Auditors' Report and Audited Financial Statements For the year ended 31 December 2025

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Independent Auditors' 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 2025 and the profit and loss accounts, statements of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its separate financial performance and its cash flows for the year then ended in accordance with Rules and Regulation issued by Bangladesh Bank and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 2.1 to the financial statements where management has explained the basis of the preparation of financial statements including compliance with Rules and Regulations issued by Bangladesh Bank on classification of loans and advances, and required impairment provision. Our opinion is not modified in respect of this matter

Other information

Management is responsible for the other information. The other information comprises information, if any, included in documents containing the Bank's financial statements and our auditor's report thereon. As the Bank is not a listed entity and does not publish an annual report in Bangladesh, no other information was made available to us prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Rules and Regulation issued by Bangladesh Bank and IFRS Accounting Standards as issued by the IASB as explained in note 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.

Auditors' 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 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 judgment and maintain professional skepticism 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 the consolidated 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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entity or business units. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
(iii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
(iv) the balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns;
(v) 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;
(vi) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
(vii) Based on our checking of sample, no advance or loan in excess of the amount determined by Bangladesh Bank from time to time has been sanctioned or allowed;
(viii) 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 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 Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:
  (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;
(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 1,200 person hours
(xi) Capital to Risk-weighted Asset Ratio (CRAR), Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as required by Bangladesh Bank has been maintained adequately as at 31 December 2025;
(xii) As part of our going concern assessment, we reviewed maturity mismatch between assets and liabilities which may adversely affect the Bank's subsequent liquidity position; and
(xiii) Non-banking assets have been accounted in conformity with Bangladesh Bank guidelines.

For and on behalf of
Hoda Vasi Chowdhury & Co.
Chartered Accountants
FRC Enlistment No.: CAF-001-057

Sabbir Ahmed FCA
Partner
Enrolment Number: 0770
DVC: 2604220770AS963624

Place: Dhaka, Bangladesh
Date: 22 April 2026

Balance Sheet
As at 31 December 2025

	Notes	31-Dec-25 Taka	31-Dec-24 Taka
Property and assets			
Cash	4	**510,900,489**	**1,041,429,545**
Cash in hand (including foreign currencies)		76,193,453	73,083,461
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		434,707,036	968,346,084
Balance with other banks and financial institutions	5	**97,302,365**	**68,125,214**
In Bangladesh		17,924,597	5,050,665
Outside Bangladesh		79,377,768	63,074,549
Money at call and short notice	6	**361,147,700**	**300,000,000**
Investments	7	**6,765,852,027**	**6,842,695,575**
Government		6,765,699,527	6,842,367,775
Others		152,500	327,800
Loans and advances	8	**7,394,473,362**	**5,538,021,148**
Loans, cash credits, overdrafts, etc.		4,873,381,153	5,538,021,148
Bills purchased and discounted		2,521,092,208	-
Fixed assets including premises, furniture and fixtures	9	**137,634,535**	**162,242,166**
Other assets	10	**743,706,978**	**1,046,868,943**
Non-banking assets		-	-
Total assets		**16,011,017,456**	**14,999,382,591**
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents		-	**520,000,000**
Deposits and other accounts	11	**9,708,684,071**	**7,765,749,980**
Current and other accounts		2,687,585,529	3,154,682,256
Bills payable		2,706,764	56,578,659
Fixed deposits		6,679,685,951	4,114,436,843
Savings deposits		338,705,827	440,052,222
Other liabilities	12	**1,231,797,399**	**1,777,284,422**
Total liabilities		**10,940,481,470**	**10,063,034,402**
Capital/Shareholders' equity	13	**5,070,535,986**	**4,936,348,189**
Capital fund		5,000,000,000	4,619,833,870
Other reserve	13.4	13,328,791	58,823,859
Surplus in profit and loss account	14	57,207,195	257,690,460
Total liabilities and shareholders' equity		**16,011,017,456**	**14,999,382,591**
Off-balance sheet items			
Contingent liabilities		**3,606,925,081**	**4,164,464,473**
Acceptances and endorsements		840,553,011	250,516,508
Letters of guarantee	15.1	1,797,721,615	2,284,345,040
Irrevocable letters of credit		492,636,780	526,408,473
Bills for collection		157,417,614	79,795,249
Other contingent liabilities	15.2	318,596,061	1,023,399,203
Other Commitments		-	**19,877,141**
Documentary credits and short term trade-related transactions	15.3	-	19,877,141
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	15	**3,606,925,081**	**4,184,341,614**

The notes 1 to 34 and annexures I to VII form an integral part of these financial statements.

Parul Das
Chief Financial Officer

A S M Sakhawat Hossain Khan
Acting Country Manager

As per our report of same date

Sabbir Ahmed FCA, Partner
ICAB Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 22 April 2026
DVC: 2604220770AS963624

Profit and Loss Account
For the year ended 31 December 2025

	Notes	2025 Taka	2024 Taka
Interest income	16	683,233,838	576,270,070
Less: Interest paid on deposits and borrowings etc.	17	590,726,815	439,229,443
Net interest income		**92,507,023**	**137,040,627**
Investment income	18	655,394,384	661,191,910
Commission, exchange and brokerage	19	54,395,132	32,492,500
Other operating income	20	4,920,932	3,999,071
		714,710,448	**697,683,481**
Total operating income (A)		**807,217,471**	**834,724,108**
Less: Operating expenses			
Salaries and allowances	21	238,657,775	231,615,415
Rent, taxes, insurance, electricity etc.	22	21,195,416	19,700,050
Legal expenses	23	2,573,636	7,314,550
Postage, stamp, telecommunication etc.	24	2,286,044	1,110,811
Stationery, printing, advertisements etc.	25	6,243,873	12,781,690
Chief Executive's salary and fees	26	41,238,487	40,196,666
Auditors' fees		1,414,500	1,180,648
Depreciation and repairs of bank's assets	27	66,506,794	63,776,080
Other expenses	28	70,713,976	74,010,718
Total operating expenses (B)		**450,830,501**	**451,686,628**
Profit/(loss) before provision and taxes (C=A-B)		**356,386,970**	**383,037,480**
Provision against loans and advances	29	30,978,125	36,880,232
Provision for off-balance sheet items	12.2	(5,468,986)	(4,784,452)
Other provisions		-	1,200,000
Total provision (D)		**25,509,139**	**33,295,780**
Total profit before taxes (C-D)		**330,877,831**	**349,741,700**
Less: Provision for taxation			
Prior year		3,652,022	619,502
Current year	12.4	96,885,000	169,165,900
Deferred	10.2	48,842,966	(67,845,526)
		149,379,988	101,939,876
Net profit after taxation		**181,497,843**	**247,801,824**
Appropriations:			
Transferred to Start-Up Fund		1,814,978	2,478,018
Retained surplus		**179,682,865**	**245,323,806**

The notes 1 to 34 and annexures I to VII form an integral part of these financial statements.

Parul Das
Chief Financial Officer

A S M Sakhawat Hossain Khan
Acting Country Manager

As per our report of same date

Sabbir Ahmed FCA, Partner
ICAB Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 22 April 2026
DVC: 2604220770AS963624

Cash Flow Statement
For the year ended 31 December 2025

		Notes	2025 Taka	2024 Taka
A.	**Cash flows from operating activities**			
	Interest/Profit receipts in cash		647,148,886	524,757,252
	Interest payments		(541,129,191)	(400,231,551)
	Income from investments	18	655,394,384	661,191,910
	Fee and commission receipts in cash	19	54,395,132	32,492,500
	Cash payments to employees		(280,117,376)	(263,384,256)
	Cash payments to suppliers		(84,128,629)	(83,847,146)
	Recoveries on loans previously written off		5,600,000	-
	Income tax paid		(187,104,613)	(85,358,890)
	Receipts from other operating activities		4,832,968	3,796,337
	Payments for other operating activities		(74,658,959)	(77,095,905)
	Cash generated from operating activities before changes in operating assets and liabilities		**200,232,602**	**312,320,251**
	Increase/Decrease in operating assets and liabilities			
	Loans and advances to customers		(1,856,452,214)	(218,836,266)
	Other assets		(30,323,130)	(33,078,994)
	Deposits from other banks		1,790,420,361	97,405,123
	Deposits from customers		152,513,730	467,031,082
	Other liabilities		(230,223,385)	112,173,236
	Cash generated from operating assets and liabilities		**(174,064,638)**	**424,694,181**
	Net cash from operating activities		**26,167,964**	**737,014,432**
B.	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		(23,479,023)	(32,204,412)
	Sale proceeds of property, plant and equipment		88,006	256,223
	Sale/(Purchase) of securities		76,843,548	(1,109,079,876)
	Net cash from investing activities		**53,452,531**	**(1,141,028,065)**
C.	**Cash flows from financing activities**			
	Borrowings from other banks		(520,000,000)	520,000,000
	Remittance received from Head Office		-	-
	Net cash from/(used) in financing activities		**(520,000,000)**	**520,000,000**
D.	Net increase in cash and cash equivalents (A+B+C)		(440,379,505)	115,986,367
E.	Effects of exchange rate changes on cash and cash equivalents		-	-
F.	Cash and cash equivalents at the beginning of the year		1,409,882,559	1,293,896,192
G.	**Cash and cash equivalents at end of the year (D+E+F)**		**969,503,054**	**1,409,882,559**
	Cash and cash equivalents at end of the year			
	Cash in hand (including foreign currencies)	4.1	76,193,453	73,083,461
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	4.2	434,707,036	968,346,084
	Balance with other banks and financial institutions	5	97,302,365	68,125,214
	Money at call and on short notice	6	361,147,700	300,000,000
	Prize bonds	7	152,500	327,800
			969,503,054	**1,409,882,559**

The notes 1 to 34 and annexures I to VII form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2025

(Amount in Taka)

Particulars	Fund received from Head Office	Revaluation Reserve on Govt. Securities	Actuarial gain/(loss)	Surplus in profit & loss account	Total
Balance as at 1 January 2025	**4,619,833,870**	**62,962,978**	**(4,139,119)**	**257,690,460**	**4,936,348,189**
Changes in accounting policy restated balance	-	-	-	-	-
Capital fund received from Head Office	-	-	-	-	-
Transferred to Capital	380,166,130	-	-	(380,166,130)	-
Actuarial gain/(loss)	-	-	1,983,219	-	1,983,219
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	(47,478,287)	-	-	(47,478,287)
Currency translation differences	-	-	-	-	-
Net profit for the year	-	-	-	181,497,843	181,497,843
Transferred to Start-Up Fund	-	-	-	(1,814,978)	(1,814,978)
Balance as at 31 December 2025	**5,000,000,000**	**15,484,691**	**(2,155,900)**	**57,207,195**	**5,070,535,986**

For the year ended 31 December 2024

(Amount in Taka)

Particulars	Fund received from Head Office	Revaluation Reserve on Govt. Securities	Actuarial gain/(loss)	Surplus in profit & loss account	Total
Balance as at 1 January 2024	**4,360,883,491**	**75,414,968**	**-**	**271,317,033**	**4,707,615,492**
Changes in accounting policy restated balance	-	-	-	-	-
Capital fund received from Head Office	-	-	-	-	-
Transferred to Capital	258,950,379	-	-	(258,950,379)	-
Actuarial gain/(loss)	-	-	(4,139,119)	-	(4,139,119)
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	(12,451,990)	-	-	(12,451,990)
Currency translation differences	-	-	-	-	-
Net profit for the year	-	-	-	247,801,824	247,801,824
Transferred to Start-Up Fund	-	-	-	(2,478,018)	(2,478,018)
Balance as at 31 December 2024	**4,619,833,870**	**62,962,978**	**(4,139,119)**	**257,690,460**	**4,936,348,189**

The notes 1 to 34 and annexures I to VII form an integral part of these financial statements.

Liquidity Statement (Asset and Liability Maturity Analysis)
(Asset and Liability Maturity Analysis)

(Amount in Taka)

Particulars	Maturity: Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	76,193,453	-	-	-	-	76,193,453
Balance with Bangladesh Bank	146,007,037	-	-	-	288,699,999	434,707,036
Balance with other banks and financial institutions	97,302,365	-	-	-	-	97,302,365
Money at call and on short notice	361,147,700	-	-	-	-	361,147,700
Investment in treasury bills and others	240,631,977	489,023,706	1,087,505,027	4,421,901,674	526,789,642	6,765,852,027
Loans and advances to customers	1,520,496,934	1,272,775,591	1,741,023,788	289,973,426	49,111,414	4,873,381,153
Bills purchased and discounted	388,425,126	1,162,991,534	969,675,549			2,521,092,208
Fixed assets including premises, furniture and fixtures	3,439,531	6,371,959	28,907,672	91,339,188	7,576,186	137,634,535
Other assets	-	219,162,524	1,755,000	522,789,455	-	743,706,979
Non-banking assets	-	-	-	-	-	-
Total assets (A)	**2,833,644,123**	**3,150,325,314**	**3,828,867,035**	**5,326,003,743**	**872,177,241**	**16,011,017,456**
Liabilities:						
Borrowing from other banks and financial institutions and agents	-	-	-	-	-	-
Deposits and other accounts	1,718,350,088	2,503,370,663	3,778,557,407	1,708,405,913	-	9,708,684,071
Other liabilities	64,966,193	90,801,729	157,977,255	768,779,710	149,272,513	1,231,797,399
Total liabilities (B)	**1,783,316,281**	**2,594,172,392**	**3,936,534,662**	**2,477,185,623**	**149,272,513**	**10,940,481,470**
Net liquidity excess/(shortage) (A-B)	**1,050,327,842**	**556,152,922**	**(107,667,627)**	**2,848,818,120**	**722,904,728**	**5,070,535,986**

Notes to the Financial Statements
As at and for the year ended 31 December 2025

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 with its head office at HBL Tower, Karachi, Pakistan. The Bank has been conducting 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 four (4) branches in Bangladesh out of which two (2) branches (Main branch and Motijheel branch) and one (1) sub-branch (Uttara sub-branch) in Dhaka, one (1) branch in Chattogram and one (1) branch in Sylhet. The Offshore Banking Unit (OBU) of the Bank started its operation from 2025 after taking necessary approval from Bangladesh Bank vide license no. FEPD (OBU-License/2024-04) to support cross border business of our clientele.

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.

In order to cater the varied financial needs of 100% foreign owned/joined venture industrial units and foreign entities located in Export Processing Zones (EPZ) of the country, Habib Bank Limited obtained OBU license from Bangladesh Bank on 31 July 2024. The financial statements of the bank included the operations of OBU. In addition, a separate financial statements of OBU has been presented in ***Annexure.*** The principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh in foreign currency.

2 Basis of preparation of financial statements and statement of compliance

Preparation of separate financial statements of the bank for the year ended 31 December 2025 comprise the operation of the Domestic Banking Unit (DBU) (Main operation) as well as operations of the Off-shore Banking Unit (OBU), together referred to as 'the Bank'.

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.

Accordingly, the financial statements of the Bank are prepared in accordance with IFRSs (including IASs) and the requirements of the Bank Company Act, 1991 (amendment up to 2023), the rules and regulations issued by Bangladesh Bank, and the Companies Act 1994. In case any requirements of the Bank Company Act, 1991 (amendment up to 2023), provisions, circulars and guidelines issued by Bangladesh Bank differ with those of IFRSs (including IASs), the requirements of the Bank Company Act, 1991 (amendment up to 2023), provisions, circulars and guidelines issued by Bangladesh Bank have been adopted. Material departures from the requirements of IFRS are as follows:

Auditors' Report and Audited Financial Statements For the year ended 31 December 2025

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Notes to the Financial Statements
As at and for the year ended 31 December 2025

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 comparative 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 the 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 Act, 1991 (Amended up to date) 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 up to 31 December 2025 and are prepared under the historical cost convention and in accordance with the "First Schedule (Sec-38) of the Bank Company Act, 1991 (Amended up to date), BRPD Circular no. 14 dated 25 June 2003, other Bangladesh Bank circulars, International Accounting Standards and International Financial Reporting Standards adopted by Financial Reporting Council (FRC), Companies Act 1994 (as amended up to date), the Income Tax Act 2023, 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 the 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 recognized at costs. The bank recognizes investment in shares and securities at cost basis.

iii) Measurement of Government securities (Treasury Operations)

IFRS: Government securities refer primarily to various debt instruments including 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, Government securities are classified either into Held for Trading (HFT) or Held to Maturity (HTM). HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as part of the equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on the amortization are recognized in other reserve as part of equity. Moreover, as per DOS circular letter no. 27, dated 04th December 2023, the revaluation loss of the treasury bond, categorized under the HFT category, may be netted off with the revaluation reserve of the same bonds. However, if there is no reserve for that treasury bond, it must be charged to profit & loss account for the period. Under no circumstances should the loss of one bond be netted off with reserve of another bond. For treasury bills, the prevailing accounting policy prescribed by Bangladesh Bank should be followed.

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 BRPD Circular No. 15 dated 27 November 2024, BRPD Circular Letter No. 58 dated 31 December 2024, BRPD Circular No. 05 dated 25 June 2025, BRPD Circular Letter No. 29 dated 21 December 2025, a general provision at 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad/losses loans has to be provided at 5% to 20%, 5% to 50% and 100%, respectively for loans and advances depending on the duration of overdue. Again as per BRPD Circular No. 06 dated 25 April 2023, a general provision at 0% to 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by International Financial Reporting Standards (IFRS) 9 Financial Instruments. Notably, as per BRPD Circular Letter No. 03 dated 23 January 2025 Bangladesh Bank is planning to implement Expected Credit Loss (ECL) methodology-based provisioning system for banks in accordance with International Financial Reporting Standard (IFRS 9) by 2027.

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 the 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 instances, 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 complied with 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 repurchasing 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.

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. 06 dated 25 April 2023, an irrevocable obligation to pay a third party in the event that counterparty fails to fulfill or perform a contractual non-monetary obligation, such as delivery of goods by a specified date etc (i.e. the risk of loss depends on a future event which need not necessarily be related to the creditworthiness of the counterparty involved). This includes issue of standby letters of credit in relation to a non-monetary obligation of counterparty under a particular transaction. This also includes potential credit exposures arising from the issue of guarantees. However, a general provision at 0% to 1.00% 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. Interest income is recognised through the effective interest rate method over the loan term. 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 the most recent Bangladesh Bank Master Circular on Loan Classification and Provisioning (BRPD Circular No. 15 dated 27 November 2024, with subsequent implementation guidance remaining in force from 1 April 2025), when a loan or advance is classified as Sub-standard (SS) or Doubtful (DF) the accrued interest on such classified loans must not be recognised in the profit and loss account; instead, the interest is credited to an Interest Suspense Account pending realisation. When a loan is classified as Bad/Loss (B/L), charging of interest in the loan account ceases altogether and any interest subsequently charged (for example for legal reasons) is preserved in the Interest Suspense Account and not recognised as income. This treatment aligns with Bangladesh Bank's prudential requirement to defer recognition of doubtful interest income until cash is actually received or the loan is regularised.

x) Cash and cash equivalents

IAS: Cash and cash equivalents items should be reported as cash items 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, treasury bills and prize bonds are shown in investments.

xi) Non-banking asset

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

Bangladesh Bank: As per the provisions 38 of Bank Company Act, 1991, as subsequently reflected in BRPD Circular No. 22 dated 20 September 2021, assets acquired by a bank through settlement of any claim or receivable must be presented as Non Banking Assets in the bank's balance sheet. Typically, Non Banking Assets arise when a bank obtains ownership of collateral or mortgage property through judicial proceedings under section 33(7) of the Artha Rin Adalat Ain, 2003. Any such asset acquired by the bank, therefore, shall be recorded as a Non Banking Asset in the bank's accounts after adjusting the borrower's outstanding loan.

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.

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. Furthermore, as per BRPD Circular No. 06 dated 25 April 2023, a general provision upto 1% shall be made for all off balance sheet exposures.

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. 06 dated 25 April 2023, 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 5% 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
d. Other Contingent Liabilities

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 2025.

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 given impact in the financial statement as on 31 December 2025 and accordingly accounted for Financial Statements. The Bank Management will have a periodic review of the deferred tax.

xxi) 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 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.

Net asset/(liability) of defined benefit scheme is net of present value of defined benefit obligations, total plan assets and other related items as required by IAS 19.

2.3 Use of estimates and judgements

The preparation of the financial statements in conformity with IASs/IFRSs requires management to make judgements, 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. 15 dated 27 November 2024, 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. Provisions for expenses

A provision is recognized in the balance sheet when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation in compliance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

c. Taxation

The estimation of current tax provision involves making judgements regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes. In addition, the recognition of deferred tax assets requires the Bank to estimate the extent to which it is probable that future taxable profits will be available against which the deferred tax assets may be utilised.

d. 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.

e. Lease liabilities

The lease liability is initially measured at the present value of the lease payments, discounted at the Bank's incremental borrowing rate. The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the rental assets leased.

The lease liability is remeasured when there is a change in future lease payments or the changes in discount rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets and lease liabilities.

f. Post employment benefits-asset/(liability) from gratuity

The determination of Bank's asset/(liability) from gratuity involves the use of estimates regarding demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and medical costs) that will influence the cost of the benefit.

g. Consolidation

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

2.4 Foreign currency transactions

Functional and presentation currency

These financial statements are presented in Bangladeshi Taka (Taka/Tk/BDT) which is the Bank's functional currency. The functional currency of OBU is US Dollar (USD). The financial statements of OBU have been translated to presentation currency (Taka/Tk/BDT) using the exchange rate prevailing at balance sheet date. Except as 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 2025 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 2025 to 31 December 2025.

The financial statements were authorized for issue by the Acting Country Manager and Chief Financial Officer on 22 April 2026.

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. 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
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied with some departures (note 2.1)
Inventories	IAS-2	Not applicable
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. Premiums are amortized and discounts are accredited. 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

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. 15 dated 27 November 2024 on Master Circular: Loan Classification and Provisioning. 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. 15 dated 27 November 2024 and BRPD circular letter no. 29 dated 21 December 2025.

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

Particulars		Rate of Provision
General Provision*	STD-0, STD-1, STD-2	1% of loan outstanding
	SMA	5% of loan outstanding
Specific Provision	SS	20% of base for provision
	DF	50% of base for provision
	BL	100% of base for provision

*To encourage participation of the banks in disbursing Short Term Agricultural credits as well as Cottage (C), Micro (M) and Small (S) enterprise credits under CMSME sector, it has been decided by Bangladesh Bank vide BRPD circular letter no. 29 dated 21 December 2025 to maintain provision at the rate of 0.50% against all unclassified (Standard and SMA) Short Term Agricultural Credits and Cottage, Micro and Small (CMS) enterprise credits under CMSME sector till 31 December 2026.

e) Loans and advances are written off as per BRPD circular no. 1 dated 6 February 2019 and BRPD circular no. 04 dated 18 February 2024 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.

Depreciation

Depreciation is recognised in the profit and loss account on a staight line basis over the estimated useful life of each part of an item of fixed assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Lease assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the bank will obtain ownership by the end of the lease.

Depreciation on addition shall be charged from the month of acquisition whereas no depreciation shall be charged in the month of deletion. Assets category wise depreciation rates are as follows:

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 Leases

As a lessee:

The Bank recognizes a right-of-use (ROU) asset and a lease liability from the initial application date i.e. 1 January 2020 or the commencement date of a lease contract. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the initial application date or commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date or commencement date, discounted at the Bank's weighted average rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Bank determines whether the arrangement is or contains a lease.

At inception or reassessment of an arrangement that contains a lease, the Bank separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair value. If the Bank concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Bank's incremental borrowing rate.

ii) Leased assets

Leases of property, plant and equipment that transfer to the Bank substantially all of the risks and the rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the asset.

Assets held under other leases are classified as operating leases and are not recognized in the Bank's statement of financial position.

iii) Lease payments

Payments made under operating lease are charged to profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expenses, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.1.6 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

Borrowing from other banks, financial institutions and agents includes interest bearing borrowings against securities from Bangladesh Bank and other banks and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance.

3.2.2 Deposits & Other Accounts

Deposits and other accounts include non interest-bearing current deposits redeemable at call, interest bearing on demand and short-term deposits, savings deposits and fixed deposits. These items are reported in the financial statements at the gross value of the outstanding balance.

3.2.3 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.

As per DOS circular letter no.27 dated 4 December 2023, revaluation loss on a particular HFT security may be adjusted with the revaluation reserve created from the gain of the said security previously. If any reserve does not exist against the security, the revaluation loss will be accounted for directly in P/L.

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

Investment income includes discount on treasury bills, interest on treasury bonds, debentures and fixed deposits with other banks. Income on investment is recognised on accrual basis. Investment income also includes capital gain on Govt. securities as well as loss arising from the revaluation of securities or any other transaction as per Bangladesh Bank guidelines.

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, loan processing, loan syndication and locker facilities etc. Fee and commission income is recognised on the basis of realisation.

Exchange income

Exchange income includes all gains and losses from foreign currency transactions.

3.5 Interest on borrowing and other deposits

Interest paid on deposits and other accounts except fixed deposit is accrued on a daily basis, but credited to customer account on half yearly basis. Interest on fixed deposit is accrued on a daily basis and credited to customer account on maturity of fixed deposit. Interest on borrowing from other banks is accrued on a daily basis and paid through Bangladesh Bank account on maturity.

All interest expenses are recognized on accrual basis.

3.6 Employment benefits

a) Post employment benefits

i) Recognized Provident Fund (RPF)

There is a Recognized Provident Fund (RPF) in which each confirmed 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.

ii) Gratuity Fund (GF)

The Bank operates a funded gratuity scheme which has been approved by the National Board of Revenue as a recognized gratuity fund. 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.

iii) Workers Profit Participation Fund (WPPF)

Consistent with widely accepted industry practice and in line with section 11(1) of the Bank Company Act 1991 (as amendment up to date) and subsequent clarification given by Bank & Financial Institutions Division (BFID), Ministry of Finance, no provision has been made by the Bank in the reporting period against Workers Profit Participation Fund (WPPF).

b) Short term employee benefits

Short-term employee benefits are employee benefits which fall due wholly within twelve months after the end of the period in which the employee renders the related service, including salaries, bonuses and other allowances.

3.7 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. 06 dated 25 April 2023, the Bank is required to maintain provision against different components of off-balance sheet exposures as defined in the circular.

3.8 Provision for nostro accounts

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

3.9 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% (2024: 40%) as prescribed in Finance Act 2025 of the profit made by the Bank by considering taxable add-backs of income, allowances and disallowances of expenditures.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Details are shown in note 10.2.

3.10 Impairment

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are required to review at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. In HBL Bangladesh, fixed assets are reviewed at the time of year end physical verification and depreciation is charged to figure-out the written down value of the fixed assets on monthly basis.

3.11 Accounting for changes in policy, accounting estimates and errors

IAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that the effect of a change in accounting policy and correction of errors, if material, is to be applied retrospectively, and change in an accounting estimate is to be applied prospectively. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change. The Bank followed the same accordingly and the Bank did not change the accounting policies and accounting estimates during 2025. A number of new standards and amendments to standards were effective for annual periods beginning on 1 January 2025. However, none of these new and amended standards are expected to have a significant impact on the these financial statements.

3.12 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.

3.13 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.

HBL BANK ব্যাংক

Auditors' Report and Audited Financial Statements
For the year ended 31 December 2025

Please scan for details

Notes to the Financial Statements
As at and for the year ended 31 December 2025

3.14 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, vi) Information and communication technology risk and vii) Operational risk.

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 Managers 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 occur 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.

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 the bank's 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 liabilities and cash flows to reduce the bank's risk of loss from not paying a liability on time. Banks that use asset and liabilities management match offsetting items that can increase business profits. This approach 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 standard has always been at the center of HBL's priorities in Bangladesh. HBL Bangladesh is constantly working to identify and understand the potential risks of money laundering and terrorist financing and implement appropriate processes to mitigate and ultimately alleviate such risks. To enhance supervision and risk mitigation in AML/CFT arena, HBL Bangladesh has undertaken initiatives centered around four main pillars i.e., Governance, People, Process and Technology relating to Financial Crime Risk.

Following measures have been taken to upscale the AML rating:

1. To strengthen the FCC Governance process and ensure the quality of the Quarterly AML Meeting at the Branch level, HBL BD Compliance team has always focused on improving the standard and actively participating in the meeting. HBL BD Compliance team has already introduced the standard format of the meeting deck and agendas for Branch AML Quarterly meetings. All the Branches are now using the same format. Country AML Compliance Team is also monitoring the action items and assisting Branches to resolve the issues. AML Team will continue this monitoring process. All the local regulatory circulars, Acts and guidelines will be discussed in the Quarterly meetings which will be ensured by BAMLCO.

2. HBL Bangladesh has taken interim measures which among other things include AML/CFT training through face-to-face and electronically to increase knowledge base and productivity of the staff. HBL Bangladesh prepares the training plan for each year and arranges the trainings as per the schedule, which is also a continuous process of increasing the awareness among the HBL Bangladesh Staff.

3. The country compliance team has introduced the new governance process of monitoring the KYC renewal process to ensure the KYC review and update of Transaction Profile (TP) is properly completed within the target date.

4. HBL Bangladesh is using Financial Services Financial Crimes and Compliance Management (FCCM) v 8.07 applications for transaction monitoring which provides automated, comprehensive, and consistent surveillance of all accounts, customers, correspondents, and third parties in transactions, trades, orders across all business lines. The solution allows HBL Bangladesh to monitor customer transactions daily, using customer historical information and account profiles to provide a holistic view of all transactions, trades, orders, and other activities. To strengthen the Transaction monitoring process, HBL BD Compliance Team has introduced TP exception report to identify the unusual transactions. AML Teamis also monitoring the transactions manually which resulting the increase of the number of filed SAR/STR.

5. To comply with the BFIU instruction and strengthen the overall control on prevention of Trade Based Money Laundering, Credit Backed Money Laundering and Hundi and Transactions related to Crypto currencies, online gaming, and betting, HBL BD has formed a monitoring cell. HBL Bangladesh has published AML/CFT awareness related advertisement on August 29, 2025, in two daily newspapers (Financial Express and The Daily Bonik Barta). Leaflets regarding specified issues have already been printed and distributed among the customers. Both the advertisements published in the printing media and the leaflet have already been uploaded in HBL Bangladesh website.

6. HBL Bangladesh has automated SWIFT message screening through safe watch. Also, the adverse media search is performed using an AML web platform named Eastnets. Similarly, PEP check is performed through another platform called world check AML solution. HBL Bangladesh also uses Lloyds Sea Searcher for vessel tracking.

7. HBL Bangladesh has already completed the integration of sanction screening with core banking system for real time automated customer onboarding sanction screening and Sanctions Screening Platform SSW has been upgraded in H1, 2025. HBL Bangladesh has also implemented the automated Portfolio screening system to screen the customers' name on daily basis.

8. All the Branches have been audited and got the 'Satisfactory' rating in the 'Independent Testing Procedure' conducted by the Internal Audit team. Regulator has provided 'Satisfactory' rating to HBL BD Chattogram Branch. HBL BD Compliance Team has started working with the Branches, Operations and Business team to regularize the issues and observations raised by the Focal Regulator and strengthen the process to ensure the 'Satisfactory' rating in 2026 same as previous year.

9. As a second line of defense, HBL Bangladesh AML Compliance team is monitoring the activity related to AML CFT of the first line of defense and providing strategic direction in the implementation, enhancement, execution and communication of the AML and Sanctions Programs in HBL businesses within scope, as required by law, regulation, regulatory guidance, or internal examination or audit. HBL Bangladesh has taken necessary measures to comply with all the regulations and closed the outstanding IA and Regulatory observations pertinent to AML/ CFT.

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 defense. RCCU was established in January 2021 under the umbrella of Enterprise Risk Management (ERM) function of Risk Management department of the Bank for carrying our reviews including regulatory reviews of branches and functions for strengthening overall control environment and adherence to policies, procedures, and regulatory requirements. Noted observations and gaps were also shared with stake holders for regularization purpose.

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 operating practices. 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 for corrective action with an 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 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 provides required access to the users. Periodically vulnerability assessment and penetration testing on various IT systems are performed to identify and mitigate operational risks.

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 compliant. HBL Bangladesh IT ensures information security 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 business and external bodies (Bangladesh Bank, Election commission office, bKash Ltd.) to improve security in the network. Also, Port-Security and VLANs have been created for departments of the bank to improve control and security on LAN. HBL Bangladesh performs disaster recovery testing yearly to ensure disaster recovery site readiness.

vii Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risk is inherent in the Bank's activities and as with other risk types is managed through an overall framework with checks and balances that include implementation of three line of defence, recognized ownership of the risk by the businesses and independent risk management oversight.

The operational risk policy codifies the core governing principles for operational risk management and provides a framework for operational risk. In accordance with the policy, each business area is responsible to identify its key operational risks as well as the controls established to mitigate those risks and to ensure compliance with laws, regulations, regulatory administrative actions and the Bank's policies.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the reputation of the Bank's reputation with overall cost effectiveness and innovation. In all cases, the bank's policy requires compliance with all applicable legal and regulatory requirements.

The Bank's operating environment during the year ended 2025 were impacted by a number of major global geopolitical events and conflict, volatile fuel and commodity price, unpredictable foreign exchange and interest rate etc. Most of these events also had significant impact in the local economic environment affecting the Bank's operation. From time to time, the Government of Bangladesh and the local Central Bank (Bangladesh Bank) has issued various directives to manage impacts from these events which the Bank has followed. Management on regular basis review and monitor the global and country specific macro-economic situation and factor these issues into the decision making process. However, the long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from the actual results.

3.15 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 "AA-" (Pronounced double A minus) rating to HBL Bangladesh in the Long term and "ST-2" rating in short term which is valid till 01 June 2026. 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.

3.16 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 controlling 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 33.

3.17 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.

3.18 Corporate social responsibilities

HBL Bangladesh has the practice in investing in CSR activities towards the wellbeing of the unprivileged people of the country. As a part of CSR in 2025, HBL Bangladesh has contributed in different areas like Govt education fund, individual health, charitable organization supporting in health and development activities in environment and climate. Furthermore, HBL Bangladesh ensured the continuity of its in-house responsibility towards its employees through arranging health awareness program (with the support of Head office) and arranging medical facilities for their employees as well as their dependants.

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

3.19 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.

In alignment with the commitment to sustainability, HBL Bangladesh is in the process of developing and enhancing its sustainability and climate related financial disclosure. This will include detailed information on Environmental, Social, and Governance (ESG) initiatives, risks, and opportunities, with a focus on integrating sustainable finance practices into bank's operations. HBL Bangladesh aims to include evaluating the impact of climate-related risks on lending and investment portfolios, with a particular focus on sectors that may be most vulnerable to transition and physical risks. HBL Bangladesh is planning to integrate climate risk considerations into credit risk and risk management frameworks, aiming to support clients in their transition to a low-carbon economy. Additionally, HBL Bangladesh has committed to financing sustainable projects and has set targets for lending in the field of green and sustainable finance. HBL Bangladesh is committed to enhancing transparency and will publish a comprehensive sustainability and climate-related financial disclosure in the near future, which will provide further details.

			31-Dec-25 Taka	31-Dec-24 Taka
4	**Cash**			
	Cash in hand	(Note 4.1)	76,193,453	73,083,461
	Balance with Bangladesh Bank and its agent banks	(Note 4.2)	434,707,036	968,346,084
			510,900,489	**1,041,429,545**
4.1	**Cash in hand**			
	Local currency		70,897,840	66,532,987
	Foreign currencies		870,113	1,344,974
	Cash in ATM		4,425,500	5,205,500
			76,193,453	**73,083,461**
4.2	**Balance with Bangladesh Bank and its agent banks**			
	Balance with Bangladesh Bank			
	Local currency		291,853,486	650,281,614
	Foreign currencies		142,853,550	318,064,470
			434,707,036	**968,346,084**

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

Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) have been calculated and maintained in accordance with section 33 of the Bank Company Act, 1991 (Amended upto date) and of instructions contained in MPD Circular nos. 1 dated 23 June 2014, DOS Circular No. 1 dated 19 Jan 2014, MPD Circular no. 1 dated 03 April 2018, MPD Circular no. 03 dated 09 April 2020, BRD Circular no. 31 dated 18 June 2020 and FE Circular No. 07 dated 29 February 2024, MPD Circular No. 01 dated 04 March 2025 issued by Bangladesh Bank.

The statutory Cash Reserve Ratio on the bank's time and demand liabilities has been calculated and maintained with Bangladesh Bank in current account, bi-weekly at the rate of 4% for onshore and daily at the rate of 3% for onshore. As per FE Circular No. 07 dated 29 February 2024, the Bank is not required to maintain any CRR with Bangladesh Bank for its offshore banking operations.

As per new MPD circular no. 1 dated 23 June 2014 and DOS circular letter 26 dated 29 August 2019 (effective from 2019), 13% SLR is required to be maintained on the Bank's time and demand liabilities for both onshore and offshore banking operations in the form of treasury bills, bonds and debentures including foreign currency balance with Bangladesh Bank.

			31-Dec-25 Taka	31-Dec-24 Taka
4.3.1	**Cash Reserve Ratio (CRR)**			
	Fortnightly Bank's CRR maintenance			
	Required reserve (4% of demand and time liabilities)		288,668,000	308,780,000
	Actual reserve maintained as at 31 December 2025		291,784,849	710,255,981
	Surplus		**3,116,849**	**401,475,981**
4.3.2	**Statutory Liquidity Ratio (SLR)**			
	Required reserve (13% of demand and time liabilities)		1,129,861,000	1,003,535,000
	Actual reserve maintained	(Note 4.3.3)	6,845,162,330	7,317,255,016
	Surplus		**5,715,301,330**	**6,313,720,016**
4.3.3	**Composition of actual reserve held**			
	Cash in hand		76,193,453	73,083,461
	Unencumbered approved securities		6,665,699,527	6,842,367,775
	Others		103,269,350	401,803,780
			6,845,162,330	**7,317,255,016**
5	**Balance with other banks and financial institutions**			
	In Bangladesh	(Note 5.1)	17,924,597	5,050,665
	Outside Bangladesh	(Note 5.2)	79,377,768	63,074,549
			97,302,365	**68,125,214**
5.1	**In Bangladesh**			
	Current account			
	Standard Chartered Bank Ltd		12,353,020	5,050,665
	Eastern Bank PLC		5,571,577	-
			17,924,597	**5,050,665**
5.2	**Outside Bangladesh (A+B)**		**79,377,768**	**63,074,549**
5.2.1	**A. Non-group nostro**			
	Current account			
	National Bank of Pakistan, Tokyo, Japan		228,383	223,083
	Standard Chartered Bank, Kolkata		24,417,204	1,480,080
	Bangkok Bank Public Company Limited, Thailand		-	3,309,812
	Muslim Commercial Bank Ltd., Pakistan		1,762,070	4,021,733
	J.P. Morgan, New York		45,431,707	45,012,317
	Development Credit Bank Ltd, Mumbai		1,586,343	1,120,128
			73,425,707	**55,167,153**
	B. Group nostro			
	Current account			
	Habib Bank Ltd, Urumqi		366,371	499,481
	Habib Allied International Bank plc, UK		350,258	316,075
	Habib Bank Ltd, Bahrain		2,304,469	2,731,814
	Habib Bank Ltd, UAE		2,930,963	4,360,026
			5,952,061	**7,907,396**
	(Details are given in **Annexure-III**)			
5.3	**Maturity grouping of balance with other banks and financial institutions**			
	Repayable on demand		97,302,365	68,125,214
	Up to 1 month		-	-
	Over 1 month but below 3 months		-	-
	Over 3 months but below 1 year		-	-
	Over 1 year but below 5 years		-	-
			97,302,365	**68,125,214**
6	**Money at call and short notice**			
	HBL, Bahrain		-	300,000,000
	Eastern Bank PLC		61,147,700	-
	National Credit and Commerce Bank PLC		300,000,000	-
			361,147,700	**300,000,000**
7	**Investments**			
	Government securities	(Note 7.1)	6,765,699,527	6,842,367,775
	Prizebonds		152,500	327,800
			6,765,852,027	**6,842,695,575**
7.1	**Government securities**			
	Treasury bills	(Note 7.1.1)	1,681,606,363	1,692,538,782
	Treasury bonds	(Note 7.1.2)	4,984,093,164	5,149,828,993
	Reverse Repo	(Note 7.1.3 (ii))	100,000,000	-
			6,765,699,527	**6,842,367,775**
7.1.1	**Treasury bills**			
	91 days treasury bills		97,465,465	98,462,231
	182 days treasury bills		492,505,049	242,712,996
	364 days treasury bills		1,091,635,849	1,351,363,555
			1,681,606,363	**1,692,538,782**
7.1.2	**Treasury bonds**			
	2 years Bangladesh Government Treasury Bond		228,651,114	226,746,994
	5 years Bangladesh Government Treasury Bond		50,074,844	192,565,815
	10 years Bangladesh Government Treasury Bond		4,682,921,394	4,708,760,369
	15 years Bangladesh Government Treasury Bond		11,120,293	10,914,064
	20 years Bangladesh Government Treasury Bond		11,325,521	10,841,751
			4,984,093,164	**5,149,828,993**

7.1.3 (i) Disclosure regarding outstanding REPO as on 31 December 2025

Sl. No	Counterparty Name	Reversal Date	Amount
			Nil

7.1.3 (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2025

Sl. No	Counterparty Name	Value Date	Maturity Date	Amount
	Bangladesh Bank	30-Dec-25	1-Jan-26	100,000,000
	Total			**100,000,000**

7.1.3 (iii) Disclosure regarding overall transaction of Repo and Reverse Repo

Particulars	Minimum Outstanding during the year	Maximum Outstanding during the year	Daily Average Outstanding during the year
Securities Sold under Repo:			
i) With Bangladesh Bank	35,621,555	149,446,350	70,578,604
ii) With other Banks and FIs	-	-	-
Securities Purchased under Reverse Repo:			
i) With Bangladesh Bank	30,000,000	340,000,000	151,250,000
ii) With other Banks and FIs	-	-	-

			31-Dec-25 Taka	31-Dec-24 Taka
7.1.4	**Investments as per Bangladesh Bank circular:**			
	Held for Trading (HFT)		1,759,182,795	1,861,652,326
	Held to Maturity (HTM)		4,906,516,732	4,980,715,449
	Reverse Repo		100,000,000	-
	Prize bond		152,500	327,800
			6,765,852,027	**6,842,695,575**
7.1.5	**Maturity-wise grouping**			
	On demand		100,152,500	327,800
	Up to 3 months		629,503,184	783,424,638
	More than 3 months but not more than 1 year		1,280,754,292	1,101,679,958
	More than 1 year but not more than 5 years		4,228,652,409	4,431,194,150
	More than 5 years		526,789,642	526,069,029
			6,765,852,027	**6,842,695,575**
8	**Loans and advances**			
	Loans, cash credits, overdrafts, etc.	(Note 8.1)	4,873,381,153	5,538,021,148
	Bills purchased and discounted	(Note 8.2)	2,521,092,208	-
			7,394,473,362	**5,538,021,148**
8.1	**Loans, cash credits, overdrafts, etc.**			
	In Bangladesh			
	Long Term loan		350,953,208	614,737,469
	Loans against imported merchandise (LIM)		4,671,146	4,671,146
	Trust receipts		145,195,718	170,335,089
	Cash credit		3,376,454	40,807,357
	Payment against documents		10,751,639	10,751,639
	Short term loan		3,424,999,127	3,712,809,857
	Overdrafts		866,073,504	931,759,932
	Staff loans		67,360,357	52,148,659
			4,873,381,153	**5,538,021,148**
	Outside Bangladesh		-	-
			4,873,381,153	**5,538,021,148**
8.2	**Bills purchased and discounted**			
	In Bangladesh			
	Inland bills purchased (IBP)		-	-
			-	-
	Outside Bangladesh			
	Foreign bills purchased (FBP)		-	-
	Import bill discounting		2,521,092,208	-
			2,521,092,208	-
			2,521,092,208	**-**
8.3	**Maturity-wise grouping**			
	Repayable on demand		154,641,248	50,830,825
	Up to 1 month		1,754,280,811	1,168,436,249
	Over 1 month but below 3 months		2,435,767,125	1,685,827,046
	Over 3 month but below 1 year		2,710,699,337	1,850,881,330
	Over 1 year but below 5 year		289,973,426	732,131,894
	More than 5 years		49,111,414	49,913,804
			7,394,473,362	**5,538,021,148**
8.4	**Significant concentration**			
	Advances to staff of the bank		67,360,357	52,148,659
	Advances to customers group		2,902,770,639	1,726,023,435
	Industrial advances		4,424,342,365	3,759,849,054
			7,394,473,362	**5,538,021,148**
8.5	**Industry-wise concentration**			
	Automobile and transportation equipment		-	108,342,216
	Metals and allied		105,918,793	511,294,386
	Chemicals and pharmaceuticals		627,819,667	720,708,635
	Textile		407,602,083	524,023,897
	Foods, tobacco and beverages, sugar		1,348,713,820	747,785,327
	General traders		30,595,876	222,101,631
	Others*		4,873,823,122	2,703,765,056
			7,394,473,362	**5,538,021,148**

*Others mainly include import bill discounting under OBU followed by agro based industries, telecommunication, MFI and households.

			31-Dec-25 Taka	31-Dec-24 Taka
8.6	**Geographical location-wise distribution**			
	Dhaka division		4,527,697,245	4,393,731,893
	Chattogram division		2,787,486,173	1,064,843,155
	Sylhet division		79,289,944	79,446,100
			7,394,473,362	**5,538,021,148**
8.7	**Grouping as per classification rules**			
	Unclassified			
	Standard		7,225,669,921	5,171,733,849
	Special mention account		10,282,653	14,895,324
	Total unclassified loans and advances		**7,235,952,574**	**5,186,629,173**
	Classified			
	Sub-standard		-	-
	Doubtful		-	-
	Bad/Loss		158,520,788	351,391,975
	Total classified loans and advances		**158,520,788**	**351,391,975**
	Total		**7,394,473,362**	**5,538,021,148**
	Percentage of classified loans against total loans and advances		**2.14%**	**6.35%**
8.8	**Disclosure on large loan**			
	Total number of customers having facility of the 10% of the capital of the Bank.			
	No of groups		**9**	**7**
	Funded		1,193,038,341	1,678,269,735
	Non funded		2,134,992,089	1,987,846,812
	Total amount outstanding	(Annexure - V)	**3,328,030,429**	**3,666,116,547**
8.9	**Particulars of loans and advances**			
	i. Loans considered good in respect of which the banking company is fully secured.		954,149,029	1,697,833,248
	ii. Loans considered good for which the banking company holds no security other than the debtors personal guarantee		6,281,803,545	3,488,795,925
	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		-	-
			7,235,952,574	**5,186,629,173**
	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		158,520,788	351,391,975
	xi. Cumulative amount of written off loans			
	Opening balance		233,361,836	233,361,836
	Add: Amount of debts written off for the current year		192,871,187	-
			426,233,023	**233,361,836**
	Less: Adjustment of previous year		-	-
	Less: Recovery against write off loans		5,600,000	-
	Less: Recovery lawyer charge from the write off customer		-	-
	Closing Balance		**420,633,023**	**233,361,836**
	Lawsuit filed against written off debts		**406,620,573**	**233,164,312**
8.10	**Bills purchased and discounted**			
	Payable outside Bangladesh		2,521,092,208	-
	Payable in Bangladesh		-	-
			2,521,092,208	**-**
8.11	**Maturity-wise grouping of bills purchased and discounted**			
	On demand		-	-
	Payable within 1 month		388,425,126	-
	More than 1 month but less than 3 months		1,162,991,534	-
	More than 3 months but less than 6 months		969,675,549	-
			2,521,092,208	**-**
9	**Fixed assets including premises, furniture and fixtures**			
	Furniture and fixtures		46,355,269	40,732,253
	Office equipment and electrical appliances		29,049,758	28,263,638
	Computer		87,042,708	73,982,377
	Software	(Note 9.1)	12,465,399	9,952,250
	Motor vehicles		16,582,000	16,582,000
	ROU assets	(Note 9.2)	212,311,727	216,936,480
			403,806,861	**386,448,998**
	Less: Accumulated depreciation/Amortisation		266,172,326	224,206,832
			137,634,535	**162,242,166**
9.1	**Intangible assets**			
	Software		12,465,399	9,952,250
	Less: Amortisation		8,422,858	7,668,382
			4,042,541	**2,283,868**
	(Details are given in **Annexure-II**)			
9.2	**ROU assets**			
	Cost			
	Opening		216,936,480	212,023,498
	Additions		12,984,037	17,987,076
	Adjustment lease cancellation		(17,608,790)	(13,074,094)
	Total cost		**212,311,727**	**216,936,480**
	Accumulated depreciation			
	Opening		117,459,156	93,562,012
	Charge for the year		37,483,826	36,971,238
	Adjustment lease termination		(17,608,790)	(13,074,094)
	Total accumulated depreciation		**137,334,192**	**117,459,156**
	Carrying amount		**74,977,535**	**99,477,324**
10	**Other assets**			
	Income generating			
	Interest receivable		212,825,495	176,757,102
	Encashment of Sanchayapatra awaiting realisation		-	-
			212,825,495	**176,757,102**
	Non income generating			
	Advance deposits		150,000	150,000
	Stationery and stamps on hand		992,997	1,025,837
	Prepaid expenses		1,486,476	3,411,197
	Security deposit against rent		1,422,000	1,405,441
	Advance tax	(Note 10.1)	489,998,242	774,640,371
	Deferred Tax	(Note 10.2)	31,369,215	80,212,180
	Others		3,707,553	7,511,815
	Receivable account BB working capital stimulus package		1,755,000	1,755,000
			530,881,483	**870,111,841**
			743,706,978	**1,046,868,943**
10.1	**Advance Tax**			
	Opening balance		**774,640,371**	**1,213,032,244**
	Add: Advance income tax paid during the year		45,500,000	53,318,352
	Tax deducted at source during the year		61,079,828	32,040,538
	Prior year tax paid		80,524,785	-
	Addition during the year		**187,104,613**	**85,358,890**
	Adjustment/reconciled during the year		(471,746,742)	(523,750,763)
	Closing balance		**489,998,242**	**774,640,371**

10.2 Deferred Tax Assets and Liabilities as of 31 December 2025

Deferred tax assets and liabilities are attributable to the following:

Particulars	Accounting base	Tax base	Deductible/(Taxable) temporary difference	Applicable Tax rate	Deferred Tax Assets/(Liabilities)
Balance as at 31 December 2025:					
Fixed Assets excluding Assets	62,657,000	95,525,646	32,868,647	40%	13,147,459
ROU Assets (Net)/(Lease Obligation)	(2,731,061)	-	2,731,061	40%	1,092,424
On specific loan provision kept against classified loans	39,137,761	-	39,137,762	40%	15,655,105
Revaluation reserve	15,514,400	-	(15,514,400)	15%	(2,327,160)
Carried forward of Tax Depreciation for onward set off	-	9,503,467	9,503,467	40%	3,801,387
Net deferred tax asset as at 31 December 2025	**114,578,100**	**105,029,113**	-		**31,369,215**
Deferred Tax Asset/(Liabilities) as of 31 December 2024	325,420,297	98,789,078			80,212,180
Deferred Tax					**(48,842,966)**

			31-Dec-25 Taka	31-Dec-24 Taka
11	**Deposits and other accounts**			
	Current and other accounts	(Note 11.1)	2,687,585,529	3,154,682,256
	Fixed deposit	(Note 11.2)	6,679,685,951	4,114,436,843
	Savings deposits	(Note 11.3)	338,705,827	440,052,222
	Bills payable		2,706,764	56,578,659
			9,708,684,071	**7,765,749,980**
11.1	**Current and other accounts**			
	Local currency current deposits		654,791,666	1,672,867,754
	Foreign currency current deposits		225,502,169	247,825,531
	Special notice deposits		428,438,834	681,275,831
	Business value A/C		1,125,338,621	10,595,511
	Non-Group vostro	(Annexure-IV)	120,940,060	301,940,956
	Sundry deposits		44,001	46,001
	Group vostro	(Note 11.4)	132,530,178	240,130,672
			2,687,585,529	**3,154,682,256**
11.2	**Fixed deposit**			
	Deposit from customers		4,600,664,200	4,114,436,843
	Deposit from Bank		2,079,021,751	-
			6,679,685,951	**4,114,436,843**
11.3	**Savings deposits**		**338,705,827**	**440,052,222**
11.4	**Group vostro (Annexure-IV)**			
	Habib Bank Ltd, UAE (BDT)		43,201	43,201
	Habib Allied International Bank plc, UK (BDT)		446,503	446,803
	Habib Bank Ltd, Sri Lanka (USD)		2,770,903	2,724,802
	Habib Bank Ltd, Pakistan (ACU $)		129,269,570	236,915,866
			132,530,178	**240,130,672**
	(Details are given in **Annexure-IV**)			
11.5	**Maturity-wise grouping**			
	Repayable - on demand		723,534,645	267,931,846
	Up to 1 month		994,815,443	999,876,623
	Over 1 month but below 3 months		2,503,370,663	2,240,881,193
	Over 3 months but below 1 year		3,778,557,407	3,063,915,678
	Over 1 year but below 5 years		1,708,405,913	1,193,144,640
	Over 5 years but below 10 years		-	-
			9,708,684,071	**7,765,749,980**
12	**Other liabilities**			
	Provision for loans and advances	(Note 12.1)	234,064,199	365,554,917
	Provision for off-balance sheet items	(Note 12.2)	26,403,758	31,872,744
	Provision for other assets		-	1,200,000
	Interest suspense account	(Note 12.3)	9,816,418	34,618,762
	Provision for taxation	(Note 12.4)	552,109,878	923,319,598
	Accrual for audit fees		1,339,750	1,127,000
	Lease liability	(Note 12.5)	77,708,597	93,689,750
	Net deficit of defined benefit scheme	(Note 12.7.1)	7,881,814	4,139,119
	Other liabilities others	(Note 12.6)	322,472,985	321,762,532
			1,231,797,399	**1,777,284,422**
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		315,609,314	288,860,330
	Transferred to general provision		-	-
	Fully provided debts written off during the year		(168,068,843)	-
	Specific provision for the year		-	26,748,984
	Recoveries and provisions no longer required		(14,932,758)	-
	Add: Net charge to profit and loss account during the year		(183,001,600)	26,748,984
	Add: Transfer from general provision		-	-
	Provision held at the end of the year		**132,607,714**	**315,609,314**
ii	**General provision against unclassified loans and advances**			
	Movement in general provision:			
	Provision held at the beginning of the year		49,945,603	39,825,603
	Provision made during the year		74,110,883	25,630,000
	Transfer to specific provision		-	-
	Recoveries and provisions no longer required		(22,600,000)	(15,510,000)
	Add: Net charge to profit and loss account during the year		51,510,883	10,120,000
	Provision held at the end of the year		**101,456,486**	**49,945,603**
			234,064,199	**365,554,917**

Provision for	Required	Maintained	Excess/ (Shortage)
Un-classified loans and advances	72,158,374	101,456,486	29,298,112
Classified loans and advances	88,293,270	132,607,714	44,314,444
	160,451,644	**234,064,199**	**73,612,556**

			31-Dec-25 Taka	31-Dec-24 Taka
12.2	**Provision for off-balance sheet items**			
	Movement in general provision:			
	Provision held at the beginning of the year		31,872,744	27,357,936
	Amount provided during the year		4,336,014	14,240,915
	Recoveries and provisions no longer required		(9,805,000)	(9,726,107)
	Add: Total charge to profit and loss account during the year*		(5,468,986)	4,514,808
	Provision held at the end of the year		**26,403,758**	**31,872,744**

Provision for	Required	Maintained	Excess/ (Shortage)
Off-balance sheet items	23,979,046	26,403,758	2,424,713

*Net charge to Profit & Loss during 2024 stood BDT (4,784,452). This amount resulted from totaling i) total charge to profit & loss account during the year of BDT 4,514,808 (as stated above) & ii) the provision released amount of BDT (9,299,260) which was booked under 'provision against other liability head'.

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Auditors' Report and Audited Financial Statements
For the year ended 31 December 2025

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Notes to the Financial Statements
As at and for the year ended 31 December 2025

12.3 Interest suspense account

Balance at the beginning of the year	34,618,762	34,618,762
Add: Amount transferred to interest suspense account during the year	(24,802,344)	-
	9,816,418	34,618,762
Less: Amount adjusted in interest suspense account during the year	-	-
Less: Amount written off during the year	-	-
Balance at the end of the year	9,816,418	34,618,762

12.4 Provision for taxation

Balance of provision at the beginning of the year	923,319,598	1,277,284,959
Add: Provision made for prior years	1,936,004	619,502
Add: Provision made for the year	96,885,000	169,165,900
Adjustment/reconciled during the year	(470,030,724)	(523,750,763)
Balance at the end of the year	**552,109,878**	**923,319,598**

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

"Provision for prior years tax" shown in Profit & Loss Account 2025 is resulted from keeping additional provision of BDT 1,936,004 for several years and prior years' advance tax adjustment BDT 1,716,018 for the full & final settlement tax of different years.

12.5 Lease liability

Opening balance	93,689,750	107,384,286
Additions	12,984,037	13,187,076
Finance cost accrued during the period	6,825,405	7,921,194
Adjustment /Payment of lease liabilities	(35,790,595)	(34,802,806)
Adjustment lease cancellation	-	-
Closing balance	**77,708,597**	**93,689,750**
Non-current	41,040,130	25,549,300
Current	36,668,467	68,140,450
	77,708,597	93,689,750

Maturity analysis of lease liabilities

Up to 1 month	2,685,296	2,189,703
1-3 months	5,389,807	4,040,025
3-12 months	38,831,223	19,319,572
1-5 years	25,298,790	58,451,482
Above 5 years	5,503,481	9,688,968
Total	**77,708,597**	**93,689,750**

12.6 Other liabilities others

Other payable	109,327,644	102,573,849
Accrued expenses	37,469,538	44,519,577
CSR provision	-	-
Start-up Equity Investment Fund*	6,971,952	5,156,974
Routing account	4,002,569	47,583,069
Interest payable	164,701,282	121,929,063
	322,472,985	321,762,532

*Pursuant to the SMESPD Circular no 4 dated 29 March 2021, Section 'Kha', all scheduled banks in Bangladesh are instructed to create own 'start-up fund' for disbursement of loan to 'start-up entrepreneurs'. As per the subsequent amendment through SMESPD Circular no 5 dated 26 April 2021, for five years from 2021 banks shall maintain start-up fund to disburse in favor of 'Start-up entrepreneurs' through mandatory transfer of 1% net profit as per the audited financial statements. In addition, as per subsequent SMESPD circular letter no. 02 dated 9 July 2025, this start-up fund shall be presented as 'Start-up Equity Investment Fund".

12.7 Total expense recognized in the profit and loss account relating to the defined benefit plan

Current service cost	8,455,098	9,101,692
Interest cost (net)	1,687,078	2,672,539
Expected returns on plan assets	-	-
Past service cost	8,370,719	-
	18,512,895	11,774,231

12.7.1 Net asset/(liability) recognized on the balance sheet in respect of the defined benefit plan

Habib Bank Limited, Bangladesh Branches Employees Gratuity Fund	(7,881,814)	(4,139,119)
	(7,881,814)	(4,139,119)

12.7.2 Defined benefit plans

The reconciliation of the net liability under the Bank's defined benefit plan is set out below together with the return on plan assets used to measure the net defined benefit plan cost in each year.

i) Fair value of plan assets:		
Balance with Bank	1,567,147	40,731,064
Treasury bills/bonds	43,215,367	7,000,000
	44,782,514	47,731,064
ii) Defined benefit obligation:		
Present value of funded obligations	52,664,328	51,870,183
Present value of unfunded obligations	-	-
	52,664,328	51,870,183
Net (liabilities)/assets (i-ii)	(7,881,814)	(4,139,119)

12.7.3 Summary

Fair value of plan assets	44,782,514	47,731,064
Defined benefit obligations	52,664,328	51,870,183
Net assets/ (liabilities)	(7,881,814)	(4,139,119)
Actuarial gains/(losses)	3,988,379	(4,139,119)
Return on plan assets greater/(lesser)than discount rate	(2,005,160)	-
Actuarial gains/(losses) recognized directly in equity	1,983,219	(4,139,119)

13 Capital/shareholder's equity

Capital fund		5,000,000,000	4,619,833,870
Other reserve	(Note 13.4)	13,328,791	58,823,859
Retained earnings (surplus in profit and loss account)		57,207,195	257,690,460
		5,070,535,986	4,936,348,189

13.1 Capital adequacy ratio

Tier-I Capital		
Funds received from Head Office	5,000,000,000	4,619,833,870
Retained earnings	57,207,195	257,690,460
Actuarial gain/(loss)	(2,155,900)	(4,139,119)
	5,055,051,295	4,873,385,211
Additional Tier-I	-	-
Total eligible Tier-I Capital	5,055,051,295	4,873,385,211
Less: Regulatory adjustment	35,411,755	82,496,048
Goodwill and all other intangible assets	4,042,541	2,283,868
Deferred Tax Assets (DTA)	31,369,215	80,212,180
	5,019,639,540	4,790,889,163
Tier-II Capital		
General provision against unclassified loans and advances	127,860,244	81,818,347
Other reserves	-	-
Total eligible Tier-II Capital	127,860,244	81,818,347
Total regulatory capital as per Basel-III	**5,147,499,784**	**4,872,707,510**

13.2 Capital adequacy ratio

Total assets including off-balance sheet items	19,617,942,537	19,183,724,205
Total risk weighted assets	5,561,911,344	5,225,796,163
Capital to Risk weighted Assets Ratio (CRAR)	92.55%	93.24%
Common equity Tier-I to RWA	90.25%	91.68%
Tier-I capital to RWA	90.25%	91.68%
Tier-II capital to RWA	2.30%	1.57%
Minimum capital requirement	5,000,000,000	5,000,000,000
Actual capital maintained	5,147,499,784	4,872,707,510
Surplus capital as per Basel-III	147,499,784	(127,292,490)

13.3 Compliance with capital adequacy regulations

Banking Regulation & Policy Division II (BRPD) of Bangladesh Bank approved the timeline for raising shortfall amount of paid-up capital of Habib Bank Limited (Bangladesh branch) to a minimum of BDT 500 crore within 31 December 2025 through its letter ref. no. BRPD (R-1)(Law Review) 717/2023-9652 dated on 14 November 2023. We have successfully met the required paid-up capital within the prescribed timeline (i.e. 31 December 2025). As of 31 December 2025, our paid-up capital stands at BDT 500 crore.

As per the requirement, the required value of the regulatory capital of the Bank at the close of the business on 31 December 2025 is BDT 500 crore or 10% of risk weighted assets whichever is higher. As at 31 December 2025, the bank has maintained BDT 514.75 crore against required BDT 500 crore resulting capital surplus of BDT 14.75 crore.

13.4 Other reserve

i) Revaluation reserve on Govt. Securities		
Balance at the beginning of the year	62,962,978	75,414,968
Add/(Less): Adjustment from revaluation reserve	(47,478,287)	(12,451,990)
Balance at the end of the year	15,484,691	62,962,978
ii) Actuarial gain/(loss)		
Balance at the beginning of the year	(4,139,119)	-
Charge/(adjustment) for the year	1,983,219	(4,139,119)
Balance at the end of the year	(2,155,900)	(4,139,119)
Total	**13,328,791**	**58,823,859**

14 Surplus in profit and loss account/retained earnings

Balance at the beginning of the year	257,690,460	271,317,033
Add: Profit/(loss) for the year after tax brought forward from	181,497,843	247,801,824
Less: Transferred to Start-up Fund	(1,814,978)	(2,478,018)
Less: Transferred to capital fund	(380,166,130)	(258,950,379)
Balance at the end of the year	57,207,195	257,690,460

15 Contingent liabilities and commitments

Acceptances and endorsements		840,553,011	250,516,508
Letter of guarantees	(Note 15.1)	1,797,721,615	2,284,345,040
Irrevocable letter of credit		492,636,780	526,408,473
Bills for collection		157,417,614	79,795,249
Other contingent liabilities	(Note 15.2)	318,596,061	1,023,399,203
Other commitments	(Note 15.3)	-	19,877,141
		3,606,925,081	4,184,341,614

15.1 Letter of guarantees

Money for which the Bank is contingently liable in respect of guarantees given favouring:

Government	456,879,170	434,377,277
Bank and other financial institutions	-	-
Others	1,340,842,445	1,849,967,763
	1,797,721,615	2,284,345,040

15.2 Other contingent liabilities

Acceptance under export (receivable)	48,835,005	76,323,023
Other contra	269,761,056	947,076,180
Other non-accruals	-	-
	318,596,061	1,023,399,203

15.3 Other commitments

Documentary credits and short term trade-related transactions	-	19,877,141
	-	19,877,141

16 Interest income

Interest on term loans	430,975,622	394,690,051
Interest on overdraft	132,092,574	127,167,534
Interest on call loans	17,359,826	9,417,572
Interest on payment against documents (TR/PAD/IBP/FBP)	75,855,531	11,504,890
Interest on staff loans	3,500,681	2,330,880
Interest from placement	23,299,112	30,831,103
Other interest income	150,492	328,040
	683,233,838	576,270,070

17 Interest paid on deposit and borrowings etc.

Interest on savings deposits		32,833,116	22,597,858
Interest on fixed deposits		462,776,398	368,907,014
Interest on special notice deposits and short term deposits		22,625,483	15,909,370
Interest on borrowing		65,666,413	23,894,007
Interest expenses on lease liability	(Note 17.1)	6,825,405	7,921,194
		590,726,815	439,229,443

17.1 Interest expenses on lease liability	6,825,405	7,921,194
Less: Derecognition of ROU liabilities due to termination of lease agreement	-	-
	6,825,405	7,921,194

18 Investment Income

Income on Govt. securities (treasury bills and treasury bonds)	666,647,338	626,271,861
Capital Gain/(Loss) on Govt. securities	(11,252,954)	34,920,049
	655,394,384	661,191,910

19 Commission, exchange and brokerage

Commission on acceptances	2,393,985	2,341,359
Commission on bills	4,567,514	2,246,039
Commission on DD/TT/MT/PO	18,090	30,317
Commission on Letter of Guarantee	15,419,001	8,416,271
Commission on Letter of Credit	12,225,402	9,646,493
Commission on LIM,PAD	640,610	506,623
Commission on PSP/NSC	2,609	3
Cash Incentives	261,000	582,000
Exchange gain/loss	18,866,921	8,723,395
	54,395,132	32,492,500

20 Other operating income

Locker fee	36,800	109,400
Handling and service charges	268,744	200,065
Incidental charges	671,470	567,315
Profit on sale of fixed assets	87,964	202,734
Miscellaneous income	3,855,954	2,919,557
	4,920,932	**3,999,071**

21 Salaries and allowances

Salaries	90,296,953	87,751,633
House allowance	45,148,708	43,876,044
Allowances	13,716,929	13,654,809
Bonus paid to employees	36,601,957	40,886,068
Bank's contribution to provident fund	8,266,747	8,058,740
Bank's contribution to gratuity fund	17,500,144	11,774,231
Conveyance allowances	1,471,986	1,513,134
Medical expenses	4,565,504	4,524,420
Leave salary	12,225,057	12,441,677
Others	8,863,790	7,134,659
	238,657,775	**231,615,415**

22 Rent, taxes, insurance, electricity, etc.

Electricity charges	5,933,875	5,333,936
Insurance charges	8,428,303	6,577,620
Rent on Bank premises	77,280	1,359,875
VAT on IFRS rent	6,755,958	6,428,619
	21,195,416	**19,700,050**

During 2025, total rent expense including VAT is BDT 51,872,930 (IFRS rent expense BDT 51,795,650 and non-IFRS expense BDT 77,280). In the year 2024, total rent expense was BDT 50,645,955 (IFRS rent expense BDT 49,286,080 and non-IFRS expense BDT 1,359,875).

23 Legal expenses

Law charges	1,234,427	392,870
Consultancy charges	1,339,209	6,921,680
	2,573,636	**7,314,550**

24 Postage, stamp, telecommunication, etc.

Telegram charges	1,936	3,224
Postage, courier and SWIFT charges	2,284,108	1,107,587
	2,286,044	**1,110,811**

25 Stationery, printing, advertisement, etc.

Newspaper expenses	165,066	108,028
Printing	644,523	676,627
Stationery	2,512,471	2,313,004
Business promotion	991,973	5,528,928
CSR Expenses	860,000	610,000
Advertisement charges	1,069,840	3,545,103
	6,243,873	**12,781,690**

26 Chief executive's salary and fees

Salaries	17,172,528	15,600,000
Medical expenses	480,000	480,000
House allowance/rent	8,586,264	7,800,000
Others	14,999,695	16,316,666
	41,238,487	**40,196,666**

27 Depreciation and repairs to bank's assets

i) Maintenance			
Annual maintenance expenses for Software		2,287,684	2,471,508
Maintenance for fixed assets		3,148,461	3,486,376
		5,436,145	**5,957,884**
ii) Depreciation			
Depreciation on Fixed Assets	(Annexure-II)	23,586,823	20,846,958
Depreciation on ROU Assets	(Annexure-II)	37,483,826	36,971,238
		61,070,649	**57,818,196**
		66,506,794	**63,776,080**

28 Other expenses

Branch trade license fee	244,818	215,198
Work permit and visa charges	39,132	13,704
Clearing house charges	48,006	119,570
Training expenses	467,567	615,574
Conveyance charges	713,266	701,405
Water and diesel expenses	93,637	286,759
Telephone charges (office use)	682,163	663,976
Entertainment charges	3,623,254	4,418,706
Traveling expenses	3,100,395	3,844,606
Subscription	1,230,866	2,372,005
Motor car expenses	1,321,665	1,531,863
Branch maintenance charges	4,984,691	4,266,981
Lease line rent (online) and e-mail expenses	3,717,684	3,655,780
VISA debit card maintenance fee	7,199,128	9,866,762
BL tracking fee	3,324,561	1,165,639
Car rental service	5,620,555	5,903,276
Miscellaneous expenses	13,077,418	6,745,948
Support service cost	6,036,214	14,352,357
Outsourced charges	15,188,956	13,270,609
	70,713,976	**74,010,718**

29 Provision for loans and advances

Classified		
Specific provision charge to profit and loss account during the year	(14,932,758)	26,748,984
Recovery from written off loans	(5,600,000)	-
Unclassified		
General provision charge to profit and loss account during the year	51,510,883	10,131,248
	30,978,125	**36,880,232**

30 Adoption of new and revised Standards

a) New and amended IFRS Standards that are effective for the current year

The following are the amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

• Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability):
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

b) New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Bank has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the Bank.

- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments
- IFRS 18, 'Presentation and Disclosure in Financial Statements'
- IFRS 19, 'Subsidiaries without Public Accountability: Disclosures' and amendment
- Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements

31 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).

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

32 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
43	43	39	4	90.70%	9.30%

As per BRPD Circular Letter No. 4/2021, it has been ensured that latest available audited financials are preserved in the credit file of all our clients. In addition to that as per BRPD Circular Letter No. 35/2021, we have been granted access in DVS by 'The Institute of Chartered Accountants of Bangladesh (ICAB)' which we have implemented verification of financials through DVS for all our clients. During 2025, we have performed verification for all the clients of our portfolio, and 90.70% of our clients had DVC in the financials.

33 Related party disclosures

33.1 Related parties

The related parties of the Bank include Habib Bank Ltd. (Group), other group entities, key management 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.

33.2 Related party transactions

33.2.1 Transactions with Key Management Personnel

During 2025, transactions with key management personnel of the Bank include the following:

Particulars	2025	2024
Salaries and other short-term employee benefits	89,036,651	94,058,621
Bonus paid or payable	9,949,699	11,075,669
Total	**98,986,350**	**105,134,290**

Loan to MANCOM members of the Bank amounted to Tk.13,986,720 as on 31 December 2025 (2024: Tk.3,285,389) 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.

33.2.2 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 group vostro accounts are given in the Note No.11.4

HBL Bangladesh maintains interest bearing nostro accounts with other Habib Bank branches. As at year end, the balance with all nostro accounts are given in the Note no. 5.2.1. 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 in the form of deposits and outstanding balance stands at Tk.703,389,823 as on 31 December 2025 which was Tk.955,753,522 as of 31 December 2024. During 2025, interest charged against the deposits is Tk.49,238,535. Following are the details of transactions:

Name of the Party	Nature of Transaction	31-12-2025	31-12-2024
Aga Khan Education Service,Bangladesh	DEPOSITS	575,781,002	530,724,531
Aga Khan Foundation	DEPOSITS	112,073,267	420,012,825
Aga Khan Fund For Economic Development	DEPOSITS	12,311,753	273,636
AKDN Diplomatic Office	DEPOSITS	3,223,801	4,742,530
TOTAL		**703,389,823**	**955,753,522**

Aga Khan Education Services, Bangladesh, one of the group entities has been availing non-funded facility from HBL Bangladesh and balance of the facility as on 31 December 2025 stands at Tk.37,023,567 (as of 31.12.2024 the facility balance was Tk.116,116,455)

33.2.3 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 responsibility 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 2025, the Bank contributed Tk.17,500,144 (2024: Tk.11,774,231) to the gratuity fund and Tk.8,266,747 (2024: Tk.7,682,109) to the provident fund. As on 31 December 2025, the provident fund had a balance of Tk.221,196 (in 2024: Tk.13,847,631) and the gratuity fund had a balance of Tk.64,483 (in 2024: 40,731,064) deposited with the Bank.

34 Others

(i) Figures of previous year have been rearranged whenever considered necessary to conform to current year's presentation. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires an entity to correct material prior period errors retrospectively by restating the comparative amounts for the prior period presented in which the error occurs. No corrections of errors were made in the current period.

(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 79 (2024:81).

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

(VI) There are no material contingencies at the reporting date, other than those disclosed as "Off Balance Sheet Items" in the balance sheet.

Highlights on the overall activities
As at and for the year ended 31 December 2025

Annexure-I

Sl No.	Particulars	2025 BDT	2024 BDT
1	Paid-up capital/Fund received from Head Office	5,000,000,000	4,619,833,870
2	Total regulatory capital	5,147,499,784	4,872,707,510
3	Capital (deficit)/surplus	147,499,784	(127,292,490)
4	Total assets	16,011,017,456	14,999,382,591
5	Total deposits	9,708,684,071	7,765,749,980
6	Total loans and advances	7,394,473,362	5,538,021,148
7	Total contingent liabilities and commitments	3,606,925,081	4,184,341,614
8	Credit deposit ratio	74.89%	68.31%
9	Percentage of classified loans against total loans and advances	2.14%	6.35%
10	Profit after tax and provision	181,497,843	247,801,824
11	Amount of classified loans during current year	158,520,788	351,391,975
12	Provisions kept against classified loans	132,607,714	315,609,314
13	Provision surplus against classified loans	44,314,444	46,430,526
14	Cost of fund	6.13%	5.57%
15	Interest earning assets	14,894,961,702	13,365,796,046
16	Non-interest earning assets	1,116,055,754	1,633,586,545
17	Return on Equity (ROE)	3.63%	5.14%
18	Return on Assets (ROA) [PAT/Average Assets]	1.17%	1.71%
19	Income from investment	655,394,384	661,191,910

Schedule of fixed assets including premises, furniture and fixtures
As at 31 December 2025

A) Tangible Assets

Annexure-II

Particulars	Cost: Balance as at 1 January 2025	Cost: Addition during the year	Cost: Category Change (Transferred to)/Transferred from	Cost: Adjustment / disposal during the year	Cost: Total as on 31 December 2025	Rate	Depreciation: Balance as at 1 January 2025	Depreciation: Charged for the year	Depreciation: Category Change (Transferred to)/Transferred from	Depreciation: Adjustment / disposal during the year	Depreciation: Total as on 31 December 2025	WDV as on 31 December 2025
	1	2	3	4	5=1+2+3+4		6	7	8	9	10=6+7+8+9	11=5-10
Furniture & fixture	40,732,253	5,982,348	-	(359,332)	46,355,269	10%-20%	17,133,879	7,970,565	-	(359,312)	24,745,132	21,610,137
Office equipment & electrical appliance	28,263,638	2,278,943	(1,243,423)	(249,400)	29,049,758	10%-20%	22,964,735	2,355,502	(1,243,412)	(249,396)	23,827,429	5,222,329
Computers	73,982,377	12,704,583	1,243,423	(887,675)	87,042,708	20%-33.33%	50,617,556	11,529,780	1,243,412	(887,657)	62,503,091	24,539,617
Motor vehicle	16,582,000	-	-		16,582,000	10%	8,363,124	976,500	-	-	9,339,624	7,242,376
Right of use-assets	216,936,480	12,984,037	-	(17,608,790)	212,311,727		117,459,156	37,483,826	-	(17,608,790)	137,334,192	74,977,535
Total	**376,496,748**	**33,949,911**	**-**	**(19,105,197)**	**391,341,462**		**216,538,450**	**60,316,173**	**-**	**(19,105,155)**	**257,749,468**	**133,591,994**

B) Intangible Assets

Particulars	Cost: Balance as at 1 January 2025	Cost: Addition during the year	Cost: Category Change (Transferred to)/Transferred from	Cost: Adjustment / disposal during the year	Cost: Total as on 31 December 2025	Rate	Amortisation: Balance as at 1 January 2025	Amortisation: Charged for the year	Amortisation: Category Change (Transferred to)/Transferred from	Amortisation: Adjustment / disposal during the year	Amortisation: Total as on 31 December 2025	WDV as on 31 December 2025
Software	9,952,250	2,513,149	-	-	12,465,399	20%	7,668,382	754,476	-	-	8,422,858	4,042,541
Total	**9,952,250**	**2,513,149**	**-**	**-**	**12,465,399**	**-**	**7,668,382**	**754,476**	**-**	**-**	**8,422,858**	**4,042,541**
As at 31 December 2025 (A+B)	**386,448,998**	**36,463,060**	**-**	**(19,105,197)**	**403,806,861**	**-**	**224,206,832**	**61,070,649**	**-**	**(19,105,155)**	**266,172,326**	**137,634,535**
As at 31 December 2024	**352,648,805**	**50,191,488**	**-**	**16,391,295**	**386,448,998**	**-**	**182,726,444**	**57,818,196**	**-**	**16,337,808**	**224,206,832**	**162,242,166**

Balance with other banks - Outside Bangladesh (Nostro Account)
As at 31 December 2025

Annexure-III

Name of the bank	Account type	Foreign currency	2025 FC amount	2025 Exchange rate	2025 Equivalent BDT	2024 FC amount	2024 Exchange rate	2024 Equivalent BDT
Group Nostro								
Habib Bank Ltd, UAE	Nostro A/C	USD	23,966	122.30	2,930,963	36,334	120.00	4,360,026
Habib Bank Ltd, Urumqi	Nostro A/C	CNY	20,988	17.46	366,371	30,380	16.44	499,481
Habib Bank Ltd, Bahrain	Nostro A/C	USD	1,727	122.30	211,191	20,937	120.00	2,512,427
Habib Bank Ltd, Bahrain	Nostro A/C	EUR	14,543	143.94	2,093,278	1,754	125.09	219,387
Habib Allied International Bank plc, UK	Nostro A/C	GBP	2,121	165.15	350,258	2,094	150.91	316,075
Sub-Total (A)					**5,952,061**			**7,907,396**
Non-Group Nostro								
National Bank of Pakistan, Tokyo, Japan	Nostro A/C	JPY	291,453	0.78	228,383	293,453	0.76	223,083
Muslim Commercial Bank Ltd., Pakistan	Nostro A/C	USD	14,408	122.30	1,762,070	33,514	120.00	4,021,733
Standard Chartered Bank, Kolkata	Nostro A/C	USD	199,658	122.30	24,417,204	12,334	120.00	1,480,080
Development Credit Bank Ltd., Mumbai	Nostro A/C	USD	12,971	122.30	1,586,343	9,334	120.00	1,120,128
J.P. Morgan, New York	Nostro A/C	USD	371,492	122.30	45,431,707	375,103	120.00	45,012,317
Bangkok Bank Public Company Limited, Thailand	Nostro A/C	USD	-	-	-	27,582	120.00	3,309,812
Sub-Total (B)					**73,425,707**			**55,167,153**
Total (A+B)					**79,377,768**			**63,074,549**

Balance with other banks - Outside Bangladesh (Vostro Account)
As at 31 December 2025

Annexure-IV

Name of the bank	Account type	Foreign currency	2025 FC amount	2025 Exchange rate	2025 Equivalent taka	2024 FC amount	2024 Exchange rate	2024 Equivalent taka
Group Vostro								
Habib Bank Ltd, UAE (BDT)	Vostro A/C	BDT	43,201	1.00	43,201	43,200.98	1.00	43,201
Habib Bank Ltd, Sri Lanka (USD)	Vostro A/C	USD	22,657	122.30	2,770,903	22,707	120.00	2,724,802
Habib Bank Ltd, Pakistan (ACU $)	Vostro A/C	USD	1,057,027	122.30	129,269,570	1,974,299	120.00	236,915,866
Habib Allied International Bank plc, UK (BDT)	Vostro A/C	BDT	446,503	1.00	446,503	446,803.24	1.00	446,803
Sub-Total (A)					**132,530,178**			**240,130,672**
Non-Group Vostro								
Dubai Islamic Bank Limited	Vostro A/C	USD	26,782	122.30	3,275,254	48,403	120.00	5,808,419
Habib Metropolitan Bank Limited	Vostro A/C	USD	40,012	122.30	4,893,297	695,851	120.00	83,502,118
Bank Islami Pak	Vostro A/C	USD	243,233	122.30	29,746,238	287,056	120.00	34,446,767
JS Bank Limited	Vostro A/C	USD	98,512	122.30	12,047,607	25,126	120.00	3,015,096
Silkbank Limited	Vostro A/C	USD	1,353	122.30	165,502	1,542	120.00	185,092
MCB Islamic	Vostro A/C	USD	27,402	122.30	3,351,132	37,399	120.00	4,487,842
The Bank Punjab Limited	Vostro A/C	USD	385,878	122.30	47,191,142	443,591	120.00	53,230,860
The Bank Of Khyber Limited	Vostro A/C	USD	135,298	122.30	16,546,328	971,559	120.00	116,587,021
Bank Al Falah Limited	Vostro A/C	USD	0.48	122.29	59	0.48	120.83	58
Albaraka Bank Limited	Vostro A/C	USD	30,447	122.30	3,723,500	5,647	120.00	677,682
Sub-Total (B)					**120,940,060**			**301,940,956**
Total (A+B)					**253,470,238**			**542,071,628**

Details of Large Loan

No of clients: 9

Client wise break up is as follows:

Annexure-V

SL	Name of the borrower	Funded o/s	Funded limit	Non-funded o/s	Non funded limit	Total limit
1	BANK OF CHINA LTD. CHINA	-	-	641,344,709	641,344,709	641,344,709
2	CROWN CEMENT PLC.	442,470,243	600,000,000	355,635,023	500,000,000	955,597,050
3	PRAN DAIRY LIMITED	588,196,881	550,000,000	207,205,664	240,000,000	790,000,000
4	BANGLADESH STEEL RE-ROLLING MILLS LTD.	12,068,131	210,000,000	145,488,723	350,000,000	560,000,000
5	M M ISPAHANI GROUP	150,303,085	525,000,000	-	150,000,000	525,000,000
6	CHINA CONSTRUCTION BANK CORPORATION	-	-	754,532,225	754,532,225	754,532,225
7	PREMIER 1888 LIMITED	-	244,590,800	-	611,477,000	856,067,800
8	SOORTY TEXTILES (BD) LIMITED	-	550,329,300	3,085,470	489,181,600	550,329,300
9	WALTON HI-TECH INDUSTRIES PLC	-	600,000,000	27,700,275	900,000,000	1,000,000,000
Total (as at 31 December 2025)		**1,193,038,341**		**2,134,992,089**		

No of clients: 10

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	-	500,000,000	-	-	500,000,000
2	Bank Of China Ltd. China	-	-	908,991,393	908,991,393	908,991,393
3	Crown Cement Plc.	402,963,464	600,000,000	-	500,000,000	1,100,000,000
4	Pran Dairy Limited	444,954,455	550,000,000	219,191,258	240,000,000	790,000,000
5	Bangladesh Steel Re-Rolling Mills Ltd.	511,294,386	510,000,000	-	350,000,000	860,000,000
6	Gazipore & Mirzapore Tea Estates (Bd) Limited (Inner Limit Of Mm Ispahani)	50,485,564	50,000,000	-	-	50,000,000
7	Ispahani Foods Limited (Inner Limit Of Mm Ispahani)	16,719	100,000,000	-	-	100,000,000
8	Ispahani Tea Limited (Inner Limit Of Mm Ispahani)	-	100,000,000	-	-	100,000,000
9	M. M. Ispahani Limited	268,555,147	475,000,000	-	150,000,000	625,000,000
10	China Construction Bank Corporation	-	-	859,664,161	859,664,161	859,664,161
Total (as at 31 December 2024)		**1,678,269,735**		**1,987,846,812**		

Tax Status As at 31 December 2025

Annexure-VI

Income year	Assessment Year	Status	Tax Payable/ (Refundable)
1991	1992-1993	High Court Order was not arrived at LTU. The reassessment based on the Court Order will be started after receiving the Order by LTU.	(2,837,530)
1992	1993-1994	The case is settled at High Court. But Court Order was not arrived at LTU. The reassessment based on the Court Order will be started after receiving the Order by LTU.	(1,007,361)
1993	1994-1995	The case is settled at High Court. But Court Order was not arrived at LTU. The reassessment based on the Court Order will be started after receiving the Order by LTU.	1,007,361
1994	1995 - 1996	Assessment order of Appellate Tribunal was received.	(1,100,888)
1999	2000-2001	Request to adjust this liability with the refund amount related to AY:1995-96 (1994) BDT 1,100,888	784,926
2001	2002-2003	The case is pending at High Court. High Court has not fixed the hearing date yet. Following up with the lawyer on continuous basis.	5,227,591
2016	2017-2018	We appealed to High Court for BCCI claim (Tk. 9.3m), Postage & VISA (Tk. 2.5m & 1.8m).	157,099
2022	2023 - 2024	Assessment Year 2023-2024 has been selected for audit and procedures has been started.	-
2023	2024- 2025	Return has been submitted u/s 180.	-
2024	2025-2026	Return has been submitted u/s 180.	-
2025	2026-2027	Return for the AY 2026-2027 yet to be submitted.	-

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Auditors' Report and Audited Financial Statements For the year ended 31 December 2025

Please scan for details

Bangladesh Off-Shore Banking Unit (OBU)
Balance Sheet
As at 31 December 2025

	Notes	31-Dec-25 USD	31-Dec-25 Taka
Property and assets			
Cash		-	-
Cash in hand (including foreign currencies)		-	-
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		-	-
Balance with other banks and financial institutions	4	25,433	3,110,339
In Bangladesh		-	-
Outside Bangladesh		25,433	3,110,339
Money at call and short notice		-	-
Investments		-	-
Government		-	-
Others		-	-
Loans and advances	5	20,614,776	2,521,092,208
Loans, cash credits, overdrafts, etc.		-	-
Bills purchased and discounted		20,614,776	2,521,092,208
Fixed assets including premises, furniture and fixtures		-	-
Other assets	6	395,304	48,343,869
Non-banking assets		-	-
Total assets		21,035,513	2,572,546,416
Liabilities and capital			
Liabilities			
Borrowings from other banks, financial institutions and agents		3,543,000	433,292,592
Deposits and other accounts	7	17,081,300	2,088,964,366
Current and other accounts		6,300	770,461
Bills payable		-	-
Fixed deposits		17,075,000	2,088,193,905
Savings deposits		-	-
Other liabilities	8	507,309	62,041,521
Total liabilities		21,131,609	2,584,298,479
Capital/Shareholders' equity	9	(96,096)	(11,752,063)
Capital fund		-	-
Other reserve		-	-
Surplus in profit and loss account	10	(96,096)	(11,752,063)
Total liabilities and shareholders' equity		21,035,513	2,572,546,416
Off-balance sheet items			
Contingent liabilities		115,076	14,073,275
Acceptances and endorsements		5,401	660,574
Letters of guarantee		-	-
Irrevocable letters of credit		19,828	2,424,896
Bills for collection		89,846	10,987,805
Other contingent liabilities		-	-
Other Commitments		-	
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities	11	115,076	14,073,275

The notes 1 to 18 integral part of OBU financial statements.

Bangladesh Off-Shore Banking Unit (OBU)
Profit & Loss Account
For the year ended 31 December 2025

	Notes	2025 USD	2025 Taka
Interest income	12	524,774	64,177,440
Less: Interest paid on deposits and borrowings etc.	13	414,858	50,735,220
Net interest income		109,916	13,442,220
Investment income		-	-
Commission, exchange and brokerage	14	142	17,430
Other operating income	15	467	57,080
		609	74,510
Total operating income (A)		110,525	13,516,730
Less: Operating expenses			
Salaries and allowances		-	-
Rent, taxes, insurance, electricity etc.		-	-
Legal expenses		-	-
Postage, stamp, telecommunication etc.	16	35	4,280
Stationery, printing, advertisements etc.		-	-
Chief Executive's salary and fees		-	-
Auditors' fees		-	-
Depreciation and repairs of bank's assets		-	-
Other expenses	17	270	33,020
Total operating expenses (B)		305	37,300
Profit/(loss) before provision and taxes (C=A-B)		110,220	13,479,430
Provision against loans and advances	18	206,062	25,200,479
Provision for off-balance sheet items	8.2	254	31,014
Provision for diminution in value of investments		-	-
Recovery from written off loans		-	-
Other provisions		-	-
Total provision (D)		206,316	25,231,493
Total profit before taxes (C-D)		(96,096)	(11,752,063)
Less: Provision for taxation			
Prior year		-	-
Current year		-	-
Deferred		-	-
		-	-
Net profit after taxation		(96,096)	(11,752,063)

Bangladesh Off-Shore Banking Unit (OBU)
Cash Flow Statement
For the year ended 31 December 2025

		Notes	2025 USD	2025 Taka
A.	**Cash flows from operating activities**			
	Interest/Profit receipts in cash		129,470	15,833,571
	Interest payments		(134,803)	(16,485,783)
	Income from investments		-	-
	Fee and commission receipts in cash		143	17,430
	Cash payments to employees		-	-
	Cash payments to suppliers		(35)	(4,280)
	Recoveries on loans previously written off		-	-
	Income tax paid		-	-
	Receipts from other operating activities		467	57,080
	Payments for other operating activities		(270)	(33,020)
	Cash generated from operating activities before changes in operating assets and liabilities		(5,029)	(614,993)
	Increase/Decrease in operating assets and liabilities			
	Loans and advances to customers		(20,614,776)	(2,521,092,208)
	Other assets		-	-
	Deposits from other banks		17,000,000	2,079,021,751
	Deposits from customers		81,300	9,942,615
	Other liabilities		20,938	2,560,631
	Cash generated from operating assets and liabilities		(3,512,538)	(429,567,211)
	Net cash from operating activities		(3,517,567)	(430,182,204)
B.	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		-	
	Sale proceeds of property, plant and equipment		-	
	Sale/(Purchase) of securities		-	
	Net cash from investing activities		-	-
C.	**Cash flows from financing activities**			
	Borrowings from other banks		3,543,000	433,292,592
	Remittance received from Head Office		-	-
	Net cash from/(used) in financing activities		3,543,000	433,292,592
D.	Net increase in cash and cash equivalents (A+B+C)		25,433	3,110,388
E.	Effects of exchange rate changes on cash and cash equivalents		-	-
F.	Cash and cash equivalents at the beginning of the year		-	-
G.	**Cash and cash equivalents at end of the year (D+E+F)**		25,433	3,110,388
	Cash and cash equivalents at end of the year			
	Cash in hand (including foreign currencies)		-	-
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		-	-
	Balance with other banks and financial institutions	4	25,433	3,110,339
	Money at call and on short notice		-	-
	Prize bonds		-	-
			25,433	3,110,339

The notes 1 to 18 integral part of OBU financial statements.

Bangladesh Off-Shore Banking Unit (OBU)
Statement of Changes in Equity
For the year ended 31 December 2025

Particulars	Fund received from Head Office	Reserve	Surplus in profit & loss account	Total USD	Total BDT
Balance as at 1 January 2025	-	-	-	-	-
Changes in accounting policy restated balance	-	-	-	-	-
Capital fund received from Head Office	-	-	-	-	-
Transferred to Capital	-	-	-	-	-
Actuarial gain/(loss)	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	-	-	-	-
Currency translation differences	-	-	-	-	-
Net profit for the year	-	-	(11,752,063)	(96,096)	(11,752,063)
Transferred to Start-Up Fund	-	-	-	-	-
Balance as at 31 December 2025	-	-	**(11,752,063)**	**(96,096)**	**(11,752,063)**

The notes 1 to 18 integral part of OBU financial statements.

Bangladesh Off-Shore Banking Unit (OBU)
Notes to the Financial Statements
As at and for the year ended 31 December 2025

1.0 Reporting entity - The Bank and its activities

1.1 Status of the Unit

Off-shore Banking Unit (OBU) of Habib Bank Limited-Bangladesh Branches is governed under the rules and regulations of Bangladesh Bank. The bank commenced the operation of its Off-shore Banking Unit in 2025 after obtainnig necessary approval from Bangladesh Bank vide license no. FEPD (OBU-License/2024-04).

1.2 Principal activities

The principal activities of the Unit are to provide all kinds of commercial banking services to their customers through its Off-shore Banking Unit in Bangladesh.

2 Summary of significant accounting policies and basis of preparation

2.1 A summary of the principle accounting policies which have been applied consistently is set out below:

a) Basis of accounting

The Off-shore Banking Unit maintains their accounting records in USD from which financial statements are prepared according to the Bank Companies Act 1991 (subsequent amendment thereof), IAS, IFRS and other applicable directives issued by Bangladesh Bank.

b) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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 assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

c) Foreign currency transaction

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per IAS 21 *"The effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted to equivalent US Dollar at buying rates of New York closing of the previous day.*

The resulting exchange transaction gains and losses are included in the profit and loss account.

d) Cash flow statement

Cash flow statement has been prepared in accordance with the IAS 7 as well as instructions contained in the BRPD Circular no. 14 dated 25 June 2003 issued by Bangladesh Bank.

2.2 Reporting period

These financial statements cover one calendar year from 01 January 2025 to 31 December 2025.

2.3 Cash and cash equivalents

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes Cash in Hand and Cash at Bank, highly liquid interest bearing investments/securities with original maturities of less than three months.

2.4 Loans and advances/investment

a) Loans and advances of Off-shore Banking Units 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.

2.5 Provision for liabilities

A provision is recognized in the balance sheet when the unit has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 *" Provision, Contingent Liabilities and Contingent Assets"*

2.6 Revenue & expense recognition

2.6.1 Interest Income

In terms of provisions of the IFRS 15 *"Revenue from Contracts with Customers"*, the interest income is recognized on accrual basis.

2.6.2 Interest paid and other expenses

In terms of the provisions of the IAS 1 *"Presentation of Financial Statements"* interest and other expenses are recognized on accrual basis.

3 General

a) These financial statements are presented both in USD and BDT, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka. Because of the effects of rounding off, the totals in some instances, may not match the sum of individual balances.

b) Assets and liabilities & interest and expenses have been converted into Taka currency @ US $ 1=Taka 122.30 for 2025.

			31-Dec-25 USD	31-Dec-25 Taka
4	**Balance with other banks and financial institutions**			
	In Bangladesh	(Note 4.1)	-	-
	Outside Bangladesh	(Note 4.2)	25,433	3,110,339
			25,433	**3,110,339**
4.1	**In Bangladesh**		-	-
4.2	**Outside Bangladesh (A+B)**		**25,433**	**3,110,339**
4.2.1	**A. Non-group nostro**			
	Current account			
	Standard Chartered Bank, Kolkata		2,184	267,093
	J.P. Morgan, New York		22,719	2,778,429
			24,903	**3,045,522**
	B. Group nostro			
	Current account			
	Habib Bank Ltd, Bahrain		530	64,817
			530	**64,817**
5	**Loans and advances**			
	Loans, cash credits, overdrafts, etc.	(Note 5.1)	-	-
	Bills purchased and discounted	(Note 5.2)	20,614,776	2,521,092,208
			20,614,776	**2,521,092,208**
5.1	**Loans, cash credits, overdrafts, etc.**		-	-
5.2	**Bills purchased and discounted**			
	Outside Bangladesh			
	Import bills purchased		20,614,776	2,521,092,208
	In Bangladesh			
	Export bills purchased		-	-
			20,614,776	**2,521,092,208**
6	**Other assets**			
	Income generating			
	Interest receivable		395,304	48,343,869
	Others		-	-
			395,304	**48,343,869**
7	**Deposits and other accounts**			
	Current and other accounts	(Note 7.1)	6,300	770,461
	Fixed deposit	(Note 7.2)	17,075,000	2,088,193,905
	Savings deposits		-	-
	Bills payable		-	-
			17,081,300	**2,088,964,366**

			31-Dec-25 USD	31-Dec-25 Taka
7.1	**Current and other accounts**			
	Foreign currency current deposits		6,300	770,461
			6,300	**770,461**
7.2	**Fixed deposit**			
	Deposit from customers		75,000	9,172,154
	Deposit from banks		17,000,000	2,079,021,751
			17,075,000	**2,088,193,905**
8	**Other liabilities**			
	Provision for loans and advances	(Note 8.1)	206,062	25,200,434
	Provision for off-balance sheet items	(Note 8.2)	254	31,014
	Other liabilities	(Note 8.3)	300,993	36,810,073
			507,309	**62,041,521**
8.1	**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		-	-
	Transferred to general provision		-	-
	Fully provided debts written off during the year		-	-
	Specific provision for the year		-	-
	Recoveries and provisions no longer required		-	-
	Add: Net charge to profit and loss account during the year		-	-
	Add: Transfer from general provision		-	-
	Provision held at the end of the year		**-**	**-**
ii	**General provision against unclassified loans and advances**			
	Movement in general provision:			
	Provision held at the beginning of the year		-	-
	Provision made during the year		206,062	25,200,434
	Transfer to specific provision			-
	Recoveries and provisions no longer required		-	-
	Add: Net charge to profit and loss account during the year		206,062	25,200,434
	Provision held at the end of the year		**206,062**	**25,200,434**
			206,062	**25,200,434**
8.2	**Provision for off-balance sheet items**			
	Movement in general provision:			
	Provision held at the beginning of the year		-	-
	Amount provided during the year		254	31,014
	Recoveries and provisions no longer required		-	-
	Add: Net charge to profit and loss account during the year		254	31,014
	Provision held at the end of the year		**254**	**31,014**
8.3	**Other liabilities**			
	Other payable		47	5,748
	Accrued expenses		-	-
	Routing account		20,891	2,554,888
	Interest payable		280,055	34,249,437
			300,993	**36,810,073**
9	**Capital/shareholder's equity**			
	Capital fund		-	-
	Other reserve		-	-
	Retained earnings (surplus in profit and loss account)		(96,096)	(11,752,063)
			(96,096)	**(11,752,063)**
10	**Surplus in profit and loss account/retained earnings**			
	Balance at the beginning of the year		-	-
	Add: Profit/(loss) for the year after tax brought forward from profit and loss account		(96,096)	(11,752,063)
	Less: Transferred to Start-up Fund		-	-
	Less: Transferred to capital fund		-	-
	Balance at the end of the year		**(96,096)**	**(11,752,063)**
11	**Contingent liabilities and commitments**			
	Acceptances and endorsements		5,401	660,574
	Letter of guarantees		-	-
	Irrevocable letter of credit		19,828	2,424,896
	Bills for collection		89,846	10,987,805
	Other contingent liabilities		-	-
	Other commitments		-	-
			115,076	**14,073,275**

		2025 USD	2025 Taka
12	**Interest income**		
	Interest on term loans	-	-
	Interest on overdraft	-	-
	Interest on call loans	-	-
	Interest on bill discount	489,973	59,921,466
	Interest on staff loans	-	-
	Interest from placement	34,801	4,255,974
	Other interest income	-	-
		524,774	**64,177,440**
13	**Interest paid on deposit and borrowings etc.**		
	Interest on savings deposits	-	-
	Interest on fixed deposits	328,796	40,210,220
	Interest on special notice deposits and short term deposits	-	-
	Interest on borrowing	86,062	10,525,000
	Interest expenses on lease liability	-	-
		414,858	**50,735,220**
14	**Commission, exchange and brokerage**		
	Commission on acceptances	2	240
	Commission on bills	-	-
	Commission on DD/TT/MT/PO	-	-
	Commission on Letter of Guarantee	-	-
	Commission on Letter of Credit	133	16,319
	Commission on LIM,PAD	-	-
	Commission on PSP/NSC	-	-
	Cash Incentives	-	-
	Exchange gain/loss	7	871
		142	**17,430**
15	**Other operating income**		
	Locker fee	-	-
	Handling and service charges	28	3,444
	Incidental charges	300	36,689
	Profit on sale of fixed assets	-	-
	Miscellaneous income	139	16,948
		467	**57,080**
		-	**-**
16	**Postage, stamp, telecommunication, etc.**		
	Telegram charges	-	-
	Postage, courier and SWIFT charges	35	4,280
		35	**4,280**
17	**Other expenses**		
	Car rental service	-	-
	Miscellaneous expenses	270	33,020
	Support service cost	-	-
	Outsourced charges	-	-
		270	**33,020**
18	**Provision for loans and advances**		
	Classified		
	Specific provision charge to profit and loss account during the year	-	-
	Unclassified		
	General provision charge to profit and loss account during the year	206,062	25,200,479
		206,062	**25,200,479**