,849**
	Maturity analysis of lease liabilities		
	Up to 1 month	2,521,163	1,364,053
	1-3 months	5,096,970	4,151,431
	3-12 months	23,756,573	16,603,349
	1-5 years	101,125,678	27,927,016
	Above 5 years	-	-
	Total	**132,500,384**	**50,045,849**
12.6	**Other liabilities**		
	Provision against BCCI claim *	9,299,260	9,299,260
	Other payable	123,105,203	23,452,974
	Accrued expenses	39,995,531	30,834,786
	CSR provision	535,672	1,082,475
	Start-Up fund	1,025,653	-
	Routing account	28,954	-
	Interest payable	68,887,828	61,519,464
		242,878,101	**126,188,959**

* This includes the amount provided as provision against the decreed amount of money suit no. 88/1994 filed by Eastern Bank Ltd, successor of BCCI Overseas Ltd.

13	**Capital/Shareholder's equity**		
	Capital fund	4,360,883,491	4,360,883,491
	Reserve fund	53,174,703	55,127,236
	Retained earnings (surplus in profit and loss account)	107,640,015	6,100,381
		4,521,698,209	**4,422,111,108**
13.1	**Capital adequacy ratio**		
	Tier-I Capital		
	Funds received from Head Office	4,360,883,491	4,360,883,491
	Retained earnings	107,640,015	6,100,381
		4,468,523,506	**4,366,983,872**
	Additional Tier-I	-	-
	Total eligible Tier-I Capital	4,468,523,506	4,366,983,872
	Less: Regulatory adjustment		
	Goodwill and all other intangible assets	(781,040)	(1,247,595)
		4,467,742,466	**4,365,736,277**
	Tier-II Capital		
	General provision against unclassified loans and advances	63,404,472	56,226,184
	Other reserves	-	-
	Total eligible Tier-II Capital	**63,404,472**	**56,226,184**
	Total regulatory capital as per Basel-III	**4,531,146,938**	**4,421,962,461**

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			31-Dec-22 Taka	31-Dec-21 Taka
13.2	**Capital adequacy ratio**			
	Total assets including off-balance sheet items		18,626,901,264	15,513,656,997
	Total risk weighted assets		3,635,192,904	5,917,982,157
	Capital to Risk weighted Assets Ratio (CRAR)		124.65%	74.72%
	Common equity Tier-I to RWA		122.90%	73.77%
	Tier-I capital to RWA		122.90%	73.77%
	Tier-II capital to RWA		1.74%	0.95%
	Minimum capital requirement		4,000,000,000	4,000,000,000
	Actual capital maintained		4,531,146,938	4,421,962,460
	Surplus capital as per Basel-III		531,146,938	421,962,460
14	**Surplus in profit and loss account**			
	Balance at the beginning of the year		6,100,381	56,654,709
	Add: Profit/(loss) for the year after tax brought forward from profit and loss account		-	-
			102,565,287	(50,554,328)
	Less: Trasferred to Start-up Fund		(1,025,653)	-
	Less: Transferred to capital fund		-	-
	Balance at the end of the year		**107,640,015**	**6,100,381**
15	**Contingent liabilities and commitments**			
	Acceptances and endorsements		851,410,905	663,240,987
	Letter of guarantees	(Note 15.1)	2,668,969,212	1,819,982,274
	Irrevocable letter of credit		524,960,877	337,171,562
	Bills for collection		139,221,711	41,175,105
	Other contingent liabilities	(Note 15.2)	1,126,620,395	1,060,067,128
	Other commitments	(Note 15.3)	29,848,208	68,365,594
			5,341,031,308	**3,990,002,650**
15.1	**Letter of guarantees**			
	Money for which the Bank is contingently liable in respect of guarantees given favouring:			
	Government		293,352,831	266,255,278
	Bank and other financial institutions		-	-
	Others		2,375,616,381	1,553,726,996
			2,668,969,212	**1,819,982,274**
15.2	**Other contingent liabilities**			
	Stock in hand		482,820,000	482,820,000
	Acceptance under export (Receivable)		42,829,468	38,975,803
	Other non-accruals		600,970,927	538,271,325
			1,126,620,395	**1,060,067,128**
15.3	**Other commitments**			
	Documentary credits and short term trade-related transactions		29,848,208	68,365,594
			29,848,208	**68,365,594**

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		2022 Taka	2021 Taka
16	**Interest income**		
	Interest on term loans	157,158,990	111,690,202
	Interest on overdraft	82,455,984	70,341,675
	Interest on call loans	26,024,764	35,104,097
	Interest on payment against documents (TR/PAD/IBP/FBP)	6,328,743	3,822,807
	Interest on staff loans	2,760,312	3,240,756
	Interest on balance with other Bank	4,177,680	477,743
	Other interest income	620,938	425,619
		279,527,411	**225,102,899**
17	**Interest paid on deposit and borrowings etc.**		
	Interest on savings deposits	13,934,947	16,630,864
	Interest on fixed deposits	184,382,139	205,817,070
	Interest on special notice deposits and short term deposits	7,496,746	10,536,657
	Interest on borrowing	1,128,361	76,500
	Interest expenses on lease liability	8,173,538	5,460,115
		215,115,731	**238,521,206**
18	**Investment Income**		
	Interest on Govt. securities (treasury bills and treasury bonds)	430,559,027	386,111,267
		430,559,027	**386,111,267**
19	**Commission, exchange and brokerage**		
	Commission on acceptances	1,288,748	1,894,051
	Commission on bills	2,905,431	2,537,128
	Commission on DD/TT/MT/PO	40,064	90,737
	Commission on Letter of Guarantee	5,916,857	10,626,603
	Commission on Letter of Credit	4,434,806	5,256,567
	Commission on LIM,PAD	1,835,726	2,162,749
	Commission on PSP/NSC	494,572	749,510
	Exchange A/C on foreign currency	46,222,422	14,106,222
		63,138,626	**37,423,567**
20	**Other operating income**		
	Postage charges recoveries	510,902	248,850
	Telegram/Telex/Swift charges recoveries	330,000	383,000
	Rent on savings deposit lockers	165,700	197,506
	Handling and service charges	675,631	194,838
	Incidental charges recoveries	679,280	626,484
	Net profit on sale of fixed assets	1,250,031	42,604
	Miscellaneous income	2,037,080	928,840
		5,648,624	**2,622,122**

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		2022 Taka	2021 Taka
21	**Salaries and allowances**		
	Salaries	68,565,030	70,084,787
	House allowance	33,054,910	34,988,738
	Allowances	11,429,878	12,738,087
	Bonus paid to employees	23,167,774	21,972,854
	Bank's contribution to provident fund	8,458,745	6,464,323
	Bank's contribution to gratuity fund	9,748,727	9,866,736
	Conveyance allowances	1,677,968	1,909,210
	Medical expenses	4,173,723	4,595,457
	Leave salary	8,403,543	8,904,909
	Others	7,797,539	3,323,866
		176,477,837	**174,848,967**
22	**Rent, taxes, insurance, electricity, etc.**		
	Godown rent	52,900	602,600
	Lighting charges	4,098,056	3,809,412
	Insurance charges	5,109,120	6,159,626
	Rent on Band premises	15,558,500	1,887,892
	VAT on rent	5,670,631	5,457,981
		30,489,207	**17,917,511**
23	**Legal expenses**		
	Law charges	201,023	(240,650)
	Consultancy charges	4,959,721	4,097,557
		5,160,744	**3,856,907**
24	**Postage, stamp, telecommunication, etc.**		
	Telegram charges	3,739	2,946
	Postage, courier and SWIFT charges	1,491,154	1,346,379
		1,494,893	**1,349,325**
25	**Stationery, printing, advertisement, etc.**		
	Newspaper expenses	81,863	51,992
	Printing	430,970	1,544,765
	Stationery	1,264,051	1,274,730
	Business promotion	3,033,875	533,628
	Advertisement charges	875,218	1,118,497
		5,685,977	**4,523,612**

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			2022 Taka	2021 Taka
26	**Chief Executive's salary and fees**			
	Salaries		11,253,072	10,713,696
	Medical expenses		134,800	127,350
	House allowance/rent		5,626,536	5,356,848
	Others		10,233,108	10,867,750
			27,247,516	**27,065,644**
27	**Depreciation and repairs of bank's assets**			
	Repairs and renovation		-	-
	Software maintenance expenses		2,231,499	2,507,632
	Computer and office equipment maintenance		2,978,053	2,895,493
	Depreciation	(Annexure-II)	43,488,090	43,139,504
			48,697,642	**48,542,629**
28	**Other expenses**			
	Branch trade license fee		135,618	142,296
	Work permit and visa charges		491,890	16,390
	Clearing house charges		120,618	146,956
	Training expenses		825,721	742,936
	Conveyance charges		588,261	752,968
	Water and diesel expenses		350,890	260,041
	Telephone charges (office use)		970,504	938,430
	Entertainment charges		801,779	710,999
	Traveling expenses		1,301,562	1,262,376
	Subscription		3,314,299	3,354,000
	Motor car expenses		1,083,261	2,203,100
	Office maintenance charges		4,005,291	1,565,872
	Lease line rent (online) and e-mail expenses		3,735,107	4,370,854
	VISA debit card maintenance fee		3,753,794	3,157,213
	Loss/(gain)-HTM HFT revaluation		8,707,875	17,178,100
	BL Tracking Fee		1,600,349	2,961,663
	Car rental Service		3,962,301	160,000
	Miscellaneous expenses		7,556,427	7,566,289
	Support service cost		13,517,331	12,550,177
	Outsourced charges		5,029,234	5,897,151
			61,852,112	**65,937,811**
28.1	**Electricity cost**			
	Electricity cost from July 2022 to December 2022		2,375,519	-
			2,375,519	**-**

Electricity cost from July 2022 to December 2022 has been disclosed as per BRPD circular no 28 dated on 26 July 2022.

29	**Provision against loans and advances**			
	Classified			
	Specific provision charge to profit and loss account during the year		(1,685,430)	84,617,815
	Unclassified			
	General provision charge to profit and loss account during the year		6,864,199	(92,178,126)
	Special general provision Covid-19 charge to profit and loss account during the year		(4,151,318)	2,585,000
			1,027,451	**(4,975,311)**

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30 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Bank has not early adopted the new or amended standards in preparing these financial statements.

a) Amendments to IAS 1 (Classification of Liabilities as Current or Non-Current) - Effective from 01 January 2023

b) IFRS 17 "Insurance Contracts" - Effective from 01 January 2023

c) Amendments to IAS 8 (Definition of Accounting Estimate) - Effective from 01 January 2023

d) Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies) - Effective from 01 January 2023

The following amended standards and interpretations are not expected to have a significant impact on the Bank's financial statements:

— Annual Improvements to IFRS Standards 2018–2020.
— Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16).
— Reference to Conceptual Framework (Amendments to IFRS 3).
— Classification of liabilities as current or non-current (Amendments to IAS 1).

31 Events after the reporting period

No material events which have occurred after the reporting period which could affect the values stated in the financial statements.

32 Impact of Covid-19

The spread of coronavirus globally has led the World Health Organization (WHO) to classify it as a pandemic on 11 March 2020 and like most of the other countries, Bangladesh Government has also taken restrictive measures to contain its further spread affecting free movement of people and goods. The events that occurred due to the pandemic are currently fast evolving with the extent of the impact on the economy resulting in adjusting the financial statements (as necessary). Though the full measurement of the impact of the events after the reporting date is difficult to estimate at this stage, management is of the view that the Bank will not be adversely affected by this pandemic as the Bank is not experiencing or likely to experience any significant change in its business activity. Considering the nature of the Bank's business, management is of the view that there is no significant event that cast doubt on its ability to continue as a going concern. Currently, the Bank also has adequate resources to continue in operation for the foreseeable future.

Though as at the date of these financial statements, no material impact has been identified by management on the Bank's financial position, results of operations and cash flows, management has decided to continuously monitor, evaluate and measure the impacts on the operations of the Bank by remaining alert to the changing situations.

33 Loan file compliance regarding updated Financial Statements and DVC

According to FRC letter no. 178/FRC/FPR/2021/27(21) dated 7 December 2021, the compliance status of BRPD circular no. 04 dated 04 January 2021 and BRPD circular letter no. 35 dated 06 July 2021 as follows:

Number of borrower	BRPD Circular 4 and 35 applicable for no. of borrower	Financial statements including DVC	Financial statements excluding DVC	% of DVC	% of without DVC
22	22	18	4	81.82%	18.18%

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34 Related party disclosures

34.1 Related parties

The related parties of the Bank include Habib Bank Ltd., other group enties, key mangement personnel of HBL group, and the Bank as well as close family members and its post-employment benefit & contribution plans.

The Bank, not being incorporated in Bangladesh, operates in Bangladesh under the banking licence issued by Bangladesh Bank and therefore, the key management personnel of the Bank for the purpose of IAS 24 are defined as those persons having authority and responsibilty for planning, directing, controlling the Bank, being members of the Country Management Committee (MANCOM) of the Bank, and close members of their families and companies they control, or significantly influence, or for which significant voting power is held.

34.2 Related party transactions

34.2.1 Transactions with Key Management Personnel

During 2022, transactions with key management personnel of the Bank include the following:

Particulars	2022	2021
Salaries and other short-term employee benefits	52,139,343	44,873,459
Bonus paid or payable	12,183,191	9,695,973
Total	**64,322,534**	**54,569,432**

Loan to MANCOM members of the Bank amounted to Tk.18,316,736 as on 31 Decmber 2022 (2021: Tk.16,321,997) at rates applicable to employees of the Bank. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

34.2.2 Transactions with group entities

The Bank provides and receives certain banking and financial services to/from entities within the Group. Some branches of Habib Bank maintain Vostro accounts with Habib Bank Bangladesh for interbranch transaction settlement. As at year end, the balance with all vostro accounts (including other branches of HBL) are given in the Note No.11.4

HBL Bangladesh maintains interest bearing nostro accounts with other Habib Bank branches. At year end, the balance with all nostro accounts are given in the Note no. 5.2.1 (B). The disclosure of the year end balance is considered to be the most meaningful information to represent transactions during the year.

HBL Bangladesh has taken fund from the other group entities (under ultimate parent) in the form of deposits and outstanding balance stands at Tk.1,314,629,641 as on 31 December 2022.

Aga Khan Education Services, Bangladesh, one of the group entities (under ultimate parent) has been availing non-funded facility from HBL Bangladesh and balance of the facility as on 31 December 2022 stands at Tk. 4,420,928.

HBL Bangladesh has kept short term placement HBL, Singapore and the balance of the same as on 31 December 2022 stands at Tk. 103,292,700.

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34.2.3 Transactions with post employment benefit plans

The Bank has two post-employment benefit plans, a provident fund which is of the nature of a defined contribution scheme and a funded gratuity scheme which is of the nature of a defined benefit plan. The Bank contributes to the provident fund in accordance with the requirement of the Trust Deed of the fund while its contributions to the gratuity scheme are determined by a professional actuary.

The responsibilty for management and administration of these plans resides with the Trustees of these schemes. The trustees are selected among the employees of the Bank. The Bank does not charge these schemes any fees for management or administrative purpose.

In 2022, the Bank contributed Tk.9,748,727 (2021: Tk.9,866,736) to the gratuity fund and Tk.9,169,627 (2021: Tk.7,535,695) to the provident fund. As on 31 December 2022, the provident fund had a balance of Tk.1,570,956 in the cash account and the gratuity fund had a balance of Tk.38,351,837 deposited with the Bank.

35 Others

(i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.

(ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest Taka.

(iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

(iv) The number of employees engaged for the whole year who received a total remuneration of Taka 36,000 or above were 99 (2021: 103).

(V) Highlights of the overall activities of the Bank have been presented in Annexure-I.

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Habib Bank Limited - Bangladesh Branches
Highlights on the overall activities
As at and for the year ended 31 December 2022

Annexure-I

Sl No.	Particulars	2022	2021
		BDT	BDT
1	Paid-up capital/Fund received from Head Office	4,360,883,491	4,360,883,491
2	Total capital	4,531,146,938	4,421,962,461
3	Capital (deficit)/surplus	531,146,938	421,962,460
4	Total assets	13,285,869,956	11,523,654,348
5	Total deposits	6,564,201,657	5,224,579,293
6	Total loans and advances	5,191,915,486	4,065,772,360
7	Total contingent liabilities and commitments	5,341,031,308	3,990,002,650
8	Credit deposit ratio	78.27%	76.91%
9	Percentage of classified loans against total loans and advances	9.42%	9.72%
10	Profit after tax and provision	102,565,287	(50,554,328)
11	Amount of classified loans during current year	489,165,364	395,393,818
12	Provisions kept against classified loans	377,254,810	378,940,239
13	Provision surplus against classified loans	17,111,085	114,397,385
14	Cost of fund	3.57%	4.19%
15	Interest earning assets	11,209,011,815	9,838,608,108
16	Non-interest earning assets	2,076,858,141	1,685,046,240
17	Return on Equity (ROE)	2.29%	(1.14%)
18	Return on Assets (ROA) [PAT/Average Assets]	0.83%	(0.43%)
19	Income from investment	430,559,027	386,111,267

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Habib Bank Limited - Bangladesh Branches
Schedule of fixed assets including premises, furniture and fixtures
As at 31 December 2022

A) Tangible Assets

Annexure-II

Particulars	Cost				Rate	Depreciation				WDV as at 31 December 2022
	Balance as at 1 January 2022	Addition during the year	Adjustment / disposal during the year	Total as at 31 December 2022		Balance as at 1 January 2022	Charged for the year	Adjustment / disposal during the year	Total as at 31 December 2022	
Furniture & fixture	13,111,722	575,413	2,176,170	11,510,965	10%-20%	12,057,748	297,768	2,107,854	10,247,662	**1,263,303**
Office equipment & electrical appliance	31,274,389	669,846	4,513,663	27,430,572	10%-20%	26,999,987	1,247,587	4,377,292	23,870,282	**3,560,290**
Computers	45,882,999	360,000	1,073,971	45,169,028	20%-33.33%	25,905,535	8,827,530	1,073,958	33,659,107	**11,509,921**
Motor vehicle	11,558,968	-	4,741,968	6,817,000	10%	11,045,211	197,580	4,425,792	6,816,999	**1**
Right of use-assets	113,026,510	141,364,530	8,630,992	245,760,048		65,487,077	32,451,070	6,580,815	91,357,332	**154,402,716**
Total	**214,854,588**	**142,969,789**	**21,136,764**	**336,687,613**		**141,495,558**	**43,021,535**	**18,565,711**	**165,951,382**	**170,736,231**

B) Intangible Assets

Particulars	Cost				Rate	Amortisation				WDV as at 31 December 2022
	Balance as at 1 January 2022	Addition during the year	Adjustment / disposal during the year	Total as at 31 December 2022		Balance as at 1 January 2022	Charged for the year	Adjustment / disposal during the year	Total as at 31 December 2022	
Software	7,452,860	-	-	7,452,860	20%	6,205,265	466,555	-	6,671,820	**781,040**
Total	**7,452,860**	**-**	**-**	**7,452,860**	**-**	**6,205,265**	**466,555**	**-**	**6,671,820**	**781,040**
As at 31 December 2022 (A+B)	**222,307,448**	**142,969,789**	**21,136,764**	**344,140,473**	**-**	**147,700,823**	**43,488,090**	**18,565,711**	**172,623,202**	**171,517,271**
As at 31 December 2021	**258,562,928**	**19,659,991**	**55,915,471**	**222,307,448**	**-**	**160,202,072**	**43,139,504**	**55,640,753**	**147,700,823**	**74,606,625**

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Habib Bank Limited - Bangladesh Branches
Balance with other banks - Outside Bangladesh (Nostro Account)
As at 31 December 2022

Annexure-III

Name of the bank	Account type	Foreign currency	2022			2021		
			FC amount	Exchange rate	Equivalent BDT	FC amount	Exchange rate	Equivalent BDT
Group Nostro								
Habib Bank Ltd, Brussels	Nostro A/C	EUR	693	109.56	75,943	507	97.22	49,291
Habib Bank Ltd, UAE	Nostro A/C	USD	82,192	103.29	8,489,788	135,707	85.80	11,643,701
Habib Bank Ltd, Urumqi	Nostro A/C	CNY	2,184	14.80	32,329	3,947	13.38	52,807
Habib Bank Ltd, Bahrain	Nostro A/C	USD	74,747	103.29	7,720,817	541,720	85.80	46,479,607
Habib Allied International Bank plc, UK	Nostro A/C	GBP	651	124.12	80,802	937	115.34	108,071
Sub-Total (A)					**16,399,679**			**58,333,477**
Non-Group Nostro								
National Bank of Pakistan, Tokyo, Japan	Nostro A/C	JPY	897,453	0.77	689,244	899,453	0.75	675,219
Muslim Commercial Bank Ltd., Pakistan	Nostro A/C	USD	7,647	103.29	789,904	33,119	85.80	2,841,631
Standard Chartered Bank, Kolkata	Nostro A/C	USD	(33,460)	103.29	(3,456,181)	160,833	85.80	13,799,430
Development Credit Bank Ltd., Mumbai	Nostro A/C	USD	8,199	103.29	846,923	32,961	85.80	2,828,054
Bangkok Bank Public Company Limited, Thailand	Nostro A/C	USD	29,641	103.29	3,061,651	25,819	85.80	2,215,231
Sub-Total (B)					**1,931,541**			**22,359,565**
Total (A+B)					**18,331,220**			**80,693,042**

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Habib Bank Limited - Bangladesh Branches
Balance with other banks - Outside Bangladesh (Vostro Account)
As at 31 December 2022

Annexure-IV

Name of the bank	Account type	Foreign currency	2022			2021		
			FC amount	Exchange rate	Equivalent taka	FC amount	Exchange rate	Equivalent taka
Group Vostro								
Habib Bank Ltd, Oman (BDT)	Vostro A/C	BDT	546,260	-	546,260	-	-	546,760
Habib Bank Ltd, UAE (BDT)	Vostro A/C	BDT	43,201	-	43,201	-	-	43,201
Habib Bank Ltd, Sri Lanka (USD)	Vostro A/C	USD	22,618	103	2,336,258	11,664	85.80	1,000,754
Habib Bank Ltd, Pakistan (ACU $)	Vostro A/C	USD	691,520	103	71,429,007	1,559,797	85.80	133,830,620
Habib Allied International Bank plc, UK (BDT)	Vostro A/C	BDT	446,953	-	446,953	-	-	447,103
Sub-Total (A)					**74,801,679**			**135,868,438**
Non-Group Vostro								
Dubai Islamic Bank Limited	Vostro A/C	USD	107,635	103	11,117,897	34,763	85.80	2,982,626
Habib Metropolitan Bank Limited	Vostro A/C	USD	392,159	103	40,507,112	629,077	85.80	53,974,772
Bank Islami Pak	Vostro A/C	USD	29,498	103	3,046,885	9,498	85.80	814,892
JS Bank Limited	Vostro A/C	USD	21,680	103	2,239,368	220,242	85.80	18,896,778
Silkbank Limited	Vostro A/C	USD	52,820	103	5,455,930	52,820	85.80	4,531,964
MCB Islamic	Vostro A/C	USD	114,609	103	11,838,260	10,000	85.80	858,000
The Bank Punjab Limited	Vostro A/C	USD	403,348	103	41,662,895	744,843	85.80	63,907,538
The Bank Of Khyber Limited	Vostro A/C	USD	436,514	103	45,088,689	32,836	85.80	2,817,349
Bank Al Falah Limited	Vostro A/C	USD	0.48	103	50	0.48	85.80	41
Albaraka Bank Limited	Vostro A/C	USD	57,022	103	5,889,972	123,221	85.80	10,572,342
Sub-Total (B)					**166,847,058**			**159,356,303**
Total (A+B)					**241,648,737**			**295,224,741**

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Annexure-V

Habib Bank Limited - Bangladesh Branches
Details of Large Loan

No of clients: 4

Client wise break up is as follows:

SL	Name of the borrower	Funded o/s	Funded limit	Non-funded o/s	Non funded limit	Total limit
1	BRAC	499,976,638	500,000,000	-	-	500,000,000
2	Bangladesh Steel Re-rolling Mills Ltd.	189,893,391	210,000,000	8,984,606	350,000,000	568,984,606
3	BANK OF CHINA LTD. CHINA	-	-	1,597,565,019	1,597,565,019	3,195,130,038
4	CHINA CONSTRUCTION BANK CORPORATION	-	-	611,467,114	611,467,114	611,467,114
Total (as at 31 December 2022)		**689,870,029**		**2,218,016,739**		

No of clients: 5(1 Group)

Client wise break up is as follows:

SL	Name of the borrower	Funded o/s	Funded limit	Non-funded o/s	Non funded limit	Total limit
1	MM Ispahani Group	320,486,941	375,000,000	-	250,000,000	625,000,000
2	Bangladesh Steel Re-rolling Mills Ltd.	183,799,731	210,000,000	311,503,796	350,000,000	871,503,796
3	BRAC	499,079,040	500,000,000	-	-	500,000,000
4	Confidence Power Holdings Limited	409,926,746	560,000,000	-	-	560,000,000
5	Banglalink Digital Communications Limited	-	600,000,000	-	-	600,000,000
Total (as at 31 December 2021)		**1,413,292,458**		**311,503,796**		

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Annexure-VI

Habib Bank Limited - Bangladesh Branches
Tax Status
As at 31 December 2022

Income year	Year	Latest status (with stage)	Additional demand Amount (In BDT)	Remarks
1991	1992-1993	This case is pending at High Court. High Court Order has not been arrived at Deputy Commissioner of Taxes (DCT). DCT will then revise the assessment order and it may take multiple years and at this moment the amount is not quantifiable.	9,523,047	The case is pending at High Court. High Court Order has not been arrived at DCT. DCT will then revise the assessment order and it may take multiple years and it is subject to further appeal.
1992	1993-1994	This case has been revived by Tax authority suddenly at High Court in 2018 and High Court has granted our point. Caveat has been filed. However, High court has not issued any revised order to Large Taxpayers' Unit (LTU).	-	The case is settled at High Court but no clearance still has been received. High Court Order has not been arrived at DCT. DCT will then revise the assessment order and it may take multiple years
1993	1994-1995	This case is pending at High Court. High Court Order has not been arrived at DCT. DCT will then revise the assessment order and it may take multiple years and at this moment the amount is not quantifiable.	4,357,406	The case is pending at High Court. High Court Order has not been arrived at DCT. DCT will then revise the assessment order and it may take multiple years and it is subject to further appeal.
2000	2001-2002	As per tax record, there is a tax refund of BDT. 1,381,932/=.	(1,381,932)	All legal proceedings have been exhausted.HBL Bangladesh is now pursuing for tax clearance certificate.
2001	2002-2003	Case# I.T. Ref 112/2005 has been filed for HBL Bangladesh to the High Court and still the progress is going on.	5,227,591	The case is pending at High Court. High Court has not fixed the hearing date yet. Following up with the lawyer on continuous basis.
2002	2003-2004	Refund to be adjusted with final liability of financial year 2005.	(1,428,509)	The case is pending at LTU for adjustment. A letter has been submitted to LTU for adjustment with liability of financial year 2005.
2003	2004-2005	This year has been settled but yet not received any clearance certificate.	-	All legal proceedings have been exhausted. HBL Bangladesh is now pursuing for tax clearance certificate.
2004	2005-2006	Refund to be adjusted with final liability of Financial year 2005.	(5,772,874)	The case is pending at LTU for adjustment. A letter has been submitted to LTU for adjustment with liability of financial year 2005.
2005	2006-2007	Assessment has been completed at all stages and final liability stands at BDT 9,676,521/-	9,676,521	The case is pending at LTU for adjustment with refund of 2002, 2004 & 2006.
2006	2007-2008	Refund to be adjusted with final liability of Financial year 2005.	(3,848,299)	The case is pending at LTU for adjustment. A letter has been submitted to LTU for adjustment with liability of financial year 2005.
2008	2009-2010	Paid and applied for clearance certificate.	-	Paid and applied for clearance certificate.HBL Bangladesh is now pursuing for tax clearance certificate.
2015	2016-2017	DCT Assessment has been completed. Now HBL Bangladesh has appealed against the assessment order to Appeal authority. After deprived of appeal, HBL Bangladesh has filed appeal to Taxes Appellate Tribunal for justice.	16,49,942	Revised assessment against Tribunal order has been completed. Final demand order has been received.
2016	2017-2018	DCT Assessment has been completed. HBL Bangladesh has appealed against assessment order to the Taxes Appellate Tribunal after being aggrieved from Appeal authority.	34,727,128	Assessment order issued by LTU, but HBL Bangladesh has appealed to Taxes Appellate Tribunal against it.
2017	2018-2019	Assessment has been completed and it is under audit	13,753,831	Appeal has been filed and we are in the process of hearing
2018	2019-2020	Income tax return submitted u/s 82 BB of The Income Tax Ordinance, 1984 & tax clearance certificate collected	-	Tax audit has not been started yet.
2019	2020-2021	Income tax return submitted u/s 82 BB of The Income Tax Ordinance, 1984 & tax clearance certificate collected	-	Tax audit has not been started yet.
2020	2021-2022	Income tax return submitted u/s 82 BB of The Income Tax Ordinance, 1984 & tax	-	Tax audit has not been started yet.
2021	2022-2023	Income tax return submitted u/s 82 BB of The Income Tax Ordinance, 1984 & tax clearance certificate collected		Tax audit has not been started yet.

Notes: We have completed all the legal proceedings for Income Year 1996, 1997, 1998, 1999, 2007, 2009, 2010, 2011, 2012, 2013 & 2014 and we have tax clearance certificates in hand for those years.

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